LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Condensed Interim Financial Statements
Three months ended March 31, 2015 and 2014
(Expressed in Canadian Dollars)

Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed interim financial statements as at March 31, 2015 and for the three months ended March 31, 2015.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Balance Sheets
(Expressed in Canadian Dollars)

		March 31, 2015		December 31, 2014
Assets				
Current				
Cash and cash equivalents	$	55,847	$	7,920
Accounts receivable		12,917		12,681
Due from related parties (note 9)		104,021		110,384
Prepaid expenses and deposits		35,000		42,796
		207,785		173,781
Equipment		26,740		28,715
Intangible Assets		16,844		17,875
Total Assets	$	251,369	$	220,371
Liabilities				
Current				
Accounts payable and accrued liabilities	$	211,125	$	230,502
Deferred revenue (note 11)		34,264		34,264
Loan payable (note 10)		100,000		50,000
		345,389		314,766
Deferred Revenue (note 11)		39,374		47,940
Total Liabilities		384,763		362,706
Shareholders' Deficiency				
Capital Stock (note 6)		42,079,014		41,549,764
Reserves (note 6)		1,261,009		1,262,416
Deficit		(43,473,417)		(42,954,515)
Total Shareholders' Deficiency		(133,394)		(142,335)
Total Liabilities and Shareholders' Deficiency	$	251,369	$	220,371

On behalf of the Board:

"Bedo H. Kalpakian" (signed)
.... Director
Bedo H. Kalpakian

"Neil Spellman" (signed)
.... Director
Neil Spellman

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Statements of Comprehensive Loss
(Expressed in Canadian Dollars)

		March 31, 2015		March 31, 2014
Revenues				
Sales	$	1,234	$	3,414
Licensing		8,566		4,905
		9,800		8,319
Expenses				
Salaries and benefits		302,406		257,330
Consulting fees		49,091		197,897
Management fees (note 9)		99,000		99,000
Travel, meals and entertainment		35,181		42,666
Rent, office and miscellaneous (note 9)		39,554		35,108
Legal, accounting and audit		410		28,108
Regulatory and transfer agent fees		1,395		1,776
Loss on disposal of equipment		-		2,748
Advertising and promotion		-		3,399
Foreign exchange loss (gain)		657		3,112
Interest and other income		-		(344)
Amortization		3,006		2,556
		530,700		673,356
Net Loss and Comprehensive Loss for the Period	$	(520,900)	$	(665,037)
Basic and Diluted Loss Per Share	$	(0.00)	$	(0.01)
Weighted Average Number of Common Shares Outstanding		133,311,566		102,861,421

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Statements of Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)

	Capital Stock		Reserves			Total
	Common Shares	Amount	Warrants	Options	Deficit	Shareholders' Deficiency
Balance, December 31, 2013	91,505,204	$ 39,119,306	$ 764,950	$ 49,765	$ (40,290,443)	$ (356,422)
Net loss for the period	-	-	-	-	(665,037)	(665,037)
Private placement, net of issuance costs	30,615,750	1,895,080	288,420	-	-	2,183,500
Exercise of warrants	10,000	750	-	-		750
Share-based payment	-	-	-	33,111	-	33,111
Balance, March 31, 2014	122,130,954	41,015,136	1,053,370	82,876	(40,955,480)	1,195,902
Net loss for the period	-	-	-	-	(2,020,752)	(2,020,752)
Private placement, net of issuance costs	-	53,600	-	-	-	53,600
Issuance of shares pursuant to agreements (note 6(b))	979,167	78,750		-	-	78,750
Issuance of warrants on agreement (notes 6(b) and 12(e))	-	-	142,767	-	-	142,767
Exercise of warrants	5,280,000	391,875	-	-	-	391,875
Reclassification of reserves on exercise of warrants	-	10,403	(10,403)	-	-	-
Expiry of warrants	-	-	(5,814)	-	5,814	-
Expiry of options	-	-	-	(15,903)	15,903	-
Share-based payment	-	-	-	15,523	-	15,523
Balance, December 31, 2014	128,390,121	41,549,764	1,179,920	82,496	(42,954,515)	(142,335)
Net loss for the period	-	-	-	-	(520,900)	(520,900)
Private placement, net of issuance costs	15,186,429	529,250	-	-	-	529,250
Expiry of options	-	-	-	(1,998)	1,998	-
Share-based payment	-	-	-	591	-	591
Balance, March 31, 2015	**143,576,550**	**$ 42,079,014**	**$ 1,179,920**	**$ 81,089**	**$ (43,473,417)**	**$ (133,394)**

See notes to condensed financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)

	March 31, 2015	March 31, 2014
Operating Activities		
Net loss	$ (520,900)	$ (665,037)
Items not affecting cash		
Amortization	3,006	2,556
Foreign exchange loss	657	3,112
Share-based payments	591	33,111
Loss on disposal of equipment	-	2,748
	(516,646)	(623,510)
Changes in non-cash working capital		
Accounts receivable	(236)	(11,654)
Due from/to related parties	6,363	(81,972)
Prepaid expenses	7,796	(7,500)
Accounts payable and accrued liabilities	(19,377)	(168,207)
Deferred revenue	(8,566)	22,780
	(14,020	(246,553)
Cash Used in Operating Activities	(530,666)	(870,063)
Financing Activities		
Funds from loan payable	50,000	-
Issuance of common shares and warrants, net of share issuance costs	529,250	2,184,250
Loans from related parties	-	3,514
Cash Provided by Financing Activities	579,250	2,187,764
Investing Activity		
Purchase of equipment	-	(1,988)
Effect of Foreign Currency Translation on Cash	(657)	(3,112)
Net Change in Cash and Cash Equivalents	47,927	1,312,601
Cash and Cash Equivalents, Beginning of Period	7,920	285,658
Cash and Cash Equivalents, End of Period	$ 55,847	$ 1,598,259

1. NATURE OF OPERATIONS

The principal business of Las Vegas From Home.com Entertainment Inc. (the "Company" or "LVFH") is the developing and marketing of software for online interactive games (the "Gaming Software"). The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "LVH".

The Company's office is located at Suite 300 - 570 Granville Street, Vancouver, British Columbia, Canada, V6C 3P1, and its registered office is located at Suite 1600 - 609 Granville Street, Vancouver, British Columbia, Canada, V7Y 1C3.

2. GOING CONCERN

These condensed financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast significant doubt on the validity of this assumption. The Company has incurred a net loss and comprehensive loss of $520,900 during the three months ended March 31, 2015 (March 31, 2014: $642,257) and has incurred significant operating losses over the past two fiscal years (2014 - $2,685,789; 2013 - $2,237,706). The Company has limited revenues and resources, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost-cutting measures. There can be no assurance that management's plan will be successful.

If the going concern assumption were not appropriate for these condensed financial statements then adjustments would be necessary to the carrying values of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

3. BASIS OF PRESENTATION

(a) Statement of compliance

These condensed financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These condensed interim financial statements were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements.

(b) Basis of measurement

These condensed financial statements have been prepared under the historical cost basis, except for financial instruments classified as for available-for-sale ("AFS") and assets and liabilities at fair value through profit or loss ("FVTPL"), which are measured at fair value. These condensed financial statements have been prepared under the accrual basis of accounting, except for cash flow information.

3. BASIS OF PRESENTATION (Continued)

(b) Basis of measurement (continued)

The accounting policies set in note 4 have been applied consistently by the Company to all years presented in these condensed financial statements.

(c) Approval of the condensed financial statements

The condensed financial statements of LVFH for the three months ended March 31, 2015 were approved and authorized for issue by the Board of Directors on June 1, 2015.

(d) Functional and presentation currency

These condensed financial statements are presented in Canadian dollars, which is the Company's functional currency.

(e) Significant accounting judgments, estimates and assumptions

The preparation of the condensed financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Significant assumptions about the future and other sources of estimated uncertainty that management has made as at the condensed balance sheet dates that could result in a material adjustment to the carrying amount of assets and liabilities in the event that actual results differ from assumptions made, related to, but are not limited to, the following:

Critical accounting estimates

Critical accounting estimates and assumptions made by management that may result in a material adjustment to the carrying amounts of assets and liabilities include, but are not limited to, the following:

- Fair value of equity instruments

  The fair value of equity instruments are subject to the limitations of the Black-Scholes option pricing model, as well as other pricing models that incorporate market data and involves uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

3. BASIS OF PRESENTATION (Continued)

(e) Significant accounting judgments, estimates and assumptions (continued)

- Recovery of deferred tax assets

  The measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant tax authorities, which occurs subsequent to the issuance of the condensed financial statements.

- Recoverability of due from related parties

  The Company records an allowance for doubtful accounts related to due from related parties that are considered to be uncollectible. The allowance is based on the Company's knowledge of the financial condition of its related parties, the aging of the receivables and historical experience. A change to these factors could impact the estimated allowance and the provision for bad debts.

- Intangible assets – useful lives

  Following initial recognition, the Company carries the value of intangible assets at cost less accumulated amortization and any accumulated impairment losses. Amortization is recorded on the straight-line basis based upon management's estimate of the useful life and residual value. The estimates are reviewed at least annually and are updated if expectations change as a result of the technical obsolescence or legal and other limits to use. A change in the useful life or residual value will impact the reported carrying value of the intangible assets resulting in a change in related amortization expense.

- Intangible assets – impairment

  The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which are based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If information becomes available suggesting that the recovery of the asset is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

3. BASIS OF PRESENTATION (Continued)

(e) Significant accounting judgments, estimates and assumptions (continued)

Critical accounting judgments

- Research and development expenditures

  The application of the Company's accounting policy for research and development expenditures requires judgment in determining whether it is likely that the future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions may change if new information becomes available. If, after expenditures is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company include the following:

(a) Cash and cash equivalents

Cash and cash equivalents comprises cash and highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

(b) Financial instruments

(i) Financial assets

The Company classifies its financial assets in the following categories: financial assets at FVTPL, loans and receivables, held-to-maturity and AFS. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at recognition.

Fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is held-for-trading or it is designated as FVTPL. A financial asset is classified as FVTPL when it has been acquired principally for the purpose of selling in the near future; it is a part of an identified portfolio of financial instruments that the company manages and has an actual pattern of short-term profit-taking or if it is a derivative that is not designated and effective as a hedging instrument. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at FVTPL are measured at fair value and changes therein are recognized in profit or loss. The Company classifies its cash and cash equivalents as FVTPL.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. The Company classifies its due from related parties, accounts receivable (excluding GST/HST receivable) as loans and receivables.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments

(i) Financial assets

Held-to-maturity

Held-to-maturity are non-derivative financial assets with fixed or determinable payments that the Company intends on holding to maturity and do not meet the definitions of loans and receivables. Held-to-maturity financial assets are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method.

Available-for-sale

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other financial assets categories. Changes in the fair value of AFS financial assets other than impairment losses are recognized as other comprehensive income and classified as a component of equity.

(ii) Financial liabilities

The Company classifies its financial liabilities as FVTPL, or other financial liabilities.

Fair value through profit or loss

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in profit or loss.

Other financial liabilities

Other financial liabilities are non-derivatives and are recognized initially at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost using the effective interest rate method. Any difference between the amounts originally received, net of transaction costs, and the redemption value is recognized in profit or loss over the period to maturity using the effective interest method. Other financial liabilities are classified as current or non-current based on their maturity date. The Company classifies accounts payable and accrued liabilities, loan payable, deferred revenue, due to related parties and loans from related parties as other financial liabilities.

(iii) Impairment

The Company assesses at each condensed balance sheet date whether there is objective evidence that financial assets, other than those designated as FVTPL, are impaired. When impairment has occurred, the cumulative loss is recognized in the condensed statement of comprehensive loss. For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. When an AFS financial asset is considered to be impaired, cumulative gains or losses

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Financial instruments

(ii) Financial liabilities

(iii) Impairment (Continued)

previously recognized in other comprehensive income are reclassified to profit or loss in the period.

(c) Research and development

Research costs are expensed as incurred. Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under IFRS. The criteria includes identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, demonstration of the Company's intention and ability to complete the software and use or sell it, identification of a market for the software, the Company's intent to market the software and the existence of adequate resources to complete the project.

Capitalized development costs are amortized over an estimated useful life of five years or prorated over its expected revenue stream, whichever is higher, beginning in the year when commercial sales of the products commence.

(d) Equipment

Items of equipment are measured at cost less accumulated amortization and accumulated impairment loss.

Amortization of equipment is calculated on the declining-balance basis at the following annual rates:

Computer equipment	- 30% - 55%
Office furniture	- 20%

Gain and losses on disposal of an item of equipment are determined by comparing the proceeds from disposal with the carrying amount of equipment and are recognized net in the condensed statements of operations.

(e) Intangible assets

Intangible assets consist of intellectual property rights purchased from BaddaMedia Inc. ("BaddaMedia") and are being amortized over the estimated useful life of five years.

(f) Impairment

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. 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. If the recoverable amount of an asset is

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Impairment (Continued)

estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

(g) Revenue recognition

The Company derives revenue from the sale of perpetual software licenses, software license subscriptions and professional services fees.

Revenue is recognized as it is earned in accordance with the following:

(i) Licensing revenue

The Company recognizes revenues from licensees upon completion of each game according to the terms and conditions of the license agreement. Revenue is recognized to the extent that the economic benefit will flow to the Company and the amount be measured reliably. Revenue comprises the fair value of the consideration received or receivable for the product or service in the ordinary course of the Company's activities.

(ii) Sales revenue

Sales revenue is recognized based on negotiated percentages of gross sales as specified in the agreements with licensees, which varies from agreement to agreement. The Company recognizes its percentage of sales at the end of each month based on the sales of the licensees.

(iii) Any consideration received in advance of services being rendered is recorded as deferred revenue and subsequently recognized as it is earned.

(h) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the condensed statement of comprehensive loss. Current 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 regard to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the condensed financial statement carrying amounts of existing assets and liabilities and their respective tax basis. 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 settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Income taxes (Continued)

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. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share-based payments

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of share-based payments to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received based on the fair value of the goods or services received. If it is determined that the fair value of goods and services received cannot be reliably measured, the share-based payment is measured at the fair value of the equity instruments issued using the Black-Scholes option pricing model.

For both employees and non-employees, the fair value of share-based payments is recognized as an expense with a corresponding increase in option reserves. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

Consideration received on the exercise of stock options is recorded in capital stock and the related share-based payment in option reserves is transferred to capital stock. For those options that expire, the recorded value is transferred to deficit.

(j) Joint arrangements

The Company has a joint arrangement for the development and marketing of a software platform, which has been accounted for as a joint operation. The Company recognizes its share of assets, liabilities, revenues and expenses related to this arrangement in its financial statements.

(k) Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing net loss attributable to common shares of the Company by the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Capital stock

Proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the pre-determined private placement price. The proceeds from the issuance of units are allocated between common shares and warrants based on the residual value method. Under this method, the proceeds are allocated first to capital stock based on the fair value of the common shares at the time the units are priced and any residual value is allocated to the warrants reserve. Consideration received for the exercise of warrants is recorded in capital stock and the related residual value is transferred from warrant reserve to capital stock. For unexercised warrants that expire, the recorded value is transferred to deficit.

(m) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the condensed balance sheet date;

(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and

(iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rate of exchange on the transaction date.

Gains and losses arising from this translation of foreign currency are included in the determination of net income (loss) for the year.

(o) New accounting pronouncements

The Company has not early-adopted these standards and is currently assessing the impact that the standards will have on the condensed financial statements.

IFRS 9 Financial Instruments (2014)

This is a finalized version of IFRS 9, which contains accounting requirements for financial instruments, replacing IAS 39 *Financial Instruments: Recognition and Measurement*. The standard contains requirements in the following areas:

- Classification and measurement. Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a “fair value through other comprehensive income” category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39; however, there are differences in the requirements applying to the measurement of an entity's own credit risk.
- Impairment. The 2014 version of IFRS 9 introduces an “expected credit loss” model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognized.
- Hedge accounting. Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.
- Derecognition. The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Applicable to the Company's annual period beginning January 1, 2018.

(o) New accounting pronouncements (continued)

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customers.

The five steps in the model are as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contracts
- Recognize revenue when (or as) the entity satisfies a performance obligation.

Guidance is provided on topics such as the point in which revenue is recognized, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

Applicable to the Company's annual period beginning January 1, 2017.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair values of cash and cash equivalents, accounts payable and accrued liabilities, trade accounts receivable, loan payable, due to related parties, deferred revenue, due from related parties and loans from related parties approximate their carrying values due to the short-term maturity of these instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. The levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for assets or liabilities that are not based on observable market data.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents and due from related parties. The Company mitigates its exposure to credit loss associated with cash by placing its cash and cash equivalents in a major financial institution.

To reduce the credit risk of due from related parties, the Company regularly reviews the collectability of due from related parties to ensure there is no indication that these amounts will not be fully recoverable. As at March 31, 2015, allowance for doubtful accounts is $nil (2014 - $nil).

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

At March 31, 2015, the Company has cash and cash equivalents of $55,847 (March 31, 2014 -$1,598,259) available to apply against short-term business requirements and current liabilities of $345,389 (March 31, 2014 - $480,956). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of March 31, 2015. Amounts due to related parties, loan payable and loans from related parties are due on demand.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on capital.

(i) Currency risk

The Company is exposed to foreign currency risk, as it holds cash denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company is not exposed to significant currency risk on its financial instruments at year-end. The Company's reported earnings include gains/losses on foreign exchange, largely reflecting revaluation of its foreign operations. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

5. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(e) Market risk (continued)

(i) Currency risk (continued)

At March 31, 2015, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Held in US dollars (stated in Canadian dollars)	
	March 31, 2015	**March 31, 2014**
Cash	$ 1,638	$ 1,038
Financial assets	$ 1,638	$ 1,038

The Company has $nil (March 31, 2014 - $nil) in accounts payable denominated in currencies other than Canadian dollars.

Based upon the above net exposure as at March 31, 2015 and assuming all other variables remain constant, a 9% depreciation or appreciation of the US dollar relative to the Canadian dollar would result in a nominal change in the Company's condensed net loss and comprehensive loss.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant.

The interest rate on loan payable balance as at March 31, 2015 is fixed at 10%, as such, the Company is not exposed to interest rate risk.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

6. CAPITAL STOCK

Effective April 4, 2013, the Company consolidated its common shares on the basis of eight pre-consolidated common shares for one post-consolidation common share. All figures as to the numbers of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share in these condensed financial statements, have been retroactively restated to reflect the consolidation.

(a) Authorized

Unlimited number of common shares and an unlimited number of preferred shares, without par value.

6. CAPITAL STOCK (Continued)

(b) Issued and outstanding

Preferred shares

No preferred shares have been issued.

Common shares

During the three months ended March 31, 2015, the following share transactions occurred:

- On February 27 and March 3, 2015, the Company closed the first and second tranches of a non-brokered private placement financing and issued an aggregate 12,471,429 units of the Company's securities at $0.035 per unit for gross proceeds of $436,500. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.10 for two years from the date of issuance. In connection with this closing, the Company paid cash finders' fees to arm's length parties. Securities issued in the first tranche have a hold period expiring June 28, 2015, and securities issued in the second tranche have a hold period expiring July 4, 2015.

- On March 9, 2015, the Company closed the third and final tranche of a non-brokered private placement financing and issued an aggregate 2,715,000 units of the Company's securities at $0.035 per unit for gross proceeds of $95,025. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.10 for two years from the date of issuance. All securities issued have a hold period expiring July 10, 2015.

During the year ended December 31, 2014, the following share transactions occurred:

- On January 30, 2014, the Company closed a non-brokered private placement financing and issued an aggregate 14,375,000 units of the Company's securities at $0.08 per unit for gross proceeds of $1,150,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.10 per share up to January 30, 2016. In connection with this closing, the Company paid as finder's fee $10,000 cash, issued 125,000 broker warrants fair valued at $9,983 and issued 1,142,500 units fair valued at $91,400 to three arm's length parties. Each broker warrant is exercisable at $0.10 for a period of two years from the grant date. Each unit consists of one common share and one common share purchase warrant, exercisable at $0.10 for a period of two years from the grant date. All the securities issued are subject to a hold period of four months and a day from the issuance date.

- On March 25, 2014, the Company closed a non-brokered private placement financing and issued an aggregate 15,000,000 units of the Company's securities at $0.08 per unit for gross proceeds of $1,200,000. Each unit consists of one common share and one share purchase warrant exercisable at a price of $0.10 up to March 25, 2016. In connection with the private placement, the Company has paid as finder's fees $102,400 cash, issued 1,280,000 compound warrants fair valued at $278,437, and 98,250 units fair valued at $7,860 to arm's length parties and the Company has incurred share issue cost of $500. Each compound warrant is exercisable at $0.08 per unit for two years. Each unit comprises one common share and one share purchase warrant exercisable at $0.10 for two years. All the securities issued are subject to a hold period of four months and a day from the issuance date.

(Expressed in Canadian Dollars, unless otherwise stated)

6. CAPITAL STOCK (Continued)

(b) Issued and outstanding

Common shares

- On May 6, 2014, the Company issued a total of 229,167 common shares fair valued at $20,625 in respect to the asset purchase agreement, which was entered into by the Company with BaddaMedia.

- On May 6, 2014, the Company issued 375,000 common shares fair valued at $37,500 in respect to the Advisory Agreement (the "Agreement") entered into with Kingsdale Capital Markets Inc. ("Kingsdale"). Under the Agreement, the Company has agreed to issue in stages a total of 1,500,000 common shares and 1,500,000 compensation warrants to Kingsdale fair valued at $142,767. Each compensation warrant will have a three year expiry term and will be exercisable into one common share at $0.105. On October 22, 2014, the Company issued 375,000 common shares fair valued at $20,625 to Kingsdale in respect to the Agreement. The remaining 750,000 common shares were issued to Kingsdale subsequent to March 31, 2015 (note 15(d)).

- An aggregate 5,290,000 common shares were issued in connection with the exercise of 5,125,000 share purchase warrants at $0.075 per share and 165,000 compound warrants at $0.05 per share for total proceeds to the Company of $392,625.

(c) Warrants

Warrants activity for the three months ended March 31, 2015 and 2014 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2014	64,402,128	$ 0.14
Issued	32,405,750	$ 0.10
Exercised	(5,125,000)	$ 0.10
Expired	(566,563)	$ 1.16
Balance, December 31, 2014	91,116,315	$ 0.10
Issued	15,186,429	$0.10
Balance, March 31, 2015	**106,302,744**	**$0.10**

Compound warrants activity for the three months ended March 31, 2015 and 2014 are as follows:

	Number of Warrants	Weighted Average Exercise Price
Balance, January 1, 2014	4,864,838	$ 0.05
Issued	1,280,000	$ 0.08
Exercised	(165,000)	$ 0.05
Balance, December 31, 2014 and March 31, 2015	**5,979,838**	**$ 0.06**

(Expressed in Canadian Dollars, unless otherwise stated)

7. CAPITAL STOCK (Continued)

(c) Warrants (continued)

At March 31, 2015 and 2014, the following warrants and compound warrants were outstanding and exercisable:

Expiry Date		Exercise Price	Number of Warrants 2015	2014
October 10, 2016	$	0.16*	3,125,000	3,187,500
June 26, 2015	$	0.10**	3,460,000	3,860,000
July 10, 2015	$	0.10**	7,100,000	7,100,000
July 17, 2015	$	0.10**	925,100	925,100
July 24, 2015	$	0.10**	8,590,000	12,690,000
August 9, 2015	$	0.10**	10,850,040	11,150,040
October 3, 2015	$	0.10**	14,010,000	14,010,000
October 22, 2015	$	0.10**	4,150,000	4,300,000
November 5, 2015	$	0.10**	4,901,800	4,901,800
November 18, 2015	$	0.10**	1,763,625	1,763,625
July 24, 2015	$	0.05***	790,000	955,000
August 9, 2015	$	0.05***	1,594,900	1,594,900
October 3, 2015	$	0.05***	1,280,000	1,280,000
October 22, 2015	$	0.05***	400,000	400,000
November 5, 2015	$	0.05***	168,000	168,000
November 5, 2015	$	0.065***	312,100	312,100
November 18, 2015	$	0.065***	154,838	154,838
January 30, 2016	$	0.10	15,642,500	15,642,500
March 25, 2016	$	0.08****	1,280,000	1,280,000
March 25, 2016	$	0.10	15,098,250	15,098,250
May 6, 2017	$	0.10	1,500,000	-
February 27,2017	$	0.10	8,500,000	-
March 3, 2017	$	0.10	3,971,429	-
March 9, 2017	$	0.10	2,715,000	-
	$	0.10	112,282,582	100,773,653

* During the year ended December 31, 2014, the exercise price was amended from $0.80 to $0.16 and the term extended from October 10, 2014 to October 10, 2016.

** Exercisable at $0.075 in the first year and at $0.10 in the second year into common shares of the Company.

*** These warrants are exercisable into one unit. Each unit consists of one common share and one share purchase warrant. Once exercised, each share purchase warrant is exercisable at $0.075 in the first year and at $0.10 in the second year from the date of issuance.

**** These warrants are exercisable into one unit. Each unit consists of one common share and one share purchase warrant. Once exercised, each share purchase warrant is exercisable at $0.10 for two years from the date of issuance.

(Expressed in Canadian Dollars, unless otherwise stated)

7. CAPITAL STOCK (Continued)

(d) Stock options

Pursuant to the Company's Amended 2004 Stock Option Plan, which has received TSX-V approval, the Company grants stock options to employees, directors, officers and consultants. As at March 31, 2015, there are 222,262 (March 31, 2014 – 234,762) stock options available for granting. The terms of the options are determined at the date of grant.

The following summarizes the officer, director, employee and consultant stock options that were granted, cancelled and expired during the three months ended March 31, 2015 and 2014. The options vest 25% on grant and thereafter at 25% every four or six months.

	Number of Options	Weighted Average Exercise Price
Balance, January 1, 2014	588,250	$ 0.30
Granted	675,000	$ 0.10
Expired	(162,500)	$ 0.82
Balance, December 31, 2014	1,100,750	$ 0.10
Expired	(30,000)	$0.10
Balance, March 31, 2015	**1,070,750**	**$0.10**

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payments of $nil (March 31, 2014 - $5) were recognized as salaries expense and $591 (March 31, 2014 - $33,106) was recognized as consulting fees for options granted to consultants.

8. VIRAL JOINT VENTURE

During the year ended December 31, 2013, the Company entered into a joint venture agreement (the "Agreement") with Viral Network Inc. ("Viral") in order to develop a software product that can be utilized for use in the social media sphere (the "JV Software Product"). Upon the completion of the JV Software Product, the JV Software Product shall be equally owned by the Company and Viral. In fiscal 2013, the Company issued 1,500,000 common shares in the capital of the Company to Viral fair valued at $112,500, which was recorded as consulting fees in the condensed statement of comprehensive loss. The Company is obligated to issue an additional 1,500,000 common shares in the capital of the Company to Viral after twelve months from the date when the JV Software Product commences generating its first revenue. To date no revenues have been generated as the development of the JV Software Product has not been completed.

9. RELATED PARTY TRANSACTIONS

Amounts due from (to) related parties are unsecured, due on demand without interest and consist of the following:

	March 31, 2015	**March 31, 2014**
Entities with common directors	$ 104,030	$ 27,885
Key management personnel	(9)	(328,027)
	$ 104,021	$ (300,142)

(Expressed in Canadian Dollars, unless otherwise stated)

9. RELATED PARTY TRANSACTIONS (Continued)

During the year ended December 31, 2012, the Company entered into two credit facilities with two directors, whereby the Company may draw-down up to $170,000 from each of the two facilities ($340,000 in the aggregate) as and when needed by the Company. Amounts advanced under the facilities bear interest at 5% per annum and are due on demand. The Company drew down $300,000 from these two credit facilities. On April 1, 2014, the Company repaid the principal amounts totaling $300,000 plus $28,027 accrued interest to the two directors.

During the three months ended March 31, the Company completed the following related party transactions:

		2015		2014
Rent charged by entities with common directors	$	-	$	17,907
Rent recovered from entities with common directors	$	(14,626)	$	-
Office and other expenses recovered from entities with common directors	$	(36,568)	$	(37,570)
Interest charged on amounts due to related parties	$	135	$	3,699

During the three months ended March 31, 2015, the Company has paid management fees totalling $99,000 to a company owned by two directors (March 31, 2014: $99,000).

10. LOAN PAYABLE

As at March 31, 2015, the Company entered into a loan agreement with a third party for a total amount of $100,000. The loan bears interest at the rate of 10% per annum, payable on a quarterly basis and is due December 31, 2015.

11. DEFERRED REVENUE

As at March 31, 2015, the Company recorded $73,638 (March 31, 2014 - $nil) in deferred revenue with respect to its license agreements. The Company is expected to recognize the balance by fiscal 2017.

12. COMMITMENTS

(a) The Company entered into an agreement for management services (the “Agreement”) with Kalpakian Bros. of B.C. Ltd. (“Kalpakian Bros.”), a private company owned by two directors of the Company. The Company is entitled to receive management services from Kalpakian Bros. at a monthly rate of $33,000 plus applicable taxes. The Agreement has been renewed effective July 1, 2010 for a term of five years. Kalpakian Bros. is also entitled to reimbursement for all traveling and other expenses incurred by it in connection with performing its services. If the Agreement is terminated by the Company other than for just cause, or is terminated by Kalpakian Bros. for good reason, then Kalpakian Bros. is entitled to be paid the annual remuneration for the unexpired term of the Agreement and is also entitled to immediate vesting of all unvested stock options. Kalpakian Bros. may terminate the Agreement on giving four months’ notice.

12. COMMITMENTS (Continued)

(b) The Company has an agreement for office support services with 37 Capital Inc. ("37 Capital"), a public company with common directors. Under the agreement, the Company is committed to provide to 37 Capital office support services for $7,000 plus applicable taxes per month. The agreement expires April 30, 2016. The agreement can be terminated by either party upon giving three months' written notice.

(c) The Company has an agreement for office support services with Green Arrow Resources Inc. ("Green Arrow"), a public company with common directors. Under the agreement, the Company is committed to provide to Green Arrow office support services for $5,000 plus applicable taxes per month. The agreement expires April 30, 2016. The agreement can be terminated by either party upon giving three months' written notice.

(d) On March 15, 2014, the Company entered into an investor and financial relations agreement with the Howard Group for a period of 12 months. Under the agreement, the Company has paid the Howard Group a total amount of $48,750 plus applicable taxes. Furthermore, the Company has issued to the Howard Group 400,000 incentive stock options which are exercisable at $0.10 per share for a period of three years (note 15(a)). As of September 12, 2014, the agreement has been terminated.

(e) The Company has entered into an advisory agreement with Kingsdale. Under the agreement, Kingsdale will act as the Company's strategic market advisor on a non-exclusive basis for a period of twelve months. The cash remuneration payable to Kingsdale is $120,000 plus applicable taxes (paid). In addition, the Company shall issue to Kingsdale 1,500,000 common shares and 1,500,000 compensation warrants exercisable into one common share of the Company at $0.0105 per common share for a period of three years. The common shares and the compensation warrants were issued in stages. As at March 31, 2015, the Company has issued 1,500,000 compensation warrants and 750,000 common shares to Kingsdale pursuant to the agreement.

(f) The Company, together with 37 Capital and Green Arrow, have entered into an office lease agreement with an arm's length party (the "Lease"). The Lease has a one year term with a commencement date of August 1, 2014. The office lease agreement has been extended for a period of one year until July 31, 2016. Under the Lease, the three companies are required to pay monthly basic rent of $7,769 plus property and operating expenses. In respect to the Lease, the Company has paid a deposit in the amount of $10,000.

13. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' deficiency and loans.

The Company's objective when managing capital is to maintain adequate levels of funding support for the development and marketing of the Company's online multi-player interactive games while maintaining the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds on acceptable terms in the future. There were no changes to the Company's approach to capital management during the three months ended March 31, 2015. The Company is not subject to externally imposed capital requirements.

14. SEGMENTAL INFORMATION

The Company has one operating segment, the licensing of gaming software. All assets are located in Canada.

15. EVENTS AFTER THE REPORTING DATE

The following events occurred after March 31, 2015:

(a) On April 9, 2015, a total of 400,000 stock options exercisable at $0.10 per share were cancelled.

(b) On April 14, 2015, the TSX-V accepted the Company's new rolling stock option plan whereby a maximum of 10% of the issued shares of the Company will be reserved for issuance under the plan.

(c) On April 17, 2015, the Company closed a non-brokered private placement financing and issued 11,500,000 units of the Company at a price of $0.05 per unit for total gross proceeds to the Company of $575,000. Each unit consists of one common share in the capital of the Company and one share purchase warrant, each warrant entitles the holder to purchase one common share of the Company at a price of $0.10 for a period of two years from closing. The Company has paid finder's fees totalling $11,450 in cash, 170,000 common shares and 399,000 share purchase warrants to arm's length third parties. All securities issued have a hold period expiring August 18, 2015.

(d) On April 23, 2015, the Company issued to Kingsdale the remaining 750,000 common shares pursuant to the Agreement.