eQube Gaming Limited
Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended November 30, 2015
(Unaudited)

Notice to Reader

The following interim consolidated financial statements and notes have not been reviewed by the Company's auditors but have been reviewed and approved by the Company's Audit Committee and Board of Directors.

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

		November 30, 2015		February 28, 2015
Assets				
Current assets				
Cash	$	**91,605**	$	2,132,829
Accounts receivable		**560,671**		381,697
Accrued receivables		**733,715**		460,000
Supplies and components (Note 7)		**53,586**		62,076
Prepaid expenses and deposits		**201,236**		352,014
		1,640,813		3,388,616
Accrued receivables		**439,113**		888,670
Property and equipment (Note 8)		**3,302,176**		2,894,792
Intangible assets (Note 9)		**437,699**		323,478
Total assets	$	**5,819,801**	$	7,495,556
Liabilities				
Current liabilities				
Bank indebtedness (Note 10)	$	**49,690**	$	117,440
Accounts payable and accrued liabilities (Note 11)		**858,865**		492,846
Demand term loans (Note 12)		**897,966**		1,569,109
Current portion of shareholders loans (Note 13)		**60,000**		304,704
Current portion of other related loans (Note 13)		**1,147,703**		926,660
Current portion of obligations under finance lease (Note 14)		**6,839**		-
		3,021,063		3,410,759
Long term liabilities				
Accounts payable and accrued liabilities (Note 11)		**384,523**		-
Shareholders loans (Note 13)		**395,239**		117,052
Other related loans (Note 13)		**1,169,781**		1,601,566
Obligations under finance lease (Note 14)		**26,014**		-
Preferred shares (Note 15)		**2,060,000**		2,060,000
Total liabilities		**7,056,620**		7,189,377
Equity (deficiency)				
Share capital (Note 16)		**8,135,041**		8,082,700
Warrants (Note 17)		**554,952**		212,179
Contributed surplus		**370,759**		365,996
Deficiency		**(10,729,726)**		(8,354,696)
(Deficiency) equity attributable to owners of the Company		**(1,668,974)**		306,179
Non-controlling interest (Note 4)		**432,155**		-
Total (deficiency) equity		**(1,236,819)**		306,179
Total liabilities and equity	$	**5,819,801**	$	7,495,556

On behalf of the Board

_____________________ Director _____________________ Director

See accompanying notes to the condensed interim consolidated financial statements.

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

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Sales, service and other revenue (Note 19)	**$ 1,397,277**	$ 996,134	**$ 3,813,393**	$ 3,603,481
Direct costs	**350,110**	407,192	**1,152,405**	1,790,339
Gross profit	**1,047,167**	588,942	**2,660,988**	1,813,142
Expenses				
General and administrative expenses (Note 20)	**1,065,685**	1,071,867	**3,313,118**	2,764,942
Impairment of supplies and components	**20,172**	15,446	**58,777**	46,337
Total expenses	**1,085,857**	1,087,313	**3,371,895**	2,811,279
Loss before other expenses (income)	**(38,690)**	(498,371)	**(710,907)**	(998,137)
Other expenses (income)				
Finance income (Note 21)	**(3,481)**	(3,481)	**(13,873)**	(10,443)
Finance costs (Note 21)	**135,445**	168,909	**452,798**	426,839
Depreciation and amortization	**460,128**	414,296	**1,338,798**	1,195,122
Loss on disposal of property and equipment	**-**	8,514	**-**	35,659
Loss on write off of intangible assets	**-**	-	**76**	-
Foreign exchange (gain) loss	**67,378**	(1,153)	**4,470**	24,829
Transaction cost	**-**	2,087,492	**-**	2,087,492
Total other expenses	**659,470**	2,674,577	**1,782,269**	3,759,498
Loss before income taxes	**(698,160)**	(3,172,948)	**(2,493,176)**	(4,757,635)
Current income tax expense	**214**	-	**214**	1,164
Net loss and comprehensive loss	**$ (698,374)**	$ (3,172,948)	**$ (2,493,390)**	$ (4,758,799)
Total net loss and comprehensive loss attributable to:				
Owners of the Company	**(647,505)**	(3,172,948)	**(2,375,030)**	(4,758,799)
Non-controlling interest (Note 4)	**(50,869)**	-	**(118,360)**	-
	$ (698,374)	$ (3,172,948)	**$ (2,493,390)**	$ (4,758,799)
Loss per share (Note 24)				
Basic	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)
Diluted	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)

See accompanying notes to the condensed interim consolidated financial statements.

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

	Share capital amount	Warrants	Contributed surplus	Deficiency	Total	Non-controlling interest	Total equity
Balance at February 28, 2014	$ 2,958,800	$ -	$ 107,099	$ (2,582,957)	$ 482,942	$ -	$ 482,942
Net loss for the six months ended November 30, 2014	-	-	-	(4,758,799)	(4,758,799)	-	(4,758,799)
Shares from treasury	142,500	-	-	-	142,500	-	142,500
Acquisition of Triox	1,883,334	-	96,221	-	1,979,555	-	1,979,555
Shares and broker warrants issued on Amalgamation	3,287,500	-	-	-	3,287,500	-	3,287,500
Consideration Warrants (Note 17)	-	36,872	-	-	36,872	-	36,872
Transaction costs, net of tax of nil	(406,982)	467,534	-	-	60,552	-	60,552
Share-based compensation related to stock options granted and vested	-	-	236,370	-	236,370	-	236,370
Exercise of stock options	216,817	-	(87,555)	-	129,262	-	129,262
Balance at November 30, 2014	$ 8,081,969	$ 504,406	$ 352,135	$ (7,341,756)	$ 1,596,754	$ -	$ 1,596,754
Balance at February 28, 2015	$ 8,082,700	$ 212,179	$ 365,996	$ (8,354,696)	$ 306,179	$ -	$ 306,179
Net loss for the nine months ended November 30, 2015	-	-	-	(2,375,030)	(2,375,030)	(118,360)	(2,493,390)
Acquisition of subsidiary (Note 4)	-	-	-	-	-	550,515	550,515
Consideration Warrants (Note 17)	-	342,773	-	-	342,773	-	342,773
Share-based compensation related to stock options granted and vested	-	-	6,884	-	6,884	-	6,884
Exercise of stock options	52,341	-	(2,121)	-	50,220	-	50,220
Balance at November 30, 2015	**$ 8,135,041**	**$ 554,952**	**$ 370,759**	**$ (10,729,726)**	**$ (1,668,974)**	**$ 432,155**	**$ (1,236,819)**

See accompanying notes to the condensed interim consolidated financial statements.

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

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Operating				
Net loss	**$ (698,374)**	$ (3,172,948)	**$ (2,493,390)**	$ (4,758,799)
Adjustments for:				
Accrued revenue	**-**	-	**-**	460,000
Finance income	**(3,481)**	(3,481)	**(10,443)**	(10,443)
Interest expense	**82,800**	116,265	**293,735**	268,449
Dividends on preferred shares	**51,359**	51,359	**155,206**	154,534
Depreciation of property and equipment	**415,579**	374,050	**1,213,748**	1,075,648
Amortization of intangible assets	**46,269**	40,246	**126,770**	119,474
Impairment of supplies and components	**20,172**	15,446	**58,777**	46,337
Loss on disposal of property and equipment	**-**	8,514	**-**	35,659
Write-down of intangible assets	**-**	-	**76**	-
Amortization of finance fees	**1,286**	1,285	**3,857**	3,856
Share-based compensation	**(2,284)**	216,943	**6,884**	236,370
Consideration Warrants (Note 17)	**113,327**	36,872	**342,773**	36,872
Transaction cost on Amalgamation	**-**	2,087,492	**-**	2,087,492
Change in non-cash operating working capital (Note 23)	**481,863**	(861,516)	**1,085,220**	(1,046,088)
Net cash flows provided by (used in) operating activites	**508,516**	(1,089,473)	**783,213**	(1,290,639)
Financing				
Repayment of demand term loans	**(75,000)**	(50,000)	**(675,000)**	(1,575,000)
Repayment of shareholders loans	**-**	(374,372)	**(26,517)**	(382,365)
Repayment of other related loans	**(258,371)**	(149,293)	**(710,742)**	(223,569)
Repayment of finance lease obligations	**(3,153)**	(74)	**(3,153)**	(35,332)
Proceeds on demand term loans	**-**	52,323	**-**	476,285
Proceeds on shareholders loans	**60,000**	-	**60,000**	400,000
Proceeds on other related loans	**500,000**	2,001,045	**500,000**	2,933,396
Proceeds from the issuance of preferred shares	**-**	-	**-**	250,000
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	**50,220**	28,081
Interest paid	**(82,800)**	(93,335)	**(293,735)**	(229,002)
Dividends paid	**(51,359)**	(51,359)	**(155,206)**	(154,534)
Net cash flows (used in) provided by financing activities	**89,317**	4,307,400	**(1,254,133)**	4,563,444
Investing				
Cash acquired in Amalgamation	**-**	5,731	**-**	5,731
Acquisition of subsidiary, net of cash acquired	**-**	-	**172,847**	-
Purchase of property and equipment	**(793,486)**	(30,258)	**(1,503,787)**	(501,497)
Purchase of and capitalization of intangible assets	**(75,437)**	(17,819)	**(171,614)**	(96,706)
Net cash flows used in investing activities	**(868,923)**	(42,346)	**(1,502,554)**	(592,472)
Net decrease in cash and cash equivalents	**(271,090)**	3,175,581	**(1,973,474)**	2,680,333
Cash and cash equivalents, beginning of period	**313,005**	(87,162)	**2,015,389**	408,086
Cash and cash equivalents, end of period	**$ 41,915**	$ 3,088,419	**$ 41,915**	$ 3,088,419

Supplemental cash flow information (Note 23)

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.

While the Company was 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 was 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.

Pursuant to the Amalgamation Agreement, eQube and 1824721 Alberta Ltd. amalgamated 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.

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.

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, 2015.

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

2. Basis of presentation (continued)

These condensed interim consolidated financial statements for the three and nine months ended November 30, 2015, including comparatives, were authorized for issue by the Board of Directors on January 20, 2016.

3. Significant accounting policies

The 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, 2015 except as noted 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")
- 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)
- e3 Gaming Limited (an Irish company incorporated December 15, 2014)
- The Satellite Bingo Network (TSBN) Inc. ("TSBN", Note 4)
- 657255 Alberta Ltd. (Note 4)
- Alberta Satellite Bingo Limited Partnership ("Alberta Satellite Bingo LP", Note 4)

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.

3. Significant accounting policies (continued)

The Company adopted a new accounting policy on business combinations for the recognition and measurement of consideration transferred, assets acquired and liabilities assumed and non-controlling interests.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

b) Revenue

Game revenue

The acquisition of the operations of Alberta Satellite Bingo and the Irish linked session bingo game resulted in the Company adopting a new accounting policy for the recognition and measurement of game revenue. The Company earns shared revenue from its games for the administration of linked session bingo and other games. Game revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount receivable can be measured reliably.

c) Use of estimates and management judgment

When preparing the interim consolidated financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim consolidated financial statements, including the key sources of estimation uncertainty, were the same as those applied in the Company's last annual consolidated financial statements for the year ended February 28, 2015.

d) 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 Company have been disclosed in the audited consolidated financial statements as at and for the year ended February 28, 2015. No additional standards, interpretations, amendments and improvements applicable to the Company were issued prior to November 30, 2015.

(Expressed in Canadian dollars)

4. Acquisition of the Alberta Satellite Bingo business

On June 19, 2015, the Company acquired the operations of Alberta Satellite Bingo, which is comprised of Alberta Satellite Bingo LP, 657255 Alberta Ltd. and TSBN. The acquisition includes assets, intellectual property and existing personnel to operate a linked bingo game in the Province of Alberta. The Company acquired the operations of Alberta Satellite bingo to provide a complimentary service line to the Company's existing gaming systems in Alberta.

a) Consideration transferred

The table below summarises the acquisition date fair value of each major class of consideration transferred.

Cash at closing date	$	50,000
Contingent consideration		17,636
	$	**67,636**

The contingent consideration, consisting of cash, is a maximum of $25,000. This amount is dependent on the former shareholders meeting certain performance conditions and settling all pre-acquisition expenses of TSBN which totaled $7,364 (Note 4c). The adjusted amount of $17,636 was paid on September 30, 2015.

b) Acquisition related costs

The Company incurred acquisition related costs of $1,139 for legal fees. These costs are included in general and administrative expenses.

(Expressed in Canadian dollars)

4. Acquisition of the Alberta Satellite Bingo business (continued)

c) Identifiable assets acquired and liabilities assumed

The following table summarises the recognized amounts of assets acquired and liabilities assumed at the acquisition date.

	TSBN	657255 Alberta Ltd.	Alberta Satellite Bingo LP	Total
Cash	$ 4,533	$ -	$ 235,950	$ 240,483
Accounts receivable	747	100	62,503	63,350
Accrued receivable	-	-	119,207	119,207
Supplies and components	-	-	74,860	74,860
Property and equipment	5,004	-	76,334	81,338
Intangible assets	69,453	-	-	69,453
Accounts payable and accrued liabilities	(13,580)	-	(16,960)	(30,540)
	$ 66,157	**$ 100**	**$ 551,894**	**$ 618,151**
Percentage of interest held	100%	100%	0.25%	-

The accounts receivable is comprised of gross contractual amounts due of $63,350, of which $nil is expected to be uncollectible at the acquisition date.

Fair values measured on a provisional basis:

- The contingent consideration adjustment is not final. Management is waiting for the final billing of all pre- acquisition costs (Note 4a).
- Management is still assessing the recoverability of the accrued receivable balance of $119,207 and it has been provisionally valued.

(Expressed in Canadian dollars)

4. Acquisition of the Alberta Satellite Bingo business (continued)

d) Goodwill

Goodwill arising from the acquisition has been recognised as follows.

Consideration transferred	$	67,636
Non-controlling interest, based on their proportionate interest in the recognised amounts of the assets and liabilities of Alberta Satellite Bingo LP		550,515
Fair value of identifiable net assets		(618,151)
Goodwill	**$**	**-**

e) Contribution to the consolidated results

The operations of Alberta Satellite Bingo contributed $309,465 of revenue and a net loss of $83,858 to the consolidated net loss for the June 19, 2015 to November 30, 2015 period. The operations of Alberta Satellite Bingo contributed $168,713 of revenue and a net loss of $36,498 to the consolidated net loss for the three months ended November 30, 2015.

If the operations had been acquired on March 1, 2015, there would be no impact on the consolidated revenue and net loss for the three months ended November 30, 2015. For the nine months ended November 30, 2015, the consolidated revenue would have been $4,142,811 and the consolidated net loss would have been $2,541,492.

(Expressed in Canadian dollars)

4. Acquisition of the Alberta Satellite Bingo business (continued)

f) Non-controlling interest ("NCI")

The following table summarises the information relating to the Company's subsidiary as at November 30, 2015 that has a material NCI, before any intra-group eliminations.

	Alberta Satellite Bingo LP	Intra-Group Eliminations	Total
NCI Percentage	99.75%		
Current assets	$ 386,858	$ -	$ 386,858
Non-current assets	63,425	-	63,425
Current liabilities	(17,044)	-	(17,044)
Net assets	$ 433,239	$ -	$ 433,239
Carrying amount of NCI	**$ 432,155**	**$ -**	**$ 432,155**
Revenue	301,129	-	301,129
Net loss and comprehensive loss	(118,657)	21,912	(96,745)
Net loss allocated to NCI	**$ (118,360)**	**$ -**	**$ (118,360)**
Net cash flows used in operating activities	(231,999)	-	(231,999)
Net decrease in cash and cash equivalents	**$ (231,999)**	**$ -**	**$ (231,999)**

(Expressed in Canadian dollars)

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. For the three and nine months ended November 30, 2015, 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, 2015	February 28, 2015
Demand term loans	**$ 897,966**	$ 1,569,109
Shareholders loans	**455,239**	421,756
Other related loans	**2,317,484**	2,528,226
Obligations under finance lease	**32,853**	-
Preferred shares	**2,060,000**	2,060,000
(Deficiency) equity	**(1,668,974)**	306,179
	$ 4,094,568	$ 6,885,270

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 brokered and non-brokered offerings (the "Offerings") concluded in the prior year. The Company has an operating line of credit in place that can be drawn upon, if required.

Under the Company's credit facilities for the operating line of credit and 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, 2015 the Company was in violation of this covenant. Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

6. Financial instruments and risk exposures

Fair value measurement

The Company's financial assets include cash, accounts receivable and accrued receivables. The Company's financial liabilities include bank indebtedness, accounts payable and accrued liabilities, demand term loans, shareholders loans, other related loans and preferred shares.

The Company has classified its cash, accounts receivable and accrued receivables as loans and receivables, measured at amortized cost using the effective interest method. Bank indebtedness, accounts payable and accrued liabilities, demand term loans, shareholders loans, other related loans and preferred shares are classified as other financial liabilities, measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The carrying value of cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities reasonably approximate their fair value due to their immediate or short term maturity. The carrying value of accrued receivables (measured at amortized cost) reasonably approximates fair value as the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

The carrying value of demand term loans, shareholders loans, other related loans and preferred shares reasonably approximate their fair value. The fair value is a Level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar instruments with similar terms and conditions. These estimates are subjective in nature as current interest rates are selected from a range of potentially acceptable rates and, accordingly, other fair value estimates are possible.

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's exposure to credit risk is dependent upon the characteristics of each customer. Credit exposure in Canada is minimized as the Company's primary revenue sources are the respective gaming commissions of provincial governments. In its operations, the Company does not obtain collateral or other security to support financial instruments subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate loss for non-performance. Each customer is assessed for credit worthiness and their financial well-being monitored on a continual basis.

The Company does not have credit insurance or other financial instruments to mitigate its credit risk as management has determined that the exposure is minimal due to the composition of its customer base.

(Expressed in Canadian dollars)

6. Financial instruments and risk exposures (continued)

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, 2015, the balance of the allowance account for credit losses was $nil (February 28, 2015 - $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, 2015 and February 28, 2015, by length of time past due, are:

	November 30, 2015	February 28, 2015
1 to 30 days past due	**$ 395,659**	$ 132,108
31 to 60 days past due	**23,276**	41,273
Total	**$ 418,935**	$ 173,381

As at November 30, 2015, the Company had one customer owing more than $50,000 that accounted for approximately 37% of all the trade accounts receivable owing (February 28, 2015 – three customers owing more than $50,000; approximately 62% of trade accounts receivable). Trade accounts receivable associated with customers that each individually exceeded 10% of the Company's sales, service and other revenue for the year totalled 37% of trade accounts receivable (February 28, 2015 – 45%). In addition, the balance in accrued receivables relates primarily to one customer.

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, 2015, totalled $91,605 (February 28, 2015 - $2,132,829), accounts receivable totalled $560,671 (February 28, 2015 - $381,697), and accrued receivables totalled $1,172,828 (February 28, 2015 - $1,348,670), 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.

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.

To manage this risk the Company maintains an operating line of credit which provides access to funds to meet short-term financing obligations.

(Expressed in Canadian dollars)

6. Financial instruments and risk exposures (continued)

As at November 30, 2015, the Company had cash of $91,605 (February 28, 2015 - $2,132,829), accounts receivable of $560,671 (February 28, 2015 - $381,697), and current portion of accrued receivables of $733,715 (February 28, 2015 - $460,000) for a total of $1,385,991 (February 28, 2015 - $2,974,526). Current and on demand obligations from bank indebtedness, accounts payable and accrued liabilities, interest bearing loans, and dividend paying preferred shares total $2,184,463 (February 28, 2015 - $3,853,015). 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.

Demand loans are classified as current due to the demand feature associated with each of the loans. Each demand loan has scheduled repayment terms as described in Note 12.

The Company's contractual obligations at November 30, 2015 summarized by fiscal year were as follows:

	On demand	2016	2017	2018	2019	Thereafter	Total
Bank indebtedness	$ 49,690	$ -	$ -	$ -	$ -	$ -	$ 49,690
Accounts payable and accrued liabilities	-	839,973	78,538	69,615	338,579	-	1,326,705
Demand term loans	900,537	-	-	-	-	-	900,537
Shareholders loans	-	11,382	104,028	395,238	-	-	510,648
Other related loans	-	330,196	1,320,785	795,728	112,935	-	2,559,644
Obligations under finance lease	-	1,891	7,565	7,565	7,565	10,177	34,763
Preferred shares	-	50,794	1,956,907	250,671	-	-	2,258,372
Total	$ 950,227	$ 1,234,236	$ 3,467,823	$ 1,518,817	$ 459,079	$ 10,177	$ 7,640,359

The Company's contractual obligations at February 28, 2015 summarized by fiscal year are as follows:

	On demand	2016	2017	2018	Total
Bank indebtedness	$ 117,440	$ -	$ -	$ -	$ 117,440
Accounts payable and accrued liabilities	-	492,846	-	-	492,846
Demand term loans	1,575,538	-	-	-	1,575,538
Shareholder loans	-	334,009	119,095	-	453,104
Other related loans	-	1,127,182	1,127,182	602,125	2,856,489
Preferred shares	-	206,000	1,956,907	250,671	2,413,578
Total	$ 1,692,978	$ 2,160,037	$ 3,203,184	$ 852,796	$ 7,908,995

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

6. Financial instruments and risk exposures (continued)

At February 28, 2015 the Company was in violation of a lending covenant related to the Company's operating line of credit (Note 10) and demand term loans (Note 12). Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

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 $nil for the three months ended November 30, 2015 (2014 - $1,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $nil for the three months ended November 30, 2015 (2014 - $nil).

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately $4,000 for the nine months ended November 30, 2015 (2014 - $1,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $2,000 for the nine months ended November 30, 2015 (2014 - $1,000).

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. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's operating line of credit (bank indebtedness) and demand term loans which 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 $9,000 for the three months ended November 30, 2015 (2014 - $16,000).

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately $12,000 for the nine months ended November 30, 2015 (2014 - $22,000).

(Expressed in Canadian dollars)

7. Supply and components

For the three months ended November 30, 2015 bingo paper supplies included in “Direct costs” amounted to $14,479 (2014: $nil). For the nine months ended November 30, 2015 bingo supplies included in “Direct Costs” amounted to $37,533 (2014: $nil).

8. Property and equipment

	Gaming systems	Computer equipment	Office furniture and equipment	Test equipment	Automotive equipment	Leasehold improvements	Total
Cost or deemed cost							
Balance at February 28, 2014	$ 8,126,953	$ 258,433	$ 113,443	$ 415,956	$ 25,299	$ 46,396	$ 8,986,480
Additions	899,043	8,678	-	5,714	-	4,603	918,038
Disposals	(172,867)	-	-	-	-	-	(172,867)
Balance at February 28, 2015	8,853,129	267,111	113,443	421,670	25,299	50,999	9,731,651
Additions	1,467,870	10,045	25,872	-	36,007	-	1,539,794
Acquisitions through business combinations	72,723	5,702	2,913	-	-	-	81,338
Balance at November 30, 2015	**$ 10,393,722**	**$ 282,858**	**$ 142,228**	**$ 421,670**	**$ 61,306**	**$ 50,999**	**$ 11,352,783**
Depreciation and impairment losses							
Balance at February 28, 2014	$ 4,753,012	$ 248,507	$ 94,841	$ 359,518	$ 24,691	$ 13,742	$ 5,494,311
Depreciation	1,411,816	6,486	4,160	18,390	183	18,358	1,459,393
Disposals	(116,845)	-	-	-	-	-	(116,845)
Balance at February 28, 2015	6,047,983	254,993	99,001	377,908	24,874	32,100	6,836,859
Depreciation	1,178,298	9,240	5,381	10,065	2,700	8,064	1,213,748
Balance at November 30, 2015	**$ 7,226,281**	**$ 264,233**	**$ 104,382**	**$ 387,973**	**$ 27,574**	**$ 40,164**	**$ 8,050,607**
Carrying amounts							
At February 28, 2015	$ 2,805,146	$ 12,118	$ 14,442	$ 43,762	$ 425	$ 18,899	$ 2,894,792
At November 30, 2015	**$ 3,167,441**	**$ 18,625**	**$ 37,846**	**$ 33,697**	**$ 33,732**	**$ 10,835**	**$ 3,302,176**

As at November 30, 2015 the net carrying amount for automotive equipment under finance lease was $33,732 (February 28, 2015: $nil).

(Expressed in Canadian dollars)

9. Intangible assets

	Computer software	Deferred development costs	Gaming intellectual property	Total
Cost				
Balance at February 28, 2014	$ 71,872	$ 466,101	$ -	$ 537,973
Additions	21,669	126,495	-	148,164
Impairments	-	(5,490)	-	(5,490)
Balance at February 28, 2015	93,541	587,106	-	680,647
Additions	-	103,021	68,593	171,614
Acquisitions through business combinations	-	-	69,453	69,453
Derecognition of fully amortized intangible assets	(62,580)	-	-	(62,580)
Balance at November 30, 2015	**$ 30,961**	**$ 690,127**	**$ 138,046**	**$ 859,134**
Amortization				
Balance at February 28, 2014	$ 67,741	$ 126,084	$ -	$ 193,825
Amortization	7,437	155,907	-	163,344
Balance at February 28, 2015	75,178	281,991	-	357,169
Amortization	6,254	102,817	17,699	126,770
Derecognition of fully amortized intangible assets	(62,504)	-	-	(62,504)
Balance at November 30, 2015	**$ 18,928**	**$ 384,808**	**$ 17,699**	**$ 421,435**
Carrying amounts				
At February 28, 2015	$ 18,363	$ 305,115	$ -	$ 323,478
At November 30, 2015	**$ 12,033**	**$ 305,319**	**$ 120,347**	**$ 437,699**

10. Bank indebtedness

The Company has a credit facility arrangement that provides an operating line of credit of $250,000 at November 30, 2015 (February 28, 2015 - $250,000). The operating line bears interest at the bank's prime rate plus 4.00% which totalled 6.70% at November 30, 2015 (February 28, 2015 – prime plus 3.00%, totaling 5.85%). The operating line is secured by a general security agreement over the assets of the Company. There was $49,690 drawn on the operating line at November 30, 2015 (February 28, 2015 - $117,440).

Under the Company's credit facilities for the operating line of credit and demand term loans (Note 12), the annual debt service coverage ratio must not be less than 1.25 to 1. At February 28, 2015 the Company was in violation of this covenant. Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

(Expressed in Canadian dollars)

11. Accounts payable and accrued liabilities

	November 30, 2015	February 28, 2015
Trade payables	**$ 487,112**	$ 199,237
Accrued liabilities	**756,276**	293,609
	$ 1,243,388	$ 492,846
Less current portion:		
Trade payables	**$ 487,112**	$ 199,237
Accrued liabilities	**371,753**	293,609
	$ 858,865	$ 492,846
Long-term portion:		
Trade payables	**$ -**	$ -
Accrued liabilities	**$ 384,523**	$ -

On June 1, 2015 the Company entered into a financial arrangement with a supplier of gaming systems. The liability is classified under accrued liabilities. The arrangement has no term or fixed repayment amount and bears an annual interest rate of 8%. The monthly repayments are based on the higher of 1% of the outstanding balance or a percentage of revenue collected from the operation of the gaming systems. As at November 30, 2015, the gaming systems were not yet available for use and had a carrying value of $434,859.

(Expressed in Canadian dollars)

12. Demand term loans

The Company has the following demand term loans:

a) Demand term loan in the amount of $450,000 (February 28, 2015 - $900,000). At November 30, 2015, $450,000 was drawn on the loan (February 28, 2015 - $900,000). The demand term loan bears interest at the bank's prime rate plus 5.0% which totalled 7.70% at November 30, 2015 (February 28, 2015 – prime plus 4.0% which totalled 6.85%). Interest is payable monthly and principal is repayable in a final annual payment of $450,000 on July 1, 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, 2015 - $900,000). The amount drawn on the loan at November 30, 2015 was $450,538 (February 28, 2015 - $675,538). The demand term loan bears interest at the bank's prime rate plus 5.0% which totalled 7.70% at November 30, 2015 (February 28, 2015 – prime plus 4.0% which totalled 6.85%). 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.

	November 30, 2015	February 28, 2015
Demand term loans	**$ 900,537**	$ 1,575,538
Less debt issuance costs, net of accumulated amortization of $15,429 (February 28, 2015 - $11,571)	**(2,571)**	(6,429)
	$ 897,966	$ 1,569,109

The demand loans are classified as current due to the demand feature associated with each of the loans. Each loan has scheduled repayment terms as described above.

During the three months ended November 30, 2015 interest expense of $8,517 (2014 - $32,760) was recorded and is included in finance costs (Note 21). During the nine months ended November 30, 2015 interest expense of $67,234 (2014 - $92,118) was recorded and is included in finance costs (Note 21).

Under the Company's credit facilities for the operating line of credit (Note 10) and demand term loans, the annual debt service coverage ratio must not be less than 1.25 to 1. At February 28, 2015 the Company was in violation of this covenant. Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

(Expressed in Canadian dollars)

13. Related party transactions

a) Shareholders loans and other related loans

		November 30, 2015		February 28, 2015
Shareholders loans				
Loan, bearing interest at 18% to April 30, 2013 then 10% thereafter, monthly interest only payments of $1,318 until March 1, 2017 (February 28, 2015 – monthly payments of $12,011 beginning November 28, 2014, maturing May 28, 2016).	**$**	**158,101**	$	168,706
Loans, bearing interest at 10%, monthly interest only payments of $1,411 until March 1, 2017 (February 28, 2015 - monthly payments of $9,229 beginning November 28, 2014, maturing on November 28, 2016), convertible at lender's option into ordinary shares at $0.75/share. The conversion option has been valued at $nil (February 28, 2015- $nil).		**169,371**		177,123
Loan, bearing interest at 10%, monthly interest only payments of $565 until March 1, 2017 (February 28, 2015 - monthly payments of $8,792 beginning November 28, 2014, maturing on November 28, 2015).		**67,767**		75,927
Loan, bearing interest at 10%, monthly interest only payments of $500 and the borrower has the option to settle principal amount at any time.		**60,000**		-
Other related loans				
Loan, bearing interest at 9.5%, monthly payments of $64,066 beginning November 1, 2014, maturing on October 28, 2017.		**1,342,312**		1,804,766
Loan, bearing interest at 9.5%, monthly payments of $29,866 beginning June 21, 2014, maturing on May 21, 2017.		**499,205**		723,460
Loan, bearing interest at 10%, monthly payments of $16,134 beginning October 17, 2015, maturing on September 17, 2018.		**475,967**		-
	$	**2,772,723**	$	2,949,982
Less current portion:				
Shareholders loans	**$**	**60,000**	$	304,704
Other related loans	**$**	**1,147,703**	$	926,660
Long-term portion:				
Shareholders loans	**$**	**395,239**	$	117,052
Other related loans	**$**	**1,169,781**	$	1,601,566

13. 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 12).

The shareholders and other related loans contain demand features. The lenders have waived the demand provisions for not less than 365 days after November 30, 2015.

During the three and nine months ended November 30, 2015, the Company entered into a new shareholder loan in the amount of $60,000 (three and nine months ended November 30, 2014 $nil and $400,000 respectively).

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 controlled by a shareholder of the Company. The loan bears interest at 10% per annum with the principal amount due at the option of the borrower.

On March 31, 2014, the Company entered into a 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, 2015 was $1,841,517 (February 28, 2015 - $2,528,226) and is included in “other related loans”. The proceeds of this loan were used in the year ended February 28, 2015 to repay the remaining balance of a $1,000,000 demand term loan, repay certain existing shareholders and other related loans, and to purchase equipment for customer deployment. The loan bears interest at 9.5%. Interest and principal were payable monthly beginning June 21, 2014.

On September 17, 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 amount drawn on the loan at November 30, 2015 was $475,967 (February 28, 2015 - $nil) 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.

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 related to 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 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, 2015, interest expense on shareholders and other related loans of $67,488 (2014 - $60,575) was recorded as expense and is included in finance costs (Note 21). During the nine months ended November 30, 2015, interest expense on shareholders and other related loans of $198,691 (2014 - $135,434) was recorded as expense and is included in finance costs (Note 21).

(Expressed in Canadian dollars)

13. Related party transactions (continued)

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 November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Short-term employee benefits	**$ 75,876**	$ 88,977	**$ 266,285**	$ 253,977
Share-based payments	**904**	211,332	**3,616**	230,257
	$ 76,780	$ 300,309	**$ 269,901**	$ 484,234

Stock options granted to board advisors vest when they receive regulatory approval to become directors. During the three months ended November 30, 2015 the last board advisor received regulatory approval and was appointed to the Board of Directors.

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.

14. Finance lease obligation

The Company has a finance leasing arrangement related to automotive equipment. As at November 30, 2015 the net carrying amount for automotive equipment under a finance lease was $33,732 (February 28, 2015: $nil). The finance lease repayments are due as follows:

	Future minimum lease payments November 30, 2015	**Interest November 30, 2015**	**Present value of minimum lease payments November 30, 2015**	Future minimum lease payments February 28, 2015	Interest February 28, 2015	Present value of minimum lease payments February 28, 2015
Less than one year	**$ 7,565**	**$ 726**	**$ 6,839**	$ -	$ -	$ -
Between one and five years	**27,199**	**1,185**	**26,014**	-	-	-
	$ 34,764	**$ 1,911**	**$ 32,853**	$ -	$ -	$ -

(Expressed in Canadian dollars)

15. Preferred shares

	eQube Class "F" Preferred Shares	Amalco Preferred Shares
Balance at February 28, 2014	$ 1,810,000	$ -
Class F preferred shares issued for cash	250,000	-
Balance at November 30, 2014	2,060,000	-
Exchange of shares pursuant to the Amalgamation	(2,060,000)	2,060,000
Balance at November 30, 2015 and February 28, 2015	**$ -**	**$ 2,060,000**

During the three months ended November 30, 2015 and November 30, 2014 no Amalco Preferred shares were issued. During the nine months ended November 30, 2015 no Amalco Preferred shares were issued (2014 - 250,000 eQube Class F Shares were issued at $1 per share for issuance proceeds of $250,000). The Company declared and paid dividends of $51,359 for the three months ended November 30, 2015 (2014 - $51,359), which are included in finance costs (Note 21). The Company declared and paid dividends of $155,206 for the nine months ended November 30, 2015 (2014 - $154,534), which are included in finance costs (Note 21).

(Expressed in Canadian dollars)

16. Share capital

Ordinary Shares

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

Ordinary Shares of the Company	**Number**		**Share Capital**
Balance at February 28, 2014	6,078,134	$	2,958,800
eQube private placement	95,000		142,500
eQube share split (3:1)	12,346,268		-
Brokered private placement	5,220,000		2,610,000
Non-brokered private placement	1,355,000		677,500
Issuance of shares pursuant to Amalgamation	3,766,667		1,883,334
Exercise of stock options	636,658		216,817
Share issuance costs, net of tax of nil	-		(406,982)
Balance at November 30, 2014	29,497,727		8,081,969
Exercise of stock options	165,000		12,131
Share issuance costs, net of tax of nil	-		(11,400)
Balance at February 28, 2015	29,662,727	$	8,082,700
Exercise of stock options (Note 18)	558,000		52,341
Balance at November 30, 2015	**30,220,727**	**$**	**8,135,041**

As at November 30, 2015, 7,748,718 (February 28, 2015 – 11,623,076) of the issued shares were held in escrow. 1,937,179 of these shares will be released from escrow on May 4, 2016 and every six months thereafter.

(Expressed in Canadian dollars)

17. Warrants

	Number	Warrants
Balance at February 28, 2014	-	$ -
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
Issuance of Consideration Warrants *	33,000	111,441
Balance at February 28, 2015	6,372,945	212,179
Issuance of Consideration Warrants *	111,600	342,773
Balance at November 30, 2015	**6,484,545**	**$ 554,952**

* 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.

Consideration Warrants

The total cost of the Consideration Warrants recognized during the three months ended November 30, 2015 of $113,327 (2014 - $36,872) and during the nine months ended November 30, 2015 of $342,773 (2014 - $36,872) was recorded as general and administrative expense and an increase to warrants (a 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, 2015 is estimated to be 6,044,145 (February 28, 2015 – 5,932,545) 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, 2015.

(Expressed in Canadian dollars)

18. 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, 2014	645,000	$	0.78	$	0.137
Replacement of eQube Options on Amalgamation	(645,000)		0.78		0.137
Issuance of Options on Amalgamation	1,935,000		0.27		0.046
Acquisition of Triox	372,949		0.30		0.171
Granted	1,350,000		0.50		0.169
Exercised	(801,658)		0.18		0.074
Balance at February 28, 2015	2,856,291	$	0.41	$	0.113
Granted	75,000		0.50		0.030
Exercised	(558,000)		0.09		0.007
Expired	(373,291)		0.39		0.137
Balance at November 30, 2015	2,000,000	$	0.50	$	0.135
Options exercisable at November 30, 2015	**1,950,000**	**$**	**0.50**	**$**	**0.137**
Options exercisable at February 28, 2015	1,981,291	$	0.36	$	0.095

The Options outstanding as at November 30, 2015 have an exercise price of $0.50 and a weighted average remaining contractual life of 5.98 years (February 28, 2015 – exercise prices ranging from $0.09 - $0.50 and weighted average remaining contractual life of 5.45 years). For Options exercised during the nine months ended November 30, 2015, the weighted average share price at the date of exercise was $0.21.

The total share-based compensation recognized during the three months ended November 30, 2015, including options previously granted that vested during the period, of $2,284 which was recorded as a recovery and a decrease to contributed surplus (2014 - $216,943 which was recorded as an expense and an increase to contributed surplus). The total share-based compensation recognized during the nine months ended November 30, 2015, including options previously granted that vested during the period, of $6,884 (2014 - $236,370) was recorded as an expense and an increase to contributed surplus.

On July 1, 2015, the Company granted options to purchase 75,000 Ordinary Shares to an employee of the Company. A third of the options vested immediately, a third vesting on July 1, 2016 and the final third vesting on July 1, 2017. The options have an exercise price of $0.50 and expire on June 30, 2025. The fair value of $0.03 per option granted was estimated using the Black-Scholes option pricing model using the following assumptions: grant date stock price $0.24; risk free rate 0.45%; 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.

(Expressed in Canadian dollars)

19. Segment information

The Company does not currently identify separate operating segments as the operating results are monitored by the Company's chief operating decision maker and strategic decisions are made on the basis of consolidated operating results.

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'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, service and other revenue Three months ended November 30,		Sales, service and other revenue Nine months ended November 30,		Non-current assets	
	2015	2014	**2015**	2014	**November 30, 2015**	February 28, 2015
Canada	**$ 699,811**	$ 531,668	**$ 1,900,007**	$ 1,655,335	**$ 1,389,962**	$ 2,112,952
United States	**438,648**	380,030	**1,324,122**	1,708,492	**1,058,333**	730,263
Ireland and other	**258,818**	84,436	**589,264**	239,654	**1,291,580**	375,055
	$ 1,397,277	$ 996,134	**$ 3,813,393**	$ 3,603,481	**$ 3,739,875**	$ 3,218,270

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.

For the three months ended November 30, 2015, $449,257 or 32.15% (2014 - $588,059 or 59.03%) of the Company's revenues depended on one customer (2014: two customers) that each individually exceeded 10% of the Company's sales, service and other revenue. For the nine months ended November 30, 2015, $1,345,328 or 35.28% (2014 - $2,316,476 or 64.28%) of the Company's revenues depended on one customer (2014: two customers) that each individually exceeded 10% of the Company's sales, service and other revenue.

(Expressed in Canadian dollars)

19. Segment information (continued)

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

	Three months ended November 30, 2015	2014	Nine months ended November 30, 2015	2014
Hardware and software rentals	$ **780,484**	$ 577,678	$ **2,177,652**	$ 1,525,048
Customer support and other services	**420,005**	418,456	**1,212,768**	1,253,433
Game revenue	**196,788**	-	**358,124**	-
Hardware and software sales	**-**	-	**64,849**	825,000
	$ **1,397,277**	$ 996,134	$ **3,813,393**	$ 3,603,481

20. General and administrative expenses

	Three months ended November 30, 2015	2014	Nine months ended November 30, 2015	2014
Compensation and benefits	$ **494,580**	$ 649,868	$ **1,633,719**	$ 1,545,119
Professional fees	**128,469**	286,999	**401,971**	703,696
Consideration Warrants (Note 17)	**113,327**	36,872	**342,773**	36,872
Advertising and promotion	**136,346**	(9,034)	**346,018**	124,315
Office and other	**97,560**	47,892	**251,271**	160,403
Business taxes, insurance and licenses	**40,379**	24,851	**167,921**	93,343
Rent	**55,024**	34,419	**169,445**	101,194
	$ **1,065,685**	$ 1,071,867	$ **3,313,118**	$ 2,764,942

(Expressed in Canadian dollars)

21. Finance income and costs

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Finance income				
Interest income	**$ (3,481)**	$ (3,481)	**$ (13,873)**	$ (10,443)
Finance costs				
Interest on short-term debt and accounts payable	**6,587**	22,930	**27,602**	28,047
Interest on finance leases	**208**	-	**208**	1,450
Interest on demand term loans	**8,517**	32,760	**67,234**	92,118
Interest on shareholders and other related loans	**67,488**	60,575	**198,691**	135,434
Commissions on issuance of common shares	**-**	-	**-**	11,400
Dividends on preferred shares	**51,359**	51,359	**155,206**	154,534
Amortization of finance fees	**1,286**	1,285	**3,857**	3,856
	$ 135,445	$ 168,909	**$ 452,798**	$ 426,839

22. 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 the success of the claim is not determinable 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 the success of the claim is not determinable and no provision relating to the claim has been recorded in these financial statements.

(Expressed in Canadian dollars)

23. Supplemental cash flow information

	Three months ended November 30, 2015	2014	Nine months ended November 30, 2015	2014
Change in non-cash operating working capital:				
Accounts receivable	**$ 2,628**	$ 20,805	**$ (115,624)**	$ (83,969)
Accrued receivables	**(25,147)**	3,457	**305,491**	20,722
Supplies and components	**8,611**	(888)	**24,573**	(13,793)
Prepaid expenses and deposits	**291,790**	(170,432)	**150,778**	71,541
Accounts payable and accrued liabilities	**203,981**	(718,604)	**720,002**	(296,988)
Deferred revenue	**-**	4,146	**-**	(743,601)
	$ 481,863	$ (861,516)	**$ 1,085,220**	$ (1,046,088)
Supplementary information:				
Increase in finance lease obligations	**$ -**	$ -	**$ 36,007**	$ -

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

	November 30, 2015	February 28, 2015	November 30, 2014
Cash	**$ 91,605**	$ 2,132,829	$ 3,278,538
Bank indebtedness	**(49,690)**	(117,440)	(190,119)
	$ 41,915	$ 2,015,389	$ 3,088,419

(Expressed in Canadian dollars)

24. Loss per share

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Net loss attributable to owners of the Company	**$ (647,505)**	$ (3,172,948)	**$ (2,375,030)**	$ (4,758,799)
Basic weighted average number of ordinary shares	**30,220,727**	22,178,844	**33,516,586**	19,644,216
Diluted weighted average number of ordinary shares	**30,220,727**	22,178,844	**33,516,586**	19,644,216
Basic loss per share	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)
Diluted loss per share	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)

Loss per share has been calculated as if the conversion of each eQube Class A Share into three Ordinary Shares 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, 2015 and 2014, 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.

25. Post reporting events

The following events occurred subsequent to November 30, 2015:

Related party transactions

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 related to 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 proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.