keek

(Formerly Primary Petroleum Corporation)

Consolidated Financial Statements

For the Years Ended February 28, 2015 and 2014

(Expressed in Canadian Dollars)

Collins Barrow

Collins Barrow Toronto LLP
Collins Barrow Place
11 King Street West
Suite 700, Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Keek Inc.

We have audited the accompanying consolidated financial statements of Keek Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2015 and February 28, 2014 and the consolidated 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 Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Keek Inc. and its subsidiairies as at February 28, 2015 and February 28, 2014, 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 consolidated 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

Chartered Accountants
Licensed Public Accountants
June 29, 2015
Toronto, Ontario

Keek Inc.

(Formerly Primary Petroleum Corporation)
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		February 28, 2015		February 28, 2014
Assets				
Current assets				
Cash	**$**	**1,754,838**	$	454,476
Accounts receivable		**160,804**		-
Other receivables		**891,854**		687,448
Prepaid expenses		**128,858**		684,878
Investment tax credits receivable (Note 3)		**337,500**		-
		3,273,854		1,826,802
Prepaid expenses		**51,747**		73,323
Investment tax credits receivable (Note 3)		**-**		787,500
Intangible assets (Note 5)		**38,376**		43,046
Property and equipment (Note 6)		**1,847,057**		4,249,838
	$	**5,211,034**	$	6,980,509
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (Note 7)	**$**	**1,789,163**	$	3,535,780
Current portion of finance lease obligations (Note 8)		**4,781**		1,211,380
Secured notes (Note 11)		**5,176,594**		-
Convertible debentures (Note 12)		**-**		5,266,560
		6,970,538		10,013,720
Finance lease obligations (Note 8)		**-**		14,627
		6,970,538		10,028,347
Shareholders' Deficiency				
Share capital (Note 9)		**45,150,064**		27,101,907
Contributed surplus		**16,998,992**		13,010,977
Warrants reserve (Note 9)		**290,950**		137,635
Equity component of convertible debentures (Note 12)		**-**		137,074
Deficit		**(64,199,510)**		(43,435,431)
		(1,759,504)		(3,047,838)
	$	**5,211,034**	$	6,980,509

Nature of Operations and Going Concern (Note 1)
Related Party Transactions (Note 14)
Commitments (Note 17)
Subsequent Events (Note 19)

Approved on Behalf of the Board

(Signed) "John Jussup"	(Signed) "Alexander Macdonald"
John Jussup, Director	**Alexander Macdonald, Director**

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

Keek Inc.
(Formerly Primary Petroleum Corporation)
Consolidated Statements of Comprehensive Loss
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	February 28, 2015	February 28, 2014
Revenue		
Advertising revenue	**$ 192,576**	$ -
Expenses		
Salaries and benefits (Note 10)	**6,434,774**	7,823,402
Advertising and marketing (Note 10)	**4,944,981**	9,172,948
Consulting fees	**2,464,888**	689,642
Internet and communications	**2,034,885**	2,165,012
Office and general	**1,054,858**	165,520
Occupancy costs	**598,284**	449,736
Write down of long-lived assets (Note 6)	**440,620**	-
Professional fees	**318,050**	720,397
Translation and software licensing	**140,325**	105,581
Foreign exchange loss	**110,498**	54,203
Loss on disposal of long-lived assets	**59,342**	32,269
Amortization (Notes 5 & 6)	**2,133,663**	1,964,624
	20,735,168	23,343,334
Other expenses (income)		
Interest and accretion expense	**322,265**	240,661
Interest income	**(48,727)**	(20,955)
Gain on settlement of debts (Note 7)	**(289,367)**	(81,442)
	(15,829)	138,264
Net loss from continuing operations	**$(20,526,763)**	$ (23,481,598)
Net loss from discontinued operations (Note 13)	**(237,316)**	-
Net loss for the period	**$(20,764,079)**	$ (23,481,598)
Exchange differences on translating foreign operations	**(168,423)**	-
Comprehensive loss for the period	**$(20,932,502)**	$ (23,481,598)
Net loss per share from continuing operations*		
Basic and diluted	**$ (1.86)**	$ (20.13)
Net loss per share from discontinued operations*		
Basic and diluted	**$ (0.02)**	$ N/A
Net loss per share*		
Basic and diluted	**$ (1.88)**	$ (20.13)
Weighted average number of common shares outstanding*		
Basic and diluted	**11,025,971**	1,166,666

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

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

Keek Inc.
(Formerly Primary Petroleum Corporation)
Consolidated Statements of Changes in Equity
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

	Common shares		Preference shares		Contributed	Warrants	Shares to be	Equity component of convertible		
	Number*	Amount	Number*	Amount	surplus	reserve	issued	debentures	Deficit	Total
Balance at February 28, 2013	**1,166,666**	**$ 350**	**2,932,835**	**$ 22,791,489**	**$ 6,356,438**	**$1,452,813**	**$ 100,000**	**$ -**	**$ (19,953,833)**	**$ 10,747,257**
Net loss for the year	-	-	-	-	-	-	-	-	(23,481,598)	(23,481,598)
Share-based payments (Note 10)	-	-	-	-	6,385,479	-	-	-	-	6,385,479
Preference shares issued for funds received in prior year (Note 9)	-	-	16,666	100,000	-	-	(100,000)	-	-	-
Shares issued for services (Note 9)	-	-	6,666	200,000	-	-	-	-	-	200,000
Transfer of expired warrants	-	-	-	-	536,712	(536,712)	-	-	-	-
Exercise of warrants	-	-	107,908	3,050,916	-	(778,466)	-	-	-	2,272,450
Convertible debentures issued (Note 12)	-	-	-	-	-	-	-	137,074	-	137,074
Exercise of options	-	-	150,400	959,152	(267,652)	-	-	-	-	691,500
Balance at February 28, 2014	**1,166,666**	**$ 350**	**3,214,475**	**$ 27,101,557**	**$ 13,010,977**	**$ 137,635**	**$ -**	**$ 137,074**	**$ (43,435,431)**	**$ (3,047,838)**
Balance at February 28, 2014	**1,166,666**	**$ 350**	**3,214,475**	**$ 27,101,557**	**$ 13,010,977**	**$ 137,635**	**$ -**	**$ 137,074**	**$ (43,435,431)**	**$ (3,047,838)**
Net loss for the year	-	-	-	-	-	-	-	-	(20,764,079)	(20,764,079)
Share-based payments (Note 10)	-	-	-	-	2,685,784	-	-	-	-	2,685,784
Issuance of shares for settlement of debt (Note 9)	-	-	12,327	110,945	-	-	-	-	-	110,945
Issuance of shares on conversion of convertible debentures (Note 9)	-	-	907,078	2,721,234	-	-	-	(84,746)	-	2,636,488
Amendment of convertible debentures (Note 12)	-	-	-	-	-	-	-	(43,931)	-	(43,931)
Issuance of shares under anti-dilution rights (Note 9)	-	-	1,114,800	-	-	-	-	-	-	-
Conversion of preference shares to common shares (Note 9)	5,248,680	29,933,736	(5,248,680)	(29,933,736)	-	-	-	-	-	-
Issuance of shares to effect the reverse acquisition transaction (Note 4)	5,013,590	15,040,770	-	-	48,299	-	-	-	-	15,089,069
Fair value difference on reverse acquisition transaction (Note 4)	-	-	-	-	1,372,531	-	-	-	-	1,372,531
Transfer of expired warrants	-	-	-	-	137,635	(137,635)	-	-	-	-
Exercise of options	26,334	175,208	-	-	(96,208)	-	-	-	-	79,000
Repurchase of convertible debentures (Note 12)	-	-	-	-	8,397	-	-	(8,397)	-	-
Issuance of warrants (Note 9)	-	-	-	-	-	290,950	-	-	-	290,950
Adjustment due to share consolidation	(54)	-	-	-	-	-	-	-	-	-
Translation adjustment	-	-	-	-	(168,423)	-	-	-	-	(168,423)
Balance at February 28, 2015	**11,455,216**	**$ 45,150,064**	**-**	**$ -**	**$ 16,998,992**	**$ 290,950**	**$ -**	**$ -**	**$ (64,199,510)**	**$ (1,759,504)**

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

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

Keek Inc.

(Formerly Primary Petroleum Corporation)
Consolidated Statements of Cash Flows
For the Years Ended February 28, 2015 and 2014
(Expressed in Canadian Dollars)

		February 28, 2015	February 28, 2014
Cash flows used in operating activities			
Net loss for the year from continuing operations	$	**(20,526,763)**	(23,481,598)
Items not affecting cash:			
Share-based payments (Note 10)		**2,685,784**	6,385,479
Amortization		**2,133,663**	1,964,624
Write down of long-lived assets (Note 6)		**440,620**	-
Accretion on convertible debentures (Note 12)		**12,040**	33,634
Accretion on secured notes (Note 11)		**82,544**	-
Loss on disposal of long-lived assets		**59,342**	32,269
Gain on settlement of debts (Note 7)		**(289,367)**	(81,442)
Issuance of preference shares for services		**-**	200,000
		(15,402,137)	(14,947,034)
Changes in non-cash working capital items			
Accounts receivable		**(160,804)**	-
Other receivables		**(204,405)**	(599,529)
Prepaid expenses		**577,596**	(458,672)
Investment tax credits receivable		**450,000**	(787,500)
Accounts payable and accrued liabilities		**(1,241,571)**	2,842,680
		(579,184)	996,979
Net cash used in continuing operating activities		**(15,981,321)**	(13,950,055)
Net cash provided from discontinued operations		**603,039**	**-**
Net cash used in operating activities		**(15,378,282)**	(13,950,055)
Cash flows from financing activities			
Cash acquired on reverse acquisition transaction (Note 4)		**12,812,044**	-
Proceeds from options exercised		**79,000**	691,500
Repayment of finance lease obligations		**(1,221,226)**	(1,856,619)
Repurchase of convertible debentures		**(150,000)**	-
Proceeds from issuance of secured notes		**5,385,000**	-
Proceeds from warrants exercised		**-**	2,272,450
Issuance of convertible debentures		**-**	5,370,000
Net cash generated from financing activities		**16,904,818**	6,477,331
Cash flows used in investing activities			
Purchase of intangible assets		**(4,420)**	-
Purchase of property and equipment		**(227,254)**	(1,187,620)
Proceeds from disposal of property and equipment		**5,500**	-
Net cash used in investing activities		**(226,174)**	(1,187,620)
Net increase (decrease) in cash and cash equivalents		**1,300,362**	(8,660,344)
Cash, beginning of year		**454,476**	9,114,820
Cash, end of year	$	**1,754,838**	454,476
Supplemental cash flow information			
Cash paid for interest	$	**39,708**	207,027
Purchase of property and equipment under finance lease	$	**-**	1,051,709

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Keek Inc. (formerly Primary Petroleum Corporation) (the "Company"), was incorporated under the provisions of the Business Corporations Act in the Province of British Columbia on May 20, 2004 and on January 10, 2008, was continued under the laws of the Province of Alberta. The Company is a publicly traded company listed on the TSX Venture Exchange (“TSX-V”) under the symbol "KEK". 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 Company's head office is 1 Eglinton Avenue East, Suite 416, Toronto, Canada, M4P 3A1.

On March 5, 2014, Primary Petroleum Corporation ("Primary") completed a reverse acquisition with Keek Inc. (“Keek”), a private company incorporated under the laws of the Province of Ontario, which was effected pursuant to an amalgamation agreement entered into between Keek, Primary, and Primary's wholly-owned subsidiary, 2400964 Ontario Limited (“Primary Subco”), formed solely for the purpose of facilitating the amalgamation. 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 “Amalgamation”). The Amalgamation was structured as a three-cornered amalgamation, resulting in the amalgamated company becoming a wholly-owned subsidiary of Primary, and former shareholders of Keek receiving common shares of Primary on a one-for-one basis (the "Transaction") (Note 4).

Although the Transaction resulted in Keek becoming a wholly-owned subsidiary of Primary, the Transaction constitutes a reverse acquisition of Primary by Keek in-as-much as the former shareholders of Keek received 56.25%, on a non-diluted basis, of the issued and outstanding common shares of the resulting corporation. For accounting purposes, Keek is considered the acquirer and Primary the acquiree. Accordingly, these financial statements are a continuation of the financial statements of Keek and references to the “Company” will mean the consolidated entity subsequent to the date of the transaction and to Keek prior to that date.

Following the closing of the Transaction, Primary filed articles of amendment to change its name to Keek Inc.

On January 28, 2015, the Company executed a share purchase agreement with Mooncor Oil & Gas Corp. ("Mooncor"), a related party by nature of a common director, for the sale of 100% of the common shares of Primary Petroleum Company USA, Inc. (“PPC-USA”) (a United States company), resulting in the disposition of PPC-USA and its wholly-owned subsidiaries Primary Petroleum Company LLC (“PPCLLC”) (a United States company) and AP Petroleum Company LLC (“APLLC”) (a United States company).

Going Concern

The consolidated financial statements for the year ended February 28, 2015 include the financial results of Keek for the year ended February 28, 2015 and Primary and its wholly-owned subsidiary from March 5, 2014, the date of the reverse acquistion, to February 28, 2015, and PPC-USA and its wholly-owned subsidiaries from March 5, 2014 to January 28, 2015, the date of disposition. The comparative balances for the year ended February 28, 2014, are those of Keek, prior to the reverse acquisition transaction.

While these 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.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going Concern (Continued)

During the year ended February 28, 2015, the Company incurred a net loss of $20,764,079 (February 28, 2014 - $23,481,598) and, as of that date, the Company had accumulated a deficit of $64,199,510 (February 28, 2014 - $43,435,431) and negative cash flows from continuing operations of $15,981,321 (February 28, 2014 - $13,950,055). 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 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 as a going concern. Such adjustments would be material.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 29, 2015.

Basis of Presentation

These consolidated financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries, except for PPC-USA, PPCLLC, and APLLC, who's functional currency is the United States dollar.

These consolidated 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.

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keek Inc. and Primary Petroleum Canada Corporation ("PPCC"), and its former subsidiary to January 28, 2015, PPC-USA, and its wholly-owned subsidiaries, PPCLLC, and APLLC. The accounting policies of the subsidiaries align with the policies adopted by the Company. Subsidiaries include all entities controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policies of another entity. All intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

2. BASIS OF PREPARATION (Continued)

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 consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences.

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

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

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.

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 consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical judgments in applying accounting policies (Continued)

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, 2015 and 2014, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the Statements of Financial Position. In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Provisions for impairment of accounts receivable and other receivables

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

Management is required to use judgment in assessing the collectability of accounts receivable and 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 comprehensive loss. 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, 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.

Revenue Recognition

The Company generates revenue through the serving of advertising units on its social media platform. Sales are completed through one of the following channels: Direct Sales; Ad Networks; and Programmatic.

The Company recognizes advertising revenue when all of the following conditions are met:

i) The amount of revenue can be measured reliably;

ii) It is probable that the economic benefits associated with the transaction will flow to the Company;

iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably.

Foreign Currency Translation

The functional currencies of the Company's foreign operations represent the currency of the primary economic environment in which they operate. Transactions in foreign currencies are translated to the appropriate functional currency at foreign exchange rates that approximate those on the date of transaction. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the appropriate functional currency at foreign exchange rates at the statement of financial position date. These foreign exchange differences arising on translation are recognized in net income (loss). Non-monetary assets that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction.

In preparing the consolidated financial statements, the financial statements of each entity are translated into Canadian dollars, the Company's presentation currency. The assets and liabilities of foreign operations are translated into Canadian dollars using foreign exchange rates at the statement of financial position date. Revenues and expenses of foreign operations are translated into Canadian dollars using foreign exchange rates that approximate those on the date of the underlying transaction. These foreign exchange translation differences are recognized in other comprehensive income (loss), which is included in contributed surplus.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

(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 accounts receivable and 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 accounts payable and accrued liabilities, finance lease obligations and secured notes. 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.

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 amortized separately.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

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 SR&ED expenditures incurred. An estimate of the refundable investment tax credits is recorded in the period the expenditures are incurred provided there is reasonable assurance that the investment tax credits will be realized. The expenditures incurred are reduced by the amount of the estimated investment tax credits.

The Company claims SR&ED deductions and related investment tax credits for tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency and any adjustments that results could affect investment tax credits recorded in the consolidated financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate. During the year ended February 28, 2015, the Company recognized $51,946 (2014 - $676,597) of investment tax credits relating to fiscal year ended February 28, 2013 (2014 - fiscal years ended 2013, 2012, and 2011), which have been presented as a reduction of salaries and benefits expense. This amount is net of fees paid to the independent consultant performing the investment tax credit claim. As at February 28, 2015, investment tax credits of $- (2014 - $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

Secured notes and convertible debentures contain both a liability component and an equity component (represented by the incentive warrants and conversion feature respectively). The secured notes and convertible debentures are separated into their liability and equity components on the consolidated 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 with an attached warrant incentive 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 warrants or conversion feature as applicable) 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 10). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-Based Payments (Continued)

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.

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.

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.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when they are available for immediate sale, management is committed to a plan to sell, it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn, an active program to locate a buyer has been initiated, the asset or disposal group is being marketed at a reasonable price in relation to its fair value and a sale is expected to be completed within twelve months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount immediately prior to be classified as held for sale in accordance with the Company’s accounting policy and fair value less costs of disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current assets held for sale and disposal groups (Continued)

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned, or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statements of comprehensive loss (including the comparative period) as a single line which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognized on the re-measurement to the fair value less costs of disposal or on the disposal of the asset/disposal groups constituting discontinued operations.

Adoption of New or Amended Accounting Standards

On March 1, 2014, the Company adopted the following new standards, amendments to standards and interpretations which are effective for periods beginning on or after March 1, 2014:

IAS 32, *Financial Instruments - Presentation* ("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 adoption of the amendments to IAS 32 did not have a material impact on the Company's consolidated financial statements.

IAS 36, *Impairment of Assets* ("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 adoption of the amendments to IAS 36 did not have a material impact on the Company's consolidated financial statements.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

4. REVERSE ACQUISITION

As discussed in Note 1, on March 5, 2014, Primary Petroleum Corporation (“Primary”) completed a reverse acquisition with Keek Inc. (“Keek”), which was effected pursuant to an Amalgamation Agreement entered into between Keek, Primary and Primary’s wholly-owned subsidiary, 2400964 Ontario Limited (“Primary Subco”), formed solely for the purpose of facilitating the Amalgamation. Pursuant to the Amalgamation Agreement, Primary acquired all of the issued and outstanding common and preference shares of Keek by way of an amalgamation of Keek with Primary Subco (the “Amalgamation”). The Amalgamation was structured as a three-cornered amalgamation, resulting in the amalgamated Company becoming a wholly-owned subsidiary of Primary, and the former shareholders of Keek received one common share of Primary for each Keek common share and preference share held prior to the Amalgamation (the “Transaction”). Also pursuant to the Transaction, substantially all outstanding options and warrants to acquire preference shares in Keek were exchanged for options and warrants with similar terms to acquire common shares in Primary.

Although the Transaction resulted in Keek becoming a wholly-owned subsidiary of Primary, the Transaction constitutes a reverse acquisition of Primary by Keek in-as-much as the former shareholders of Keek own a substantial majority of the issued and outstanding common shares of the resulting corporation. For accounting purposes, Keek is considered the accounting acquirer and Primary the accounting acquiree. The reverse acquisition has been accounted for in accordance with the guidance provided in IFRS 3, “*Business Combinations*”. As Primary did not meet the definition of a business under the guidance from IFRS 3, the reverse acquistion does not constitute a business combination and accordingly, the reverse acquisition has been accounted for in accordance with guidance provided in IFRS 2, “*Share-Based Payment*”. The transaction has been accounted for at the fair value of the net assets acquired that has been allocated to the equity of Keek, comprising common shares, stock options and contributed surplus. As the Primary stock options to purchase common shares granted prior to the reverse acquisition remain exercisable after the completion of the reverse acquisition, the fair value of the stock options at the date of the reverse acquisition are also included as part of the consideration transferred.

The fair value of the consideration is determined based on the fair value of the net assets of Primary acquired on March 5, 2014, which was computed as $16,461,600, as follows:

(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION (Continued)

Net assets acquired		
Cash	$	12,812,044
Other receivables and prepaids		1,251,662
Exploration and evaluation assets		150,000
Property and equipment		22,992
Promissory notes receivable (Note 12, due from Keek, eliminated on consolidation)		2,640,779
Accounts payable and accrued liabilities		(265,386)
Decommissioning provision		(150,491)
	$	**16,461,600**
Allocation of net assets acquired (i)		
Fair value of 5,013,590 common shares issued at $3.00 per share (ii)		15,040,770
Fair value of 296,000 options issued, recorded in contributed surplus (iii)		48,299
Contributed surplus (iv)		1,372,531
	$	**16,461,600**

(i) Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9).

(ii) The fair value of the common shares was estimated to be $15,040,770 based on 5,013,590 common shares at a fair value of $3.00 per share. The fair value of $3.00 per share was determined based on the fair value of shares issued by Keek in its most recent financings and private placements in proximity to the date of the reverse acquisition.

(iii) The fair value of the stock options have been estimated using the Black-Scholes Option Pricing Model with the following weighted average assumptions; share price - $3.00; exercise price - $16.69; risk-free interest rate of 1.41%; expected volatility – 100% (based on comparable companies in the industry); expected life of 1.15 years; and expected dividend yield – 0%.

(iv) The difference between the fair value of the net assets acquired and the fair value of the common shares and stock options issued is recognized in contributed surplus.

5. INTANGIBLE ASSETS

For the Year Ended February 28, 2015

		February 28, 2014		Additions		**February 28, 2015**
Cost						
Domain names	$	57,856	$	-	**$**	**57,856**
Trademarks and patents		5,878		4,420		**10,298**
Total cost		63,734		4,420		**68,154**
Accumulated amortization						
Domain names		(19,318)		(8,265)		**(27,583)**
Trademarks and patents		(1,370)		(825)		**(2,195)**
Total accumulated amortization		(20,688)		(9,090)		**(29,778)**
Carrying value						
Domain names		38,538		(8,265)		**30,273**
Trademarks and patents		4,508		3,595		**8,103**
Total carrying value	$	43,046	$	(4,670)	**$**	**38,376**

(Expressed in Canadian Dollars)

5. INTANGIBLE ASSETS (Continued)

For the Year Ended February 28, 2014

	February 28, 2013	Additions	**February 28, 2014**
Cost			
Domain names	$ 57,856	$ -	**$ 57,856**
Trademarks and patents	5,878	-	**5,878**
Total cost	63,734	-	**63,734**
Accumulated amortization			
Domain names	(11,053)	(8,265)	**(19,318)**
Trademarks and 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 and patents	5,096	(588)	**4,508**
Total carrying value	$ 51,899	$ (8,853)	**$ 43,046**

6. PROPERTY AND EQUIPMENT

For the Year Ended February 28, 2015

	February 28, 2014	Additions	Disposals and write-downs	**February 28, 2015**
Cost				
Computers	$ 274,475	$ 77,667	$ -	**$ 352,142**
Furniture and fixtures	104,776	34,067	(104,776)	**34,067**
Leasehold improvements	516,140	-	(516,140)	**-**
Servers	5,728,723	113,990	-	**5,842,713**
Software	67,171	1,530	-	**68,701**
Telephones	16,502	-	-	**16,502**
Total cost	$ 6,707,787	$ 227,254	$ (620,916)	**$ 6,314,125**
Accumulated amortization				
Computers	$ (184,753)	$ (80,396)	$ -	**$ (265,149)**
Furniture and fixtures	(1,029)	(46,391)	39,935	**(7,485)**
Leasehold improvements	(25,164)	(50,355)	75,519	**-**
Servers	(2,188,005)	(1,928,316)	-	**(4,116,321)**
Software	(49,117)	(14,663)	-	**(63,780)**
Telephones	(9,884)	(4,452)	-	**(14,336)**
Total accumulated amortization	$ (2,457,952)	$ (2,124,573)	$ 115,454	**$ (4,467,071)**
Carrying value				
Computers	$ 89,722	$ (2,729)	$ -	**$ 86,993**
Furniture and fixtures	103,750	(12,324)	(64,841)	**26,585**
Leasehold improvements	490,976	(50,355)	(440,621)	**-**
Servers	3,540,718	(1,814,326)	-	**1,726,392**
Software	18,054	(13,133)	-	**4,921**
Telephones	6,618	(4,452)	-	**2,166**
Total carrying value	$ 4,249,838	$ (1,897,319)	$ (505,462)	**$ 1,847,057**

The write-down of leasehold improvements of $440,621 relates to a former operating premises of the Company which is now occupied by a sub-tenant. The carrying value of leasehold improvements were written off as there is no future economic benefit to these costs as their cost is not being recovered through rental payments from the sub-tenant.

(Expressed in Canadian Dollars)

6. PROPERTY AND EQUIPMENT (Continued)

For the Year Ended February 28, 2014

	February 28, 2013	Additions	Disposals and write-downs	**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**

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	February 28, 2015	February 28, 2014
Trade payables	**$ 1,238,595**	$ 2,757,379
Accrued liabilities	**367,871**	636,388
Accrued interest (Notes 11 & 12)	**182,697**	142,013
	$ 1,789,163	$ 3,535,780

During the year ended February 28, 2015, the Company settled trade payables with a fair value of $1,032,535 (2014 - $158,211) for cash payments totalling $632,223 (2014 - $76,779) and the issuance of 12,327 shares at a value of $9.00 per share for additional consideration of $110,945 with no further obligations on the part of the Company, resulting in a gain on settlement of debt of $289,367 (2014 - $81,442).

(Expressed in Canadian Dollars)

8. FINANCE LEASE OBLIGATIONS

The Company has 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 2.49% per annum (February 28, 2014 - 3.99%). The minimum payments under the finance lease obligations are as follows:

	Total lease payments	Interest	Present value of minimum lease payments February 28, 2015	Present value of minimum lease payments February 28, 2014
Less than one year	$ 4,806	$ 25	$ 4,781	$ 1,211,380
Between one and five years	-	-	-	14,627
More than five years	-	-	-	-
	$ 4,806	**$ 25**	**$ 4,781**	**$ 1,226,007**

Included in property and equipment are servers under finance leases with a cost of $3,994,541 (February 28, 2014 - $3,994,541). Accumulated amortization for items under finance leases is $2,765,903 (February 28, 2014 - $1,512,658).

9. SHARE CAPITAL

Authorized		**February 28, 2015**	February 28, 2014
Unlimited	Preference shares, no stated dividend, non-participating, non-voting		
Unlimited	Common shares		
Issued			
	Preference shares	**$ -**	$ 27,101,557
	Common shares	**45,150,064**	350
		$ 45,150,064	$ 27,101,907

The Company filed articles of amendment effective January 15, 2015 consolidating the common shares of Keek Inc., on the basis of one (1) common share for every thirty (30) common shares. The share consolidation has been applied retrospectively for all periods presented.

On March 5, 2014, 5,248,680 preference shares with a stated capital value of $29,933,736 were converted to common shares on a one-for-one basis on closing of the reverse acquisition transaction (Note 4).

During the period from October 25, 2013 to January 27, 2014, Keek issued $2,620,000 (aggregate principal amount) of 12%-17% secured convertible debentures maturing on periods between April 25, 2014 and January 27, 2015. On March 5, 2014, the convertible debentures (Note 12) were converted into 907,078 preference shares of the Company at an ascribed value of $3.00 per share (including accrued interest on the convertible notes of $98,197). These preference shares were then immediately converted to common shares on a one-for-one basis on closing of the reverse acquisition transaction.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Pursuant to certain anti-dilution rights held by certain preference shareholders relating to the issuance of 123,866 preferred shares prior to February 28, 2014, Keek issued an additional 1,114,800 preference shares at no consideration on closing of the reverse acquisition transaction. These preference shares were then immediately converted to common shares on a one-for-one basis on closing of the reverse acquisition transaction.

On March 5, 2014, 12,327 preference shares were issued to settle debt of $110,945 at a price of $9.00 per share. These preference shares were then immediately converted to common shares on a one-for-one basis on closing of the reverse acquisition transaction.

On March 5, 2014, all remaining preference shares were converted into common shares on a one-for-one basis on closing of the reverse acquisition transaction.

During the year ended February 28, 2015, 26,334 options were exercised into common shares of the Company at a price of $3.00 per share for gross proceeds of $79,000. The fair value assigned to these options of $96,208 ws removed from contributed surplus and recorded to share capital.

During the year ended February 28, 2014, the Company issued 16,666 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 6,666 preference shares to an external consultant for services received which were valued at $200,000.

Warrants

On November 6, 2014, the Company issued 100,000 non-transferable warrants with an ascribed value of $162,731 to Pinetree Capital Ltd. (TSX: PNP) ("Pinetree"), a significant shareholder of the Company, as part of the $3,000,000 aggregate principal secured notes (see note 11). The warrants are exercisable at $3.00 and expire on November 6, 2017.

On November 24, 2014, the Company issued 72,166 non-transferable warrants with an ascribed value of $116,353, including 9,000 warrants to certain directors and officers of the Company, as part of the $2,165,000 aggregate principal secured notes (see note 11). The warrants are exercisable at $3.00 and expire on November 24, 2017.

On February 5, 2015, the Company issued 8,332 non-transferable warrants with an ascribed value of $11,864, as part of the $250,000 aggregate principal secured notes (see note 11). The warrants are exercisable at $3.00 and expire on February 5, 2018.

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

	February 28, 2015		February 28, 2014	
	Number of Warrants*	**Weighted Average Exercise Price***	Number of Warrants*	Weighted Average Exercise Price*
Beginning balance	**8,723**	**$30.00**	169,098	$26.40
Granted	**180,498**	**$3.00**	-	$ -
Expired/Cancelled	**(8,723)**	**$30.00**	(52,467)	$28.80
Exercised	**-**	**$ -**	(107,908)	$21.60
Ending balance	**180,498**	**$3.00**	8,723	$30.00

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Warrants (Continued)

The Company had the following warrants outstanding at February 28, 2015:

Number of Warrants*	Exercise Price*	Expiry Date
100,000	$3.00	November 6, 2017
72,166	$3.00	November 24, 2017
8,332	$3.00	February 5, 2018
180,498		

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the issuance of stock options to directors, officers, employees, consultants, and preferred partners with exercise prices not less than the discounted market price on the date of grant. The Plan restricts the maximum number of stock options authorized by the Board of Directors for issuance at any one time to 20% of the issued and outstanding common shares of the Company, being 2,291,043 as at February 28, 2015. Options granted under the Stock Option Plan to persons who do not perform investor relations activities for the Company vest over a thirty month period as to 10% vesting immediately; 10% vest in six months from grant date and 20% every six months thereafter, unless the Board of Directors determines otherwise, in which case options may have a longer or shorter vesting period, or no vesting period at all. Options granted to consultants performing investor relations activities vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

The following summarizes the stock option activities under the Plan:

	Year Ended February 28, 2015		Year Ended February 28, 2014	
	Number of Options*	**Weighted Average Exercise Price***	Number of Options*	Weighted Average Exercise Price*
Beginning balance	**715,667**	**$18.33**	1,059,166	$24.00
Granted	**1,812,074**	**$3.34**	339,400	$10.50
Expired/Cancelled	**(722,698)**	**$20.21**	(515,833)	$28.50
Exercised	**(26,332)**	**$3.00**	(167,066)	$4.80
Issued to effect the reverse acquisition (Note 4)	**296,000**	**$16.69**	-	N/A
Ending balance	**2,074,711**	**$4.54**	715,667	$18.33
Exercisable	**679,981**	**$6.02**	269,500	$22.20

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (Continued)

Stock Option Plan (Continued)

The Company had the following options outstanding at February 28, 2015:

Exercise Price*	Options Outstanding*	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price*	Options Exercisable*	Weighted Average Exercise Price (Exercisable)*
$1.00	716,250	4.82 years	$1.00	327,708	$1.00
$3.00	109,994	3.79 years	$3.00	44,000	$3.00
$4.80	833,995	4.15 years	$4.80	88,333	$4.80
$5.10	228,496	4.28 years	$5.10	40,617	$5.10
$6.00	18,996	1.67 years	$6.00	18,996	$6.00
$8.70	17,499	0.27 years	$8.70	17,499	$8.70
$14.40	60,832	2.04 years	$14.40	60,832	$14.40
$15.00	6,664	2.82 years	$15.00	6,664	$15.00
$19.80	48,665	1.19 years	$19.80	48,665	$19.80
$30.00	33,320	3.94 years	$30.00	26,667	$30.00
	2,074,711	**4.26 years**	**$4.54**	**679,981**	**$6.02**

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

Maximum Share Dilution

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

	February 28, 2015*	February 28, 2014*
Common shares outstanding	**11,455,216**	1,166,666
Stock options outstanding to purchase common shares	**2,074,711**	715,667
Warrants outstanding to purchase common shares	**180,498**	8,723
Preference shares convertible to common shares	**-**	3,214,475
Fully diluted common shares outstanding	**13,710,425**	5,105,531

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

Due to the net loss in the years ending February 28, 2015 and 2014, the diluted weighted average number of shares used to calculate the diluted net loss per share is the same as the basic weighted average number of shares as the inclusion of dilutive shares would be anti-dilutive.

10. 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, 2015, was $2,685,784 (February 28, 2014 - $6,385,479) 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.

For the year ended February 28, 2015, share-based compensation related to directors, officers, employees and service consultants in the amount of $1,780,402 (February 28, 2014 - $4,340,408) 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, 2015, in the amount of $905,382 (February 28, 2014 - $2,045,071) is included in advertising and marketing.

(Expressed in Canadian Dollars)

10. SHARE-BASED PAYMENTS (Continued)

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 relating to options granted after March 5, 2014 (the date of the reverse acquisition transaction) was based on the most recent market price of common shares. Prior to the reverse acquisition transaction, the share price used was based on the most recent issuance of preference shares.

The weighted average fair value of options granted during the year was $2.12 per option (2014 - $6.60).

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

	February 28, 2015	February 28, 2014
Risk free interest rate (%)	**1.28**	1.83
Expected volatility (%)	**100**	100
Expected life (in years)	**5.00**	4.83
Expected dividends	**Nil**	Nil
Weighted average share price*	**$3.14**	$10.50

*Reflects the January 15, 2015 one-for-thirty common share consolidation (Note 9)

11. SECURED NOTES

The secured notes (the "Notes") bear interest at a rate of 12% per annum on the principal amount outstanding and are repayable twelve months from the date issued. The Notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company.

On November 6, 2014, the Company issued $3,000,000 aggregate principal amount Notes to Pinetree. In consideration for the Notes, the Company issued 100,000 non-transferable common share purchase warrants. See note 9.

On November 24, 2014, the Company issued $2,165,000 aggregate principal amount Notes, including $270,000 to certain directors and officers of the Company. In consideration for the Notes, the Company issued 72,166 non-transferable common share purchase warrants, including 9,000 warrants to certain directors and officers of the Company. See note 9.

On February 5, 2015, the Company issued $250,000 aggregate principal amount Notes. In consideration for the Notes, the Company issued 8,332 non-transferable common share purchase warrants. See note 9.

For accounting purposes, the Notes 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 Notes assuming a 18.6% effective interest rate (19.1% effective interest rate after considering transaction costs), which was the estimated rate for the Notes without the Warrants attachment. The fair value of the equity component (the Warrants) was determined at the time of issue as the difference between the face value of the Notes and the fair value of the liability component.

(Expressed in Canadian Dollars)

11. SECURED NOTES (Continued)

The following table summarize the changes in the Company's Notes:

	Year ended February 28, 2015	Year ended February 28, 2014
Opening liability balance	$ -	$ -
Issuance of secured notes	5,415,000	-
Transaction costs	(30,000)	-
Equity component of secured notes	(290,950)	-
Accretion of discount on secured notes	82,544	-
Ending liability balance	$ 5,176,594	$ -

During the year ended February 28, 2015, the Company accrued a total of $185,697 (February 28, 2014 - $Nil) in interest related to the Notes and recorded interest accretion of $82,544 (February 28, 2014 - $Nil).

12. 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”), resulting in gross proceeds of $2,620,000. These debentures were converted to common shares upon completion of the reverse acquisition transaction. See note 9.

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, resulting in gross proceeds of $2,600,000.

The debentures were convertible at the holder's option at any time following the date that the Company issued 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) $3.00 per share.

Upon completion of the Transaction, the Primary debentures were amended and restated at similar terms, but without the conversion option and interest terms, and remain as intercompany debt between Primary and Keek without any specific terms of repayment. These eliminate upon consolidation.

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 "Promissory Note"). The Promissory Note bore interest at 8% per annum, payable on maturity, and matured on October 22, 2014, resulting in a repurchase at that date of the principal of $150,000 and interest of $12,000. The Promissory Note was secured by way of a general security agreement over the assets of the Company. Upon the event the Company had closed an arm's length equity offering raising gross proceeds of $10,000,000 or greater, a conversion election was to be 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. The Promissory Note matured prior to any conversion election being triggered.

For accounting purposes, the convertible 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 convertible debentures assuming a 18.6% effective interest rate, which was the estimated rate for the convertible 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 convertible debentures and the fair value of the liability component.

(Expressed in Canadian Dollars)

12. CONVERTIBLE DEBENTURES (Continued)

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

	Year ended February 28, 2015	Year ended February 28, 2014
Opening liability balance	**$ 5,266,560**	$ -
Conversion of convertible debentures	**(2,538,291)**	-
Amendment of convertible debentures	**(2,590,309)**	-
Repurchase of convertible debentures on maturity	**(150,000)**	-
Issuance of convertible debentures	**-**	5,370,000
Equity component of convertible debentures	**-**	(137,074)
Accretion of discount on convertible debentures	**12,040**	33,634
Ending liability balance	**$ -**	$ 5,266,560

	Year ended February 28, 2015	Year ended February 28, 2014
Opening equity component balance	**$ 137,074**	$ -
Equity component of convertible debentures issued	**-**	137,074
Conversion of convertible debentures	**(84,746)**	-
Amendment of convertible debentures	**(43,931)**	-
Repurchase of convertible debentures on maturity	**(8,397)**	-
Ending equity component balance	**$ -**	$ 137,074

During the year ended February 28, 2015, the Company accrued a total of $19,127 (February 28, 2014 - $142,013) in interest related to convertible debentures and recorded interest accretion of $12,040 (February 28, 2014 - $33,634).

13. DISCONTINUED OPERATIONS

Prior to the reverse acquisition (Note 4), Primary was engaged in the exploration and development of petroleum and natural gas reserves in the Province of Alberta and the State of Montana. The reverse acquisition transaction of March 5, 2014, constituted a change of business for Primary, and the exploration and development operations were discontinued. The Board of Directors of the Company subsequently approved a plan to dispose of the oil and gas operations.

On January 28, 2015, the Company executed a share purchase agreement with Mooncor, a related party by nature of a common director, for the sale of 100% of the common shares of PPC-USA, resulting in the disposition of PPC-USA and its wholly-owned subsidiaries PPCLLC and APLLC. The sale resulted in the disposition of the assets and liabilities classified under discontinued operations. As part of the consideration, Mooncor granted Keek a 1% gross overriding royalty on any future production from the oil and gas leases in Montana which were acquired by Mooncor from Keek as part of the share purchase agreement. In addition, Mooncor assumed all decommissioning liabilities of the properties, and Keek assumed certain accounts payable associated with the disposed entities.

(Expressed in Canadian Dollars)

13. DISCONTINUED OPERATIONS (Continued)

Net loss from discontinued operations reported in the statements of comprehensive loss is as follows:

		Year ended February 28, 2015
Salaries and wages	$	(170,205)
Office and general		(112,312)
Loss on disposition		(98,132)
Occupancy costs		(59,382)
Project evaluation		(23,613)
Professional fees		(12,484)
Depreciation		(2,254)
Interest income		24,237
Income tax recovery		216,829
Net loss from discontinued operations	**$**	**(237,316)**

14. 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) On January 28, 2015, the Company executed a share purchase agreement with Mooncor, a related party by nature of a common director (see Note 13).

b) On January 27, 2015, the Company issued 420,000 options to certain officers and directors. The options have a contractual life of 5 years, are exercisable at $1.00, and had an aggregate fair value of $163,086 as at the date of grant. The options granted to directors vested upon grant. The options granted to officers vest as follows: 10% on grant, 10% 3 months after grant, and 20% every 3 months thereafter.

c) On November 24, 2014, the Company issued $270,000 aggregate principal amount Notes to certain directors and officers of the Company (see note 11). The Company accrued $8,640 of interest on these Notes during the year ended February 28, 2015 (2014 - $Nil), which is included in accounts payable and accrued liabilities.

d) On November 6, 2014, the Company issued $3,000,000 aggregate principal amount Notes to Pinetree (see note 11). The Company accrued $114,000 of interest on these Notes during the year ended February 28, 2015 (2014 - $Nil), which is included in accounts payable and accrued liabilities.

e) On July 30, 2014, the Company issued 33,333 options to a director. The options have a contractual life of 5 years, are exercisable at $5.10, and had an aggregate fair value of $126,874 as at the date of grant. These options vest as follows: 10% on grant, 10% 6 months after grant, and 20% every 6 months thereafter.

f) On April 23, 2014, the Company issued 246,666 options to certain officers and directors. The options have a contractual life of 5 years, are exercisable at $4.80, and had an aggregate fair value of $884,929 as at the date of grant. These options vest as follows: 10% on grant, 10% 6 months after grant, and 20% every 6 months thereafter.

g) On April 16, 2014, the Company issued 211,666 options to certain officers and directors. The options have a contractual life of 5 years, are exercisable at $4.80, and had an aggregate fair value of $759,105 as at the date of grant. These options vest as follows: 10% on grant, 10% 6 months after grant, and 20% every 6 months thereafter.

(Expressed in Canadian Dollars)

14. RELATED PARTY TRANSACTIONS (Continued)

h) During the year ended February 28, 2014, the Company issued a $150,000 secured promissory note to Oddpot Inc., a corporation controlled by a former CEO and director (see note 12). The Company accrued $7,733 of interest on the Promissory Note during the year ended February 28, 2015 (2014 - $4,267). The Promissory Note was repurchased on October 22, 2014, for the principal of $150,000 and accrued interest of $12,000.

i) During the year ended February 28, 2014, the Company issued 41,666 options to certain officers and directors. The options have a contractual life of 5 years, are exercisable at $3.00, and had a fair value of $93,354 as at the date of grant.

15. 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, 2015	February 28, 2014
Short term compensation	**$ 640,130**	$ 383,691
Termination benefits	**277,730**	Nil
Share based compensation	**1,328,115**	576,228
Total	**$ 2,245,975**	$ 959,919

16. 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% (2014 - 26.5%) were the following:

	February 28, 2015	February 28, 2014
Loss before income taxes	**$ 20,764,077**	$ 23,481,598
Combined Federal and Provincial Statutory Rates	**26.5 %**	26.5 %
Expected tax recovery at statutory rates	**(5,502,480)**	(6,222,623)
Increase (decrease) resulting from:		
Share-based payments	**711,733**	1,692,152
Other non-deductible expenses	**(316,938)**	12,744
Change in unrecognized portion of deferred taxes	**8,603,407**	4,450,627
Deferred tax assets acquired on reverse acquisition transaction	**(4,623,360)**	-
Change in tax rate and other differences	**1,127,638**	67,100
Income taxes	**$ -**	$ -

(Expressed in Canadian Dollars)

16. INCOME TAXES (Continued)

Deferred Income Taxes

Net deferred income tax balances are summarized as follows:

	February 28, 2015	February 28, 2014
Deferred income tax assets (liabilities)		
Property and equipment	**$ 129,580**	$ (267,413)
Intangibles	**(85)**	(1,315)
Non-capital losses	**15,485,135**	8,344,118
Share issuance costs and other	**1,499,664**	440,446
Convertible debentures / secured notes	**(20,237)**	(25,186)
Deferred taxes not recognized	**(17,094,057)**	(8,490,650)
	$ -	$ -

Non-capital Losses

The Company has non-capital losses of approximately $59,120,800 available to apply against future taxable income. If unutilized, these losses will expire as follows:

2026	$ 1,331,200
2027	349,200
2028	1,564,200
2029	1,557,300
2030	1,382,100
2031	4,634,400
2032	11,215,700
2033	20,071,900
2034	312,600
2035	16,702,200
	$ 59,120,800

17. COMMITMENTS

The Company is committed to a lease of a premises at 1 Eglinton Avenue East, Suites 300, 401, and 416, in Toronto, Ontario. The lease of Suite 300 commenced on August 15, 2013, and ends on November 30, 2023. The lease of Suites 401 and 416 commenced on December 1, 2014, and ends on December 31, 2017. 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	$ 372,816	$ 495,958	$ 868,774
Between one and five years	1,332,904	1,671,406	3,004,310
More than five years	1,144,121	1,319,105	2,463,226
	$ 2,849,841	**$ 3,486,469**	**$ 6,336,310**

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The carrying value of cash, accounts receivable, other receivables, 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 secured notes 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 February 28, 2015 and February 28, 2014 cash was carried at Level 1 in the fair value hierarchy.

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest rate risk is primarily related to the Company's interest bearing debts on its consolidated statement of financial position. The secured notes bear interest at a fixed rate of 12%, 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, 2015, the Company carried net current assets of CDN$90,820 in USD$ (February 28, 2014 - net current liabilities of CDN$1,314,895 in USD$). Accordingly, a 5% change in the US dollar exchange rate as at February 28, 2015 would have resulted in an exchange gain or loss of CDN$4,541 (February 28, 2014 - exchange gain or loss of CDN$65,745).

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(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 18(f) to the consolidated financial statements. The Company has minimal income from operations and relies on equity and debt funding to support its development and corporate activities. Should the need for further equity or debt funding arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price or debt instruments at an acceptable interest rate level.

Accounts payable and accrued liabilities, current portion of finance lease obligations, and secured notes are due within the current operating period. As at February 28, 2015, the Company had total cash of $1,754,838 (February 28, 2014 - $454,476) to settle current liabilities of $6,970,538 (February 28, 2014 - $10,013,720) and finance future operations. As a result, the Company is exposed to liquidity risk.

(e) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party, by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, accounts receivable, and other receivables. The majority of the Company's cash is on deposit with a Canadian Tier 1 chartered bank. Other receivables include tenant inducements receivable from the Company's landlord in Toronto which were collected subsequent to February 28, 2015. Accounts receivable are in the normal course of business with established entities and no material amount relates to any one specific entity. As a result, the Company's exposure to credit risk is minimal.

(f) Capital Management

The Company considers its capital to be its equity attributable to shareholders', which is comprised of share capital, contributed surplus, warrants reserve, and deficit, which as at February 28, 2015, amounted to a capital deficiency of $1,759,504 (February 28, 2014 - capital deficiency of $3,047,838).

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, 2015. 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.

19. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the year ended February 28, 2015:

a) On March 2, 2015, the Company issued 24,000 options to certain Consultants. The options have a contractual life of 5 years and are exercisable at $1.00. These options vest as follows: 10% on grant, 10% 6 months after grant, and 20% every 6 months thereafter.

b) On June 12, 2015, Kik Interactive Inc. served the Company with a trademark infringement lawsuit in the United States District Court for the Southern District of New York. The two trademarks at issue, "KEEK" and "KIK", have coexisted for several years in the U.S and elsewhere, and both parties own U.S. Trademark Registrations for their respective marks. Kik alleges in its court filings that the two trademarks are now confusingly similar. Management is of the opinion that the claim is without merit and plans to defend the action. As such, the Company has not made accruals or established a contingent liability in these consolidated financial statements in relation to the lawsuit.

c) Subsequent to the year ended February 28, 2015, 179,997 options with a weighted average exercise price of $2.41 expired unexercised.