eQube Gaming Limited
(formerly Triox Limited)
Condensed Interim Consolidated Financial Statements

For the Three and Nine Month Periods Ended November 30, 2014

(Unaudited)

eQube Gaming Limited
Table of Contents

eQube Gaming Limited
Interim Consolidated Statement of Financial Position

(Expressed in Canadian dollars)
(Unaudited)

	November 30, 2014	February 28, 2014
Assets		
Current assets		
Cash	**$ 3,088,419**	$ 408,086
Accounts receivable	**325,502**	241,533
Accrued receivables	**463,256**	483,978
Supplies and components	**91,988**	124,532
Prepaid expenses and deposits	**391,740**	463,281
	4,360,905	1,721,410
Accrued receivables	**885,189**	1,334,746
Property and equipment	**2,882,359**	3,492,169
Intangible assets	**321,380**	344,148
Deferred tax assets	**190,959**	190,959
Total assets	**$ 8,640,792**	$ 7,083,432
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 456,238**	$ 712,692
Deferred revenue	**42,134**	785,735
Demand term loans (Note 6)	**1,642,823**	2,737,682
Current portion of shareholders loans (Note 7)	**325,012**	14,168
Current portion of other related loans (Note 7)	**902,674**	13,058
Current portion of obligations under finance lease	**-**	35,332
	3,368,881	4,298,667
Long term liabilities		
Shareholders loans (Note 7)	**174,988**	468,197
Other related loans (Note 7)	**1,843,837**	23,626
Preferred shares (Note 8)	**2,060,000**	1,810,000
Total liabilities	**7,447,706**	6,600,490
Equity		
Share capital (Note 9)	**8,081,969**	2,958,800
Warrants (Note 10)	**100,738**	-
Contributed surplus	**352,135**	107,099
Deficiency	**(7,341,756)**	(2,582,957)
Total equity	**1,193,086**	482,942
Total liabilities and equity	**$ 8,640,792**	$ 7,083,432

On behalf of the Board

______________________ Director _____________________ Director

See accompanying notes to the condensed interim consolidated financial statements.

eQube Gaming Limited
Interim Consolidated Statement of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three months ended November 30,		Nine months ended November 30,	
	2014	2013	**2014**	2013
Sales, service and other revenue (Note 12)	**$ 996,134**	$ 833,170	**$ 3,603,481**	$ 2,387,352
Direct costs	**407,192**	329,622	**1,790,339**	894,244
Gross profit	**588,942**	503,548	**1,813,142**	1,493,108
Expenses				
General and administrative expenses (Note 13)	**1,071,867**	719,827	**2,764,942**	1,898,223
Impairment of supplies and components	**15,446**	15,802	**46,337**	47,405
Total expenses	**1,087,313**	735,629	**2,811,279**	1,945,628
Loss before other expenses (income)	**(498,371)**	(232,081)	**(998,137)**	(452,520)
Other expenses (income)				
Finance income (Note 14)	**(3,481)**	(3,481)	**(10,443)**	(10,443)
Finance costs (Note 14)	**168,909**	106,726	**426,839**	299,056
Depreciation and amortization	**414,296**	346,943	**1,195,122**	963,810
Loss on disposal of property and equipment	**8,514**	-	**35,659**	-
Foreign exchange (gain) loss	**(1,153)**	23,507	**24,829**	20,083
Transaction cost (Note 4)	**2,087,492**	-	**2,087,492**	-
Total other expenses	**2,674,577**	473,695	**3,759,498**	1,272,506
Loss before income taxes	**(3,172,948)**	(705,776)	**(4,757,635)**	(1,725,026)
Income tax (recovery) expense	**-**	(500)	**1,164**	(35,195)
Net loss and comprehensive loss	**$ (3,172,948)**	$ (705,276)	**$ (4,758,799)**	$ (1,689,831)
Loss per share (Note 16)				
Basic	**$ (0.14)**	$ (0.04)	**$ (0.24)**	$ (0.09)
Diluted	**$ (0.14)**	$ (0.04)	**$ (0.24)**	$ (0.09)

See accompanying notes to the condensed interim consolidated financial statements.

eQube Gaming Limited
Interim Consolidated Statement of Changes in Equity

(Expressed in Canadian dollars)
(Unaudited)

For the nine months ended November 30	**Share capital Amount**	**Warrants**	**Contributed surplus**	**Deficiency**	**Total equity**
Opening balance at February 28, 2013	$ 2,958,800	$ -	$ 68,245	$ (849,636)	$ 2,177,409
Net loss for the nine months ended November 30, 2013	-	-	-	(1,689,831)	(1,689,831)
Share-based compensation related to share options granted and vested	-	-	29,141	-	29,141
Balance at November 30, 2013	$ 2,958,800	$ -	$ 97,386	$ (2,539,467)	$ 516,719
Opening balance at February 28, 2014	$ 2,958,800	$ -	$ 107,099	$ (2,582,957)	$ 482,942
Net loss for the nine months ended November 30, 2014	-	-	-	(4,758,799)	(4,758,799)
Shares issued from treasury	139,186	3,314	-	-	142,500
Acquisition of Triox (Note 4)	1,883,334	-	96,221	-	1,979,555
Shares and broker warrants issued on Amalgamation (Note 4)	2,883,832	60,552	-	-	2,944,384
Consideration Warrants (Note 10)	-	36,872	-	-	36,872
Share-based compensation related to stock options granted and vested	-	-	236,370	-	236,370
Exercise of stock options	216,817	-	(87,555)	-	129,262
Balance at November 30, 2014	**$ 8,081,969**	**$ 100,738**	**$ 352,135**	**$ (7,341,756)**	**$ 1,193,086**

See accompanying notes to the condensed interim consolidated financial statements.

eQube Gaming Limited
Interim Consolidated Statement of Cash Flows

(Expressed in Canadian dollars)
(Unaudited)

	Three months ended November 30, **2014**	2013	Nine months ended November 30, **2014**	2013
Operating				
Net loss	**$ (3,172,948)**	$ (705,276)	**$ (4,758,799)**	$ (1,689,831)
Adjustments for:				
Accrued revenue	**-**	-	**460,000**	460,000
Finance income	**(3,481)**	(3,481)	**(10,443)**	(10,443)
Interest expense	**116,265**	89,770	**268,449**	279,529
Dividends on preferred shares	**51,359**	15,671	**154,534**	15,671
Amortization of intangible assets	**40,246**	19,548	**119,474**	54,033
Depreciation of property and equipment	**374,050**	327,395	**1,075,648**	909,777
Impairment of supplies and components	**15,446**	15,802	**46,337**	47,405
Deferred tax recovery	**-**	-	**-**	(34,463)
Loss on disposal of property and equipment	**8,514**	-	**35,659**	-
Amortization of finance fees	**1,285**	1,285	**3,856**	3,856
Share-based compensation	**216,943**	29,141	**236,370**	29,141
Consideration Warrants (Note 10)	**36,872**	-	**36,872**	-
Transaction cost on Amalgamation (Note 4)	**2,087,492**	-	**2,087,492**	-
Change in non-cash operating working capital (Note 15)	**(861,516)**	776,851	**(1,046,088)**	767,500
	(1,089,473)	566,706	**(1,290,639)**	832,175
Financing				
Repayment of demand term loan	**(50,000)**	(50,000)	**(1,575,000)**	(500,000)
Repayment of shareholders loans	**(374,372)**	(205,968)	**(382,365)**	(234,335)
Repayment of other related loans	**(149,293)**	-	**(223,569)**	(50,353)
Repayment of finance lease obligations	**(74)**	(15,783)	**(35,332)**	-
Proceeds on demand term loan	**52,323**	160,396	**476,285**	449,253
Proceeds on shareholders loans	**-**	-	**400,000**	45,000
Proceeds on other related loans	**2,001,045**	-	**2,933,396**	42,518
Proceeds from the issuance of preferred shares	**-**	1,000,000	**250,000**	1,000,000
Proceeds from the issuance of ordinary shares	**3,287,500**	-	**3,430,000**	-
Transaction costs paid on issuance of ordinary shares	**(343,116)**	-	**(354,516)**	-
Proceeds from the exercise of stock options	**28,081**	-	**28,081**	-
Interest paid on loans	**(93,335)**	(89,583)	**(229,002)**	(278,991)
Dividends paid	**(51,359)**	(15,671)	**(154,534)**	(15,671)
	4,307,400	783,391	**4,563,444**	457,421
Investments				
Cash acquired in Amalgamation (Note 4)	**5,731**	-	**5,731**	-
Purchase of property and equipment	**(30,258)**	(218,756)	**(501,497)**	(652,036)
Capitalization of intangible assets	**(17,819)**	(2,556)	**(96,706)**	(73,748)
	(42,346)	(221,312)	**(592,472)**	(725,784)
Net increase in cash	**3,175,581**	1,128,785	**2,680,333**	563,812
(Bank indebtedness) cash, beginning of period	**(87,162)**	(166,052)	**408,086**	398,921
Cash, end of period	**$ 3,088,419**	$ 962,733	**$ 3,088,419**	$ 962,733

Supplemental cash flow information (Note 15)

See accompanying notes to the condensed interim consolidated financial statements.

1. Reporting entity

eQube Technology and Software Inc. ("eQube") was incorporated under the Business Corporations Act of Alberta on March 11, 1999 as SGC-Link Corp. The name was changed to eQube Technology and Software Inc. on August 23, 2005.

On July 2, 2014, eQube entered into an amalgamation agreement (the "Amalgamation Agreement") with Triox Limited ("Triox") and 1824721 Alberta Ltd., a wholly owned subsidiary of Triox, to combine their business operations.

Triox Limited ("Triox") was incorporated under the laws of Hong Kong on August 4, 2011, and was classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange (the "TSXV"). In anticipation of the closing of the Amalgamation Agreement, Triox changed its name from Triox Limited to eQube Gaming Limited (the "Company") on September 26, 2014.

The transaction was completed on October 30, 2014 and constituted a "Qualifying Transaction" of the Company (as such term is defined within the meaning of Policy 2.4 of the TSXV). The ordinary shares of the Company resumed trading on the TSXV on November 4, 2014 under the new name "eQube Gaming Limited". The Company's registered office is located at #100, 10493 – 184 Street, Edmonton, Alberta.

As discussed in more detail in Note 4, while the Company is the legal acquirer of eQube and is the continuing legal entity whose ordinary shares are listed on the TSXV and for which these financial statements are being reported, the accounting acquirer is deemed to have been eQube, and these financial statements are presented on the basis of reverse acquisition accounting principles. Unless the context requires, when the term "eQube" is used herein, it refers to the actions or operations of the acquired company prior to the closing of the Qualifying Transaction.

eQube is engaged in the design, development, distribution, licensing and sale of technology-based electronic bingo and social gaming solutions for the regulated gaming markets in Canada, the United States and internationally.

2. Basis of presentation

These condensed interim consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all of the information required for full annual financial statements. Accordingly, these condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto, as at and for the year ended February 28, 2014.

These condensed interim consolidated financial statements are presented in Canadian dollars, except where otherwise indicated.

These condensed interim consolidated financial statements for the three and nine month periods ended November 30, 2014, including comparatives, were authorized for issue by the Board of Directors on January 22, 2015.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its audited consolidated financial statements as at and for the year ended February 28, 2014 except as described below.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its wholly owned subsidiaries. Subsidiaries are all entities to which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Company's subsidiaries are as follows:

- eQube Technology and Software Inc. ("Amalco", Note 4)
- eQube International Inc.
- eQube Service Corp. (voluntarily dissolved on April 24, 2014)
- eQube Technology and Software (UK) Limited (formerly, eQube Gaming Limited, a UK incorporated company)

Subsidiaries are consolidated from the date that control commences and continue to be consolidated until control ceases or the operations are wound up and the company dissolved. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intercompany balances and transactions have been eliminated.

b) Use of estimates and management judgment

The preparation of consolidated financial statements in conformity with IFRS requires the Company's management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and notes thereto. Actual amounts may ultimately differ from these estimates.

Management estimates

Information about assumptions and estimation uncertainties that have the most significant effect on recognition and measurement of asset, liabilities, income and expenses is described below.

3. Significant accounting policies (continued)

Share-based payments and warrants

The Company measures the cost of equity settled transactions (stock options and warrants) by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions and warrants requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock options or warrants, volatility and dividend yield and making assumptions thereon. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models may not necessarily provide a reliable measure of the fair value of the Company's share-based payments and warrants.

In addition, the Company measures the cost of Consideration Warrants (Note 10) by estimating the number of warrants that may ultimately vest and the vesting period. These estimates are highly subjective and changes in assumptions can materially affect the results. Therefore the existing estimates may not necessarily provide a reliable measure of the cost of the Company's warrants.

c) Share capital

The Company's ordinary shares are classified as equity.

Transaction costs directly attributable to the issuance of share capital (such as legal, finders' and regulatory fees) are recognized as a decrease in share capital net of related income tax effects, if any. Broker or agent warrants issued in a private placement are also included in transaction costs at their estimated fair value on the issue date, as determined using the Black-Scholes option pricing model. An offsetting credit is recorded in equity.

When broker or agent warrants are exercised, the proceeds received together with the amount previously recognized in equity are added to share capital.

d) Changes in accounting policies

Amendments to IAS 32 – Financial Instruments: Presentation

The Company has adopted the amendments to IAS 32 which clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments were effective January 1, 2014 and did not result in any current or retrospective adjustment.

Amendment to IAS 36 – Impairment of Assets

The Company has adopted the amendment to IAS 36 which addressed the disclosure information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment was effective January 1, 2014 and did not result in any current or retrospective adjustment.

3. Significant accounting policies (continued)

Amendments to IFRS 2 – Share-based Payment

IFRS 2 was amended to (i) change the definitions of "vesting condition" and "market condition" and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments apply prospectively to share-based payment transactions with a grant date on or after July 1, 2014, with earlier application permitted. The Company applied these amendments to share-based payments transactions with a grant date on or after July 1, 2014.

Amendments to IFRS 3 – Business Combinations

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of *IFRS 9 – Financial Instruments*, or *IAS 39 – Financial Instruments: Recognition and Measurement*, or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized within the statement of income. Consequential amendments were also made to IFRS 9, IAS 39 and *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. The amendments apply prospectively to business combinations for which the acquisition date is on or after July 1, 2014, with earlier application permitted. These amendments had no material impact on the Company.

IFRIC 21 - Levies

The Company has adopted IFRIC 21, Levies which provides guidance on when to recognize an obligation to pay a levy other than income tax. The standard was effective January 1, 2014 and adoption of IFRIC 21 did not result in any current or retrospective adjustment.

e) Recent accounting pronouncements not yet effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the interim financial statements for the three and nine month periods ended November 30, 2014. The standards that are applicable to the Company are as follows:

IFRS 9 – Financial Instruments

IFRS 9, Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and IFRIC 13 Customer Loyalty Programmes. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, with early adoption permitted and is to be applied retrospectively.

4. Qualifying Transaction

Amalgamation

Pursuant to the Amalgamation Agreement, eQube and 1824721 Alberta Ltd. ("Subco") amalgamated (the "Amalgamation") under the Business Corporations Act (Alberta) to form a new company under the corporate name "eQube Technology and Software Inc." ("Amalco"). Amalco will carry on the business previously carried on by eQube as a subsidiary of the Company.

On October 29, 2014, the Company consolidated (the "Consolidation") all of its issued and outstanding ordinary shares (the "Ordinary Shares") and all outstanding options and warrants to purchase Ordinary Shares on the basis of one post-Consolidation Ordinary Share for every three pre-Consolidation Ordinary Shares. Following completion of the Consolidation and pursuant to the Amalgamation (with each Ordinary Share being issued on a post-Consolidation basis):

- the holders of class "A" common shares of eQube ("eQube Class A Shares") received three Ordinary Shares for each eQube Class A Share held in exchange for the issuance to the Company of three common shares of Amalco ("Amalco Common Shares") for each eQube Class A Share so exchanged;
- the holders of class "F" preferred shares of eQube ("eQube Class F Shares") received one preferred share of Amalco ("Amalco Preferred Shares") for each eQube Class F Share held;
- the Company received one Amalco Common Share for each class "A" common share of Subco ("Subco Share") held;
- the holders of Subco Shares (other than the Company and including Subco Shares issued pursuant to the Offerings (as defined below)) received one Ordinary Share for each Subco Share held in exchange for the issuance to the Company of one Amalco Common Share for each Subco Share so exchanged;
- all of the options to purchase eQube Class A Shares ("eQube Options") were replaced with options ("Options") to purchase three Ordinary Shares for each eQube Class A Share issuable on exercise of the eQube Options; and
- all of the Subco Agent Warrants (as defined below) were replaced with Agent Warrants (as defined below) to purchase one Ordinary Share for each Subco Share issuable on exercise of the Subco Agent Warrants.

Private placement financings

As a condition to and prior to the closing of the Amalgamation, Subco completed a brokered private placement for 5,220,000 class "A" common shares of Subco ("Subco Shares") at a price of $0.50 per Subco Share for gross proceeds of $2,610,000 (the "Brokered Offering"). Subco also completed a non-brokered private placement for 1,355,000 Subco Shares at a price of $0.50 per Subco Share for gross proceeds of $677,500 (the "Non-Brokered Offering"). Collectively, the Brokered Offering and the Non-Brokered Offering are referred to herein as the "Offerings".

Pursuant to the Brokered Offering, the broker received a commission equal to 8% of the aggregate gross proceeds placed under the Brokered Offering, payable in cash, and was paid a corporate finance fee. The broker was also granted warrants by Subco (the "Subco Agent Warrants") to acquire the number of Subco Shares equal to 8% of the total number of Subco Shares sold under the Brokered Offering, exercisable at a price of $0.50 per Subco Agent Warrant for a period of 24 months from the closing date of the Brokered Offering.

4. Qualifying Transaction (continued)

Under the Amalgamation: (i) each Subco Share issued pursuant to the Offerings were exchanged for one Ordinary Share; and (ii) the Subco Agent Warrants were replaced with agent warrants ("Agent Warrants") to purchase one Ordinary Share for each Subco Share issuable on exercise of the Subco Agent Warrants.

Reverse acquisition

The substance of the Qualifying Transaction is a reverse acquisition of the non-operating company. The Qualifying Transaction does not constitute a business combination as the accounting acquiree does not meet the definition of a business under IFRS 3. As a result, the Qualifying Transaction has been accounted for as an acquisition of assets with eQube identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting financial statements are presented as a continuation of eQube and comparative amounts presented in the unaudited interim financial statements after the reverse acquisition are those of eQube.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because the Company issued shares with a value in excess of the net assets deemed received, IFRS 2 dictates the difference is to be recognized in comprehensive income as a transaction cost. The amount assigned to transaction cost of $2,087,492 is the difference between the fair value of the consideration and the net identifiable assets deemed acquired by eQube and is included in the statement of loss and comprehensive loss as a transaction cost included in other expenses.

The fair value of the consideration of the Qualifying Transaction includes the fair value of 3,766,667 Ordinary Shares and 372,949 stock options of the Company (being the unexercised stock options of Triox outstanding on the date of Amalgamation). The fair value of the 3,766,667 Ordinary Shares was determined to be $0.50 per share based on the fair value of eQube shares at the time of the Qualifying Transaction.

The fair value of $0.258 per option granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: exercise price $0.30; amalgamation date stock price $0.50; risk-free rate 1.11%; expected volatility 48.69%; annual dividend yield 0%; expected remaining life of the options of 3 years. The expected volatility is based on historic volatility of similar companies in the public market.

Based on the statement of financial position of the Company at the time of the Qualifying Transaction, the net assets at estimated fair value that were deemed acquired by eQube of negative $107,937, and the resulting transaction cost charged to the statement of loss and comprehensive loss were as follows:

4. Qualifying Transaction (continued)

Consideration:		
Common shares	$	1,883,334
Stock options		96,221
	$	1,979,555

Identifiable net assets acquired:		
Cash	$	5,731
Accounts payable and accruals		(113,668)
Total identifiable net assets acquired		(107,937)
Transaction cost		2,087,492
Total net identifiable assets and transaction cost	$	1,979,555

5. Capital disclosures

The Company's objectives and policies for managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on the Company's credit facilities.

The Company includes the following in the definition of capital:

	November 30, 2014	February 28, 2014
Demand term loans	**$ 1,642,823**	$ 2,737,682
Shareholders loans	**500,000**	482,365
Other related loans	**2,746,511**	36,684
Preferred shares	**2,060,000**	1,810,000
Equity	**1,193,086**	482,942
	$ 8,142,420	$ 5,549,673

To manage the Company's capital requirements, the Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company plans to continue to fund its short-term cash requirements through operations, debt financing and proceeds raised through the Offerings. The Company has a revolving demand loan in place that can be drawn upon, if required.

Under the Company's credit facilities for the demand term loans, the annual debt service coverage ratio measured at February 28 must not be less than 1.25 to 1. At February 28, 2014 the Company was in violation of this covenant. Subsequent to February 28, 2014, a waiver of this covenant breach was granted by the lender.

5. Capital disclosures (continued)

For the three and nine month periods ended November 30, 2014, the Company raised approximately $3 million in cash through the brokered and non-brokered offerings (Note 4). During the nine month period, the Company used proceeds from a new related party loan of $3 million to repay a $1 million demand term loan and $0.4 million in shareholder and related party loans at interest rates in excess of 10%.

6. Demand term loans

The Company has the following demand term loans:

a) Demand term loan in the amount of $900,000 (February 28, 2014 - $1,350,000). At November 30, 2014, $900,000 was drawn on the loan (February 28, 2014 - $1,350,000). The demand term loan bears interest at the bank's prime rate plus 4.0% which totalled 7.0% at November 30, 2014 (February 28, 2014 – prime plus 2.0% which totalled 5%). Interest is payable monthly and principal is repayable in two equal annual payments of $450,000 on July 1 of each year until 2016. The loan is secured by an assignment of proceeds under a specific customer contract and a general security agreement over all present and after acquired real property of the Company.

b) Demand term loan in the amount of $900,000 (February 28, 2014 - $900,000). The amount drawn on the loan at November 30, 2014 was $750,538 (February 28, 2014 - $399,252). The demand term loan bears interest at the bank's prime rate plus 4.0% which totalled 7.0% at November 30, 2014 (February 28, 2014 – prime plus 2.0% which totalled 5%). The demand term loan required interest only payments until June 30, 2014. Beginning July 1, 2014, principal payments of $25,000 plus interest are payable monthly until June 2017 or until the loan is repaid, whichever is sooner. The loan is guaranteed by Export Development Canada and secured by a general security agreement over all present and after acquired real property of the Company.

c) Demand term loan in the amount of $1,000,000 (February 28, 2014 - $1,000,000). The amount drawn on the loan at November 30, 2014 was $nil (February 28, 2014 - $1,000,000). The demand term loan bears interest at the bank's prime rate plus 2.0% which totalled 5.0% at November 30, 2014 (February 28, 2014 – prime plus 2.0% which totalled 5%). The loan is secured by an assignment of proceeds under a specific customer contract and a general security agreement over all present and after acquired real property of the Company. The loan was repaid in full on May 21, 2014.

6. Demand term loans (continued)

	November 30, 2014	February 28, 2014
Demand term loans	$ 1,650,538	$ 2,749,252
Less debt issuance costs (net of accumulated amortization of $10,285 (February 28, 2014 - $6,430)	(7,715)	(11,570)
	$ 1,642,823	$ 2,737,682

During the three months ended November 30, 2014 interest expense of $32,760 (three months ended November 30, 2013 - $25,405) was recorded and is included in finance costs (Note 14).

During the nine months ended November 30, 2014 interest expense of $92,118 (nine months ended November 30, 2013 - $69,210) was recorded and is included in finance costs (Note 14).

Under the Company's credit facilities for the demand term loans, the annual debt service coverage ratio must not be less than 1.25 to 1. At February 28, 2014 the Company was in violation of this covenant. Subsequent to February 28, 2014, a waiver of this covenant breach was granted by the lender. The Company is not required to calculate or report any quarterly covenants.

7. Related party transactions

a) Shareholders loans and other related loans

	November 30, 2014	February 28, 2014
Shareholders loans		
Loans, bearing interest at 18% to April 30, 2013 then 10% thereafter, monthly payments of $12,011 beginning Nov 28, 2014 maturing May 28, 2016 (2014 - interest payable monthly, principal due on May 1, 2016).	**$ 200,000**	$ 200,000
Loans, bearing interest at 10%, monthly payments of $9,229 beginning Nov 28, 2014 maturing on Nov 28, 2016, convertible at the lender's option into ordinary shares at $0.75/share. The conversion option has been valued at $nil.	**200,000**	-
Loans, bearing interest at 10%, monthly payments of $8,792 beginning Nov 28, 2014 maturing on Nov 28, 2016.	**100,000**	-
Loans, bearing interest at 16% to December 1, 2013 then 12% thereafter, interest payable monthly, no monthly principal repayments can be demanded until March 1, 2016.	**-**	245,702
Loan, bearing interest at 15%, monthly payments of $1,560, maturing on June 5, 2016.	**-**	36,663
Other related loans		
Loan, bearing interest at 9.5%, monthly payments of $64,066 beginning Nov 1, 2014 maturing on Oct 28, 2017.	**1,951,767**	-
Loan, bearing interest at 9.5%, monthly payments of $29,866 beginning June 21, 2014 maturing on May 21, 2017.	**794,744**	-
Loan, bearing interest at 15%, monthly payments of $1,474 maturing on August 28, 2016.	**-**	36,684
	$ 3,246,511	$ 519,049
Less current portion:		
Shareholders loans	**$ 325,012**	$ 14,168
Other related loans	**$ 902,674**	$ 13,058
Long-term portion:		
Shareholders loans	**$ 174,988**	$ 468,197
Other related loans	**$ 1,843,837**	$ 23,626

7. Related party transactions (continued)

All loans are secured by a second fixed charge over all present and after-acquired property of the Company. This security is secondary to the bank security (Note 6).

On March 31, 2014 the Company entered into a new financing arrangement for a demand term loan in the amount of $3,000,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three-year term. The amount drawn on the loan at November 30, 2014 was $2,746,511 (February 28, 2014 - $nil) and included in "other related loans". The proceeds of this loan were used to repay the remaining balance of the $1,000,000 demand term loan (Note 6c), repay certain existing shareholder and related loans, and to purchase equipment for customer deployment. The loan bears interest at 9.5%. Interest and principal are payable monthly beginning June 21, 2014.

During the three and nine months ended November 30, 2014, the Company entered into new shareholders loans in the amount of $400,000 (three and nine months ended November 30, 2013 - $45,000). Proceeds were used to pay transaction costs associated with the Qualifying Transaction.

During the three months ended November 30, 2014, interest expense on shareholders and other related loans of $60,575 (three months ended November 30, 2013 - $61,981) was recorded as expense and is included in finance costs (Note 14).

During the nine months ended November 30, 2014, interest expense on shareholders and other related loans of $135,434 (nine months ended November 30, 2013 - $201,376) was recorded as expense and is included in finance costs (Note 14).

b) Key management compensation

Compensation of key management personnel including the Company's executive management, Board of Directors, and board advisors are as follows:

	Three months ended		**Nine months ended**	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Short-term employee benefits	**$ 88,977**	$ 77,500	**$ 253,977**	$ 232,500
Share-based payments	**211,332**	19,250	**230,257**	19,250
	$ 300,309	$ 96,750	**$ 484,234**	$ 251,750

During the three and nine months ended November 30, 2014, the Company granted 1,350,000 stock options to directors, officers, and board advisors (three and nine months ended November 30, 2013 – 150,000). The board advisors will become directors in the future, pending regulatory approval.

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel and are included in compensation and benefits expense. Short-term benefits consist of wages and salaries paid or payable to employees, accrued vacation, and other benefits paid or payable within 12 months.

8. Preferred shares classified as liabilities

	eQube Class "F" Preferred Shares	Amalco Preferred Shares
Opening balance, February 28, 2013	$ -	$ -
Class F preferred shares issued for cash	1,000,000	-
Class F preferred shares issued in exchange for debt	550,000	-
Balance at November 30, 2013	1,550,000	-
Class F preferred shares issued for cash	60,000	-
Class F preferred shares issued in exchange for debt	200,000	-
Balance at February 28, 2014	1,810,000	-
Class F preferred shares issued for cash	250,000	-
Exchange of shares pursuant to the Amalgamation (Note 4)	(2,060,000)	2,060,000
Balance at November 30, 2014	**$ -**	**$ 2,060,000**

During the nine months ended November 30, 2014, 250,000 eQube Class F Shares were issued at $1 per share for issuance proceeds of $250,000 (nine months ended November 30, 2013 – 1,550,000 eQube Class F Shares were issued at $1 per share for proceeds of $1,550,000).

The Company declared and paid dividends of $51,359 for the three months ended November 30, 2014 (three months ended November 30, 2013 - $15,671) and $154,534 for the nine months ended November 30, 2014 (nine months ended November 30, 2013 - $15,671), which are included in finance costs (Note 14).

Pursuant to the Amalgamation, the holders of the eQube Class F Shares received one preferred share of Amalco ("Amalco Preferred Shares") for each eQube Class F Share held. The Amalco Preferred Shares are redeemable by Amalco at any time and are retractable by the holder no sooner than the third anniversary after the original issuance (between October 1, 2013 and April 2, 2014). The Amalco Preferred Shares have a cumulative dividend rate of 10% which is paid on a quarterly basis.

Pursuant to an agreement dated July 22, 2014 (the "Catalyst Agreement") between eQube, the Company and Catalyst Gaming Corporation ("Catalyst"), immediately after the closing of the Amalgamation, Tebten Limited ("Tebten") entered into purchase and sale agreements (the "Purchase and Sale Agreements") to purchase 1,500,000 Amalco Preferred Shares from existing holders of Amalco Preferred Shares within 90 days from the closing of the Amalgamation for $1 per share. Tebten is controlled by a shareholder and director of Catalyst. As at November 30, 2014, no Amalco Preferred Shares had been purchased by Tebten.

8. Preferred shares classified as liabilities (continued)

The Company and Tebten also entered into a share exchange agreement whereby the parties agreed that subject to the completion of the purchase and sale of the 1,500,000 Amalco Preferred Shares pursuant to the Purchase and Sale Agreements, the Company would purchase such 1,500,000 Amalco Preferred Shares in exchange for 3,000,000 Ordinary Shares, which shares shall be placed into a value security escrow agreement pursuant to the policies of the Exchange. As at November 30, 2014, this option was valued at $nil. No Amalco Preferred Shares were exchanged under this agreement during the three or nine months ended November 30, 2014.

9. Share capital

Ordinary Shares

The Company has authorized unlimited ordinary voting shares without par value.

Ordinary Shares of Triox	**Number**		**Share Capital**
Balance at February 28, 2014 and 2013	11,300,000	$	492,354
Triox share consolidation (1:3) (Note 4)	(7,533,333)		-
Exchanged for shares of eQube shares (Note 4)	(3,766,667)		(492,354)
Balance at November 30, 2014	**-**	**$**	**-**

Ordinary Shares of eQube	**Number**		**Share Capital**
Balance at February 28, 2014 and 2013	6,078,134	$	2,958,800
eQube private placement (Note 10)	95,000		142,500
eQube share split (3:1) (Note 4)	12,346,268		-
Brokered private placement (Note 10)	5,220,000		2,610,000
Non-brokered private placement (Note 4)	1,355,000		677,500
Issuance of shares pursuant to Amalgamation (Note 4)	3,766,667		1,883,334
Exercise of Triox stock options (Note 11)	324,658		188,737
Exercise of eQube stock options (Note 11)	312,000		28,080
Share issuance costs, net of tax	-		(406,982)
Balance at November 30, 2014	**29,497,727**	**$**	**8,081,969**

As at November 30, 2014, 12,914,529 (February 28, 2014 – nil) of the issued shares were held in escrow. 1,291,453 of these shares will be released from escrow on May 3, 2015 and 1,937,179 will be released every six months thereafter.

10. Warrants

	Number		Warrants
Balance at February 28, 2014 and 2013	-	$	-
Issuance of eQube Broker Warrants	7,600		3,314
Replacement of eQube Broker Warrants on Amalgamation	(7,600)		-
Issuance of Broker Warrants on Amalgamation	22,800		-
Issuance of Agent Warrants	417,600		60,552
Issuance of Consideration Warrants *	5,899,545		36,872
Balance at November 30, 2014	**6,339,945**	**$**	**100,738**

* The number of Consideration Warrants to be issued shall not exceed 20% of the issued and outstanding capital of the Company, up to a maximum of 54,000,000 Ordinary Shares.

Broker Warrants

On May 20, 2014, eQube entered into a non-brokered private placement finder’s fee agreement. Under the terms of the agreement, the agent received a finder’s fee of 8% of gross proceeds raised for the sale of class “A” shares of eQube and share purchase warrants (the “eQube Broker Warrants”) equal to 8% of the number of securities purchased by investors under the offering.

During the nine months ended November 30, 2014, 95,000 class “A” shares (285,000 Ordinary Shares post-Amalgamation) were issued for gross proceeds of $142,500 (three and nine months ended November 30, 2013 – $nil). Cash commissions of $11,400 were paid and 7,600 eQube Broker Warrants were issued to the broker. The eQube Broker Warrants have an exercise price of $1.50 and expire June 13, 2016. The fair value of $0.436 per eQube Broker Warrant granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $1.50; risk-free rate 1.11%; expected volatility 51.23%; annual dividend yield 0%; expected remaining life of the options of 2 years. The expected volatility is based on historic volatility of similar companies in the public market. The total transaction costs of the non-brokered private placement, including the eQube Broker Warrants, amounted to $14,714 which were recorded as $11,400 to finance costs and $3,314 as a reduction of share capital.

Pursuant to the Amalgamation, 7,600 eQube Broker Warrants were replaced with 22,800 broker warrants to purchase Ordinary Shares of the Company (the “Broker Warrants”) at an exercise price of $0.50 and expiring June 13, 2016.

Agent Warrants

As a condition to and prior to the closing of the Amalgamation, Subco completed a brokered private placement for class “A” common shares of Subco (“Subco Shares”) at a price of $0.50 per Subco Share (the “Brokered Offering”).

10. Warrants (continued)

Pursuant to the Brokered Offering, the broker received a commission equal to 8% of the aggregate gross proceeds placed under the Brokered Offering, payable in cash, and was paid a corporate finance fee. The broker was also granted warrants by Subco (the "Subco Agent Warrants") to acquire that number of Subco Shares equal to 8% of the total number of Subco Shares sold under the Brokered Offering.

During the three and nine months ended November 30, 2014, 5,220,000 Subco shares were issued for gross proceeds of $2,610,000 (three and nine months ended November 30, 2013 – $nil). Cash commissions and other fees of $343,116 were paid and 417,600 Subco Agent Warrants were issued to the broker. The Subco Agent Warrants have an exercise price of $0.50 and expire October 30, 2016. The fair value of $0.145 per Subco Agent Warrant granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $0.50; risk-free rate 1.00%; expected volatility 51.23%; annual dividend yield 0%; expected remaining life of the options of 2 years. The expected volatility is based on historic volatility of similar companies in the public market. The total transaction costs of the Brokered Offering, including the Subco Agent Warrants, amounted to $403,668 which were recorded as a reduction of share capital.

Under the Amalgamation, each Subco Share issued pursuant to the Offerings was exchanged for one Ordinary Share and the Subco Agent Warrants were replaced with agent warrants ("Agent Warrants") to purchase one Ordinary Share of the Company for each Subco Share issuable on exercise of the Subco Agent Warrants.

Consideration Warrants

Pursuant to the Catalyst Agreement, at the closing of the Amalgamation, the Company delivered warrants ("Consideration Warrants") to purchase Ordinary Shares to Catalyst. Under the terms of the agreement Catalyst will identify strategic growth opportunities for the Company. The exercise of the Consideration Warrants is conditional, among other things, on if such opportunities are approved by the Company's Board of Directors and the opportunity results in certain benchmark achievements ("Benchmark Success", as that term is defined in the Catalyst Agreement). If Benchmark Success has been achieved, then Catalyst will be deemed to have exercised the Consideration Warrants and the Company shall issue and deliver Ordinary Shares that on payout equal to 20% of the then-enlarged capital of the Company, up to a maximum of 54,000,000 Ordinary Shares.

The fair value of $0.250 per Consideration Warrant granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $0.50; risk-free rate 1.11%; expected volatility 48.69%; annual dividend yield 0%; expected remaining life of the options of 3.33 years. The expected volatility is based on historic volatility of similar companies in the public market.

The total cost of the Consideration Warrants recognized during the three and nine months ended November 30, 2014 of $36,872 (three months ended November 30, 2013 - $nil) was recorded as an expense and an increase to warrants (component of equity). The amount recognized reflects management's estimates of the number of Consideration Warrants expected to ultimately vest, which as at November 30, 2014 is estimated to be 5,899,545 based on the issued and outstanding ordinary shares of the Company. No warrants vested under this agreement during the three and nine months ended November 30, 2014.

11. Share-based compensation

Share options outstanding	Number of options		Weighted average exercise price		Weighted average measurement date fair value
Balance, February 28, 2013	425,000	$	0.41	$	0.037
Granted	235,000		1.50		0.326
Expired	(11,667)		1.50		0.224
Forfeited	(3,333)		1.50		0.326
Balance, February 28, 2014	645,000	$	0.78	$	0.137
Replacement of eQube Options on Amalgamation (Note 4)	(645,000)	$	0.78	$	0.137
Issuance of Options on Amalgamation (Note 4)	1,935,000		0.27		0.046
Acquisition of Triox (Note 4)	372,949		0.30		0.171
Granted	1,350,000		0.50		0.169
Exercised	(636,658)		0.20		0.091
Balance, November 30, 2014	**3,021,291**	**$**	**0.39**	**$**	**0.107**
Options exercisable at November 30, 2014	**2,796,291**	**$**	**0.38**	**$**	**0.107**

The Options outstanding as at November 30, 2014 have exercise prices ranging from $0.09 - $0.50 and a weighted average remaining contractual life of 5.69 years (options outstanding at February 28, 2014 – exercise prices ranging from $0.26 - $1.50 and weighted average remaining contractual life of 1.46 years).

Pursuant to the Amalgamation, all of the options to purchase eQube Class A Shares (“eQube Options”) were replaced with options (“Options”) to purchase three Ordinary Shares for each eQube Class A Share issuable on exercise of the eQube Options and 372,949 Options (after giving effect to the Consolidation, Note 4) were acquired.

For Options exercised during the three and nine months ended November 30, 2014, the weighted average share price at the date of exercise was $0.50. 324,658 of the Options exercised were considered a non-cash transaction as payment for the options in the amount of $101,181 was received by the Company prior to the Amalgamation and included in the acquired net assets described in Note 4.

The Company granted Options to purchase 1,350,000 Ordinary Shares to certain directors, officers, board advisors, employees, management company employees and consultants of the Company immediately after the closing of the Amalgamation. These options vested immediately, have an exercise price of $0.50, and expire October 30, 2024. The fair value of $0.169 per option granted was estimated using the Black- Scholes option pricing model using the following grant date assumptions: grant date stock price $0.50; risk-free rate 1.11%; expected volatility 48.69%; annual dividend yield 0%; expected remaining life of the options of 3 years. The expected volatility is based on historic volatility of similar companies in the public market.

11. Share-based compensation (continued)

The total share-based compensation recognized during the three months ended November 30, 2014, including options previously granted that vested during the period, of $216,943 (three months ended November 30, 2013 - $29,141) was recorded as an expense and an increase to contributed surplus.

The total share-based compensation recognized during the nine months ended November 30, 2014, including options previously granted that vested during the period, of $236,370 (nine months ended November 30, 2013 - $29,141) was recorded as an expense and an increase to contributed surplus.

12. Sales, service and other revenue

	Three months ended		Nine months ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Hardware and software rentals	**$ 577,678**	$ 528,255	**$ 1,525,048**	$ 1,503,464
Customer support and other services	**418,456**	109,468	**1,253,433**	688,441
Hardware and software sales	**-**	195,447	**825,000**	195,447
	$ 996,134	$ 833,170	**$ 3,603,481**	$ 2,387,352

13. General and administrative expenses

	Three months ended		Nine months ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Compensation & benefits	**$ 649,868**	$ 471,650	**$ 1,545,119**	$ 1,228,912
Professional fees	**286,999**	54,475	**703,696**	163,558
Office and other	**47,892**	59,950	**160,403**	171,737
Advertising and promotion	**(9,034)**	47,321	**124,315**	113,956
Rent	**34,419**	33,291	**101,194**	93,734
Business taxes, insurance & licenses	**24,851**	53,140	**93,343**	126,326
Consideration Warrants (Note 10)	**36,872**	-	**36,872**	-
	$ 1,071,867	$ 719,827	**$ 2,764,942**	$ 1,898,223

14. Finance income and costs

Finance income and costs are comprised of the following:

	Three months ended		Nine months ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Finance income				
Interest income	**$ (3,481)**	$ (3,481)	**$ (10,443)**	$ (10,443)
Finance costs				
Interest on short-term debt	**22,930**	187	**28,047**	640
Interest on finance leases	**-**	2,197	**1,450**	8,303
Interest on demand term loans	**32,760**	25,405	**92,118**	69,210
Interest on shareholders and related loans	**60,575**	61,981	**135,434**	201,376
Commissions on issuance of common shares	**-**	-	**11,400**	-
Dividends on preferred shares	**51,359**	15,671	**154,534**	15,671
Amortization of finance fees	**1,285**	1,285	**3,856**	3,856
Total finance costs	**168,909**	106,726	**426,839**	299,056
Net finance costs	**$ 165,428**	$ 103,245	**$ 416,396**	$ 288,613

15. Supplemental cash flow information

	Three months ended		Nine months ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Change in non-cash operating working capital:				
Accounts receivable	**$ 20,805**	$ 49,512	**$ (83,969)**	$ (61,465)
Accrued receivables	**3,457**	-	**20,722**	93,166
Supplies and components	**(888)**	-	**(13,793)**	-
Prepaid expenses and deposits	**(170,432)**	19,834	**71,541**	13,881
Accounts payable and accrued liabilities	**(718,604)**	(32,320)	**(296,988)**	(17,907)
Deferred revenue	**4,146**	739,825	**(743,601)**	739,825
	$ (861,516)	$ 776,851	**$ (1,046,088)**	$ 767,500
Supplementary information:				
Increase in finance lease obligations	**$ -**	$ -	**$ -**	$ -
Interest and dividends paid	**$ 144,694**	$ 105,254	**$ 383,536**	$ 294,662
Income taxes received (paid)	**$ -**	$ -	**$ -**	$ -

16. Loss per share

	Three months ended		Nine months ended	
	November 30, 2014	November 30, 2013	**November 30, 2014**	November 30, 2013
Net loss	**$ (3,172,948)**	$ (705,276)	**$ (4,758,799)**	$ (1,689,831)
Basic weighted average number of common shares	**22,178,844**	18,234,402	**19,644,216**	18,234,402
Diluted weighted average number of common shares	**22,178,844**	18,234,402	**19,644,216**	18,234,402
Basic loss per share	**$ (0.14)**	$ (0.04)	**$ (0.24)**	$ (0.09)
Diluted loss per share	**$ (0.14)**	$ (0.04)	**$ (0.24)**	$ (0.09)

Loss per share has been calculated as if the conversion of each eQube Class A Share into three Ordinary Shares (Note 4) had occurred pro-rata for all share transactions prior to the Amalgamation on October 30, 2014.

For the three and nine months ended November 30, 2014 and 2013, the diluted loss per share was the same as the basic net loss per share as the inclusion of stock options and warrants would have been anti-dilutive. Accordingly, the diluted loss per share for the period was calculated using the basic weighted average number of common shares outstanding.

17. Contractual obligations

The Company's contractual obligations at November 30, 2014 are as follows:

	2015	2016	2017	2018	Thereafter	Total
Accounts payable and accrued liabilities	$ 456,238	$ -	$ -	$ -	$ -	$ 456,238
Demand term loans	75,000	750,000	750,000	75,538	-	1,650,538
Shareholders loans	78,244	306,611	115,145	-	-	500,000
Other related loans	218,285	926,660	1,018,629	582,937	-	2,746,511
Preferred shares	-	-	1,810,000	250,000	-	2,060,000
Total	$ 827,767	$ 1,983,271	$ 3,693,774	$ 908,475	$ -	$ 7,413,287

18. Economic dependence

Sales with the Company's largest customer accounted for approximately 45.0% of revenue during the three months ended November 30, 2014 (three months ended November 30, 2013 – 58.1%) and 37.9% for the nine months ended November 30, 2014 (nine months ended November 30, 2014 – 60.2%). As at November 30, 2014, this customer accounted for approximately 26.7% of accounts receivable (February 28, 2014 – 70.9%).

19. Fair value measurement of financial instruments

The carrying amount of cash, accounts receivable, accrued receivables and accounts payable and accrued liabilities reasonably approximate their fair value due to their immediate or short term maturity.

The carrying amount of demand term loans, shareholder loans, other related loans and preferred shares reasonably approximate their fair value as the interest rates are comparable to current market rates (Level 2).