

**eQube Gaming Limited**  
**Condensed Interim Consolidated Financial Statements**

*For the Three Months and Nine Months Ended November 30, 2017*  
*(Unaudited)*

## **Notice to Reader**

*The accompanying unaudited condensed interim financial statements of the Company have been prepared by management.*

*Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company. The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.*

# **eQube Gaming Limited**

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**eQube Gaming Limited**  
**Condensed Interim Consolidated Statements of Financial Position**  
(Expressed in Canadian dollars)  
(Unaudited)

	November 30, 2017	February 28, 2017
<b>Assets</b>		
Current Assets		
Cash	\$ 361,809	\$ 1,037,258
Accounts receivable	530,246	700,847
Accrued receivables	114,891	78,847
Supplies and components	249,409	2,678
Inventory	42,762	-
Prepaid expenses and deposits	114,745	881,369
	<b>1,413,861</b>	<b>2,700,999</b>
Property and equipment (Note 7)	1,536,640	1,440,735
Intangible assets (Note 8)	664,103	587,466
Total Assets	<b>\$ 3,614,605</b>	<b>\$ 4,729,201</b>
<b>Liabilities</b>		
Current Liabilities		
Accounts payable and accrued liabilities (Note 9)	650,658	667,539
Deferred revenue	282,766	565,676
Demand term loans (Note 10)	-	75,538
Current portion of shareholder loans (Note 11)	495,238	352,131
Current portion of other related loans (Note 11)	180,491	228,897
Current portion of other loans (Note 12)	1,598,926	1,817,391
Current portion of obligations under finance lease (Note 13)	15,888	11,334
Current income tax payable	32,031	29,675
Preferred shares (Note 14)	1,400,000	1,400,000
	<b>4,655,998</b>	<b>5,148,181</b>
Long term liabilities		
Shareholder loans (Note 11)	860,000	397,138
Other related loans (Note 11)	31,868	154,181
Other loans (Note 12)	282,313	1,365,855
Obligations under finance lease (Note 13)	38,777	29,124
Preferred shares (Note 14)	660,000	660,000
Total Liabilities	<b>6,528,956</b>	<b>7,754,479</b>
<b>Deficiency</b>		
Share capital (Note 15)	8,135,041	8,135,041
Contributed surplus	435,437	435,437
Deficiency	(11,530,765)	(11,601,439)
Deficiency attributable to the owners of the company	(2,960,286)	(3,030,961)
Non-controlling interest (Note 16)	45,934	5,683
Total deficiency	(2,914,352)	(3,025,278)
Total liabilities and equity	<b>\$ 3,614,605</b>	<b>\$ 4,729,201</b>

On behalf of the Board  
*(signed) Andrew Janko* Director    *(signed) Douglas Osrow* Director

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

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Sales, service and other revenue	\$ 1,413,215	\$ 1,712,078	4,599,624	4,494,391
Direct costs	518,828	711,895	1,633,892	1,637,400
Gross Profit	<b>894,388</b>	<b>1,000,183</b>	<b>2,965,733</b>	<b>2,856,991</b>
Expenses				
General and administrative expenses (Note 19)	555,328	752,130	2,048,894	2,927,866
Impairment of supplies and components	0	0	0	1,746
Total expenses	<b>555,328</b>	<b>752,130</b>	<b>2,048,894</b>	<b>2,929,612</b>
Income (loss) before other expenses (income)	<b>339,060</b>	<b>248,053</b>	<b>916,839</b>	<b>(72,621)</b>
Other expenses (income)				
Finance income (Note 20)	(179)	(3,496)	331	(11,448)
Finance costs (Note 20)	135,336	176,197	441,355	509,815
Depreciation and amortization	182,101	331,565	664,931	1,042,892
Foreign exchange loss (gain)	32,632	19,006	50,882	41,411
Total other expenses (income)	<b>349,889</b>	<b>523,272</b>	<b>1,157,498</b>	<b>1,582,670</b>
Loss before income taxes	<b>(10,830)</b>	<b>(275,219)</b>	<b>(240,660)</b>	<b>(1,655,291)</b>
Income tax expense (recovery)	(15,109)	(59,478)	(65,802)	(62,717)
<b>Net profit / (loss) and comprehensive loss from continuing operations</b>	<b>\$ 4,280</b>	<b>\$ (215,741)</b>	<b>\$ (174,857)</b>	<b>\$ (1,592,574)</b>
<b>Net profit / (loss) and comprehensive loss from discontinued operations</b>	<b>\$ -</b>	<b>\$ (178,709)</b>	<b>\$ -</b>	<b>\$ (48,284)</b>
Total net (loss) / income and comprehensive (loss) income attributable to:				
Owners of the Company - continuing operations	<b>(12,337)</b>	<b>(180,311)</b>	<b>(215,109)</b>	<b>(1,529,089)</b>
Owners of the Company - discontinued operations	-	<b>(178,709)</b>	-	<b>(48,284)</b>
Non-controlling interest (Note 16)	<b>16,616</b>	<b>(35,430)</b>	<b>40,251</b>	<b>(63,485)</b>
	<b>\$ 4,280</b>	<b>\$ (394,450)</b>	<b>\$ (174,857)</b>	<b>\$ (1,640,858)</b>
Loss per share (Note 23)				
Basic				
From continuing operations	\$ 0.00	\$ (0.01)	(0.01)	\$ (0.05)
From discontinued operations	\$ 0.00	\$ (0.01)	0.00	\$ 0.00
Diluted				
From continuing operations	\$ 0.00	\$ (0.01)	(0.01)	\$ (0.05)
From discontinued operations	\$ 0.00	\$ (0.01)	0.00	\$ 0.00

**eQube Gaming Limited**  
**Condensed Interim Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)  
(Unaudited)

	Share capital amount	Warrants	Contributed Surplus	Deficiency	Total	Non- controlling interest	Total (deficiency) equity
Balance at February 29, 2016	\$ 8,135,041	\$ 63,866	\$ 371,040	\$ (10,630,149)	\$ (2,060,202)	\$ 194,606	(1,865,596)
Net loss	-	-	-	(1,577,373)	(1,577,373)	(63,485)	(1,640,858)
Share-based compensation related to stock options granted and vested	-	-	531	-	531	-	531
Expiration of Warrants (Note 16)	-	(63,866)	63,866	-	-	-	-
<b>Balance at November 30, 2017</b>	<b>\$ 8,135,041</b>	<b>\$ -</b>	<b>\$ 435,437</b>	<b>\$ (12,207,522)</b>	<b>\$ (3,637,044)</b>	<b>\$ 131,121</b>	<b>\$ (3,505,923)</b>
Balance at February 28, 2017	\$ 8,135,041	\$ -	\$ 435,437	\$ (11,601,439)	\$ (3,030,961)	5,683	\$ (3,025,278)
Net loss	-	-	-	(215,109)	(215,109)	40,251	(174,857)
Movement on FX Reserve	-	-	-	285,783	285,783	-	285,783
<b>Balance at November 30, 2017</b>	<b>\$ 8,135,041</b>	<b>\$ -</b>	<b>\$ 435,437</b>	<b>\$ (11,530,765)</b>	<b>\$ (2,960,287)</b>	<b>\$ 45,934</b>	<b>\$ (2,914,352)</b>

**eQube Gaming Limited**  
**Condensed Interim Consolidated Statements of Cash Flows**  
(Expressed in Canadian dollars)  
(Unaudited)

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
<b>Operating</b>				
Net Loss	\$ 4,280	\$ (394,450)	\$ (276,243)	\$ (1,640,858)
Adjustments for:				
Finance income	(179)	(3,481)	331	(10,443)
Interest expense	84,156	124,839	279,841	353,324
Dividends on preferred shares	51,359	51,358	155,205	155,205
Depreciation of property and equipment	162,688	302,878	595,621	958,393
Amortization of intangible assets	19,413	33,834	116,015	99,232
Impairment of supplies and components	-	-	-	1,746
(Gain) loss on disposal of property and equipment	-	(50)	-	(50)
Transfer of property and equipment to direct costs	-	265,427	-	265,427
Loss on disposal of subsidiary	-	2,412	-	2,412
Amortization of finance fees	-	-	5,972	1,286
Share-based compensation	-	94	-	531
Change in non-cash operating working capital (Note 22)	51,116	(666,192)	314,329	(132,005)
Net cash flows provided by operating activities	372,832	- 283,331	1,191,071	54,200
<b>Financing</b>				
Repayment of demand term loans	-	(75,000)	(75,539)	(675,000)
Repayment of shareholder loans	-	-	398,296	-
Repayment of other related loans	(42,384)	(38,687)	(169,015)	(2,259,008)
Repayment of finance lease obligations	(8,852)	(2,837)	14,207	(9,446)
Repayment of other loans	(375,465)	(342,708)	(1,302,007)	(787,760)
Proceeds on shareholder loans	200,000	-	200,000	100,000
Proceeds on other related loans	-	400,000	-	400,000
Proceeds on other loans	-	-	-	4,300,000
Interest paid	(84,156)	(132,345)	(279,804)	(368,440)
Dividends paid	(51,359)	(51,358)	(155,205)	(155,205)
Net cash flows (used in) financing activities	(362,216)	(242,935)	(1,369,067)	545,141
<b>Investing</b>				
Proceeds on disposal of property and equipment	-	50	-	50
Purchase of property and equipment	(13,253)	(17,419)	(367,023)	(76,307)
Purchase of and capitalization of intangible assets	(46,063)	(52,753)	(130,430)	(179,124)
Net cash flows used in investing activities	(59,316)	(70,122)	(497,453)	(255,381)
Net (decrease) increase in cash and cash equivalents	(48,700)	(596,388)	(675,449)	343,960
Cash and cash equivalents, beginning of period	410,508	958,783	1,037,258	18,435
Cash and cash equivalents, end of period	\$ 361,808	\$ 362,395	\$ 361,809	\$ 362,395
Supplement cash flow information (Note 22)				

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 1. Reporting entity

eQube Gaming Limited (the “Company”) 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 Ireland. The ordinary shares are listed on the TSXV. The Company’s registered office is located at #100, 10493 – 184 Street, Edmonton, Alberta.

### 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, 2017.

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

These condensed interim consolidated financial statements for the three months and nine months ended November 30, 2017, including comparatives, were authorized for issue by the Board of Directors on January 29, 2018.

### 3. Significant accounting policies

The condensed interim consolidated financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual consolidated financial statements for the year ended February 28, 2017.

#### 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.
- eQube International Inc.
- eQube Technology and Software (UK) Limited
- e3 Gaming Limited
- The Satellite Bingo Network (TSBN) Inc. (“TSBN”)
- 657255 Alberta Ltd. (Note 4)
- Alberta Satellite Bingo Limited Partnership (“Alberta Satellite Bingo LP”)
- e3 Bingo Limited

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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. e3 Bingo Limited (an Irish company incorporated February 11, 2016) was consolidated for the year ended February 29, 2016 and until the Company's interest was disposed of on October 31, 2016.

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. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

### b) Recent accounting pronouncements not yet effective

The following pronouncements from the International Accounting Standards Board ("IASB") are not yet effective and have not been early adopted by the Company. The Company intends to adopt these standards when they become effective.

IFRS 9, *Financial Instruments*, as issued reflects the IASB's work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements.

## 4. 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. For the three and nine months ended November 30, 2017, there were no changes in the Company's objectives and policies for capital management.

The Company includes the following in the definition of capital:

	November 30, 2017	February 28, 2017
Demand term loans	\$ -	\$ 75,538
Shareholder loans	1,355,238	749,269
Other related loans	212,359	383,078
Other loans	1,881,239	3,183,246
Obligations under finance lease	54,665	40,458
Preferred shares	2,060,000	2,060,000
Deficiency	(2,960,286)	(3,030,961)
	<b>\$ 2,603,215</b>	<b>\$ 3,460,628</b>

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 brokered and non-brokered offerings.

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 5. Disposal of subsidiary

The Company took over the operations of Rock Bingo on January 4, 2016 and operated it in the legal entity e3 Bingo Limited (“e3 Bingo”) which was incorporated February 11, 2016. On October 31, 2016 the Company sold its 100% equity interest in e3 Bingo to a close family member of the CEO for a purchase price of €100. Under IAS 24, Related Party Disclosures this transaction meets the criteria of a related party transaction. The operations of e3 Bingo were previously disclosed in the Hall Operations reporting segment but are now disclosed as discontinued operations. The carrying amount of the net assets disposed of are as follows:

Net asset carrying amount	\$	21,308
Proceeds from the sale		147
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Loss of disposal of subsidiary	\$	(21,161)
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# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 5. Disposal of subsidiary (continued)

	Twelve months ended February 28,	
	2017	2016
Sales, service and other revenue	\$ -	\$ 240,968
Direct costs	\$ -	70,615
Gross profit	-	170,353
Expenses		
General and administrative expenses	-	140,862
Total expenses	-	140,862
Loss before other expenses (income)	-	29,491
Other expenses (income)		
Depreciation and amortization	928	-
Loss on disposal of subsidiary	36,708	-
Foreign exchange gain	-	(3,455)
Total other expenses	37,636	(3,455)
Loss before income taxes	(37,636)	32,946
Income tax expense	-	-
Net loss and comprehensive loss from discontinued operations	\$ (37,636)	\$ 32,946

The operations of e3 Bingo had the following impact on the consolidated statements of cash flows:

	Twelve months ended February 28,	
	2017	2016
Net cash flows provided by operating activities	\$ 59,920	\$ (18,442)

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 6. Financial instruments and risk exposures

#### Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its obligations under a contract. This risk primarily arises from the Company's receivables from customers.

The Company regularly reviews the collectability of its accounts receivable and accrued receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivables and accrued receivables. As at November 30, 2017, the balance of the allowance account for credit losses was \$nil (February 28, 2017 - \$nil).

Generally, payment terms for accounts receivable are 30 days. The Company has certain accounts receivable that have not been settled by the contractual date but are not considered to be impaired. The amounts at November 30, 2017 and February 28, 2017, by length of time past due, are:

	November 30, 2017	February 28, 2017
1 to 30 days past due	\$ 125,326	\$ 91,014
31 to 60 days past due	256,492	15,736
Greater than 60 days past due	4,215	14,509
<b>Total</b>	<b>\$ 386,033</b>	<b>\$ 121,259</b>

As at November 30, 2017, the Company had one customer owing more than \$50,000 that accounted for approximately 43% of all the trade accounts receivable owing (February 28, 2017 – two customers owing more than \$50,000; approximately 58% of all the trade accounts receivable). As at November 30, 2017, trade accounts receivable associated with customers that each individually exceeded 10% of the Company's sales, service and other revenue totalled 43% of trade accounts receivable (February 28, 2017 – 20%).

The Company may also have credit risk relating to cash, which it manages by dealing with large banks. The Company's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments such as guaranteed investment funds. The Company's cash carrying value as at November 30, 2017, totalled \$361,809 (February 28, 2017 - \$1,037,258), accounts receivable totalled \$530,246 (February 28, 2017 - \$700,847), representing the maximum exposure to credit risk of these financial assets.

#### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 6. Financial instruments and risk exposures (continued)

The Company has in place a planning and budgeting process which helps determine funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

As at November 30, 2017, the Company had cash of \$361,809 (February 28, 2017 - \$1,037,258), accounts receivable of \$530,246 (February 28, 2017 - \$700,847), for a total of \$892,055 (February 28, 2017 - \$1,816,952). Current and on demand obligations from accounts payable and accrued liabilities, current income tax payable, interest bearing loans, and dividend paying preferred shares total \$4,196,095 (February 28, 2017 - \$4,960,106). The deficiency of current assets to cover the Company's short-term obligations will be funded through operations, by new debt financing and by managing accounts payable terms.

The Company's contractual obligations at November 30, 2017 summarized by fiscal year are as follows:

	On demand	2018	2019	2020	2021	Total
Current income tax payable	-	32,031	-	-	-	32,031
Accounts payable and accrued liabilities	-	650,658	-	-	-	650,658
Shareholder loans	160,000	158,101	437,137	-	600,000	1,355,238
Other related loans	-	180,491	31,868	-	-	212,359
Other loans	-	1,598,926	282,313	-	-	1,881,239
Obligation under finance lease	-	15,888	21,498	14,071	3,208	54,665
Preferred shares'	-	1,400,000	660,000	-	-	2,060,000
<b>Total</b>	<b>\$ 160,000</b>	<b>\$4,036,095</b>	<b>\$1,432,816</b>	<b>\$ 14,071</b>	<b>\$ 603,208</b>	<b>\$6,246,190</b>

The Company's contractual obligations at February 28, 2017 summarized by fiscal year were as follows:

	On demand	2018	2019	2020	2021	Total
Current income tax payable	-	32,031	-	-	-	32,031
Accounts payable and accrued liabilities	-	650,658	-	-	-	650,658
Shareholder loans	160,000	158,101	437,137	-	600,000	1,355,238
Other related loans	-	180,491	31,868	-	-	212,359
Other loans	-	1,598,926	282,313	-	-	1,881,239
Obligation under finance lease	-	15,888	21,498	14,071	3,208	54,665
Preferred shares'	-	1,400,000	660,000	-	-	2,060,000
<b>Total</b>	<b>\$ 160,000</b>	<b>\$4,036,095</b>	<b>\$1,432,816</b>	<b>\$ 14,071</b>	<b>\$ 603,208</b>	<b>\$6,246,190</b>

The contractual obligations included in the tables above include interest and dividend payments where applicable.

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 6. Financial instruments and risk exposures (continued)

On April 30, 2017, the Company repaid the remainder of the demand loan and closed the operating line of credit.

##### Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to currency risk as a result of certain costs being denominated in the United States dollars and Euros. The Company holds cash and accounts receivable and has liabilities in currencies other than the Canadian dollar. As a result, the Company is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative financial instruments to alter the risks associated with the foreign exchange fluctuations.

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately \$3,000 for the three months ended November 30, 2017 (2016 - \$1,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately \$4,000 (2016 - \$1,000).

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately \$1000 for the nine months ended November 30, 2017 (2016 - \$1000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately \$2000 (2016 - \$1000)

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of November 30, 2017, The Company does not have exposure to any financial instruments that are subject to floating interest rates.

The Company does not enter into any interest rate swaps to mitigate interest rate risk.

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately \$nil for the three months ended November 30, 2017 (2016 - \$5,000).

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately \$nil for the nine months ended November 30, 2017 (2016 - \$5,000).

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 7. Property and equipment

	Gaming system	Computer equipment	Office furniture and equipment	Test equipment	Automotive equipment	Leasehold improvements	Total
<b>Cost or deemed cost</b>							
Balance at February 28, 2016	\$ 10,643,261	\$ 290,514	\$ 141,311	\$ 455,656	\$ 61,306	\$ 50,999	\$ 11,643,047
Additions	154,516	14,258	5,397	1,742	-	2,235	178,148
Acquisitions through business combinations	-	-	2,206	-	-	-	2,206
Transfers	-	4,552	(4,552)	-	-	-	-
(Disposals)	(1,369,078)	(231,885)	-	(330,267)	(25,299)	(1,207)	(1,957,736)
Balance at February 28, 2017	9,428,699	77,439	144,362	127,131	36,007	52,027	9,865,665
Additions	695,170	3,448	1,104	5,987	520	815	707,044
(Disposals)	-	-	(13,059)	-	-	-	(13,059)
<b>Balance at November 30, 2017</b>	<b>\$ 10,123,869</b>	<b>\$ 80,887</b>	<b>\$ 132,407</b>	<b>\$ 133,118</b>	<b>\$ 36,527</b>	<b>\$ 52,842</b>	<b>\$ 10,559,650</b>
<b>Depreciation and impairment losses</b>							
Balance at February 28, 2016	\$ 7,644,892	\$ 265,452	\$ 106,334	\$ 386,362	\$ 29,360	\$ 43,107	8,475,507
Depreciation	1,041,250	12,743	11,278	28,701	7,031	9,539	1,110,542
Impairment	56,988	286	82	-	-	-	57,356
(Disposals)	(644,997)	(230,682)	-	(316,290)	(25,299)	(1,207)	(1,218,475)
Balance at February 28, 2017	8,098,133	47,799	117,694	98,773	11,092	51,439	8,424,930
Depreciation	559,221	11,751	24,993	7,824	6,192	1,157	611,138
(Disposals)	-	-	(13,058)	-	-	-	(13,058)
<b>Balance at November 30, 2017</b>	<b>\$ 8,657,354</b>	<b>\$ 59,550</b>	<b>\$ 129,629</b>	<b>\$ 106,597</b>	<b>\$ 17,284</b>	<b>\$ 52,596</b>	<b>\$ 9,023,010</b>
<b>Carrying amounts</b>							
At February 28, 2017	\$ 1,330,566	\$ 29,640	\$ 26,668	\$ 28,358	\$ 24,915	\$ 588	\$ 1,440,735
<b>Balance at November 30, 2017</b>	<b>\$ 1,466,515</b>	<b>\$ 21,337</b>	<b>\$ 2,778</b>	<b>\$ 26,521</b>	<b>\$ 19,243</b>	<b>\$ 246</b>	<b>\$ 1,536,640</b>

As at November 30, 2017 the net carrying amount for gaming systems and automotive equipment under finance lease was \$63,903, (February 28, 2017: \$97,487).

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 8. Intangible assets

	Computer software	Deferred development costs	Gaming intellectual property	Total
<b>Cost</b>				
Balance at February 28, 2017	125,517	978,830	137,403	1,241,750
Additions	84,500	45,930	-	130,430
<b>Balance at November 30, 2017</b>	<b>\$ 210,017</b>	<b>\$ 1,024,760</b>	<b>\$ 137,403</b>	<b>\$ 1,372,180</b>
<b>Amortization</b>				
Balance at February 28, 2017	28,826	512,476	112,982	654,284
Amortization and impairments	24,215	19,495	10,083	53,793
<b>Balance at November 30, 2017</b>	<b>\$ 53,041</b>	<b>\$ 531,971</b>	<b>\$ 123,065</b>	<b>\$ 708,077</b>
<b>Carrying amounts</b>				
At February 28, 2017	96,691	466,354	24,421	587,466
<b>Balance at November 30, 2017</b>	<b>\$ 156,976</b>	<b>\$ 492,789</b>	<b>\$ 14,338</b>	<b>\$ 664,103</b>

#### 9. Accounts payable and accrued liabilities

	November 30, 2017	February 28, 2017
Trade payables	\$ 326,236	\$ 121,687
Accrued liabilities	324,422	545,852
<b>Total</b>	<b>\$ 650,658</b>	<b>\$ 667,539</b>

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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#### 10. Demand term loans

The Company has the following demand term loan:

Demand term loan in the amount of \$900,000 (February 28, 2017 - \$900,000). The amount drawn on the loan at November 30, 2017 was \$nil (February 28, 2017 - \$75,538). The demand term loan bears interest at the bank's prime rate plus 5.0% which totalled 7.70% at November 30, 2017 (February 28, 2017 – prime plus 5.0% which totalled 7.70%). The loan was fully repaid April 30, 2017.

	November 30, 2017	February 28, 2017
Demand term loans	\$ -	\$ 75,538
<b>Total</b>	<b>\$ -</b>	<b>\$ 75,538</b>

During the three months ended November 30, 2017 interest expense of \$nil (November 30, 2016 - \$5,616) was recorded and is included in finance costs (Note 20). During the nine months ended November 30, 2017 interest expense of \$429 (November 30, 2016 - \$27,909) was recorded and is included in finance costs (Note 20).

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 11. Related party transactions

#### a) Shareholder loans and other related loans

	November 30, 2017	February 28, 2017
Shareholder loans		
Loan, bearing interest at 18% to April 30, 2013 and then 10% thereafter, monthly interest only payments of \$1,318 until March 1, 2017, at which time the loan can be called by the lender	\$ 158,101	\$ 158,101
Loans, bearing interest at 10%, monthly interest only payments of \$1,411 until March 1, 2018, at which time the loan can be called by the lender, convertible at the lender's option into ordinary shares at \$0.75/share. The conversion option has been valued at \$nil (February 28, 2017 - \$nil)	169,371	169,371
Loan, bearing interest at 10%, monthly interest only payments of \$565 until March 1, 2018, at which time the loan can be called by the lender	67,767	67,767
Loan, bearing interest at 10%, monthly interest only payments of \$500 due at the option of the borrower	60,000	60,000
Loan, bearing interest at 10% due March 1, 2018, monthly interest only payments of \$833, due at the option of the borrower	100,000	100,000
Loan, bearing interest at 10%, monthly interest only payments of \$1,534, repaid on April 24, 2017		200,000
Loan, bearing interest at 5%, monthly interest only payments of \$3,333, due July 28, 2020	800,000	
Less debt issuance costs (net of accumulated amortization of \$10,000)		(5,970)
<b>Total</b>	<b>\$ 1,355,239</b>	<b>\$ 749,269</b>

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 11. Related party transactions (continued)

#### b) Shareholder loans and other related loans

	November 30, 2017	February 28, 2017
Other related loans		
Loan, bearing interest at 10%, monthly payments of \$16,134 beginning December 31, 2015, maturing on January 1, 2019	\$ 212,359	\$ 323,078
Loan, bearing interest at 12%, monthly interest only payments of \$600 beginning December 7, 2015, paid on July 31, 2017	-	60,000
<b>Total</b>	<b>\$ 212,359</b>	<b>\$ 383,078</b>
Less current portion:		
Shareholder loans	\$ 495,238	\$ 352,131
Other related loans	\$ 180,491	\$ 228,897
Long term portion:		
Shareholder loans	\$ 860,000	\$ 397,138
Other related loans	\$ 31,868	\$ 154,181

All loans are secured by a second fixed charge over all present and after-acquired property of the Company.

The shareholder and other related loans contain demand features. Certain lenders have waived the demand provisions until March 1, 2018.

#### *Shareholder loans:*

On November 27, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$60,000 from an entity owned and controlled by the Chief Operating Officer (“COO”) of the Company. The loan bears interest at 10% per annum with the principal amount due at the option of the borrower.

On March 1, 2016, the Company entered into a financing arrangement for a demand term loan in the amount of \$100,000 from an entity controlled by the COO of the Company. The loan bears interest at 10% per annum with the principal amount due at the option of the borrower.

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 11. Related party transactions (continued)

#### *Shareholder loans (continued)*

On January 23, 2017, the Company entered into a financing arrangement for a three month demand term loan in the amount of \$200,000 from the COO of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term. The loan was repaid in full on April 18, 2017.

#### *Other related loans:*

On December 7, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$60,000 from an entity controlled by the COO of the Company. The loan has an eighteen-month term. The loan bears interest at 12% per annum with the principal amount due upon demand at the end of the loan term.

On December 10, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$500,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three year term. The loan bears interest at 10% per annum with monthly payments of \$16,134. The amount drawn on the loan at November 30, 2017 was \$212,359 (February 28, 2017 - \$323,078) and is included in "other related loans". The proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.

During the three months ended November 30, 2017, interest expense on shareholder and other related loans of \$29,509 (2016 - \$30,656) was recorded as expense and is included in finance costs (Note 20). During the nine months ended November 30, 2017, interest expense on shareholder and other related loans of \$74,177 (2016 - \$100,667) was recorded as expense and is included in finance costs (Note 20).

#### **c) 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 November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Short-term employee benefits	\$ 46,112	\$ 150,491	\$ 268,133	\$ 477,683
Share-based payments	-	94	-	531
	\$ 46,112	\$ 150,585	\$ 268,133	\$ 478,214

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. Compensation and short-term employee benefits consist of wages and salaries paid or payable to employees, accrued vacation, and other benefits paid or payable within 12 months.

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 11. Related party transactions (continued)

#### d) Other related party transactions

As at November 30, 2017 accrued receivables includes \$nil (February 28, 2017 - \$46,753) due from an entity controlled by the Chief Executive Officer (“CEO”) of the Company.

Upon financial review of the accrued receivables outstanding with management, an adjustment was made to reverse the figure as costs related to this figure were never recognised. This figure was originally related to the now disposed entity Rock Bingo, which is now controlled by the son of the CEO of the Company.

Included In hardware and software rentals revenue for the three month period ended November 30, 2017 is \$nil (three month period ended November 30, 2016 - \$nil) from a company controlled by a close family member of the CEO. Included In hardware and software rentals revenue for the nine month period ended November 30, 2017 is \$43,851 (nine month period ended November 30, 2016 - \$nil) from a company controlled by a close family member of the CEO.

### 12. Other loans

	November 30, 2017	February 28, 2017
Other related loans		
Loan, bearing interest at 10%, monthly payments of \$142,924 beginning May 1, 2016, maturing on December 1, 2018	\$ 1,881,239	\$ 2,883,246
Loan, bearing interest at 12%, monthly interest only payments of \$2,959 beginning March 31, 2016, paid on July 15, 2017	-	300,000
	1,881,239	3,183,246
Less: Current portion	(1,598,926)	(1,817,391)
Total	<b>\$ 282,313</b>	<b>\$ 1,365,855</b>

On March 21, 2016, the Company entered into a financing arrangement for a demand term loan in the amount of \$300,000. The loan has a fifteen month term. The loan bears interest at 12% per annum starting June 30, 2016, with the principal amount due in full at the end of the loan term. The loan is secured by an assignment of proceeds under a specific customer contract.

On May 1, 2016, the Company entered into a financing agreement for a secured loan in the amount of \$4,000,000. The loan has a thirty-two month term and bears interest at 10% per annum with monthly payments of \$142,924. \$1,947,000 of these funds were used to payout demand loans owing to a company controlled by a director of the Company. The loan is secured by an assignment of proceeds under a specific customer contract. Included in cash as at May 28, 2017 is \$148,702 of restricted funds held by the Company and controlled by the lender in order to satisfy the June 2017 payment of \$142,924.

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 12. Other loans (continued)

During the three months ended November 30, 2017, interest expense on other loans of \$53,306 (November 30, 2016 - \$95,038) was recorded as expense and is included in finance costs (Note 20). During the nine months ended November 30, 2017, interest expense on other loans of \$203,181 (November 30, 2016 - \$237,757) was recorded as expense and is included in finance costs (Note 20).

#### 13. Finance lease obligations

The Company has finance leasing arrangements related to gaming systems and automotive equipment. As at November 30, 2017 the net carrying amount for the gaming systems and automotive equipment under a finance lease was \$63,903 (February 28, 2017: \$43,311).

The finance lease repayments are due as follows:

	Future minimum lease payments	Future finance costs	Present value of minimum lease payments
November 30, 2017			
Less than one year	\$ 19,972	\$ 4,084	\$ 15,888
Between one and five years	41,992	3,215	38,777
	<u>\$ 61,964</u>	<u>\$ 7,299</u>	<u>\$ 54,665</u>

#### 14. Preferred shares

The Company declared dividends of \$51,359 for the three months ended November 30, 2017 (2016 - \$51,358), which are included in finance costs (Note 20). The Company declared dividends of \$155,205 for the nine months ended November 30, 2017 (2016 - \$155,205), which are included in finance costs (Note 20).

As at November 30, 2017 \$1,400,000 (February 28, 2017 - \$1,400,000) were retractable within the next twelve months. During the period ended November 30, 2017, holders of \$660,000 of preferred shares agreed to not redeem their preferred shares prior to April 30, 2018.

	November 30, 2017	February 28, 2017
Current portion	\$ 1,400,000	\$ 1,400,000
Long-Term portion	660,000	660,000
Total	<u>\$ 2,060,000</u>	<u>\$ 2,060,000</u>

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

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### 15. Share capital

#### *Ordinary Shares*

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

<b>Ordinary Shares of the Company</b>	<b>Number</b>	<b>Share capital</b>
Balance at November 30, 2017	30,220,727	\$ 8,135,041
Balance at November 30, 2017 and February 28, 2017	<b>30,220,727</b>	<b>\$ 8,135,041</b>

As at November 30, 2017, 2,220,509 (February 28, 2017 – 4,107,689) of the issued shares were held in escrow. These shares will be released from escrow on November 4, 2017.

### 16. Non-controlling interest

Alberta Satellite Bingo Limited Partners (“Alberta Satellite Bingo”) is 0.25% owned by the Company and the remaining 99.75% is owned by various charitable organizations. The Company has control over Alberta Satellite Bingo due to significant decision making powers and exposure to variable returns that differ from other investors. The non-controlling interests for the other investors’ share of Alberta Satellite Bingo’s net operations for the period has been recorded in the non-controlling interest (“NCI”).

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 16. Non-controlling interest (continued)

	Alberta Satellite Bingo LP	Intra-Group Eliminations	Total
NCI Percentage	99.75%		
Current assets	\$ 77,901	\$ -	\$ 77,901
Non-Current assets	31,392	-	31,392
Current liabilities	(88,971)	-	(88,971)
Net assets	\$ 20,322	\$ -	\$ 20,322
<b>Carrying amount of NCI</b>	<b>\$ 45,934</b>	<b>\$ -</b>	<b>\$ 45,934</b>
Revenue	\$ 442,891	\$ -	\$ 442,891
Net income and comprehensive income	40,352	-	40,352
<b>Net income allocated to NCI</b>	<b>\$ 40,251</b>	<b>\$ -</b>	<b>\$ 40,251</b>
Net cash flows used in operating activities	\$ 34,562	\$ -	\$ 34,562
Net cash flows from financing activities	(41,000)	-	(41,000)
Net cash flows used in investing activities	(19,598)	-	38,777
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (26,036)</b>	<b>\$ -</b>	<b>\$ 32,339</b>

**eQube Gaming Limited**  
**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended November 30, 2017  
 (Expressed in Canadian dollars)  
 (Unaudited)

**17. Share-based compensation**

Stock options outstanding are as follows:

Stock options outstanding	Number of options	Weighted average exercise price	Weighted average measurement date fair value
Balance at February 28, 2017	825,000	\$ 0.50	\$ 0.118
Granted	-	0.50	0.118
Exercised	-	0.50	0.118
Expired	-	0.50	0.118
Forfeited	-	0.50	0.118
<b>Balance at November 30, 2017</b>	<b>825,000</b>	<b>\$ 0.50</b>	<b>\$ 0.118</b>
Options exercisable at February 28, 2017	825,000	\$ 0.50	\$ 0.118
<b>Options exercisable at November 30, 2017</b>	<b>825,000</b>	<b>\$ 0.50</b>	<b>\$ 0.118</b>

The Options outstanding as at November 30, 2017 have an exercise price of \$0.50 and a weighted average remaining contractual life of 5.68 years (February 28, 2017 – exercise price of \$0.50 and a weighted average remaining contractual life of 6.43 years).

**18. Segment information**

For the three and nine months ended November 30, 2017, the Company has identified two operating segments: eBingo and Linked Games. In the prior year, a third segment (Hall Operations) was identified. This segment was disposed on October 31, 2016 (Note 5). In identifying these operating segments, management generally assesses results of these two service lines. Each of these operating segments are managed separately as each requires different resource allocations and performance assessment.

All inter – segment transactions are carried out at arm’s length prices based on prices charged to unrelated customers in standalone sales of identical goods or services. For management purposes, the Company uses the same measurement policies as those used in its consolidated financial statements

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 18. Segment information (continued)

Segmented results for the three months ended November 30, 2017 were as follows:

	eBingo	Linked Games	Total
<b>Sales, services and other revenue</b>	<b>\$ 1,272,061</b>	<b>\$ 141,154</b>	<b>\$ 1,413,215</b>
Expenses			
Direct costs	450,643	68,185	518,828
General and administrative	525,152	30,176	555,328
<b>(Loss) gain before other expenses (income)</b>	<b>296,266</b>	<b>42,793</b>	<b>339,059</b>
Finance income	(179)	-	(179)
Finance costs	135,336	-	135,336
Depreciation and amortization	139,451	42,650	182,101
Foreign exchange (gain) loss	32,377	255	32,632
<b>(Loss) gain before income taxes</b>	<b>(10,719)</b>	<b>(112)</b>	<b>(10,831)</b>
Income tax	(15,109)	-	(15,109)
Net (loss) earnings and comprehensive (loss) earnings	\$ 4,390	\$ (112)	\$ 4,278
<b>Non-current assets</b>	<b>\$ 2,172,688</b>	<b>\$ 28,055</b>	<b>\$ 2,200,743</b>

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 18. Segment information (continued)

Segmented results for the nine months ended November 30, 2017 were as follows:

	eBingo	Linked Games	Total
<b>Sales, services and other revenue</b>	<b>\$ 4,087,508</b>	<b>\$ 512,116</b>	<b>\$ 4,599,624</b>
Expenses			
Direct costs	1,407,469	226,423	1,633,892
General and administrative	1,921,889	127,005	2,048,894
<b>(Loss) gain before other expenses (income)</b>	<b>758,150</b>	<b>158,688</b>	<b>916,838</b>
Finance income	324	7	331
Finance costs	441,355	-	441,355
Depreciation and amortization	533,583	131,348	664,931
Foreign exchange (gain) loss	50,498	382	50,880
<b>(Loss) gain before income taxes</b>	<b>(267,610)</b>	<b>26,951</b>	<b>(240,659)</b>
Income tax	(65,802)	-	(65,802)
<b>Net (loss) earnings and comprehensive (loss) earnings</b>	<b>\$ (201,808)</b>	<b>\$ 26,951</b>	<b>\$ (174,857)</b>
<b>Non-current assets</b>	<b>\$ 2,172,688</b>	<b>\$ 28,055</b>	<b>\$ 2,200,743</b>

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 18. Segment information (continued)

The Company, together with its subsidiaries, is engaged in the design, development, distribution, licensing and sale of technology-based electronic bingo and social gaming solutions for regulated gaming markets in Canada, the United States and Ireland. Similar products and services are generally provided to external customers across all jurisdictions. The Company entered into the bingo hall operations in Ireland during the year ended February 29, 2016 which were subsequently sold on October 31, 2016 (Note 5). These results are included in discontinued operations. The Company's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

	Sales, services and other revenue		Sales, services and other revenue		Non-current assets	
	Three months ended November 30,		Nine months ended November 30,		August 31,	February 28,
	2017	2016	2017	2016	2017	2017
Canada	\$ 321,630	\$ 695,192	\$ 1,990,317	\$ 2,143,410	\$ 1,370,363	\$1,061,482
United States	811,335	522,912	1,958,095	1,462,643	375,625	462,689
Ireland and other	280,250	493,974	651,212	888,338	454,755	504,031
	\$ 1,413,215	\$ 1,712,078	\$ 4,599,624	\$ 4,494,391	\$ 2,200,743	\$2,028,202

Revenues from external customers in the Company's major markets (Canada, the United States and Ireland) have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

An analysis of the Company's sales, service and other revenue for each major category is as follows:

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Hardware and software rentals	\$ 558,705	\$ 691,379	\$ 2,038,025	\$ 2,183,072
Bingo supplies	50,323	-	122,368	-
Customer support and other services	39,032	466,955	759,941	1,322,826
Game revenue	160,041	190,702	531,003	615,079
Hardware and software sales	605,114	363,042	1,148,287	373,414
	\$ 1,413,215	\$ 1,712,078	\$ 4,599,624	\$ 4,494,391

# eQube Gaming Limited

## Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

### 19. General and administrative expenses

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Compensation and benefits	\$ 227,986	\$ 520,982	\$ 1,023,260	\$ 1,610,181
Professional fees	86,888	128,976	327,595	513,794
Advertising and promotion	13,940	108,643	192,979	372,024
Rent	42,773	62,000	151,058	187,457
Office and other	152,541	(100,128)	243,848	107,864
Business taxes, insurance and licenses	31,271	31,657	110,225	136,546
Consideration warrants (Note 20)	(71)	-	(71)	-
	\$ 555,328	\$ 752,130	\$ 2,048,894	\$ 2,927,866

### 20. Finance income and costs

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Finance income				
Interest income	\$ 179	\$ 3,496	\$ (331)	\$ 11,448
Finance costs				
Interest on short-term debt and accounts payable	\$ -	\$ (7,506)	\$ 37	\$ (15,116)
Interest on finance leases	1,162	1,035	2,763	2,107
Interest on demand term loans	-	5,616	-	27,909
Interest on shareholder and other related loans	29,509	30,656	74,177	100,667
Interest on other loans	53,306	95,038	203,181	237,757
Dividends on preferred shares	51,359	51,358	155,205	155,205
Amortization of finance fees	-	-	5,972	1,286
	\$ 135,336	\$ 176,197	\$ 441,335	\$ 509,815

**eQube Gaming Limited**  
**Notes to the Condensed Interim Consolidated Financial Statements**

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

**21. Contingencies**

A breach of contract lawsuit was filed against the Company in December 2012. The matter is currently in the legal examination phase. Management believes it is possible, but not probable that the claim will be successful and no provision relating to the claim has been recorded in these financial statements.

A wrongful dismissal lawsuit was filed against the Company during the year ended February 29, 2012. The matter is currently in the legal examination phase. Management believes the matter was appropriately settled upon the employee's termination, but will defend against the claim should it continue. Management believes it is possible, but not probable that the claim will be successful and no provision relating to the claim has been recorded in these financial statements.

A wrongful dismissal lawsuit was filed against the Company in October 2016. The matter has not yet entered the legal examination phase. Management believes the matter was appropriately settled upon the employee's termination, but will defend against the claim should it continue. Management believes it is possible, but not probable that the claim will be successful and no provision relating to the claim has been recorded in these financial statements.

**22. Supplemental cash flow information**

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Changes in non-cash working capital:				
Accounts receivable	\$ 173,184	\$ (65,580)	\$ 170,601	\$ 92,064
Accrued receivables	23,744	(24,512)	(36,044)	459,863
Supplies and components	116,786	(6,762)	(246,731)	15,730
Inventory	(2,008)	-	(42,762)	-
Current income taxes	-	(10,664)	2,356	(10,664)
Prepaid expenses and deposits	17,147	(475,265)	766,624	(492,334)
Accounts payable and accrued liabilities	(46,459)	(33,961)	(16,881)	(294,183)
Deferred revenue	(231,278)	(49,448)	(282,910)	97,519
	\$ 51,116	\$ (666,192)	\$ 314,253	\$ (132,005)

For the purpose of the statement of cash flows, cash and cash equivalents is comprised of the following:

	November 30,		February 28,		November 30,	
	2017		2017		2016	
Cash	\$ 361,809	\$ 1,037,258	\$ 403,420			
Bank indebtedness	-	-	(41,025)			
	\$ 361,809	\$ 1,037,258	\$ 362,395			

## eQube Gaming Limited

### Notes to the Condensed Interim Consolidated Financial Statements

For the three and nine months ended November 30, 2017

(Expressed in Canadian dollars)

(Unaudited)

#### 23. Income (loss) per share

	Three months ended November 30,		Nine months ended November 30,	
	2017	2016	2017	2016
Net income (loss) from continuing operations	\$ 4,280	\$ (215,741)	\$ (174,857)	\$ (1,592,574)
Net income (loss) from discontinued operations	\$ -	\$ (178,709)	\$ -	\$ (48,284)
Basic weighted average number of ordinary shares	30,220,727	30,220,727	30,220,727	30,220,727
Diluted weighted average number of ordinary shares	30,220,727	30,220,727	30,220,727	30,220,727
Basic income (loss) per share				
From continuing operations	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.05)
From discontinued operations	\$ -	\$ (0.01)	\$ -	\$ -
Diluted income (loss) per share				
From continuing operations	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.05)
From discontinued operations	\$ -	\$ (0.01)	\$ -	\$ -

For the three and nine months ended November 30, 2017 and November 30, 2016, the diluted loss per share was the same as the basic 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.