Keek Inc.
Financial Statements

For the Years Ended February 28, 2014 and 2013

(Expressed in Canadian Dollars)

Keek Inc.
For the Years Ended February 28, 2014 and 2013

Contents

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Keek Inc.

We have audited the accompanying financial statements of Keek Inc.**,** which comprise the statements of financial position as at February 28, 2014 and February 28, 2013 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of Keek Inc. as at February 28, 2014 and February 28, 2013, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion we draw attention to Note 1 in the financial statements which describes material uncertainties that cast significant doubts about Keek Inc.'s ability to continue as a going concern.

Collins Barrow Toronto LLP

Collins Barrow Toronto LLP
Licensed Public Accountants
June 30, 2014
Toronto, Ontario

Keek Inc.

Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2014	February 28, 2013
Assets		
Current assets		
Cash and cash equivalents	**$ 454,476**	$ 9,114,820
Other receivables (Note 5)	**687,448**	87,919
Prepaid expenses	**684,878**	226,206
	1,826,802	9,428,945
Prepaid expenses	**73,323**	73,323
Investment tax credits receivable (Note 3)	**787,500**	-
Intangible assets (Note 4)	**43,046**	51,899
Property and equipment (Note 5)	**4,249,838**	3,998,546
Total assets	**$ 6,980,509**	$ 13,552,713
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	**$ 3,535,780**	$ 774,539
Current portion of finance lease obligations (Note 7)	**1,211,380**	1,138,455
Convertible debentures (Note 10)	**5,266,560**	-
	10,013,720	1,912,994
Finance lease obligations (Note 7)	**14,627**	892,462
Total liabilities	**10,028,347**	2,805,456
Shareholders' Equity (Deficiency)		
Share capital (Note 8)	**27,101,907**	22,791,839
Contributed surplus	**13,010,977**	6,356,438
Warrants reserve	**137,635**	1,452,813
Shares to be issued (Note 8)	**-**	100,000
Equity component of convertible debentures (Note 10)	**137,074**	-
Deficit	**(43,435,431)**	(19,953,833)
Total shareholders' equity (deficiency)	**(3,047,838)**	10,747,257
Total shareholders' equity (deficiency) and liabilities	**$ 6,980,509**	$ 13,552,713

Nature of Operations and Going Concern (Note 1)
Commitments (Note 14)
Subsequent Events (Note 16)

Approved on Behalf of the Board

(Signed) "John Jussup"
John Jussup, Director

(Signed) "Alexandra Cameron"
Alexandra Cameron, Director

The accompanying notes form an integral part of these financial statements.

Keek Inc.

Statements of Comprehensive Loss
Years ended February 28, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
Expenses		
Advertising and marketing (Note 9)	**$ 9,172,948**	$ 5,321,489
Salaries and benefits (Note 9)	**7,823,402**	6,848,563
Internet and communications	**2,165,012**	969,366
Professional fees	**720,397**	331,008
Consulting fees	**689,642**	658,533
Occupancy costs	**449,736**	209,253
Office and general	**131,728**	143,491
Computers	**105,581**	36,730
Foreign exchange loss	**54,203**	16,387
Insurance	**33,792**	12,103
Loss on disposal of long-lived assets (Note 5)	**32,269**	-
Amortization (Notes 4 and 5)	**1,964,624**	498,634
	23,343,334	15,045,557
Finance expenses (income)		
Interest expense	**142,013**	11,099
Interest on long term debt	**65,014**	-
Accretion on convertible debentures	**33,634**	-
Interest income	**(20,955)**	(38,014)
Gain on settlement of debts (Note 6)	**(81,442)**	-
	138,264	(26,915)
Net loss and comprehensive loss for the year	**$(23,481,598)**	$(15,018,642)
Loss per share		
Basic and diluted	**$ (0.67)**	$ (0.43)
Weighted average number of common shares outstanding		
Basic and diluted	**35,000,000**	35,000,000

The accompanying notes form an integral part of these financial statements.

Keek Inc.

Statements of Changes in Equity (Deficiency)
Years ended February 28, 2014 and 2013
(Expressed in Canadian Dollars)

	Common shares		Preference shares		Warrants	Contributed	Shares to	Equity component of convertible		
	Number	Amount	Number	Amount	reserve	surplus	be issued	debentures	Deficit	Total
Balance at February 29, 2012	**35,000,000**	**$ 350**	**64,770,000**	**$ 4,627,126**	**$ 224,486**	**$ 613,172**	**$ 1,737,500**	**$ 4,866**	**$ (4,915,211)**	**$ 2,292,289**
Net loss for the year	-	-	-	-	-	-	-	-	(15,018,642)	(15,018,642)
Issuance of preference shares (Note 8)	-	-	18,495,000	18,525,000	-	-	-	-	-	18,525,000
Redemption of preference shares	-	-	(20,000)	(20)	-	-	-	-	(19,980)	(20,000)
Issuance of warrants (Note 8)	-	-	-	(968,476)	968,476	-	-	-	-	-
Exercise of warrants (Note 8)	-	-	2,000,000	207,780	(167,780)	-	-	-	-	40,000
Conversion of convertible debentures (Note 10)	-	-	500,000	50,000	-	-	-	(4,866)	-	45,134
Share-based payments (Note 9)	-	-	-	-	-	5,743,266	-	-	-	5,743,266
Share issuance costs (Note 8)	-	-	-	(1,387,421)	427,631	-	-	-	-	(959,790)
Funds received for shares to be issued	-	-	-	-	-	-	100,000	-	-	100,000
Shares issued for funds received in prior years	-	-	2,240,000	1,737,500	-	-	(1,737,500)	-	-	-
Balance at February 28, 2013	**35,000,000**	**$ 350**	**87,985,000**	**$ 22,791,489**	**$ 1,452,813**	**$ 6,356,438**	**$ 100,000**	**$ -**	**$ (19,953,833)**	**$ 10,747,257**
Net loss for the year	-	-	-	-	-	-	-	-	(23,481,598)	(23,481,598)
Exercise of options (Note 8)	-	-	4,512,000	959,152	-	(267,652)	-	-	-	691,500
Share-based payments (Note 9)	-	-	-	-	-	6,385,479	-	-	-	6,385,479
Exercise of warrants (Note 8)	-	-	3,237,250	3,050,916	(778,466)	-	-	-	-	2,272,450
Transfer of expired warrants (Note 8)	-	-	-	-	(536,712)	536,712	-	-	-	-
Shares issued for funds received in prior years	-	-	500,000	100,000	-	-	(100,000)	-	-	-
Preference shares issued for services (Note 8)	-	-	200,000	200,000	-	-	-	-	-	200,000
Convertible debentures issued (Note 10)	-	-	-	-	-	-	-	137,074	-	137,074
Balance at February 28, 2014	**35,000,000**	**$ 350**	**96,434,250**	**$ 27,101,557**	**$ 137,635**	**$ 13,010,977**	**$ -**	**$ 137,074**	**$ (43,435,431)**	**$ (3,047,838)**

The accompanying notes form an integral part of these financial statements.

Keek Inc.

Statements of Cash Flows
Years ended February 28, 2014 and 2013
(Expressed in Canadian Dollars)

	2014	2013
Cash flows used in operating activities		
Net loss for the year	**$ (23,481,598)**	$ (15,018,642)
Items not affecting cash:		
Amortization	**1,964,624**	498,634
Share-based payments (Note 9)	**6,385,479**	5,743,266
Accretion on convertible debentures (Note 10)	**33,634**	-
Loss on disposal of long-lived assets	**32,269**	-
Preference shares issued for services	**200,000**	-
Gain on settlement of debt	**(81,442)**	-
	(14,947,034)	(8,776,742)
Changes in non-cash working capital items		
Other receivables	**(599,529)**	(17,425)
Prepaid expenses	**(458,672)**	(185,580)
Investment tax credits receivable	**(787,500)**	-
Accounts payable and accrued liabilities	**2,842,680**	667,265
	996,979	464,260
Net cash used in operating activities	**(13,950,055)**	(8,312,482)
Cash flows from financing activities		
Repayment of finance lease obligations	**(1,856,619)**	(266,078)
Issuance of preference shares	**-**	18,505,000
Amounts received for shares to be issued	**-**	100,000
Share issuance costs	**-**	(959,790)
Issuance of convertible debentures	**5,370,000**	-
Proceeds from options exercised	**691,500**	-
Proceeds from warrants exercised	**2,272,450**	40,000
Net cash generated from financing activities	**6,477,331**	17,419,132
Cash flows used in investing activities		
Purchase of property and equipment	**(1,187,620)**	(1,829,717)
Purchase of intangible assets	**-**	(3,360)
Net cash used in investing activities	**(1,187,620)**	(1,833,077)
Net increase (decrease) in cash and cash equivalents	**(8,660,344)**	7,273,573
Cash and cash equivalents, beginning of period	**9,114,820**	1,841,247
Cash and cash equivalents, end of period	**$ 454,476**	$ 9,114,820
Supplemental cash flow information		
Cash paid for interest	**$ 207,027**	$ 11,099
Purchase of property and equipment under finance lease	**$ 1,051,709**	$ 2,296,382

The accompanying notes form an integral part of these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Keek Inc. ("Keek" or the "Company"), was originally incorporated as Vuzilla Inc. on March 5, 2010 under the laws of the Province of Ontario. On January 6, 2011, the Company changed its name from Vuzilla Inc. to Keek Inc. The Company's principal activity is the development of an online social media app 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 app will be able to ultimately obtain profitability.

While these 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 year ended February 28, 2014, the Company incurred a net loss of $23,481,598 (February 28, 2013 - $15,018,642) and, as of that date, the Company had accumulated a deficit of $43,435,431 (February 28, 2013 - $19,953,833), a working capital deficiency of $8,186,918 (February 28, 2013, surplus - $7,515,951), and negative cash flows from operations of $13,950,055 (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 nonoperational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and will need to continue to do so to fund operations in the future. These financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments would be material.

During the year ended February 28, 2014, Keek entered into an agreement (the "Amalgamation Agreement") with Primary Petroleum Company ("Primary"), and its wholly-owned subsidiary, 2400964 Ontario Limited, ("Primary Subco"), dated December 20, 2013, pursuant to which Primary Subco will amalgamate with Keek (the "Amalgamation"). The Amalgamation is structured as a three-cornered amalgamation and, as a result, the amalgamated Company will become a wholly-owned subsidiary of Primary on closing and the former shareholders of Keek will become shareholders of Primary and receive common shares of Primary on a one-for-one basis (collectively, the "Transaction"). Under TSX Venture Exchange ("TSXV") policy, the Amalgamation will constitute a Reverse Take-Over and a Change of Business for Primary.

Pursuant to the Amalgamation Agreement, Primary agreed to provide Keek with interim financing in the aggregate principal amount of $2,600,000 of 12% secured convertible promissory notes to fund operations until the Transaction is approved by shareholders and regulatory authorities (Note 10). The Primary notes were amended and restated on March 5, 2014 at similar terms, but without any conversion option, and will remain as intercompany debt between Primary and Keek without any specific terms of repayment, following completion of the Transaction.

Subsequent to the year ended February 28, 2014 (Note 16), on March 5, 2014, the Amalgamation was approved by both shareholders of Keek and Primary. Pursuant to the Amalgamation agreement, Primary acquired all of the issued and outstanding shares of Keek by way of amalgamation between Primary Subco and Keek. The amalgamated company became a wholly-owned subsidiary of Primary and the former shareholders of Keek received one share of Primary on a one-for-one basis. Upon completion of the Transaction, on a non-diluted basis, the former shareholders of Keek will own approximately 56.25% and Primary shareholders will own approximately 43.75% of Primary. In addition, Primary changed its name to “Keek Inc.”.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Upon completion of the Transaction, the former shareholders of Keek received 190,538,250 common shares of Primary, representing one Primary common share for each Keek share held, Primary options to purchase up to 20,880,000 Primary common shares at prices ranging from $0.10 to $1.00 per Primary common share on or before dates to January 23, 2019, and 261,690 Primary warrants exercisable into one Primary common share at a price of $1.00 per Primary common share expiring on dates ranging from May 17, 2014 to December 20, 2014.

On March 10, 2014, the TSXV issued its final exchange bulletin confirming completion of the transaction and final approval of the listing and the shares of Keek Inc. commenced trading on the TSXV as a Tier 1 Issuer under the ticker symbol “KEK”.

2. BASIS OF PREPARATION

Statement of Compliance

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

These financial statements were approved and authorized for issue by the Board of Directors on June 30, 2014.

Basis of Presentation

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

These financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities which have been measured at fair value.

Critical Accounting Estimates and Judgments

Critical accounting estimates

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

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

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

2. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical accounting estimates (Continued)

Fair value of share-based compensation

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

Useful lives of property and equipment and intangible assets

The useful lives of property, equipment and intangible assets have been determined by management to reflect their usage and economic life. Management has determined the residual value of these assets to be $Nil.

Impairment of property and equipment and intangible assets

Property and equipment and intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is determined as the higher of the fair value of the property and equipment less costs of disposal or the value-in-use calculations. Where recoverable amount is determined to be less than the carrying amount, an impairment loss may arise.

Valuation of compound financial instruments

In order to determine the appropriate allocation between the equity and liability components of financial instruments, Management must determine the fair value of a similar liability that does not contain an equity component. Determining this fair value requires Management to make assumptions with respect to the expected future amount and timing of cash outflows and an appropriate discount rate to calculate present value.

Critical judgments in applying accounting policies

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

Deferred tax assets and liabilities

Management is required to apply judgment in determining whether it is probable that deferred income tax assets will be realized. At February 28, 2014 and 2013, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the Statements of Financial Position. In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the financial statements.

2. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical judgments in applying accounting policies (Continued)

Provisions for impairment of other receivables

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

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

Investment tax credits

Assumptions are made in respect to the eligibility of certain research and development expenditures in the calculation of scientific research and experimental development ("SR&ED") investment tax credits, which are netted against the research and development costs to which they relate in the statement of operations. SR&ED claims are subject to audits by relevant taxation authorities and the actual amount may change depending on the outcome of such audits.

Impairment of non-financial assets

Management exercises judgment in assessing whether there are indications that an asset may be impaired. Factors considered include whether an active market exists for the output produced by the asset or group of assets, as well as how management monitors and makes decisions about the Company's operations. Management must also use judgment in regularly assessing whether any previously recorded impairment losses should be reversed.

Going concern

The company must assess its ability to continue as a going concern. Factors that affect this determination include current cash and cash equivalents, budgeted expenditures for future periods and management's ability to raise sufficient funds to finance future operations.

3. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term deposits with maturities of three months or less from the Statement of Financial Position date. The Company did not have any cash equivalents at February 28, 2014. Cash equivalents at February 28, 2013 consisted of $8,018,026 of Guaranteed Investment Certificates.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments

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

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

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

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

(iv) *Other financial liabilities*: Other financial liabilities are financial liabilities that are not classified as financial liabilities at fair value through profit or loss. Other financial liabilities include trade and other payables, finance lease obligations and convertible debentures. Other financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method, which generally corresponds to cost.

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

Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollar. Transactions denominated in a foreign currency are translated into Canadian dollars using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rates of exchange in effect at each reporting date. Foreign exchange gains and losses are recognized in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Financial Assets

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

Property and Equipment

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

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

Computers	2 years	Straight line
Furniture and fixtures	2 years	Straight line
Leasehold improvements	70 months	Straight line
Servers	3 years	Straight line
Software	2 years	Straight line
Telephone	2 years	Straight line

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. The balance of intangible assets represents the domain name "keek.com", additional domain names and trademarks and patents. All intangible assets are considered to have a finite life and are measured at acquisition cost. These assets are amortized on a straight line basis over their estimated useful lives at the following rates:

Domain names	7 years	Straight line
Trademarks and patents	10 years	Straight line

Impairment of Long-lived Assets

Long-lived assets which include property and equipment and intangible assets are reviewed for impairment annually or at any time an indicator of impairment exists. Long-lived assets are allocated to each cash generating unit ('CGU'), or group of CGUs, that are expected to benefit from the assets. A group of CGUs represents the lowest level within the entity at which the long-lived assets are monitored for internal management purposes, which is not higher than an operating segment. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets (Continued)

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

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

Research and Development Costs

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

Investment Tax Credits

The Company applies for investment tax credits in relation to scientific research and experimental development expenditures incurred. An estimate of the refundable investment tax credits is recorded in the period the expenditures are incurred provided there is reasonable assurance that the investment tax credits will be realized. The expenditures incurred are reduced by the amount of the estimated investment tax credits.

The Company claims research and experimental 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 the Canada Revenue Agency and any adjustments that results could affect investment tax credits recorded in the financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate. During the year ended February 28, 2014, the Company recognized $676,597 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 amount is net of fees to be paid to the independent consultant performing the investment tax credit claim. As at February 28, 2014, investment tax credits of $787,500 remain receivable.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

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

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

Provisions

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

Compound Financial Instruments

Convertible debentures contain both a liability component and an equity component, represented by the conversion feature. The convertible debentures were separated into their liability and equity components on the Statement of Financial Position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon non-convertible debt issued by comparable issuers and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue. The fair value of the liability component is accreted to the original face value of the debt over the respective terms of the debt instrument and charged to operations as interest expense based on the effective interest method. The value of the equity component (the conversion feature) is accounted for at the time of issue as the difference between the face value of the liability component and the fair value of the liability component.

Share-Based Payments

The Company has a stock option plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For employees and those performing employee like services the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model (Note 9). For non-employees, the fair value of each tranche is measured based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value based on the fair value of the equity instruments granted. Compensation expense is recognized over the tranche’s vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

When stock options are issued with certain terms that are not finalized they are measured at the year-end date using the Black-Scholes option pricing model using management's best estimate of fair value and are revalued once the terms have been finalized. Share-based compensation is adjusted based on the value once terms are finalized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments (Continued)

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

Share Capital and Warrants

Common and preference shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period the transaction occurs.

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

Deferred Income Taxes

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

Share Capital

Common and preference shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Loss per Share

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

Adoption of New or Amended 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:

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New or Amended Accounting Standards (Continued)

IFRS 10, *Consolidated Financial Statements* ("IFRS 10") replaces SIC-12, *Consolidation - Special Purpose Entities* and parts of IAS 27, *Consolidated and Separate Financial Statements*. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The adoption of IFRS 10 did not have a material impact on the Company's financial statements.

IFRS 11, *Joint Arrangements* ("IFRS 11") requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under previous IFRS, entities had the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13*, Jointly Controlled Entities-Non-monetary Contributions by Venturers*. The adoption of IFRS 11 was not applicable as the Company does not have any joint arrangements as at March 1, 2013 or February 28, 2014.

IFRS 12, *Disclosure of Interests in Other Entities* ("IFRS 12") establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates and unconsolidated structured vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. The adoption of IFRS 12 did not have a material impact on the financial statements.

IFRS 13, *Fair Value Measurement* ("IFRS 13") provides a single framework for measuring fair value. The measurement of the fair value of an asset or liability is based on assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The adoption of IFRS 13 did not have a material impact on the financial statements.

In June 2011, the IASB issued an amended version of IAS 1, *Presentation of Financial Statements* ("IAS 1"). This amendment requires companies preparing financial statements in accordance with IFRS to group together items within other comprehensive income that will be reclassified subsequently to profit or loss and those that will not be reclassified. Revised IAS 1 also reaffirms existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. The Company adopted the amendments in its financial statements for the annual period beginning on March 31, 2013. As the amendments only required changes in the presentation of items in other comprehensive income, the adoption of IAS 1 did not have a material impact on the financial statements.

Amendments to IAS 19, *Employee Benefits* ("IAS 19") eliminates an entity's option to defer the recognition of certain gains and losses related to post-employment benefits, requires re-measurement of associated assets and liabilities in other comprehensive income and provides for additional disclosure of all employee benefits. The amendments also impact termination benefits, which would now be recognized at the earlier of when the entity recognizes costs for a restructuring within the scope of IAS 37, *Provisions*, and when the entity can no longer withdraw the offer of the termination benefits. The adoption of the amendments to IAS 19 did not result in any measurement or disclosure changes at as March 1, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards and Amendments Issued but Not Yet Applied

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

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after March 1, 2018, with earlier adoption permitted. The Company does not expect IFRS 9 to have a material impact on the financial statements.

IAS 32, *Offsetting Financial Assets and Liabilities* ("IAS 32") was amended by the IASB in December 2011. The amendments to IAS 32 clarify the meaning of when an entity has a current legally enforceable right to set-off financial assets and financial liabilities, and, clarify when a settlement mechanism provides for net settlement. The amendments are effective for annual periods beginning on or after March 1, 2014 with earlier adoption permitted. The Company is presently evaluating the impact of adopting this amendment on the financial statements.

IAS 36, *Recoverable Amounts* ("IAS 36") was amended in May 2013 to change the disclosure required when an impairment loss is recognized or reversed. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined. The amendments are effective for annual periods beginning on or after March 1, 2014 with earlier adoption permitted. The Company is presently evaluating the impact of adopting this additional disclosure on the financial statements.

(Expressed in Canadian Dollars)

4. INTANGIBLE ASSETS

For the Year Ended February 28, 2014

	February 28, 2013	Additions	**February 28, 2014**
Cost			
Domain names	$ 57,856	$ -	**$ 57,856**
Trademarks & patents	5,878	-	**5,878**
Total cost	63,734	-	**63,734**
Accumulated amortization			
Domain names	(11,053)	(8,265)	**(19,318)**
Trademarks & patents	(782)	(588)	**(1,370)**
Total accumulated amortization	(11,835)	(8,853)	**(20,688)**
Carrying value			
Domain names	46,803	(8,265)	**38,538**
Trademarks & patents	5,096	(588)	**4,508**
Total carrying value	$ 51,899	$ (8,853)	**$ 43,046**

For the Year Ended February 28, 2013

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

5. PROPERTY AND EQUIPMENT

For the Year Ended February 28, 2014

	February 28, 2013	Additions	Disposals	**February 28, 2014**
Cost				
Computers	$ 182,148	$ 92,327	$ -	**$ 274,475**
Furniture and fixtures	118,847	118,613	(132,681)	**104,776**
Leasehold improvements	11,139	516,140	(11,139)	**516,140**
Servers	4,241,120	1,487,603	-	**5,728,723**
Software	50,353	16,818	-	**67,171**
Telephones	8,672	7,830	-	**16,502**
Total cost	$ 4,612,279	$ 2,239,331	$ (143,820)	**$ 6,707,787**
Accumulated amortization				
Computers	$ (110,117)	$ (74,636)	$ -	**$ (184,753)**
Furniture and fixtures	(91,410)	(17,121)	107,502	**(1,029)**
Leasehold improvements	(3,253)	(25,960)	4,049	**(25,164)**
Servers	(374,183)	(1,813,822)	-	**(2,188,005)**
Software	(29,738)	(19,379)	-	**(49,117)**
Telephones	(5,032)	(4,852)	-	**(9,884)**
Total accumulated amortization	$ (613,733)	$ (1,955,770)	$ 111,551	**$ (2,457,952)**
Carrying value				
Computers	$ 72,031	$ 17,691	$ -	**$ 89,722**
Furniture and fixtures	27,437	101,492	(25,179)	**103,750**
Leasehold improvements	7,886	490,180	(7,090)	**490,976**
Servers	3,866,937	(326,219)	-	**3,540,718**
Software	20,615	(2,561)	-	**18,054**
Telephones	3,640	2,978	-	**6,618**
Total carrying value	$ 3,998,546	$ 283,561	$ (32,269)	**$ 4,249,838**

Leasehold improvement additions are net of $538,410 (2013 - $Nil) due from the landlord as a recovery of costs incurred by the Company pursuant to the terms of the lease agreement. This amount is included in other receivables.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT (Continued)

For the Year Ended February 28, 2013

	February 28, 2012	Additions	Disposals	**February 28, 2013**
Cost				
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**
Accumulated amortization				
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)**
Carrying value				
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**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised significantly of the following:

	February 28, 2014	February 28, 2013
Trade payables	**$ 2,757,379**	$ 719,288
Accrued liabilities	**636,388**	55,251
Accrued interest on convertible debentures (Note 10)	**142,013**	-
	$ 3,535,780	$ 774,539

During the year ended February 28, 2014, the Company settled trade payables with a fair value of $158,221 for cash payments totalling $76,779, resulting in a gain on settlement of debt of $81,442.

(Expressed in Canadian Dollars)

7. FINANCE LEASE OBLIGATIONS

The Company has assumed finance lease obligations until June 2015. The lease obligations are repayable in blended monthly installments of principal including imputed interest at a weighted average rate of 3.99% (February 28, 2013 - 2.42%). The minimum payments under the finance lease obligations are as follows:

	Total lease payments	Interest	Present value of minimum lease payments 2014	Present value of minimum lease payments 2013
Less than one year	$ 1,242,810	$ 31,430	$ 1,211,380	$ 1,138,455
Between one and five years	15,488	861	14,627	892,462
More than five years	-	-	-	-
	$ 1,258,298	**$ 32,291**	**$ 1,226,007**	**$ 2,030,917**

Included in property and equipment are servers under finance leases with a cost of $3,994,541 (February 28, 2013 - $2,883,119). Accumulated amortization for items under finance leases is $1,512,658 (February 28, 2013 - $220,727).

8. SHARE CAPITAL

Authorized		**February 28, 2014**	February 28, 2013
Unlimited	Preference shares, no stated dividend, non-participating, non-voting		
Unlimited	Common shares		
Issued			
96,434,250	Preference shares	**$ 27,101,557**	$ 22,791,489
35,000,000	Common shares	**350**	350
		$ 27,101,907	$ 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 on that date. On March 5, 2014, the preference shares were converted to common shares on a one-for-one basis (see Note 16).

During the year ended February 28, 2014, the Company issued 500,000 preference shares as consideration for $100,000 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 year ended February 28, 2014, the Company issued 200,000 preference shares to an external consultant for services received which were valued at $200,000.

During the year ended February 28, 2013, the Company issued 18,495,000 preference shares at prices between $0.10 and $1.00 for aggregate gross proceeds of $18,525,000. Of the total preference shares issued during the year, 5,978,500 preference shares were issued with one-half of one preference share purchase warrant (each, a “Half Warrant”), with two Half Warrants entitling the holder to purchase one additional preference share at a price of $1.00 per preference share for a period of 12 months from the closing date of the private placement, for a total of 2,989,250 warrants. The warrants were valued at $968,476 based on the Black-Scholes option pricing model and were included in the warrant reserve balance.

8. SHARE CAPITAL (Continued)

During May 2012 and August 2012, the Company completed a non-brokered private placement of 3,716,000 units, and which was included in the above 5,978,500 issuance of preference shares, at a price of $1.00 per unit for aggregate gross proceeds of $3,716,000. Each unit consisted of one preference share and one-half of one preference share purchase warrant (each, a "Half Warrant"), with two Half Warrants entitling the holder to purchase one additional preference share at a price of $1.00 per preference share for a period of 12 months from the closing. Pursuant to this private placement, subscribers received an anti-dilution right. This anti-dilution right provided that, if the Company issued any additional preference shares at a price of less than $1.00 per preference share within the earlier of 18 months of the closing of the private placement or immediately prior to when the Company completes an initial public offering on the TSX, NASDAQ or NYSE, each subscriber is entitled to receive additional preference shares and warrants such that the subscriber would hold the same number of preference shares and warrants had it invested at the time that the Company issued such preference shares at a price less than $1.00 per preference share (see Note 16).

During the year ended February 28, 2013, the Company paid cash commissions and referral fees totaling $959,790 and issued 1,011,690 brokers warrants (the "Broker Warrants").

The Company did not issue any warrants during the year ended February 28, 2014.

Warrants

The 1,011,690 Broker Warrants are exercisable into one preference share in the Company at a price of $1.00 per preference share and expire after two years on dates ranging from May 17, 2014 to December 20, 2014. The warrants were valued at $427,631 based on the Black-Scholes option pricing model and included in the year-end warrant reserve balance.

During the year ended February 28, 2013, a total of 2,000,000 warrants of the 3,072,000 warrants issued to consultants and brokers for professional services during fiscal 2012, were exercised into preference shares of the Company at a price of $0.02 per preference share. A value of $167,780 attributed to these warrants in prior years has been reversed and added to preference shares.

During the year ended February 28, 2014, the remaining 1,072,000 warrants issued to consultants and brokers for professional services in 2012 were exercised into preference shares of the Company at a price of $0.10 per preference share. A value of $56,706 attributed to these warrants in prior years has been reversed and added to preference shares.

During the year ended February 28, 2014, a total of 2,165,250 warrants issued during 2013 as part of the 5,978,500 preference shares issued with a one-half warrant attached to them were exercised into preference shares of the Company at a price of $1.00 per preference share. A value of $721,760 attributed to these warrants in the prior year has been reversed and added to preference shares.

During the year ended February 28, 2014, a total of 824,000 warrants with an ascribed value of $246,716 and 750,000 Broker Warrants with an ascribed value of $289,996 expired and were reversed and transferred to contributed surplus.

The fair value of warrants is determined using the Black-Scholes option pricing model. 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 preference shares. In the absence of a reliable measurement of the services received, the services have been measured at the fair value of the warrants issued.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

Warrants (Continued)

During the year ended February 28, 2013, the fair value of warrants including Broker Warrants was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

	February 28, 2013
Risk free interest rate (%)	1.21
Expected volatility (%)	100
Expected life (in years)	1.00
Expected dividends	Nil
Weighted average share price	$1.00

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

	February 28, 2014		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

The Company had the following warrants outstanding at February 28, 2014:

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 directors, officers, employees, consultants, and preferred partners 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 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.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

Stock Option Plan (Continued)

The following summarizes the stock option activities under the plan:

	February 28, 2014		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	**10,182,000**	**$0.35**	18,915,000	$1.00
Expired/Cancelled	**(2,600,000)**	**$1.00**	(780,000)	$0.78
Exercised	**(5,012,000)**	**$0.16**	-	$ -
Forfeited	**(12,875,000)**	**$0.94**	(400,000)	$0.40
Ending balance	**21,470,000**	**$0.61**	31,775,000	$0.80
Exercisable	**8,085,000**	**$0.74**	16,605,833	$0.52

The Company had the following options outstanding at February 28, 2014:

Exercise Price	**Options Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Options Exercisable**	**Weighted Average Exercise Price (Exercisable)**
$0.10	7,650,000	4.60 years	$0.10	720,000	$0.10
$0.20	1,555,000	1.88 years	$0.20	1,555,000	$0.20
$0.50	450,000	4.05 years	$0.50	450,000	$0.50
$1.00	11,815,000	2.12 years	$1.00	5,360,000	$1.00
	21,470,000	**2.71 years**	**$0.61**	**8,085,000**	**$0.74**

9. SHARE-BASED PAYMENTS

The total compensation expense relating to share-based payments granted to directors, officers, employees, service consultants and preferred partner consultants for the year ended February 28, 2014, was $6,385,479 (February 28, 2013 - $5,743,266) with a corresponding charge to contributed surplus. In the absence of a reliable measurement of the fair value of the services received from service consultants and preferred partner consultants, the services have been measured at the fair value of the options issued. Only share-based compensation related to directors, officers, employees and service consultants in the amount of $4,340,408 (February 28, 2013 - $3,417,355) is included in salaries and benefits. Share-based compensation expense related to share-based payments granted to preferred partner consultants for the year ended February 28, 2014, in the amount of $2,045,071 (February 28, 2013 - $2,325,911) is included in advertising and marketing. The Company granted a total of 10,182,000 options during the year ended February 28, 2014 (February 28, 2013 - 18,915,000). The weighted average fair value of the options granted during the year ended February 28, 2014, was $0.22 per option (February 28, 2013 - $0.66).

The fair value of the stock options was determined using the Black-Scholes option pricing model. The expected volatility is based on comparable companies in the industry. The share price used in the determination of fair value of the share-based compensation was based on the most recent issuance of preference shares.

(Expressed in Canadian Dollars)

9. SHARE-BASED PAYMENTS (Continued)

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

	February 28, 2014	February 28, 2013
Risk free interest rate (%)	**1.83**	1.31
Expected volatility (%)	**100**	100
Expected life (in years)	**4.83**	2.69
Expected dividends	**Nil**	Nil
Weighted average share price	**$0.35**	$1.00

On September 3, 2013, the Company extended the life of 18,350,000 outstanding options from 2 or 3 years after each vesting date to 5 years after each vesting date. All other terms remained unchanged. The extension resulted in a change in the fair value of the outstanding options. Each affected tranche was revalued as at the modification date using the Black-Scholes option pricing model under both the original and the modified set of terms. The modification resulted in an incremental increase in the fair value of the affected options of $294,976. This amount is included in the share-based compensation expense classified as a component of salaries and benefits for the current year.

The incremental fair value was determined using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk free interest rate (%)	1.76
Expected volatility (%)	100
Expected life original terms (in years)	3.08
Expected life modified terms (in years)	5.11
Expected dividends	Nil
Weighted average share price	$0.10

10. CONVERTIBLE DEBENTURES

During the period from October 25, 2013 to January 27, 2014, the Company issued $2,620,000 aggregate principal amount of 12%-17% secured convertible debentures maturing on periods between April 25, 2014 and January 27, 2015 (“Maturity Dates”). During the period from November 19, 2013 to February 3, 2014, the Company received from Primary 12% secured convertible debentures in the aggregate principal amount of $2,600,000, maturing on April 25, 2014 (collectively, “the Debentures”). The Debentures were issued at par, resulting in gross proceeds of $5,220,000 to the Company. The Debentures are convertible at the holder's option into equity of Keek ("Shares") at any time following the date that Keek issues equity securities pursuant to a financing at a conversion price of the greater of (i) 50% of the issue price per financing security, and (ii) $0.10 per Share. The Debentures are automatically converted to common shares of Keek when the preference shares of Keek are converted to common shares in the event of a liquidity transaction.

The convertible notes held by Primary, aggregating to $2,600,000, will be amended and restated at similar terms, but without the conversion option, and remain as intercompany debt between Primary and Keek without any specific terms of repayment, following completion of the Transaction.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES (Continued)

On October 25 2013, the Company received $150,000 from Oddpot Inc., a corporation controlled by the former CEO and director, in the form of a secured convertible promissory note. The note bears interest at 8% per annum, payable on maturity, and matures on October 22, 2014. The note is secured by way of a general security agreement over the assets of the Company. Upon the event the Company closes an arm's length equity offering raising gross proceeds of $10,000,000 or greater, a conversion election is triggered at the option of the holder, to be elected within 30 days of the holder being notified of the offering and at a per-share price equal to that of the offering.

For accounting purposes, the Debentures were separated into their liability and equity components using the effective interest rate method. The fair value of the liability component at the time of issue was calculated as the discounted cash flows for the Debentures assuming a 18.6% effective interest rate, which was the estimated rate for the Debentures without the conversion feature. The fair value of the equity component (the conversion feature) was determined at the time of issue as the difference between the face value of the Debentures and the fair value of the liability component.

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

	February 28, 2014	February 28, 2013
Opening liability balance	**$ -**	$ 45,750
Issuance of convertible debentures	**5,370,000**	-
Equity component of convertible debentures issued	**(137,074)**	-
Accretion of discount on the convertible debentures	**33,634**	-
Conversion of convertible debentures	**-**	(45,750)
Ending liability balance	**$ 5,266,560**	$ -

	February 28, 2014	February 28, 2013
Opening equity component balance	**$ -**	$ 4,866
Equity component of convertible debentures issued	**137,074**	-
Conversion of convertible debentures	**-**	(4,866)
Ending equity component balance	**$ 137,074**	$ -

During the year ended February 28, 2014, the Company allocated a fair value of $5,232,926 to the liability component and $137,074 to equity.

During the year ended February 28, 2014, the Company accrued a total of $142,013 (Note 6) in interest related to the Debentures and recorded interest accretion of $33,634.

During the year ended February 28, 2013, convertible debentures in the aggregate principal amount of $50,000 were converted into 500,000 preference shares.

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions not disclosed elsewhere in these financial statements are as follows:

a) During the year ended February 28, 2014, the Company issued a $150,000 secured promissory note to Oddpot Inc., a corporation controlled by the former CEO and director (see note 10). The Company accrued $4,142 (February 28, 2013 - $Nil) of interest on this note during the year, which is included in accounts payable and accrued liabilities at year end.

b) During the year ended February 28, 2014, the Company issued 1,250,000 options to certain officers and directors. The options have a contractual life of 5 years, are exercisable at $0.10, and had a fair value of $93,354 as at the date of grant.

b) During the year ended February 28, 2013, the Company incurred commissions and referral fees of $689,100 charged by a company owned by the controlling shareholder of the Company. As of February 28, 2013, $10,251 was included in accounts payable and accrued liabilities.

12. KEY MANAGEMENT COMPENSATION

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

	February 28, 2014	February 28, 2013
Short term compensation	**$ 383,691**	$ 520,628
Share based compensation	**576,228**	1,419,642
Total	**$ 959,919**	$ 1,940,270

13. INCOME TAXES

Current Income Taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 26.5% (2013 - 26.5%) were the following:

	February 28, 2014	February 28, 2013
Loss before income taxes	**$ 23,481,598**	$ 15,018,642
Combined Federal and Provincial Statutory Rates	**26.5 %**	26.5 %
Expected tax recovery at statutory rates	**(6,222,623)**	(3,984,107)
Increase (decrease) resulting from:		
Share-based payments	**1,692,152**	1,523,559
Share issuance costs	**-**	(254,344)
Other non-deductible expenses	**12,744**	6,940
Change in unrecognized portion of deferred taxes	**4,450,627**	2,820,438
Change in tax rate and other differences	**67,100**	(112,486)
Income taxes	**$ -**	$ -

(Expressed in Canadian Dollars)

13. INCOME TAXES (Continued)

Deferred Income Taxes

Net deferred income tax balances are summarized as follows:

	February 28, 2014	February 28, 2013
Deferred income tax assets (liabilities)		
Property and equipment	**$ (267,413)**	$ (211,372)
Intangibles	**(1,315)**	(2,901)
Non-capital losses	**8,344,118**	3,917,439
Share issuance costs & other	**440,446**	336,858
Convertible debentures	**(25,186)**	Nil
Deferred taxes not recognized	**(8,490,650)**	(4,040,024)
	$ -	$ -

Non-capital Losses

The Company has non-capital losses of approximately $31,487,000 available to apply against future taxable income. If unutilized, these losses will expire as follows:

2031	$ 573,000
2032	2,827,500
2033	9,923,900
2034	18,162,600
	$ 31,487,000

14. COMMITMENTS

The Company is committed to a lease of its operating premises at 1 Eglinton Avenue East, Suite 300, in Toronto, Ontario. The lease commenced on August 15, 2013, and ends on November 30, 2023. Future minimum lease payments and estimated taxes, maintenance, and insurance payments over the remaining course of the lease are approximately as follows:

	Minimum lease payments	Taxes, Maintenance, and Insurance (estimated)	Total estimated commitment
Less than one year	$ 269,205	$ 351,761	$ 620,966
Between one and five years	1,402,587	1,758,806	3,161,393
More than five years	1,144,121	1,319,105	2,463,226
	$ 2,815,913	**$ 3,429,672**	**$ 6,245,585**

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The carrying value of cash and cash equivalents and 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 convertible debentures approximates their carrying amounts as they bear terms similar to that of comparable instruments.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Fair Values (Continued)

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

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

As at February 28, 2014 and February 28, 2013 cash and cash equivalents was carried at Level 1 in the fair value hierarchy.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest bearing debts on its Statement of Financial Position. The convertible debentures bear interest at fixed rates ranging from 12% to 17%, and as such, are not subject to cash flow interest rate risk resulting from market fluctuations thereby minimizing the Company's exposure to cash flow interest rate risk.

(c) Foreign Currency risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the Statement of Financial Position date. As at February 28, 2014, the Company carried net current liabilities of CDN$1,314,895 in USD$ (February 28, 2013 - $284,818).

(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 15(f) to the 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 preference shares at an acceptable price.

Accounts payable and accrued liabilities, current portion of finance lease obligations, and convertible debentures are due within the current operating period. As at February 28, 2014, the Company had total cash of $454,476 (February 28, 2013 - $9,114,820) to settle current liabilities of $10,013,720 (February 28, 2013 - $1,912,994). As a result, the Company is exposed to liquidity risk.

(e) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash and cash equivalents. The Company's risk is minimal, since the majority of its cash and cash equivalents are on deposit with a Canadian Tier 1 chartered bank.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(f) Capital Management

The Company considers its capital to be its equity attributable to shareholders', which is comprised of share capital, contributed surplus, warrants reserve, equity component of convertible debentures and deficit, which as at February 28, 2014, amounted to a capital deficiency of $3,047,838 (February 28, 2013 - capital surplus of $10,747,257).

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 app for the benefit of its shareholders.

There were no changes in the Company's management of its capital during the year ended February 28, 2014. The Company is not subject to any externally imposed capital requirements.

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

16. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the year ended February 28, 2014:

a) On December 20, 2013, Keek entered into an agreement (the "Amalgamation Agreement") with Primary Petroleum Company ("Primary"), and its wholly-owned subsidiary, 2400964 Ontario Limited ("Primary Subco"), pursuant to which Primary Subco will amalgamate with Keek (the "Amalgamation"). The Amalgamation was structured as a three-cornered amalgamation and, as a result, the amalgamated Company become a wholly-owned subsidiary of Primary on closing and the former shareholders of Keek became shareholders of Primary and received common shares of Primary on a one-for-one basis (collectively, the "Transaction"). Under TSX Venture Exchange policy the Amalgamation will constitute a Reverse Take-Over and a Change of Business for Primary.

On March 5, 2014, the Amalgamation of Keek and Primary Subco was approved by both the shareholders of Keek and Primary. The holders of common shares and preference shares of Keek received one common share in Primary on a one-for-one basis. Accordingly, the former shareholders of Keek received 190,538,250 common shares of Primary, representing one Primary common share for each Keek share held, and Primary options to purchase up to 20,880,000 Primary common shares at prices ranging from $0.10 to $1.00 per Primary share on or before dates to January 23, 2019, and 261,690 Primary warrants exercisable into one Primary common share at a price of $1.00 per Primary common share expiring on dates ranging from May 17, 2014 to December 20, 2014. As such, on a non-diluted basis, the former shareholders of Keek will own approximately 56.25% and Primary shareholders will own approximately 43.75% of Primary.

On March 10, 2014, the TSXV issued its final exchange bulletin confirming completion of the transaction. In addition, Primary changed its name to “Keek Inc.”. (See Note 1).

b) On March 5, 2014, Keek issued 27,212,340 common shares pursuant to the conversion of convertible debentures in the aggregate principal amount of $2,620,000, plus interest, issued during the period October 25, 2013 to January 27, 2014 at a conversion price of $0.10 per share. (See Note 10).

16. SUBSEQUENT EVENTS (Continued)

c) On March 5, 2014, Keek issued 37,160,000 common shares to certain subscribers of preference shares who received an additional 33,444,000 preference shares of the Company pursuant to anti-dilution rights granted to them under the terms of their subscription. (See Note 8).

d) On April 17, 2014, Keek granted 6,350,000 options to officers and directors of the Company to purchase common shares of the Company at an exercise price of $0.16 per share expiring five years from the date of grant on April 16, 2019.

e) On April 23, 2014, Keek granted 7,400,000 options to officers of the Company to purchase common shares of the Company at an exercise price of $0.16 per share expiring five years from the date of grant on April 22, 2019.

f) Subsequent to the year ended February 28, 2014, the Company settled trade payables with a fair value of $858,067 for cash payments totaling $637,900, for a gain on settlement of debt of $220,167.