eQube Gaming Limited
(formerly Triox Limited)
Consolidated Financial Statements

For the Years Ended February 28, 2015 and 2014

eQube Gaming Limited
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Independent Auditor's report

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To the Shareholders of eQube Gaming Limited

We have audited the accompanying consolidated financial statements of eQube Gaming Limited, which comprise the consolidated statements of financial position as at February 28, 2015 and February 28, 2014, the consolidated statements of loss and comprehensive loss, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of eQube Gaming Limited as at February 28, 2015 and February 28, 2014 and its financial performance and its cash flows for the years ended February 28, 2015 and February 28, 2014 in accordance with International Financial Reporting Standards.

Edmonton, Canada

May 27, 2015

Grant Thornton LLP

Chartered Accountants

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

	February 28, 2015	February 28, 2014
Assets		
Current assets		
Cash	**$ 2,132,829**	$ 408,086
Accounts receivable	**381,697**	241,533
Accrued receivables (Note 7)	**460,000**	483,978
Supplies and components (Note 8)	**62,076**	124,532
Prepaid expenses and deposits	**352,014**	463,281
	3,388,616	1,721,410
Accrued receivables (Note 7)	**888,670**	1,334,746
Property and equipment (Note 9)	**2,894,792**	3,492,169
Intangible assets (Note 10)	**323,478**	344,148
Deferred tax assets (Note 14)	**-**	190,959
Total assets	**$ 7,495,556**	$ 7,083,432
Liabilities		
Current liabilities		
Bank indebtedness (Note 11)	**$ 117,440**	$ -
Accounts payable and accrued liabilities	**492,846**	712,692
Deferred revenue	**-**	785,735
Demand term loans (Note 12)	**1,569,109**	2,737,682
Current portion of shareholders loans (Note 13)	**304,704**	14,168
Current portion of other related loans (Note 13)	**926,660**	13,058
Current portion of obligations under finance lease	**-**	35,332
	3,410,759	4,298,667
Long term liabilities		
Shareholders loans (Note 13)	**117,052**	468,197
Other related loans (Note 13)	**1,601,566**	23,626
Preferred shares (Note 15)	**2,060,000**	1,810,000
Total liabilities	**7,189,377**	6,600,490
Equity		
Share capital (Note 16)	**8,082,700**	2,958,800
Warrants (Note 17)	**212,179**	-
Contributed surplus	**365,996**	107,099
Deficiency	**(8,354,696)**	(2,582,957)
Total equity	**306,179**	482,942
Total liabilities and equity	**$ 7,495,556**	$ 7,083,432

On behalf of the Board

"Andrew Janko" Director "Robb McNaughton" Director

See accompanying notes to the consolidated financial statements.

eQube Gaming Limited
Consolidated Statements of Loss and Comprehensive Loss

For the years ended February 28
(Expressed in Canadian dollars)

		2015		2014
Sales, service and other revenue (Note 19)	$	**4,634,821**	$	3,837,199
Direct costs		**2,164,334**		1,270,034
Gross profit		**2,470,487**		2,567,165
Expenses				
General and administrative expenses (Note 20)		**3,735,748**		2,445,552
Impairment of supplies and components (Note 8)		**43,671**		97,268
Impairment of property and equipment (Note 9)		**-**		13,069
Impairment of intangible assets (Note 10)		**5,490**		35,930
Total expenses		**3,784,909**		2,591,819
Loss before other expenses (income)		**(1,314,422)**		(24,654)
Other expenses (income)				
Finance income (Note 21)		**(13,924)**		(13,924)
Finance costs (Note 21)		**577,159**		406,419
Depreciation and amortization		**1,622,737**		1,370,656
Loss on disposal of property and equipment		**56,022**		237
Foreign exchange (gain) loss		**(63,128)**		60,592
Transaction cost (Note 4)		**2,087,492**		-
Total other expenses		**4,266,358**		1,823,980
Loss before income taxes		**(5,580,780)**		(1,848,634)
Deferred income tax expense (recovery) (Note 14)		**190,959**		(115,313)
Net loss and comprehensive loss	$	**(5,771,739)**	$	(1,733,321)
Loss per share (Note 25)				
Basic	$	**(0.26)**	$	(0.10)
Diluted	$	**(0.26)**	$	(0.10)

See accompanying notes to the consolidated financial statements.

eQube Gaming Limited
Consolidated Statements of Changes in Equity

For the years ended February 28
(Expressed in Canadian dollars)

	Share capital amount	Warrants	Contributed surplus	Deficiency	Total equity
Opening balance at February 28, 2013	$ 2,958,800	$ -	$ 68,245	$ (849,636)	$ 2,177,409
Net loss for the year ended February 28, 2014	-	-	-	(1,733,321)	(1,733,321)
Share-based compensation related to stock options granted and vested	-	-	38,854	-	38,854
Balance at February 28, 2014	$ 2,958,800	$ -	$ 107,099	$ (2,582,957)	$ 482,942
Opening balance at February 28, 2014	$ 2,958,800	$ -	$ 107,099	$ (2,582,957)	$ 482,942
Net loss for the year ended February 28, 2015	-	-	-	(5,771,739)	(5,771,739)
Shares issued from treasury	142,500	-	-	-	142,500
Acquisition of Triox Limited (Note 4)	1,883,334	-	96,221	-	1,979,555
Shares issued on Amalgamation (Note 4)	3,287,500	-	-	-	3,287,500
Transaction costs, net of tax of nil	(418,382)	63,866	-	-	(354,516)
Consideration Warrants (Note 17)	-	148,313	-	-	148,313
Share-based compensation related to stock options granted and vested	-	-	251,278	-	251,278
Exercise of stock options	228,948	-	(88,602)	-	140,346
Balance at February 28, 2015	**$ 8,082,700**	**$ 212,179**	**$ 365,996**	**$ (8,354,696)**	**$ 306,179**

See accompanying notes to the consolidated financial statements.

eQube Gaming Limited
Consolidated Statements of Cash Flows
For the years ended February 28
(Expressed in Canadian dollars)

	2015	2014
Operating		
Net loss	**$ (5,771,739)**	$ (1,733,321)
Adjustments for:		
Accrued revenue	**460,000**	(27,500)
Finance income	**(13,924)**	(13,924)
Interest expense	**366,688**	341,730
Dividends on preferred shares	**205,329**	59,545
Depreciation of property and equipment	**1,459,393**	1,260,574
Amortization of intangible assets	**163,344**	110,082
Impairment of supplies and components	**43,671**	97,268
Impairment of property and equipment	**-**	13,069
Impairment of intangible assets	**5,490**	35,930
Deferred tax expense (recovery)	**190,959**	(115,313)
Loss on disposal of property and equipment	**56,022**	237
Amortization of finance fees	**5,142**	5,144
Share-based compensation	**251,278**	38,854
Consideration Warrants (Note 17)	**148,313**	-
Transaction cost on Amalgamation (Note 4)	**2,087,492**	-
Change in non-cash operating working capital (Note 24)	**(1,007,968)**	706,051
Net cash flows (used in) provided by operating activites	**(1,350,510)**	778,426
Financing		
Repayment of demand term loans	**(1,650,000)**	(450,000)
Repayment of shareholders loans	**(460,609)**	(361,236)
Repayment of other related loans	**(441,854)**	(405,834)
Repayment of finance lease obligations	**(35,332)**	(64,182)
Proceeds on demand term loans	**476,285**	1,399,249
Proceeds on shareholders loans	**400,000**	45,000
Proceeds on other related loans	**2,933,396**	42,518
Proceeds from the issuance of preferred shares	**250,000**	1,060,000
Proceeds from the issuance of ordinary shares	**3,430,000**	-
Transaction costs paid on issuance of ordinary shares	**(354,516)**	-
Proceeds from the exercise of stock options	**42,931**	-
Interest paid	**(366,688)**	(341,730)
Dividends paid	**(205,329)**	(59,545)
Net cash flows provided by financing activities	**4,018,284**	864,240
Investing		
Cash acquired in Amalgamation (Note 4)	**5,731**	-
Purchase of property and equipment	**(918,038)**	(1,386,326)
Capitalization of intangible assets	**(148,164)**	(247,175)
Net cash flows used in investing activities	**(1,060,471)**	(1,633,501)
Net increase in cash and cash equivalents	**1,607,303**	9,165
Cash and cash equivalents, beginning of year	**408,086**	398,921
Cash and cash equivalents, end of year (Note 24)	**$ 2,015,389**	$ 408,086

Supplemental cash flow information (Note 24)

See accompanying notes to the consolidated financial statements.

1. Reporting entity

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

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

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

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

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

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 consolidated financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

These consolidated financial statements for the year ended February 28, 2015, including comparatives, were authorized for issue by the Board of Directors on May 27, 2015.

3. Significant accounting policies

The Company's significant accounting policies are outlined below:

a) Basis of consolidation

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

- eQube Technology and Software Inc. ("Amalco", Note 4)
- eQube International Inc.
- eQube Service Corp. (voluntarily dissolved on April 24, 2014)
- eQube Technology and Software (UK) Limited (formerly, eQube Gaming Limited, a UK incorporated company)
- e3 Gaming Limited (an Irish company incorporated December 15, 2014)

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

b) Segment information

Separate operating segments are identified when a component of the Company engages in business activities, the separate operating results of the component are regularly reviewed by the Company's chief operating decision maker, and discrete financial information for the component is available.

c) Use of estimates and management judgment

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

Management estimates

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

3. Significant accounting policies (continued)

Impairment of long-lived tangible and definite life intangible assets

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on the higher of fair value less cost of disposal and their value in use. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful lives of depreciable assets

The Company reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utilization of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utilization of certain software and equipment.

Supplies and components

The Company estimates the net realizable values of supplies and components, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Share-based payments and warrants

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

In addition, the Company measures the cost of Consideration Warrants (Note 17) by estimating the number of warrants that may ultimately vest and the vesting period. These estimates are highly subjective and changes in assumptions can materially affect the results. Therefore the existing estimates may not necessarily provide a reliable measure of the cost of the Company's warrants.

Management judgment

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Revenue recognition

Within multi-element sales arrangements judgment is required in allocating revenue to individual units of accounting based on fair value, which may not coincide with contractual elements.

3. Significant accounting policies (continued)

Classification of preferred shares

Judgement is required in applying International Accounting Standard IAS 32, *Financial Instruments: Presentation*, to determine the classification of preferred shares as a liability or equity.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

d) Share capital

The Company's ordinary shares are classified as equity.

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

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

e) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net earnings (loss) by the weighted average number of ordinary shares outstanding during the period. Diluted earnings (loss) per share reflect the potential dilution that would occur if stock options and warrants were exercised. Diluted earnings (loss) per share is calculated by dividing net earnings (loss) available to ordinary shareholders by the sum of the weighted average number of ordinary shares outstanding and all additional ordinary shares that would have been outstanding arising from the exercise of potentially dilutive stock options and warrants outstanding during the period.

The Company uses the treasury stock method for outstanding options and warrants which assumes that the proceeds that could be obtained upon exercise of options and warrants are used to purchase the Company's ordinary shares at the average market price during the period. Anti-dilutive amounts are not considered in computing diluted earnings (loss) per share.

3. Significant accounting policies (continued)

f) Foreign currency translation

The Company and its foreign subsidiaries use the Canadian dollar as their functional currencies, which is also the presentation currency of the Company.

Monetary items denominated in foreign currencies are translated to Canadian dollars at the rate of exchange in effect at the balance sheet date. All revenue and expenses denominated in foreign currencies are translated at the monthly average rate in effect at the time of the transaction to approximate the rate on the transaction date. Non-monetary items denominated in foreign currencies are translated to Canadian dollars at the applicable historical rate. Gains or losses on translation are included in profit or loss.

g) Share-based payments

The Company grants stock options to buy ordinary shares of the Company to directors, officers, board advisors, employees, management company employees and consultants of the Company pursuant to the Company's Stock Option Plan. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices determined at the grant date.

Under this method, the Company recognizes compensation expense for stock options awarded based on the fair value of the options at the grant date using the Black-Scholes Option Pricing Model. The fair value of the options is amortized over the vesting period and is included in general and administrative expense with a corresponding increase in contributed surplus, a component of equity. The amount recognized as an expense is adjusted to reflect the number of stock options expected to eventually vest.

h) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash net of outstanding bank indebtedness (operating line of credit) as the operating line of credit is considered an integral part of the Company's cash management.

i) Prepaid expenses and deposits

Included in prepaid expenses and deposits are prepayments related to materials, insurance premiums and other deposits required in the normal course of business which are less than one year.

j) Supplies and components

Inventories of supplies and components is stated at the lower of cost and net realizable value, with cost being determined using a first-in first-out costing formula. Supplies and components are recorded net of any obsolescence provisions. When there is a significant change in economic circumstances, supplies and components that had been previously written down below cost may be written back up provided the reversal does not exceed the original write down.

3. Significant accounting policies (continued)

k) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided using the following methods and rates, which approximates the useful lives of the assets:

Assets	Method	Rate
Gaming systems	Straight-line	3 - 7 years
Computer equipment	Declining balance	30 – 55%
Office furniture and equipment	Declining balance	20%
Test equipment	Declining balance	20 – 45%
Automotive equipment	Declining balance	30%
Leasehold improvements	Straight-line	Life of the lease

When significant parts of property and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognized in profit or loss as incurred.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end.

l) Intangible assets

Intangible assets consist of acquired software and deferred development costs which are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is provided using the following methods and rates, which approximates the useful lives of the assets:

Assets	Method	Rate
Software	Declining balance	50%
Deferred development costs	Straight-line	3 years

m) Impairment of long-lived assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

3. Significant accounting policies (continued)

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in profit or loss.

An impairment loss is reversed if there is an indication that an impairment loss recognized in prior periods may no longer exist. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized previously. Such reversal is recognized in the profit or loss.

n) Financial instruments

Financial assets and liabilities are recognized when the Company becomes party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the financial asset and all substantial risks and rewards are transferred. Financial liabilities are derecognized when they are extinguished, discharged, cancelled or expire.

The Company categorizes its fair value measurements for financial assets and financial liabilities measured at fair value according to a three level hierarchy which prioritizes the inputs used in the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the overall fair value measurement. The three levels of the fair value hierarchy based on the reliability of inputs are as follows:

- Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date;
- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not observable.

Financial assets

Financial assets are classified into one of four categories:

- Financial assets at fair value through profit or loss ("FVTPL");
- Held-to-maturity investments;
- Loans and receivables; and
- Available-for-sale financial assets.

3. Significant accounting policies (continued)

The Company determines the classification of its financial assets at initial recognition, depending on the nature and purpose of the financial asset.

Financial assets at FVTPL are recognized initially at fair value with transaction costs expensed as incurred. All other financial assets are recognized initially at fair value plus directly attributable transaction costs.

The Company's financial assets include cash, accounts receivable and accrued receivables.

The subsequent measurement of financial assets depends on their classification as follows:

i. Loans and receivables

The Company has classified cash balances, accounts receivable, and accrued receivables as loans and receivables. These are measured at amortized cost using the effective interest method.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include the following:

- significant financial difficulty of the issuer or counterparty;
- default or delinquency in interest or principal payments; or
- it has become probable that the borrower will enter bankruptcy or financial reorganization.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable and accrued receivables, is directly reduced by the impairment loss. The carrying amounts of accounts receivable and accrued receivables are reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the profit or loss.

3. Significant accounting policies (continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company determines the classification of its financial liabilities at initial recognition. Financial liabilities at FVTPL are recognized initially at fair value with transaction costs expensed as incurred. All financial liabilities are recognized initially at fair value, net of transaction costs. The classification of preferred shares as a financial liability does not alter the underlying economic interest of the preferred shareholders in net assets.
Other financial liabilities include bank indebtedness, accounts payable and accrued liabilities, demand term loans, shareholders loans, other related loans and preferred shares. Financial liabilities are measured subsequently at amortized cost using the effective interest method.

o) Convertible debt

Upon issuance, convertible debt is separated into the debt component and the equity component. The debt component of the convertible debt is recognized initially at the fair value of a similar debt instrument without the embedded derivative feature, with the residual being allocated to equity. Subsequent to initial recognition, the debt component is measured at amortized cost using the effective interest method and the equity component is not re-measured.

p) Revenue recognition

The Company earns revenues from the sale and lease of software and hardware, service and support, and installations. These services are set out in the Company's contractual arrangements such that the total price paid by the customer will vary as a result of inclusion or exclusion of various licenses and services.

Sales of hardware and software

Revenue from the sale of hardware is measured at the fair value of the consideration received or receivable, net of returns. Revenue from the sale of hardware is recognized when persuasive evidence exists (usually in the form of an executed sales agreement), the significant risks and rewards of ownership have been transferred to the buyer (usually when hardware has been delivered to the customer), recovery of the consideration is probable, the associated costs and possible return of products can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of software licenses is recognized upon delivery to the client when it has a stand-alone value and when the post-contract customer support ("PCS") is sold separately. In cases where the fair value of the PCS is not determinable, the revenue from the contract is recognized on a straight line basis over the life of the license. In cases where a license or right is sold for a fixed fee or non-refundable guarantee under a non-cancellable contract which allows the licensee to exploit these rights freely and the licensor has no remaining obligations to perform is considered a sale, the revenue is recognized when the technology or user license is granted, regardless of whether the license is time based or perpetual.

3. Significant accounting policies (continued)

Rental of hardware and software

The Company earns rental revenue from the use of its intangible assets and property and equipment, including a portion based on revenue sharing agreements. Rental revenue earned from the use of the Company's assets is recorded on a daily basis as the assets are used. Revenue earned from revenue sharing is recorded based on the Company's proportionate share of gross receipts when it is probable that economic benefits will flow to the Company and the amount receivable can be measured reliably.

Assets under rental agreement are included in intangible assets and property and equipment.

Service, support and installations

Revenue from the provision of services including customer support, consulting, installations and training is recognized when the amount can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred for the transaction and costs to complete the transaction can be measured reliably.

Multiple-element revenue arrangements

When two or more revenue generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of account is accounted for separately. The allocation of consideration from a revenue arrangement to its separate units of account is based on the relative fair values of each unit. If the fair value of the delivered item is not reliably measurable, then revenue is allocated based on the difference between the total arrangement consideration and the fair value of the undelivered item.

The Company's multiple-element sales arrangements include arrangements where hardware with embedded software licenses and the associated post contract customer support ("PCS") are sold together.

Deferred revenue

Revenue that has been received but does not yet qualify for recognition under the Company's policies is reflected as either deferred revenue (revenue to be recognized in less than one year) or long term deferred revenue (revenue to be recognized in more than one year).

q) Research and development costs

Research costs are expensed as incurred. Development costs are capitalized as deferred development costs if the product or process and its market or usefulness is clearly defined, the product or process has reached technical feasibility, adequate resources exist or are expected to exist to complete the project and management intends to market or use the product or process. If these criteria are not met, the development costs are expensed as incurred.

3. Significant accounting policies (continued)

r) Government contributions

Government funding of eligible research and development expenditures are credited when earned against product development expenses or the cost of property and equipment to which the funding relate. The Company amortizes the cost of the related property and equipment over its useful life according to the Company's accounting policy relating to property and equipment. The Company recognizes government grants only when there is reasonable assurance that the Company will comply with the conditions attached to the grant and the grant will be received. The Company presents the grant as a deduction of the carrying amount of the asset the grant relates to in the consolidated statement of financial position and the consolidated statement of loss and comprehensive loss over the life of the depreciable assets as a reduced depreciation expense.

s) Income taxes

Income tax expense consists of current and deferred tax expense. Income tax expense is recognized in profit or loss.

Current income tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred taxes are recorded using the liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, when they relate to income taxes levied by the same taxation authority, and when the Company intends to settle its current tax assets and liabilities on a net basis.

t) Provisions

Provisions are recognized when the Company has a present legal or construction obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is in profit or loss.

u) New and amended standards adopted by the Company

The following standards, that are applicable to the Company, have been adopted by the Company for the first time for the financial year beginning on March 1, 2014 and did not have a material impact on the Company.

3. Significant accounting policies (continued)

IFRIC 21 - Levies

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

Amendments to IAS 32 – Financial Instruments: Presentation

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

Amendment to IAS 36 – Impairment of Assets

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

Amendments to IFRS 2 – Share-based Payment

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

Amendments to IFRS 3 – Business Combinations

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

v) 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 annual financial statements for the year ended February 28, 2015. Management has not yet assessed the impact on the consolidated financial statements of the following changes that are applicable to the Company:

3. Significant accounting policies (continued)

IFRS 9 – Financial Instruments

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

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces *IAS 11 – Construction Contracts*, *IAS 18 – Revenue* and *IFRIC 13 – Customer Loyalty Programmes*. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 is to be applied retrospectively with early adoption permitted. The IASB recently voted to publish an exposure draft proposing a one-year deferral of the effective date of IFRS 15 to annual periods beginning on or after January 1, 2018.

4. Qualifying Transaction

Amalgamation

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

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

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

4. Qualifying Transaction (continued)

Private placement financings

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

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

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

Reverse acquisition

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

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

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

(Expressed in Canadian dollars)

4. Qualifying Transaction (continued)

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

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

Consideration:		
Ordinary Shares	$	1,883,334
Stock options		96,221
	$	1,979,555

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

5. Capital disclosures

The Company's objectives and policies for managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on the Company's credit facilities. For the year ended February 28, 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:

	February 28, 2015	February 28, 2014
Demand term loans	**$ 1,569,109**	$ 2,737,682
Shareholders loans	**421,756**	482,365
Other related loans	**2,528,226**	36,684
Preferred shares	**2,060,000**	1,810,000
Equity	**306,179**	482,942
	$ 6,885,270	$ 5,549,673

5. Capital disclosures (continued)

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

For the year ended February 28, 2015, the Company raised approximately $3 million in cash through the brokered and non-brokered offerings (Note 4). During the year, the Company used proceeds from a new related party loan of $3 million to repay a $1 million demand term loan and $0.4 million in shareholder and related party loans at interest rates in excess of 10%.

6. 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.

(Expressed in Canadian dollars)

6. Financial instruments and risk exposures (continued)

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 foreign 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.

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. As at February 28, 2015, the balance of the allowance account for credit losses was $nil (2014 - $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 February 28, by length of time past due, are:

	February 28, 2015	February 28, 2014
1 to 30 days past due	**$ 132,108**	$ 141,138
31 to 60 days past due	**41,273**	6,802
Total	**$ 173,381**	$ 147,940

As at February 28, 2015, the Company had three customers owing more than $50,000 each that accounted for approximately 62% of all the trade accounts receivable owing (2014 – one customer owing more than $50,000; approximately 71% 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 44.6% of trade accounts receivable (2014 – 71%). In addition, the balance in accrued receivables relates primarily to one customer (Note 7).

(Expressed in Canadian dollars)

6. Financial instruments and risk exposures (continued)

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 February 28, 2015 totalled $2,132,829 (2014 - $408,086), accounts receivable totalled $381,697 (2014 - $241,533), and accrued receivables totalled $1,348,670 (2014 – $1,818,724), 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.

As at February 28, 2015, the Company had cash of $2,132,829 (2014 - $408,086), accounts receivable of $381,697 (2014 - $241,533), and current portion of accrued receivables of $460,000 (2014 - $483,978) for a total of $2,974,526 (2014 - $1,133,597). Current and on demand obligations from bank indebtedness, accounts payable and accrued liabilities, interest bearing loans, finance lease obligations and dividend paying preferred shares total $3,853,015 (2014 - $2,683,901). The deficiency of current assets to cover the Company's short-term obligations will be funded through operations, by refinancing existing loans and by managing accounts payable terms.

The Company's contractual obligations at February 28, 2015 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
Shareholders 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

6. Financial instruments and risk exposures (continued)

The Company's contractual obligations at February 28, 2014 were as follows:

	On demand	2015	2016	2017	Total
Accounts payable and accrued liabilities	$ -	$ 712,692	$ -	$ -	$ 712,692
Demand term loans	-	1,668,987	768,537	459,375	2,896,899
Shareholder loans	-	68,203	286,683	211,171	566,057
Other related loans	-	17,687	17,687	8,843	44,217
Obligations under finance lease	-	35,332	-	-	35,332
Preferred shares	-	181,000	181,000	1,931,907	2,293,907
Total	$ -	$ 2,683,901	$ 1,253,907	$ 2,611,296	$ 6,549,104

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

At February 28, 2015 the Company was in violation of a lending covenant related to the Company's operating line of credit (Note 11) and demand term loans (Note 12).

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 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 $4,600 (2014 - $628). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $900 (2014 - $56).

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 $22,000 (2014 - $23,000).

(Expressed in Canadian dollars)

7. Accrued receivables

In May 2012, the Company entered into a multi-element sales arrangement with a customer for the provision of software, customer support and other ancillary services. Total proceeds to be received under the contract are $3,090,000. Under the terms of the agreement, the customer is to make instalment payments to the Company as follows:

	Amount
Payments received prior to February 28, 2015	$ 1,710,000
Future instalment payments by fiscal year:	
2016	460,000
2017	460,000
2018	460,000
	$ 3,090,000

Revenue for the arrangement is recognized as follows:

Fiscal Year	Sales Revenue	Interest Income	Total Revenue Recognized
2013	$ 2,345,379	$ 10,443	$ 2,355,822
2014	637,500	13,924	651,424
2015	37,500	13,924	51,424
2016	-	13,924	13,924
2017	-	13,924	13,924
2018	-	3,482	3,482
	$ 3,020,379	$ 69,621	$ 3,090,000

Accrued receivables relating to this and other revenue amounts earned, but not yet invoiced are:

	February 28, 2015	February 28, 2014
Accrued receivables	**$ 1,348,670**	$ 1,818,724
Less: current portion	**(460,000)**	(483,978)
	$ 888,670	$ 1,334,746

(Expressed in Canadian dollars)

8. Supplies and components

During the year ended February 28, 2015, supplies and components recognized as expense amounted to $34,680 (2014 - $336). Impairments to supplies and components in 2015 were $43,671 (2014 - $97,268).

9. 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, 2013	$ 6,862,592	$ 249,808	$ 108,867	$ 392,706	$ 25,299	$ 4,790	$ 7,644,062
Additions	1,307,139	8,625	5,706	23,250	-	41,606	1,386,326
Impairments	(42,778)	-	-	-	-	-	(42,778)
Disposals	-	-	(1,130)	-	-	-	(1,130)
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**
Depreciation and impairment losses							
Balance at February 28, 2013	$ 3,559,461	$ 240,825	$ 91,391	$ 343,973	$ 24,431	$ 4,258	$ 4,264,339
Depreciation	1,223,260	7,682	4,343	15,545	260	9,484	1,260,574
Impairments	(29,709)	-	-	-	-	-	(29,709)
Disposals		-	(893)	-	-	-	(893)
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**
Carrying amounts							
At February 28, 2013	$ 3,303,131	$ 8,983	$ 17,476	$ 48,733	$ 868	$ 532	$ 3,379,723
At February 28, 2014	$ 3,373,941	$ 9,926	$ 18,602	$ 56,438	$ 608	$ 32,654	$ 3,492,169
At February 28, 2015	**$ 2,805,146**	**$ 12,118**	**$ 14,442**	**$ 43,762**	**$ 425**	**$ 18,899**	**$ 2,894,792**

During the year ended February 28, 2015, the Company completed an impairment test for gaming system assets using a value-in-use asset test (discounted cash flows). It was determined that the gaming systems were not impaired.

During the year ended February 28, 2015, the Company recorded asset impairments of $nil (2014 - $13,069). In 2014, costs relating to installation were impaired when the Company's contract with a certain customer was not renewed and the existing equipment was removed from the customer's site.

The carrying value of assets under finance lease is $nil (2014 - $47,238).

(Expressed in Canadian dollars)

10. Intangible assets

	Computer software	Deferred development costs	Total
Cost			
Balance at February 28, 2013	$ 68,115	$ 258,613	$ 326,728
Additions	3,757	243,418	247,175
Impairments	-	(35,930)	(35,930)
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**
Amortization			
Balance at February 28, 2013	$ 65,819	$ 17,924	$ 83,743
Amortization	1,922	108,160	110,082
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**
Carrying amounts			
At February 28, 2013	$ 2,296	$ 240,689	$ 242,985
At February 28, 2014	$ 4,131	$ 340,017	$ 344,148
At February 28, 2015	**$ 18,363**	**$ 305,115**	**$ 323,478**

During the year ended February 28, 2015, the Company recorded impairments of intangible assets of $5,490 (2014 - $35,930). Management determined that certain games under development were not likely to be commercially feasible and stopped development of those games. The full amount of the previously capitalized cost of the games was written off.

11. Bank indebtedness

The Company has a credit facility arrangement that provides an operating line of credit of $250,000 (2014 - $250,000). The operating line bears interest at the bank's prime rate plus 3.00% which totalled 5.85% at February 28, 2015 (2014 – prime plus 1.75%, totaling 4.75%). The operating line is secured by a general security agreement over the assets of the Company. There was $117,440 drawn on the operating line at February 28, 2015 (2014 - $nil).

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.

(Expressed in Canadian dollars)

12. Demand term loans

The Company has the following demand term loans:

a) Demand term loan in the amount of $900,000 (2014 - $1,350,000). At February 28, 2015, $900,000 was drawn on the loan (2014 - $1,350,000). The demand term loan bears interest at the bank's prime rate plus 4.0% which totalled 6.85% at February 28, 2015 (2014 – prime plus 2.0% which totalled 5.0%). Interest is payable monthly and principal is repayable in two equal annual payments of $450,000 on July 1 of each year until 2016. The loan is secured by an assignment of proceeds under a specific customer contract and a general security agreement over all present and after acquired real property of the Company.

b) Demand term loan in the amount of $900,000 (2014 - $900,000). The amount drawn on the loan at February 28, 2015 was $675,538 (2014 - $399,252). The demand term loan bears interest at the bank's prime rate plus 4.0% which totalled 6.85% at February 28, 2015 (2014 – prime plus 2.0% which totalled 5.0%). The demand term loan required interest only payments until June 30, 2014. Beginning July 1, 2014, principal payments of $25,000 plus interest are payable monthly until June 2017 or until the loan is repaid, whichever is sooner. The loan is guaranteed by Export Development Canada and secured by a general security agreement over all present and after acquired real property of the Company.

c) Demand term loan in the amount of $1,000,000 (2014 - $1,000,000). The amount drawn on the loan at February 28, 2015 was $nil (2014 - $1,000,000). The demand term loan bears interest at the bank's prime rate plus 2.0% which totalled 4.85% February 28, 2015 (2014 – prime plus 2.0% which totalled 5.0%). The loan is secured by an assignment of proceeds under a specific customer contract and a general security agreement over all present and after acquired real property of the Company. The loan was repaid in full on May 21, 2014.

	February 28, 2015	February 28, 2014
Demand term loans	**$ 1,575,538**	$ 2,749,252
Less debt issuance costs, net of accumulated amortization of $11,571 (February 28, 2014 - $6,430)	**(6,429)**	(11,570)
	$ 1,569,109	$ 2,737,682

During the year ended February 28, 2015, interest expense of $124,684 (2014 - $96,586) was recorded and is included in finance costs (Note 21).

Under the Company's credit facilities for the operating line of credit (Note 11) 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.

(Expressed in Canadian dollars)

13. Related party transactions

a) Shareholders loans and other related loans

	February 28, 2015	February 28, 2014
Shareholders loans		
Loans, bearing interest at 18% to Apr 30, 2013 then 10% thereafter, monthly payments of $12,011 beginning Nov 28, 2014, maturing May 28, 2016 (2014 - interest payable monthly, principal due on May 1, 2016).	**$ 168,706**	$ 200,000
Loans, bearing interest at 10%, monthly payments of $9,229 beginning Nov 28, 2014, maturing on Nov 28, 2016, convertible at the lender's option into ordinary shares at $0.75/share. The conversion option has been valued at $nil.	**177,123**	-
Loans, bearing interest at 10%, monthly payments of $8,792 beginning Nov 28, 2014, maturing on Nov 28, 2015.	**75,927**	-
Loans, bearing interest at 16% to Dec 1, 2013 then 12% thereafter, interest payable monthly, no monthly principal repayments can be demanded until Mar 1, 2016. Repaid Nov 28, 2014.	**-**	245,702
Loan, bearing interest at 15%, monthly payments of $1,560, maturing on June 5, 2016. Repaid Nov 28, 2014.	**-**	36,663
Other related loans		
Loan, bearing interest at 9.5%, monthly payments of $64,066 beginning Nov 1, 2014, maturing on Oct 28, 2017.	**1,804,766**	-
Loan, bearing interest at 9.5%, monthly payments of $29,866 beginning Jun 21, 2014, maturing on May 21, 2017.	**723,460**	-
Loan, bearing interest at 15%, monthly payments of $1,474, maturing on Aug 28, 2016. Repaid Nov 28, 2014.	**-**	36,684
	$ 2,949,982	$ 519,049
Less current portion:		
Shareholders loans	**$ 304,704**	$ 14,168
Other related loans	**$ 926,660**	$ 13,058
Long-term portion:		
Shareholders loans	**$ 117,052**	$ 468,197
Other related loans	**$ 1,601,566**	$ 23,626

(Expressed in Canadian dollars)

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 the next 365 days after year end.

On March 31, 2014, the Company entered into a new financing arrangement for a demand term loan in the amount of $3,000,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three-year term. The amount drawn on the loan at February 28, 2015 was $2,528,226 (2014 - $nil) and included in “other related loans”. The proceeds of this loan were used to repay the remaining balance of the $1,000,000 demand term loan (Note 12c), 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.

During the year ended February 28, 2015, the Company entered into new shareholders loans in the amount of $400,000 (2014 - $45,000). Proceeds were used to pay transaction costs associated with the Qualifying Transaction. In the prior year, shareholders loans of $650,000 and other related loans of $100,000 were exchanged for preferred shares (Note 15).

During the year ended February 28, 2015, interest expense on shareholders and other related loans of $210,796 (2014 - $233,322) was recorded as expense and is included in finance costs (Note 21).

b) Key management compensation

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

	2015	2014
Short-term employee benefits	**$ 350,909**	$ 389,413
Share-based payments	**243,127**	24,277
	$ 594,036	$ 413,690

During the year ended February 28, 2015, the Company granted 1,350,000 stock options to directors, officers, and board advisors (2014 – 150,000). The board advisors will become directors subsequent to February 28, 2015, pending regulatory approval. Stock options granted to board advisors do not vest until they receive regulatory approval to become 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.

(Expressed in Canadian dollars)

14. Income taxes

a) Income tax expense

The actual income tax provision differs from the expected amount calculated by applying the Canadian combined federal and provincial corporate tax rates to income before tax. These differences result from the following:

		2015		2014
Net loss before tax	**$**	**(5,580,780)**	$	(1,848,634)
Statutory income tax rates		**25.00%**		14.00%
Expected income tax recovery		**(1,395,195)**		(258,809)
Adjusted for the effects of:				
Change in tax rates and rate differences		**(96,471)**		(65,489)
Non-deductible amounts		**645,302**		18,370
Change in unrecognized deferred tax assets		**1,052,865**		183,143
Prior period tax adjustments		**(15,542)**		7,472
Actual deferred income tax expense (recovery)	**$**	**190,959**	$	(115,313)

(Expressed in Canadian dollars)

14. Income taxes (continued)

b) Deferred tax assets and liabilities

The Company's deferred tax assets and deferred tax liabilities are attributable to the following:

	February 28, 2015	February 28, 2014
Long-term debt	**$ -**	$ 2,785
Share capital	**-**	10,652
SR&ED pool	**-**	7,295
Non-capital losses	**610,617**	713,525
Deferred tax assets	**610,617**	734,257
Offset of tax	**(610,617)**	(543,298)
Net deferred tax assets	**$ -**	$ 190,959
Property, plant and equipment	**$ (187,347)**	$ (243,221)
Intangible assets	**(78,270)**	(48,365)
Accrued receivables	**(345,000)**	(251,712)
Deferred tax liabilities	**(610,617)**	(543,298)
Offset of tax	**610,617**	543,298
Net deferred tax liabilities	**$ -**	$ -

Deferred tax assets have not been recognized in respect of the following item:

	February 28, 2015	February 28, 2014
Tax losses	**$ 2,140,982**	$ 989,520
Deductible temporary differences	**202,512**	-
Total	**$ 2,343,494**	$ 989,520

In order to recognize deferred tax assets, an entity must be able to demonstrate that it is probable that future taxable income will be available against which the entity can utilize the benefits of the deferred tax assets. For tax losses, an entity must demonstrate through both current year and forecasted profitability that it will definitively be able to utilize the losses in a future period. The Company's subsidiaries which have tax losses did not meet this requirement as at February 28, 2015.

(Expressed in Canadian dollars)

14. Income taxes (continued)

c) Loss carryforwards

The following represent the Company's tax loss carryforwards:

	February 28, 2015	February 28, 2014
Non-capital losses - Canada ($CAD)	**$ 4,706,613**	$ 3,576,290
Business losses - United States ($USD)	**$ 3,219,000**	$ 3,121,813
Business losses - Hong Kong ($CAD)	**$ 625,936**	$ -

The Canadian non-capital losses expire between the tax years ending February 28, 2031 and 2035. The United States and Hong Kong business losses can be carried forward indefinitely.

15. Preferred shares

	eQube Class "F" Preferred Shares	Amalco Preferred Shares
Opening balance, February 28, 2013	$ -	$ -
Class F preferred shares issued for cash	1,060,000	-
Class F preferred shares issued in exchange for debt	750,000	-
Balance at February 28, 2014	1,810,000	-
Class F preferred shares issued for cash	250,000	-
Exchange of shares pursuant to the Amalgamation (Note 4)	(2,060,000)	2,060,000
Balance at February 28, 2015	**$ -**	**$ 2,060,000**

During the year ended February 28, 2015, 250,000 eQube Class F Shares were issued at $1 per share for issuance proceeds of $250,000 (2014 – 1,810,000 eQube Class F Shares were issued at $1 per share for proceeds of $1,810,000, including the exchange of shareholders and other related loans of $750,000 (Note 13)).

The Company declared and paid dividends of $205,329 for the year ended February 28, 2015 (2014 - $59,545) which are included in finance costs (Note 21).

15. Preferred shares (continued)

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

Pursuant to an agreement dated July 22, 2014 (the "Catalyst Agreement") between eQube, the Company and Catalyst Gaming Corporation ("Catalyst"), immediately after the closing of the Amalgamation, Tebten Limited ("Tebten") entered into purchase and sale agreements (the "Purchase and Sale Agreements") to purchase 1,500,000 Amalco Preferred Shares from existing holders of Amalco Preferred Shares within 90 days from the closing of the Amalgamation for $1 per share. Tebten is controlled by a shareholder and director of Catalyst. As at February 28, 2015, the Purchase and Sale Agreements had expired and no Amalco Preferred Shares had been purchased by Tebten.

The Company and Tebten also entered into a share exchange agreement whereby the parties agreed that subject to the completion of the purchase and sale of the 1,500,000 Amalco Preferred Shares pursuant to the Purchase and Sale Agreements, the Company would purchase such 1,500,000 Amalco Preferred Shares in exchange for 3,000,000 Ordinary Shares, which shares shall be placed into a value security escrow agreement pursuant to the policies of the Exchange. The option for the Company to purchase the Amalco Preferred Shares had $nil value throughout its life as the terms of the Amalco Preferred Shares were not modified as Tebten did not purchase the Amalco Preferred Shares from the holders and the current holders of the Amalco Preferred Shares could not convert into common shares as they were not part of the share exchange agreement. The option expired January 31, 2015.

(Expressed in Canadian dollars)

16. Share capital

Ordinary Shares

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

Ordinary Shares of Triox	Number		Share Capital
Balance at February 28, 2014 and 2013	11,300,000	$	492,354
Triox share consolidation (1:3) (Note 4)	(7,533,333)		-
Exchanged for shares of eQube shares (Note 4)	(3,766,667)		(492,354)
Balance at February 28, 2015	**-**	**$**	**-**

Ordinary Shares of the Company	Number		Share Capital
eQube balance at February 28, 2014 and 2013	6,078,134	$	2,958,800
eQube private placement (Note 17)	95,000		142,500
eQube share split (3:1) (Note 4)	12,346,268		-
Brokered private placement (Note 17)	5,220,000		2,610,000
Non-brokered private placement (Note 4)	1,355,000		677,500
Issuance of shares pursuant to Amalgamation (Note 4)	3,766,667		1,883,334
Exercise of stock options (Note 18)	801,658		228,948
Share issuance costs, net of tax of nil	-		(418,382)
Balance at February 28, 2015	**29,662,727**	**$**	**8,082,700**

Subsequent to year-end, 558,000 ordinary shares were issued upon the exercise of stock options (Note 26).

As at February 28, 2015, 11,623,076 (2014 – nil) of the issued ordinary shares were held in escrow. 1,937,179 of these shares will be released from escrow on May 4, 2015 and every six months thereafter.

(Expressed in Canadian dollars)

17. Warrants

	Number		Warrants
Balance at February 28, 2014 and 2013	-	$	-
Issuance of eQube Broker Warrants	7,600		3,314
Replacement of eQube Broker Warrants on Amalgamation	(7,600)		-
Issuance of Broker Warrants on Amalgamation	22,800		-
Issuance of Agent Warrants	417,600		60,552
Issuance of Consideration Warrants *	5,932,545		148,313
Balance at February 28, 2015	**6,372,945**	**$**	**212,179**

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

Broker Warrants

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

During the year ended February 28, 2015, 95,000 class "A" shares (285,000 Ordinary Shares post-Amalgamation) were issued for gross proceeds of $142,500 (2014 - $nil). Cash commissions of $11,400 were paid and 7,600 eQube Broker Warrants were issued to the broker. The eQube Broker Warrants have an exercise price of $1.50 and expire June 13, 2016. The fair value of $0.436 per eQube Broker Warrant granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $1.50; risk-free rate 1.11%; expected volatility 51.23%; annual dividend yield 0%; expected remaining life of the options of 2 years. The expected volatility is based on historic volatility of similar companies in the public market. The total transaction costs of the non-brokered private placement, including the eQube Broker Warrants, amounted to $14,714 which were recorded as a reduction of share capital.

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

Agent Warrants

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

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

17. Warrants (continued)

During the year ended February 28, 2015, 5,220,000 Subco shares were issued for gross proceeds of $2,610,000 (2014 – $nil). Cash commissions and other fees of $343,116 were paid and 417,600 Subco Agent Warrants were issued to the broker. The Subco Agent Warrants have an exercise price of $0.50 and expire October 30, 2016. The fair value of $0.145 per Subco Agent Warrant granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $0.50; risk-free rate 1.00%; expected volatility 51.23%; annual dividend yield 0%; expected remaining life of the options of 2 years. The expected volatility is based on historic volatility of similar companies in the public market. The total transaction costs of the Brokered Offering, including the Subco Agent Warrants, amounted to $403,668 which were recorded as a reduction of share capital.

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

Consideration Warrants

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

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

The total cost of the Consideration Warrants recognized during the year ended February 28, 2015 of $148,313 (2014 - $nil) 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 February 28, 2015 is estimated to be 5,932,545 based on the issued and outstanding ordinary shares of the Company. No warrants vested under this agreement during the year ended February 28, 2015.

(Expressed in Canadian dollars)

18. Share-based compensation

The Company's Stock Option Plan (the "Plan"), as approved by the Board of Directors, allows for the issuance of options to purchase ordinary shares of the Company up to a maximum of 10% (2014 – 10%) of the issued and outstanding ordinary shares of the Company. Pursuant to the Plan, options may be granted by the Board of Directors to directors, officers, board advisors, employees, management company employees and consultants of the Company. The terms of the option vesting period, exercise price and life are affixed by the Board of Directors at the time of grant.

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, 2013	425,000	$ 0.41	$ 0.037
Granted	235,000	1.50	0.326
Expired	(11,667)	1.50	0.224
Forfeited	(3,333)	1.50	0.326
Balance at February 28, 2014	645,000	$ 0.78	$ 0.137
Replacement of eQube Options on Amalgamation (Note 4)	(645,000)	$ 0.78	$ 0.137
Issuance of Options on Amalgamation (Note 4)	1,935,000	0.27	0.046
Acquisition of Triox (Note 4)	372,949	0.30	0.171
Granted	1,350,000	0.50	0.169
Exercised	(801,658)	0.18	0.074
Balance at February 28, 2015	**2,856,291**	**$ 0.41**	**$ 0.113**
Options exercisable at February 28, 2015	**1,981,291**	**$ 0.36**	**$ 0.095**
Options exercisable at February 28, 2014	478,333	$ 0.54	$ 0.078

The Options outstanding as at February 28, 2015 have exercise prices ranging from $0.09 - $0.50 and a weighted average remaining contractual life of 5.45 years (2014 – exercise prices ranging from $0.26 - $1.50 and weighted average remaining contractual life of 2.1 years).

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

18. Share-based compensation (continued)

For Options exercised during the year ended February 28, 2015, the weighted average share price at the date of exercise was $0.47. The exercise of 324,658 of the Options in 2015 was considered a non-cash transaction as payment for the Options in the amount of $97,415 was received by the Company prior to the Amalgamation and included in the acquired net assets described in Note 4.

The Company granted Options to purchase 1,350,000 Ordinary Shares to certain directors, officers, board advisors, employees, management company employees and consultants of the Company immediately after the closing of the Amalgamation. Of these options, 700,000 vested immediately and 650,000 will vest when the board advisors become directors, which is pending regulatory approval. These options have an exercise price of $0.50 and expire 10 years from the date of issue. The fair value of $0.169 per option granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $0.50; risk-free rate 1.11%; expected volatility 48.69%; annual dividend yield 0%; expected remaining life of the options of 3 years. The expected volatility is based on historic volatility of similar companies in the public market.

During the year ended February 28, 2014, the Company granted 235,000 share options to certain employees of the Company. The options granted to the employees vest over three years and expire November 1, 2017. These options have an exercise price of $1.50 and expire 4 years from the date of issue. The fair value of $0.326 per option granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: grant date stock price $1.50; risk-free rate 1.50%; expected volatility 25.0%; annual dividend yield 0%; expected remaining life of the options of 4 years. The expected volatility is based on historic volatility of similar companies.

The total share-based compensation recognized during the year ended February 28, 2015, including options previously granted that vested during the period, of $251,278 (2014 - $38,854) was recorded as an expense and an increase to contributed surplus, a component of equity.

Subsequent to year-end, 558,000 Options were exercised for proceeds of $50,220 (Note 26).

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:

(Expressed in Canadian dollars)

19. Segment information (continued)

	Sales, service and other revenue		Non-current assets	
			February 28,	February 28,
	2015	2014	**2015**	2014
Canada	**$ 2,186,161**	$ 2,989,313	**$ 2,112,952**	$ 2,687,662
United States	**2,123,465**	733,294	**730,263**	1,148,655
Ireland and other	**325,195**	114,592	**375,055**	-
	$ 4,634,821	$ 3,837,199	**$ 3,218,270**	$ 3,836,317

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 year ended February 28, 2015, $2,850,567 or 61.5% (2014 - $2,786,196 or 72.6%) of the Company's revenues depended on two customers that each individually exceeded 10% of the Company's sales, service and other revenue.

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

	2015	2014
Hardware and software rentals	**$ 2,191,240**	$ 2,823,571
Customer support and other services	**1,618,581**	824,939
Hardware and software sales	**825,000**	188,689
	$ 4,634,821	$ 3,837,199

20. General and administrative expenses

	2015	2014
Compensation and benefits	**$ 2,007,933**	$ 1,556,563
Professional fees	**867,399**	255,457
Office and other	**224,499**	234,923
Advertising and promotion	**184,601**	144,631
Rent	**154,269**	126,621
Business taxes, insurance and licenses	**148,734**	127,357
Consideration Warrants (Note 17)	**148,313**	-
	$ 3,735,748	$ 2,445,552

(Expressed in Canadian dollars)

21. Finance income and costs

	2015	2014
Finance income		
Interest income	**$ (13,924)**	$ (13,924)
Finance costs		
Interest on short-term debt and accounts payable	**$ 29,758**	$ 1,674
Interest on finance leases	**1,450**	10,148
Interest on demand term loans	**124,684**	96,586
Interest on shareholders and other related loans	**210,796**	233,322
Dividends on preferred shares	**205,329**	59,545
Amortization of finance fees	**5,142**	5,144
	$ 577,159	$ 406,419

22. Commitments

The minimum payments at February 28, 2015 under operating lease obligations are as follows:

	Edmonton	Las Vegas	Total
Less than one year	$ 84,887	$ 61,893	$ 146,780
Between one and five years	28,490	2,584	31,074
	$ 113,377	$ 64,477	$ 177,854

The Company renewed its operating lease for Las Vegas during the year ended February 28, 2015.

23. 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 claim is unlikely to succeed 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 claim is unlikely to succeed and no provision relating to the claim has been recorded in these financial statements.

(Expressed in Canadian dollars)

24. Supplemental cash flow information

	2015	2014
Change in non-cash operating working capital:		
Accounts receivable	**$ (140,164)**	$ (54,977)
Accrued receivables	**23,978**	69,188
Supplies and components	**18,785**	13,369
Prepaid expenses and deposits	**111,267**	(355,694)
Accounts payable and accrued liabilities	**(236,099)**	285,930
Deferred revenue	**(785,735)**	748,235
	$ (1,007,968)	$ 706,051

Supplementary information:		
Preferred shares issued in exchange for debt	**$ -**	$ 750,000
Income taxes received	**$ -**	$ 60,959

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

	February 28, 2015	February 28, 2014
Cash	**$ 2,132,829**	$ 408,086
Bank indebtedness	**(117,440)**	-
	$ 2,015,389	$ 408,086

25. Loss per share

	2015	2014
Net loss	**$ (5,771,739)**	$ (1,733,321)
Basic weighted average number of common shares	**22,123,844**	18,234,402
Diluted weighted average number of common shares	**22,123,844**	18,234,402
Basic loss per share	**$ (0.26)**	$ (0.10)
Diluted loss per share	**$ (0.26)**	$ (0.10)

25. Loss per share (continued)

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

For the years ended February 28, 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.

26. Post reporting events

The following events occurred subsequent to February 28, 2015:

Share-based compensation

A total of 558,000 Options were exercised for cash proceeds of $50,220, including 168,000 Options exercised by directors and officers of the Company.

Letters of intent

The Company entered into letters of intent for the acquisition of an eBingo software provider and operator of 21 electronic bingo halls in Norway. The acquisitions will be funded by a combination of cash, shares and earn-outs over three years.