Keek Inc.

Condensed Interim Financial Statements

(Expressed in Canadian dollars)

(unaudited)

For the Six Months Ended August 31, 2013

Keek Inc.
Statements of Financial Position
As at
(Expressed in Canadian dollars)
(unaudited)

	August 31, 2013	February 28, 2013 (audited)
Assets		
Current		
Cash and cash equivalents	$ 902,219	$ 9,114,820
HST receivable	290,403	87,919
Prepaid expenses	191,958	226,206
Shareholder loan receivable (Note 8)	36,936	-
Other receivable (Note 4)	538,410	-
	1,959,926	9,428,945
Prepaid expenses	73,323	73,323
Property and equipment (Note 4)	5,785,386	3,998,546
Intangible assets (Note 3)	47,473	51,899
Investment tax credits receivable (Note 2)	1,468,246	-
	$ 9,334,354	$ 13,552,713
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 3,097,243	$ 774,539
Current portion of finance lease obligations (Note 5)	1,829,239	1,138,455
	4,926,482	1,912,994
Finance lease obligations (Note 5)	434,030	892,462
	5,360,512	2,805,456
Shareholders' Equity		
Capital stock (Note 6)	27,638,619	22,791,839
Shares to be issued (Note 6)	-	100,000
Contributed surplus	9,230,640	6,356,438
Warrant reserve	137,635	1,452,813
Deficit	(33,033,052)	(19,953,833)
	3,973,842	10,747,257
	$ 9,334,354	$ 13,552,713

Nature of Operations (Note 1)

Subsequent Events (Note 11)

Approved by the Board **Gerry Feldman CPA, CA**
Director **(Signed)**

See accompanying notes

Keek Inc.
Statements of Operations and Comprehensive Loss
For the Six Months Ended August 31,
(Expressed in Canadian dollars)
(unaudited)

	2013	2012
Expenses and marketing		
Advertising and marketing (Note 7)	**$ 7,078,751**	$ 1,966,330
Amortization	**935,076**	146,241
Computers	**59,970**	15,295
Consulting fees	**379,762**	164,717
Foreign exchange loss (gain)	**37,099**	(3,861)
Insurance	**15,526**	4,985
Office and general	**106,163**	70,643
Professional fees	**218,990**	176,729
Occupancy costs	**117,350**	76,421
Salaries and benefits	**3,014,040**	3,425,192
Internet and communications	**1,098,388**	229,870
	13,061,115	6,272,562
Finance costs		
Interest income	**(20,294)**	(4,659)
Interest and bank charges	**5,886**	3,486
Interest on long-term debt	**32,512**	2,388
	18,104	1,215
Comprehensive loss	**$(13,079,219)**	$ (6,273,777)

Loss per share		
Basic	**$ (0.37)**	$ (0.18)
Diluted	**$ (0.10)**	$ (0.06)

Weighted average number of common shares outstanding		
Basic	**35,000,000**	35,000,000
Diluted	**126,437,292**	101,882,636

See accompanying notes

Keek Inc.
Statements of Changes in Equity
As at
(Expressed in Canadian dollars)
(unaudited)

	Common shares		Preference shares		Contributed	Warrant	Shares	Equity component of convertible		
	Number	Amount	Number	Amount	surplus	reserve	to be issued	debentures	Deficit	Total
Balance, February 29, 2012	**35,000,000**	**350**	**64,770,000**	**$ 4,627,126**	**$ 613,172**	**$ 224,486**	**$ 1,737,500**	**$ 4,866**	**$ (4,915,211)**	**$ 2,292,289**
Net loss for the period	-	-	-	-	-	-	-	-	(6,273,777)	(6,273,777)
Issuance of preference shares	-	-	4,013,500	4,043,500	-	-	-	-	-	4,043,500
Issuance of warrants	-	-	-	(968,476)	-	968,476	-	-	-	-
Stock-based compensation (Note 7)	-	-	-	-	2,871,633	-	-	-	-	2,871,633
Share issuance costs	-	-	-	(458,294)	-	354,194	-	-	-	(104,100)
Funds received for shares to be issued	-	-	-	-	-	-	100,000	-	-	100,000
Shares issued for funds received in prior periods	-	-	2,240,000	1,737,500	-	-	(1,737,500)	-	-	-
Balance, August 31, 2012	**35,000,000**	**350**	**71,023,500**	**8,981,356**	**3,484,805**	**1,547,156**	**100,000**	**4,866**	**(11,188,988)**	**2,929,545**
Net loss for the period	-	-	-	-	-	-	-	-	(8,744,865)	(8,744,865)
Issuance of preference shares	-	-	14,481,500	14,481,500	-	-	-	-	-	14,481,500
Redemption of preference shares	-	-	(20,000)	(20)	-	-	-	-	(19,980)	(20,000)
Stock-based compensation	-	-	-	-	2,871,633	-	-	-	-	2,871,633
Share issuance costs	-	-	-	(929,127)	-	73,437	-	-	-	(855,690)
Conversion of convertible debenture	-	-	500,000	50,000	-	-	-	(4,866)	-	45,134
Warrants exercised	-	-	2,000,000	207,780	-	(167,780)	-	-	-	40,000
Balance, February 28, 2013	**35,000,000**	**350**	**87,985,000**	**22,791,489**	**6,356,438**	**1,452,813**	**100,000**	**-**	**(19,953,833)**	**10,747,257**
Net loss for the period	-	-	-	-	-	-	-	-	(13,079,219)	(13,079,219)
Options exercised	-	-	4,512,000	691,500	-	-	-	-	-	691,500
Fair value of options exercised	-	-	-	267,652	(267,652)	-	-	-	-	-
Stock-based compensation (Note 7)	-	-	-	-	3,141,854	-	-	-	-	3,141,854
Warrants exercised	-	-	3,237,250	2,272,450	-	-	-	-	-	2,272,450
Fair value of warrants exercised	-	-	-	672,980	-	(672,980)	-	-	-	-
Fair value of warrants expired	-	-	-	642,198	-	(642,198)	-	-	-	-
Shares issued for funds received in prior years	-	-	500,000	100,000	-	-	(100,000)	-	-	-
Preference shares issued for services	-	-	200,000	200,000	-	-	-	-	-	200,000
Balance, August 31, 2013	**35,000,000**	**350**	**96,434,250**	**$ 27,638,269**	**$ 9,230,640**	**$ 137,635**	**$ -**	**$ -**	**$ (33,033,052)**	**$ 3,973,842**

See accompanying notes

Keek Inc.
Statement of Cash Flows
For the Six Months Ended August 31,
(Expressed in Canadian dollars)
(unaudited)

	2013	2012
Cash provided by (used in)		
Operations		
Net loss	**$ (13,079,219)**	$ (6,273,777)
Items not affecting cash		
Amortization	**962,100**	146,242
Stock-based compensation (Note 7)	**3,141,854**	2,871,633
Preference shares issued for services	**200,000**	-
	(8,775,265)	(3,255,902)
Net changes in non-cash working capital		
HST receivable	**(202,484)**	(85,545)
Prepaid expenses	**34,248**	(350)
Accounts payable and accrued liabilities	**2,322,704**	(60,376)
Investment tax credit receivable	**(1,468,246)**	-
	(8,089,043)	(3,402,173)
Investing		
Purchase of property and equipment	**(2,231,215)**	(280,638)
Purchase of intangible assets	**-**	(3,101)
	(2,231,215)	(283,739)
Financing		
Advances to shareholder	**(36,936)**	(14,397)
Repayment of finance lease obligations	**(819,357)**	(53,091)
Issuance of preference shares	**-**	4,043,500
Amounts received for shares to be issued	**-**	100,000
Share issuances costs	**-**	(104,100)
Proceeds from exercise of stock options	**691,500**	-
Proceeds from exercise of warrants	**2,272,450**	-
	2,107,657	3,971,912
Net change in cash	**(8,212,601)**	286,000
Cash, beginning of period	**9,114,820**	1,841,247
Cash, end of period	**$ 902,219**	$ 2,127,247

Supplemental Disclosure

Cash paid for interest	**$ 32,512**	$ 2,388
Purchase of property and equipment under finance lease	**$ 1,051,709**	$ 810,667

1. NATURE OF OPERATIONS

Keek Inc. ("Keek" or the "Company"), was incorporated under the laws of Ontario on March 5, 2010. The Company's principal activity is the development of an online social media website which allows users to upload and share personal videos of themselves. The address of the Company's registered office is 1 Eglinton Avenue East, Suite 300, Toronto, Ontario, M4P 3A1.

The Company is in the development stage and has not been able to demonstrate that the social media website will be able to ultimately obtain profitability.

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

During the period ended August 31, 2013, the Company incurred a net loss of $13,079,219 (February 28, 2013 - $15,081,642) and, as of that date, the Company had accumulated a deficit of $33,033,052 (February 28, 2013 - $19,953,833), a working capital deficiency of $2,966,556 (February 28, 2013 surplus - $7,515,951) and negative cash flows from operations of $8,089,043 (February 28, 2013 - $8,312,482). These factors create material uncertainties that cast significant doubt upon the Company’s ability to continue as a going concern.

The Company has not yet realized profitable operations and has relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past and will need to continue to do so to fund operations in the future. Subsequent to the period ended August 31, 2013, the Company signed a definitive agreement with Primary Petroleum Corporation ("Primary") which would result in a reserve take-over of Primary by Keek, Primary also agreed to provide Keek with interim financing to fund operations (Note 11).

These condensed interim consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue operations. Such adjustments would be material.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed interim financial statements present the Company’s financial results of operations and financial position under IFRS for the six month periods ended August 31, 2013. These condensed interim financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements should be read in conjunction with the Company’s audited financial statements for the year ended February 28, 2013, prepared in accordance with International Financial Reporting Standards (“IFRS”).

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Statement of Compliance (Cont'd)

The accounting policies adopted in these condensed interim financial statements are consistent with those disclosed in the Company's audited financial statements for the year ended February 28, 2013 except for the the investment tax credits significant accounting policy and changes in accounting standards adopted below. Please refer to these audited financial statements for significant accounting policies and future changes in accounting standards not adopted below.

These condensed interim financial statements were approved and authorized for issue by the board of director on January 29, 2014.

Investment Tax Credits

As estimate of the refundable investment tax credits ("ITC") on scientific research and development expenditures is recorded in the period the expenditures are incurred provided there is reasonable assurance that the investments tax credits will be realized. The expenditures incurred are reduced by the amount of the estimated investment tax credits.

The Company claims research and development deductions and related investment tax credits for tax purposes based on management’s interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by Canada Revenue Agency and any adjustments that results could affect investment tax credits recorded in the condensed interim financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate. During the period August 31, 2013, the Company recognized $1,468,246 of investment tax credits relating to fiscal years ended February 28, 2011, 2012 and 2013, which have been presented as a reduction of salaries and benefits expense, this balance is net of fees to be paid to the independant consultant performing the investment tax credit claim.

Changes in Accounting Standards

On March 1, 2013, the Company adopted the following new standards, amendments to standards and interpretations which are effective for periods beginning on or after January 1, 2013:

- IFRS 10 - Consolidated Financial Statements
- IFRS 11 - Joint Arrangements
- IFRS 12 - Disclosures of Interests in Other Entities
- IFRS 13 - Fair Value Measurement
- IAS 28 - Consolidated and Separate Financial Statements

The adoption of these accounting standards had no impact on the financial statements previously filed by the Company. As a result no reconciliations are provided for the adoption of these new standards.

(Expressed in Canadian dollars)

3. INTANGIBLE ASSETS

	February 28, 2013	Additions	**August 31, 2013**
Domain names	$ 57,856	-	**$ 57,856**
Trademarks & patents	5,878	-	**5,878**
Total cost	63,734	-	**63,734**
Domain names	(11,053)	(4,132)	**(15,185)**
Trademarks & patents	(782)	(294)	**(1,076)**
Total accumulated amortization	(11,835)	(4,426)	**(16,261)**
Domain names	46,803	(4,132)	**42,671**
Trademarks & patents	5,096	(294)	**4,802**
Total carrying value	$ 51,899	$ (4,426)	**$ 47,473**

	February 29, 2012	Additions	February 28, 2013
Domain names	$ 55,662	2,194	$ 57,856
Trademarks & patents	4,712	1,166	5,878
Total cost	60,374	3,360	63,734
Domain names	(2,868)	(8,185)	(11,053)
Trademarks & patents	(235)	(547)	(782)
Total accumulated amortization	(3,103)	(8,732)	(11,835)

Carrying value	February 29, 2012	Additions	February 28, 2013
Domain names	52,794	(5,991)	46,803
Trademarks & patents	4,477	619	5,096
Total carrying value	$ 57,271	$ (5,372)	$ 51,899

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT

	February 28, 2013	Additions	Disposals	**August 31, 2013**
Computers	$ 182,148	73,375	-	**$ 255,523**
Furniture and fixtures	118,847	528,306	(127,436)	**519,717**
Leasehold improvements	11,139	648,900	(11,139)	**648,900**
Servers	4,241,120	1,475,144	-	**5,716,264**
Software	50,353	13,096	-	**63,449**
Telephone	8,672	5,694	-	**14,366**
Total cost	4,612,279	2,744,515	(138,575)	**7,218,219**
Computers	(110,117)	(36,820)	-	**(146,937)**
Furniture and fixtures	(91,410)	(16,092)	107,502	**-**
Leasehold improvements	(3,253)	(796)	4,049	**-**
Servers	(374,183)	(861,432)	-	**(1,235,615)**
Computer software	(29,738)	(13,283)	-	**(43,021)**
Telephone	(5,032)	(2,228)	-	**(7,260)**
Total accumulated amortization	(613,733)	(930,651)	111,551	**(1,432,833)**
Computers	72,031	36,555	-	**108,586**
Furniture and fixtures	27,437	512,214	(19,934)	**519,717**
Leasehold improvements	7,886	648,104	(7,090)	**648,900**
Servers	3,866,937	613,712	-	**4,480,649**
Software	20,615	(187)	-	**20,428**
Telephone	3,640	3,466	-	**7,106**
Total carrying value	$ 3,998,546	$ 1,813,864	$ (27,024)	**$ 5,785,386**

Leasehold improvement additions are net of $538,410 due from the lessor as a recovery of costs incurred by the Company pursuant to the terms of the lease agreement.

(Expressed in Canadian dollars)

4. PROPERTY AND EQUIPMENT (Cont'd)

	February 29, 2012	Additions	February 28, 2013
Computers	$ 126,490	$ 55,658	$ 182,148
Furniture and fixtures	103,610	15,237	118,847
Leasehold improvements	11,139	-	11,139
Servers	206,165	4,034,955	4,241,120
Software	32,487	17,866	50,353
Telephones	6,289	2,383	8,672
Total cost	486,180	4,126,099	4,612,279
Computers	(36,785)	(73,332)	(110,117)
Furniture and fixtures	(34,790)	(56,620)	(91,410)
Leasehold improvements	(1,344)	(1,909)	(3,253)
Servers	(39,821)	(334,362)	(374,183)
Software	(9,859)	(19,879)	(29,738)
Telephones	(1,233)	(3,799)	(5,032)
Total accumulated amortization	(123,832)	(489,901)	(613,733)
Computers	89,705	(17,674)	72,031
Furniture and fixtures	68,820	(41,383)	27,437
Leasehold improvements	9,795	(1,909)	7,886
Servers	166,344	3,700,593	3,866,937
Software	22,628	(2,013)	20,615
Telephones	5,056	(1,416)	3,640
Total carrying value	$ 362,348	$ 3,636,198	$ 3,998,546

5. FINANCE LEASE OBLIGATIONS

The Company has assumed finance lease obligations until 2015. The monthly lease payments consist of principal repayment and interest and the weighted average imputed interest rate is 3.99% (February 28, 2013 - 2.42%). The minimum payment under the finance lease are as follows:

	Total lease payments	**Interest**	**Present value of minimum lease payments**
Less than one year	$ 1,882,101	$ 52,862	$ 1,829,239
Between one and five years	437,315	3,285	434,030
More than five years	-	-	-
	$ 2,319,416	$ 56,147	$ 2,263,269

Included in property and equipment are items under finance leases with a cost of $3,994,571 (February 28, 2013 - $2,883,119). Accumulated amortization for items under finance lease is $587,483 (August 31, 2012 - $44,965).

(Expressed in Canadian dollars)

6. CAPITAL STOCK

		August 31, 2013	February 28, 2013
Authorized			
unlimited	preference shares, no stated dividend, non-participating, non-voting		
unlimited	common shares		
Issued			
	Preference shares	**$ 27,638,269**	$ 22,791,489
	Common shares	**350**	350
		$ 27,638,619	$ 22,791,839

Upon the event that the Company completes a public offering of any class of shares, the preference shares are automatically converted to common shares on a one-for-one basis.

During the period ended August 31, 2013, the Company issued 500,000 preference shares as consideration for the $100,000 cash advance received during the year ended February 28, 2013 which was classified as shares to be issued in shareholder's equity at February 28, 2013.

During the period ended August 31, 2013, the Company issued 200,000 preference shares for services received which were valued at $200,000.

Warrants

The expected volatility of the warrants is based on comparable companies in the industry. The share price used in the determination of fair value of the warrants was based on the most recent issuance of preferred shares. The warrants were not measured at the fair value of the services received as this amount could not be measured reliably.

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

	August 31, 2013		February 28, 2013	
	Number of Warrants	**Weighted Average Exercise Price**	Number of Warrants	Weighted Average Exercise Price
Beginning balance	**5,072,940**	**$0.88**	3,072,000	$0.17
Granted	**-**	**$ -**	4,000,940	$1.00
Expired/Cancelled	**(1,574,000)**	**$0.96**	-	$ -
Exercised	**(3,237,250)**	**$0.72**	(2,000,000)	$0.02
Ending balance	**261,690**	**$1.00**	5,072,940	$0.88

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Cont'd)

Warrants (Cont'd)

The Company had the following warrants outstanding at August 31, 2013:

Number of Warrants	Exercise Price	Expiry Date
45,000	$1.00	May 17, 2014
28,500	$1.00	August 2, 2014
21,600	$1.00	August 23, 2014
26,940	$1.00	November 7, 2014
139,650	$1.00	December 20, 2014
261,690		

Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the issuance of stock options to employees, consultants, preferred partners and executives which may expire as much as 10 years from the date of grant. The Plan allows for an unlimited number of options to be authorized at any exercise price determined by the Board of Directors as long as the Company remains a non-public company. The Board of Directors also determines the right to determine the vesting periods to the stock options granted. Upon the Company becoming a public company listed on a recognized stock exchange, the Plan will comply with the applicable rules, regulations and policies of the recognized stock exchange.

The following summarizes the stock option activities under the plan:

	August 31, 2013		February 28, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Beginning balance	**31,775,000**	**$0.80**	14,040,000	$0.33
Granted	**2,582,000**	**$1.00**	18,915,000	$1.00
Expired/Cancelled	**(350,000)**	**$0.36**	(780,000)	$0.78
Exercised	**(5,012,000)**	**$0.16**	-	$ -
Forfeited	**(520,000)**	**$1.00**	(400,000)	$0.40
Ending balance	**28,475,000**	**$0.93**	31,775,000	$0.80
Exercisable	**16,520,000**	**$0.76**	16,605,833	$0.52

(Expressed in Canadian dollars)

6. CAPITAL STOCK (Cont'd)

Stock Option Plan (Cont'd)

The Company had the following stock options outstanding at August 31, 2013:

Exercise Prices	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price (exercisable)
$0.20	5,280,000	1.5 years	0.20	5,280,000	0.20
$0.50	800,000	2.0 years	0.50	800,000	0.50
$1.00	17,395,000	2.6 years	1.00	9,190,000	1.00
$1.50	5,000,000	3.2 years	1.50	1,250,000	1.50
	28,475,000	**2.3 years**	**$ 0.93**	**16,520,000**	**$ 0.76**

7. STOCK BASED COMPENSATION

The total compensation expense relating to stock options granted to employees, service consultants, preferred partner consultants and executives for the period ended August 31, 2013 was $3,141,854 (August 31, 2012 - $2,871,633) with a corresponding charge to contributed surplus. Only stock options expense related to employees, service consultants and executives $1,633,331 (August 31, 2012 - $1,708,678) is included in salaries and benefits. Expense related to options granted to preferred partner consultants for the period ended August 31, 2013 in the amount of $1,508,523 (August 31, 2012 - $1,162,956) is classified as advertising and marketing. The Company granted a total of 2,582,000 options during the period ended August 31, 2013 (August 31, 2012 - 2,570,000). The weighted average fair value of the options granted during the period ended August 31, 2013 was $0.68 per option (August 31, 2012 - $0.66).

The fair value of the stock options was determined using the Black-Scholes option pricing model which requires highly subjective assumptions, including future stock volatility and expected time until exercise, which greatly affect the calculated values. The expected volatility is based on comparable companies in the industry. The share price used in the determination of fair value of the stock based compensation was based on the most recent issuance of preference shares.

The fair value of stock options was calculated using the following weighted average assumptions:

	August 31, 2013	August 31, 2012
Risk free interest rate (%)	**1.32**	1.31
Expected volatility (%)	**100**	100
Expected life (in years)	**3.79**	2.69
Expected dividends	**Nil**	Nil
Weighted average share price	**$ 1.00**	$ 1.00

(Expressed in Canadian dollars)

8. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As of August 31, 2013, $36,936 (February 28, 2013 - $Nil) is due from a shareholder of the Company. This amount is non-interest bearing and due on demand.

9. KEY MANAGEMENT COMPENSATION

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

	Short term compensation	Share based compensation	Total
August 31, 2013	**$ 352,000**	**480,223**	**$ 832,223**
August 31, 2012	$ 260,314	709,821	$ 970,135

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

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

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

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

As at August 31, 2013 and February 28, 2013 cash was carried at Level 1 in the fair value hierarchy.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest bearing debts on its balance sheet. The finance lease obligations and convertible debentures bear interest at fixed rates ranging from 2% to 8%, and as such, are not subject to cash flow interest rate risk resulting from market fluctuations thereby minimizing the Company'S exposure to cash flow interest rate risk.

(c) Foreign Currency risk

The Company is subject to foreign exchange rate risk as it enters in transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar.

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 10(f) to the condensed interim financial statements. The Company has no income from operations and relies on equity funding to support its development and corporate activities. Should the need for further equity funding arise, there is a risk that the Company may not be able to sell new common or preferred shares at an acceptable price.

Accounts payable and accrued liabilities and current portion of finance lease obligations are due within the current operating period. As at August 31, 2013, the Company had total cash of $902,219 (February 28, 2013 - $9,114,820) to settle current liabilities of $4,926,482 (February 28, 2013 - $1,912,994). As a result, the Company has liquidity risk.

(e) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash and cash equivalents. The Company's risk is minimal, since the majority of its cash are on deposit with a Canadian chartered bank.

(f) Capital Management

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

August 31, 2013, the Company's capital consists of a working capital deficiency in the amount of $2,966,556 (February 28, 2013 - surplus of $7,515,951).

There were no changes in the Company's management of its capital during the period ended August 31, 2013. The Company is not subject to any externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

(f) Capital Management (Cont'd)

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

11. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the period ended August 31, 2013:

a) On December 20, 2013, Keek entered into an amalgamation agreement with Primary such that each issued and outstanding Keek common share, subsequent to the conversion of the Keek preference shares, will be converted into one Primary common share, each Keek option shall have the right to receive an option in Primary on the same terms as the Keek option, each Keek warrant shall have the right to receive a warrant in Primary on the same terms as the Keek warrant (the "Transaction"). The Transaction is subject to the approval of TSX-V and the shareholders of Primary. The Transaction will result in a reverse take-over of Primary by Keek.

b) On November 19, 2013 Primary advanced a $600,000 secured convertible note to Keek for a term expiring April 25, 2014, bearing interest at a rate of 12% per annum. The loan is secured by all of the assets of Keek and ranks equally with or in priority to the Keek convertible notes and all other secured indebtedness of Keek. Additionally on December 20, 2013 Primary advanced a $1,000,000 secured convertible note on the same terms as the $600,000 secured convertible note referenced above.

c) Subsequent to period end, the Company issued convertible notes in the amount of $1,200,000 and $1,420,000 which bear interest at 17% and 12%, respectively. The notes are due April 24, 2014 and are convertible into common shares of Keek at $0.10 per share and will be forced to convert upon Keek becoming a public company.

d) On November 8, 2013, a company filed a construction lien claim against Keek followed by a statement of claim for an unpaid balance owing under a contract for interior construction and renovation in the amount of $808,331. This balance is included accounts payable and accrued liabilities as at August 31, 2013.