QUANTUM INTERNATIONAL INCOME CORP

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
For the three and nine months ended November 30, 2017

(in U.S. Dollars)

(Unaudited)

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QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Financial Statements
(Unaudited)

Management Comments

These condensed Interim Consolidated Financial Statements of Quantum International Income Corp. for the three and nine month period ended November 30, 2017 and all the information contained in this condensed interim financial report are the responsibility of management and have been approved by the Board of Directors.

In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed the accompanying condensed interim consolidated financial statements and notes to the condensed interim consolidated financial statements.

January 29, 2018

Signed: (signed) Manu Sekhri
Manu Sekhri
Chief Executive Officer

QUANTUM INTERNATIONAL INCOME CORP

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(All amounts in U.S. dollars)

	November 30, 2017 $	February 28, 2017 $
ASSETS		
Current assets		
Cash and cash equivalents	$ 3,265,933	$ 3,396,787
Restricted cash	2,728,380	855,748
Accounts receivable	1,056,421	540,569
Related party balances (Note 18)	141,839	-
Current portion of note receivable (Note 9)	436,536	356,952
Prepaid expense and other assets	66,804	31,946
Total current assets	7,695,913	5,182,002
Non-current assets		
Note receivable (Note 9)	-	302,548
Property and equipment	4,532,926	2,047,813
Goodwill and intangible assets (Note 3, 4,5,6 and 7)	53,427,606	26,400,255
Total non-current assets	57,960,532	28,750,616
TOTAL ASSETS	$ 65,656,445	$ 33,932,618
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 18)	$ 3,764,662	$ 6,724,079
Distribution payable (Note 18)	-	970,318
Current portion of long-term debt (Note 12)	51,647	18,061
Short-term promissory notes (Note 11)	280,312	290,417
Deferred consideration (Note 7)	-	500,000
Contingent consideration (Note 7)	-	206,142
Derivative liability (Note 13)	961,311	61,391
Loan payable (Note 10)	250,000	310,000
Total current liabilities	5,307,932	9,080,408
Long-term debt (Note 12)	46,109,213	8,925,101
Total liabilities	51,417,145	18,005,509
Equity		
Share capital (Note 13)	34,121,822	30,695,521
Contributed surplus	3,176,855	1,685,627
Deficit	(35,191,628)	(29,870,077)
Equity attributable to owners of the parent	2,107,049	2,511,071
Non-controlling interest	12,132,251	13,416,038
Total equity	14,239,300	15,927,109
TOTAL LIABILITIES AND EQUITY	$ 65,656,445	$ 33,932,618

ON BEHALF OF THE BOARD

(signed) Manu Sekhri	(signed) Peter Shippen
Manu Sekhri, Director	Peter Shippen, Director

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Statements of Income and Comprehensive Income
(Unaudited)
(All amounts in U.S. dollars)

	Three months ended		Nine months ended	
	November 30, 2017	**November 30, 2016**	**November 30, 2017**	**November 30, 2016**
	$	**$**	**$**	**$**
		(Restated) (Note 23)		**(Restated) (Note 23)**
Revenue				
COAM Revenue	14,172,534	3,028,978	35,087,184	3,028,978
Location costs	(7,086,267)	(1,514,489)	(17,543,592)	(1,514,489)
Revenue after location costs	7,086,267	1,514,489	17,543,592	1,514,489
Operating and other expenses				
Fair value loss on derivative liabilities	(273,201)	-	(474,668)	-
Amortization of property, equipment and intangible assets	(2,133,187)	(317,210)	(4,644,797)	(319,414)
General and administrative expenses (Note 15)	(3,498,147)	(3,235,765)	(9,024,155)	(5,107,670)
Finance costs	(2,289,379)	(359,910)	(5,297,700)	(423,039)
Gain on settlement of accounts payable and loan payable	297,069	-	309,678	-
Gain (loss) on foreign exchange	4,651	-	(32,983)	(20,318)
	(7,892,194)	(3,912,885)	(19,164,625)	(5,870,441)
LOSS FROM CONTINUING OPERATIONS BEFORE TAXES	(805,927)	(2,398,396)	(1,621,033)	(4,355,952)
Income tax expense	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(805,927)	(2,398,396)	(1,621,033)	(4,355,952)
Gain from discontinued operations (Note 8 and 9)	-	653,678	-	71,216
NET LOSS	(805,927)	(1,744,718)	(1,621,033)	(4,284,736)
Attributable to:				
Owners	(1,885,415)	(2,300,503)	(5,321,551)	(4,840,521)
Non-controlling interest	1,079,488	555,785	3,700,518	555,785
	(805,927)	(1,744,718)	(1,621,033)	(4,284,736)
NET LOSS AND COMPREHENSIVE LOSS	(805,927)	(1,744,718)	(1,621,033)	(4,284,736)
Attributable to:				
Owners	(1,885,415)	(2,300,503)	(5,321,551)	(4,840,521)
Non-controlling interest	1,079,488	555,785	3,700,518	555,785
	(805,927)	(1,744,718)	(1,621,033)	(4,284,736)
Gain (loss) per Share (Note 16)				
From continuing operations – basic and diluted	(0.027)	(0.055)	(0.081)	(0.155)
From discontinued operations – basic	-	0.016	-	0.002
From discontinued operations – diluted	-	0.014	-	0.002

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

QUANTUM INTERNATIONAL INCOME CORP

Condensed Interim Consolidated Statements of Changes in Equity

(Unaudited)

(All amounts in U.S. dollars)

	Attributable to Owners						
	Share Capital	Contributed Surplus	Deficit	Accumulated Other Comprehensive Income	Total	Non-controlling Interest	Total Equity
	$	$	$	$	$	$	$
Balance as at February 29, 2016 (restated)	22,765,038	1,110,740	(25,970,524)	(2,723)	(2,097,469)	17,573	(2,079,896)
Equity issuance (Note 13)	4,600,000				4,600,000	-	4,600,000
Shares issued for settlement of debt (Note 13)	39,559	-	-	-	39,559	-	39,559
Shares issued for credit facility agreement (Note 13)	15,531	-	-	-	15,531	-	15,531
Share based payments (Note 13)	-	709,488	-	-	709,488	-	709,488
Warrants issued for credit facility agreement (Note 13)	-	19,585	-	-	19,585	-	19,585
Acquisitions	-	-	-	-	-	1,192,522	1,192,522
Net loss for the period	-	-	(4,840,521)	-	(4,840,521)	555,785	(4,284,736)
Reclassification of foreign currency translation amounts and non-controlling interest relating to divesture	-	-	-	2,723	2,723	(17,573)	(14,850)
Balance as at November 30, 2016 (restated)	27,420,128	1,839,813	(30,811,045)	-	(1,551,104)	1,748,307	197,203
Balance as at February 28, 2017	30,695,521	1,685,627	(29,870,077)	-	2,511,071	13,416,038	15,927,109
Private placement (Note 13)	447,101	-	-	-	447,101	-	447,101
Warrants exercised (Note 13)	105,260	(29,900)	-	-	75,360	-	75,360
Options exercised (Note 13)	2,893,940	(1,633,463)	-	-	1,260,477	-	1,260,477
Stock based compensation (Note 14)	-	3,154,591	-	-	3,154,591	-	3,154,591
Distributions	-	-	-	-	-	(4,984,305)	(4,984,305)
Net loss for the period	-	-	(5,321,551)	-	(5,321,551)	3,700,518	(1,621,033)
Balance as at November 30, 2017	34,141,822	3,176,855	(35,191,628)	-	2,127,049	12,132,251	14,259,300

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

QUANTUM INTERNATIONAL INCOME CORP
Condensed Interim Consolidated Statements of Cash Flows
(Unaudited)
(All amounts in U.S. dollars)

	November 30, 2017 $	November 30, 2016 $
OPERATING ACTIVITIES		(Restated) (Note 23)
Net loss	$ (1,621,033)	$ (4,284,736)
Items not affecting cash		
Amortization of property and equipment and intangible assets	4,644,797	319,546
Fair value change in derivative liability	474,668	-
Accretion expense	1,431,700	41,953
Stock based compensation	3,154,591	729,073
Share based payments	-	115,531
Gain on sale of subsidiary	-	(245,453)
Bad debt expense	-	6,000
Net change in non-cash operating working capital (Note 19)	(4,135,144)	1,332,053
Net change in non-cash operating work capital of discontinued operation	-	292,463
Cash flows from (used in) operating activities	3,949,579	(1,693,570)
INVESTING ACTIVITIES		
Cash paid for acquisitions (Note 3,4,5,6 and 7)	(32,233,024)	(10,000,000)
Cash paid for location contracts	(70,000)	-
Additions to property and equipment	(1,854,237)	(715,011)
Cash flows used in investing activities	(34,157,261)	(10,715,011)
FINANCING ACTIVITIES		
Net proceeds from loans payable	-	930,868
Restricted cash	(1,872,632)	-
Proceeds from private placement	447,101	-
Proceeds from share issuance	-	1,500,000
Proceeds from warrants exercised	75,360	-
Proceeds from options exercised	1,240,478	-
Cash distribution paid to non-controlling interest	(5,993,752)	-
Advances from long-term debt	38,400,000	11,099,727
Debt transaction costs	(2,219,727)	
Repayment of loans payable	-	(36,751)
Cash held in trust	-	(17,520)
Cash flows from financing activities	30,076,828	13,476,324
Net change in cash and cash equivalents	(130,854)	1,067,743
Cash and cash equivalents, beginning of period	3,396,787	136,253
Cash and cash equivalents, end of period	$ 3,265,933	$ 1,203,996
Supplemental information		
Interest paid	$ 3,883,337	$ (384,052)

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements

1. REPORTING ENTITY

Quantum International Income Corp ("Quantum" or the "Company") seeks opportunities to acquire and grow businesses in order to generate stable distributions for its shareholders, along with capital appreciation. The Company seeks to acquire operating businesses with a proven track record, an opportunity for growth and whose management wishes to continue to operate the business going forward. The Company's investment approach will be to grow through the acquisition of "platform" businesses that are consistent with its business strategy and acquisition criteria and then to continue to build revenues and earnings within these businesses. Potential acquisition targets may be private or public companies in a variety of industries. Acquisition of all or a majority of the ownership of each such business is preferred. Value will be created by seeking out high growth, high margin opportunities where the acquired businesses can maintain and develop the deep knowledge, expertise and understanding of their customers' needs required to deliver superior service and command higher pricing and margins than the competition.

Quantum is a publicly listed company incorporated on August 15, 1995 under the laws of Ontario. The Company changed its name from E.G. Capital Inc. to its present name on March 14, 2014. The Company trades on the TSX Venture Exchange (TSX-V) under the symbol QIC.

The primary office is located at 79 Wellington St. West, Suite 1630, Toronto ON, M5K 1H1.

On October 21, 2016, the Company acquired Lucky Bucks, LLC, which owns and operates coin operated amusement machines ("COAMs") in the state of Georgia, United States of America through arrangements with location owners. The gaming industry is regulated by the Georgia Lottery Corporation ("GLC").

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34).

These condensed interim consolidated financial statements of the Company were authorized for issue by the Board of Directors on January 29, 2018

The same accounting policies and methods of computation are followed in these unaudited condensed interim consolidated financial statements as compared with the most recent annual financial statements as at and for the year ended February 28, 2017.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company's annual consolidated financial statements as at February 28, 2017.

Share Consolidation

On March 17, 2017, the Company completed a share consolidation; each common shareholder received one post-consolidation share for every three pre-consolidation shares held. These condensed interim consolidated financial statements retrospectively reflect the impact of the consolidation.

(amounts in U.S. dollars, unless otherwise stated)

Basis of Consolidation

The condensed interim consolidated financial statements of the Company as at November 30, 2017 and February 28, 2017 comprise of the Company and its subsidiaries (collectively the “Group”). The Company’s subsidiaries and ownership interests are as follows:

	Ownership interest as at November 30, 2017
Quantum US Healthcare Corp. ("QHC")	100%
Columbus LTACH Holdings Corp. ("LTACH")	100%
Quantum Gaming Corp ("QGC")	100%
Southern Star Gaming, LLC (“SSG”)	100%
Lucky Bucks HoldCo, LLC ("LBH")	51%
Lucky Bucks, LLC (“LB”)	51%

QHC is incorporated in Ontario, LTACH is a Delaware limited liability company, QGC is a Delaware corporation, SSG is a Delaware limited liability company, LBH is a Georgia limited liability company and LB is a Georgia limited liability company.

3. ACQUISITIONS OF TRIPLE 7s AMUSEMENT LLC AND LUCKY STAR AMUSEMENT, INC.

On May 18, 2017, Lucky Bucks, LLC, a company controlled by the Company, acquired certain operating assets of Triple 7s Amusement LLC (“Triple 7s”) and Lucky Star Amusement, Inc. (“Lucky Star”).

The purchase price was $4,200,000 in respect of the Triple 7s assets and $1,620,000 in respect of the Lucky Star assets. $4,000,000 of the Triple 7s purchase price was paid on closing of the acquisition, with the remaining $200,000 payable to Triple 7s upon the satisfaction of certain post-closing obligations. These post-closing obligations were satisfied and the remaining amount was paid on May 31, 2017. The total Lucky Star purchase price was paid on closing. In addition to the foregoing cash payments, an additional one-time payment is payable to each of the seller following the closing date if, within six months of the closing date, revenue is generated by assets acquired from the sellers that were not generating revenue as of the closing date. As at November 30, 2017, the company estimates that the contingent consideration pertaining to these acquisitions is $Nil.

These acquisitions were financed by the long-term debt as described in Note 12.

The company has preliminarily allocated the purchase price for these two acquisitions as follows:

	Triple 7s	Lucky Star
Property and equipment	$ 127,680	$ 120,840
Owner/operator gaming machine contracts	1,933,277	745,739
Master License	700,000	700,000
Goodwill	1,439,043	53,421
	$ 4,200,000	$ 1,620,000

(amounts in U.S. dollars, unless otherwise stated)

Provisional consideration is comprised of a cash payment of $5,820,000.

The Company has followed guidance provided by IFRS 3 - Business Combinations, which allows the Company one year to finalize the purchase price allocation of an acquired company's tangible assets, and intangible assets and goodwill. The Company will analyze the acquired assets, contingent consideration, intangibles and goodwill and will make the final allocation within the 12 month period.

Included in the condensed interim consolidated statements of income and comprehensive income is revenue of $2,820,769 from Triple 7s and Lucky Star, for the period between May 18, 2017 to November 30, 2017.

4. ACQUISITIONS OF AM/PM MANAGEMENT, INC. AND AMERICAN AMUSEMENTS LLC.

On June 30, 2017, Lucky Bucks, LLC, a company controlled by the Company, acquired certain operating assets of AM/PM Management, Inc. ("AMPM") and American Amusement LLC. ("AA").

The purchase price was $11,923,599 in respect of the AMPM assets and $4,000,000 in respect of the AA assets. The total AA purchase price and total AMPM purchase price was paid on the closing date of the transaction.

These acquisitions were financed by the long-term debt as described in Note 12.

The company has preliminarily allocated the purchase price for these two acquisitions as follows:

	AMPM	AA
Property and equipment	$ 231,420	$ 174,420
Owner/operator gaming machine contracts	5,495,127	1,842,117
Master License	700,000	700,000
Goodwill	5,497,052	1,283,463
	$ 11,923,599	$ 4,000,000

Provisional consideration is comprised of a cash payment of $15,923,599.

The Company has followed guidance provided by IFRS 3 - Business Combinations, which allows the Company one year to finalize the purchase price allocation of an acquired company's tangible assets, and intangible assets and goodwill. The Company will analyze the acquired assets, contingent consideration, intangibles and goodwill and will make the final allocation within the 12 month period.

Included in the condensed interim consolidated statements of income and comprehensive income is revenue of $5,583,910 from AMPM and AA, for the period between June 30, 2017 to November 30, 2017.

5. ACQUISITION OF FUN GAMES INC

On October 6, 2017 Lucky Bucks, LLC, a company controlled by the Company, acquired certain operating assets of Fun Games Inc ("Fun Games"). The total Fun Games purchase price was $5,069,504 and was fully paid on the closing date of the transaction.

This acquisition was financed by the long-term debt as described in Note 12.

(amounts in U.S. dollars, unless otherwise stated)

The Company has allocated the purchase price as follows:

	Fun Games
Property and equipment	$ 318,060
Owner/operator gaming machine contracts	2,366,538
Master License	700,000
Goodwill	1,684,906
	$ 5,069,504

Provisional consideration is comprised of a cash payment of $5,069,504.

The Company has followed guidance provided by IFRS 3 - Business Combinations, which allows the Company one year to finalize the purchase price allocation of an acquired company's tangible assets, and intangible assets and goodwill. The Company will analyze the acquired assets, contingent consideration, intangibles and goodwill and will make the final allocation within the 12 month period.

Included in the condensed interim consolidated statements of income and comprehensive income is revenue of $818,645 from Fun Games, for the period between October 6, 2017 to November 30, 2017.

6. ACQUISITIONS OF CERTAIN ASSETS FROM FAREAST AMUSEMENT GAMES, LLC AND WILDHORSE AMUSEMENT COMPANY L.L.C.

On November 27, 2017, Lucky Bucks, LLC, a company controlled by the Company, acquired certain operating assets of FarEast Amusement Games, LLC, ("FarEast") and WildHorse Amusement Company L.L.C. ("WildHorse").

The purchase price of FarEast assets was $3,190,006, from which $2,772,679 was paid on closing of the transaction. The remaining $417,327 is payable to FarEast upon the satisfaction of certain post-closing obligations.

The purchase price of WildHorse assets was $2,229,915, from which $1,929,947 was paid on closing of the transaction. The remaining $299,968 is payable to WildHorse upon the satisfaction of certain post-closing obligations. These post-closing obligations were satisfied and the remaining amount was paid on January 10, 2018.

These acquisitions were financed by the long-term debt as described in Note 12.

The company has preliminarily allocated the purchase price for these two acquisitions as follows:

	FarEast	WildHorse
Property and equipment	$ 86,640	$ 100,320
Owner/operator gaming machine contracts	1,477,599	1,032,803
Goodwill	1,625,767	1,096,792
	$ 3,190,006	$ 2,229,915

Provisional consideration is comprised of a cash payment of $5,419,921.

(amounts in U.S. dollars, unless otherwise stated)

The Company has followed guidance provided by IFRS 3 - Business Combinations, which allows the Company one year to finalize the purchase price allocation of an acquired company's tangible assets, and intangible assets and goodwill. The Company will analyze the acquired assets, contingent consideration, intangibles and goodwill and will make the final allocation within the 12 month period.

Included in the condensed interim consolidated statements of income and comprehensive income is revenue of $29,777 from FarEast and WildHorse, for the period between November 27, 2017 to November 30, 2017.

7. ACQUISITION OF LUCKY BUCKS, LLC

On October 21, 2016, the Company completed the acquisition of a controlling interest of 51% in the business of Lucky Bucks, LLC, a skill-based gaming terminal operator based in the U.S. state of Georgia. Lucky Bucks, LLC assembles, distributes, owns and operates skill-based digital gaming terminals in multiple locations throughout Georgia. The total purchase price for the acquisition was $14,697,472.

The Company has allocated the purchase price as follows:

Property and equipment		$	1,204,075
Owner/operator gaming machine contracts			18,290,000
Brand			190,000
Master license			1,770,000
Goodwill	(a)		7,589,159
Accounts payable and other liabilities			(224,661)
Non-controlling interest	(b)		(14,121,101)
		$	14,697,472

Consideration is comprised of:

Cash Payment		$	10,039,043
Deferred consideration	(c)		500,000
Contingent consideration	(c)		206,142
Shares issued			3,952,287
		$	14,697,472

(a) Goodwill for this acquisition represents the acquired employee knowledge of the Georgia gaming market.

(b) Non-controlling interest is measured at its fair value.

(amounts in U.S. dollars, unless otherwise stated)

(c) As additional consideration for the acquisition, the Company will pay in cash an amount equal to the sum of (i) $500,000 plus (ii) an amount equal to the aggregate new COAM location revenue after location costs determined pursuant to the membership interest purchase agreement. The amount is calculated based on revenue from each new COAM location between the 91st day subsequent to the installation date and 180th day subsequent to the installation date, annualized over 365 days, multiplied by 64% and multiplied by a range of factors depending on the length of the contract term of the new COAM location, less any capital expenditures attributable to the new COAM location within the first 180 days and multiplied by the ownership interest of 51%. This amount is to be paid within 30 days following the first anniversary of the closing date. The Company paid $781,159 on October 26, 2017 to settle this liability.

Included in the condensed interim consolidated statements of income and comprehensive income is revenue of $25,834,083 from Lucky Bucks, LLC, for the period between March 1, 2017 to November 30, 2017.

8. DIVESTURE OF MULTIPLE MEDIA ENTERTAINMENT

On October 17, 2016 the Company closed a transaction with an arm's length third party to sell its 66.7% investment in Multiple Media Entertainment Inc. The proceeds of the sale were CAD$150,000 which was settled through a secured promissory note due on August 17, 2018 at a rate of 12% interest per annum.

Accordingly, the operating results and operating cash flows for this previously reported subsidiary are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the subsidiary Multiple Media Entertainment Inc. as a discontinued operation.

Proceeds from sale	$	150,000
Net assets disposed		(95,453)
Gain on divesture	$	245,453

Cash	$	5,624
Accounts receivable		137,811
Advances to related parties		1,486
Accounts payable and accrued liabilities		(222,801)
Non-controlling interest		(17,573)
Net assets	$	(95,453)

(amounts in U.S. dollars, unless otherwise stated)

		Three months ended November 30, 2016		Nine months ended November 30, 2016
Revenue	$	32,323	$	72,741
Expenses		(7,260)		(54,517)
Income for period from discontinued operations before sale of transaction		25,063		18,224
Attributable to non-controlling interest		-		-
Attributable to the shareholders of the Company		25,063		18,224
Income for period from discontinued operations before sale of transaction attributable to the shareholders of the company		25,063		18,224
Reclassification of foreign currency translation amounts from accumulated other comprehensive income		(1,368)		912
Gain on divesture		245,453		245,453
Gain from discontinued operations	$	269,148	$	264,589

9. DIVESTURE OF CENTERS FOR SPECIAL SURGERY

On February 1, 2017 the Company entered into an agreement with an arm's length third party to sell its 20% investment in CSS. The proceeds of the sale were $3,000,000 which comprised cash of $2,400,000 and a promissory note in the amount of $600,000 due in monthly instalments, maturing on November 30 2018 at a rate of 6.5% interest per annum.

Accordingly, the operating results and operating cash flows for the investment in associate are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the investment in CSS as a discontinued operation. The transaction closed on February 28, 2017.

		Three months ended November 30, 2016		Nine months ended November 30, 2016
Revenue	$	1,468,042	$	2,367,724
Expenses		(1,083,512)		(2,561,097)
Gain (loss) from discontinued operations		384,530		(193,373)

10. LOAN PAYABLE

On October 2, 2015 the Company obtained a $300,000 unsecured promissory note from a third party. The note was issued at a discount for consideration of $250,000. The principal was to be repaid on October 31, 2015. The Company did not repay the principal amount to the lender on or before October 31, 2015, therefore the principal amount was deemed to be $310,000.

(amounts in U.S. dollars, unless otherwise stated)

If the Company repaid the principal amount on or before the maturity date, the interest rate was to be 0% per annum. After the maturity date, the principal amount outstanding at any time, and from time to time, and any overdue interest, shall bear interest at 15% per annum, both before and after demand, default, and judgment. Such interest shall be calculated monthly not in advance when not in default and, after default, payable on demand.

On December 4, 2017, the Company entered into a settlement agreement with the third party for consideration of $250,000. This payment releases and forever discharges the Company from any obligations, liabilities, debts and interest from the third party. The Company made this payment on December 6, 2017.

11. SHORT-TERM PROMISSORY NOTES

On August 10, 2017, the Company entered into a short-term promissory note agreement with an arms-length party for $73,125 for equipment purchases. The promissory note is repayable in monthly principal amounts of $12,188, beginning November 8, 2017. The note is non-interest bearing and will mature on May 7, 2018. On December 6, 2017, the note was fully repaid.

On September 15, 2017, the Company entered into a short-term promissory note agreement with an arms-length party for $73,125 for equipment purchases. The promissory note is repayable in monthly principal amounts of $12,188, beginning December 19, 2017. The note is non-interest bearing and will mature on June 19, 2018. On December 6, 2017, the note was fully repaid.

On October 11, 2017, the Company entered into a short-term promissory note agreement with an arms-length party for $73,125 for equipment purchases. The promissory note is repayable in monthly principal amounts of $12,188, beginning January 9, 2018. The note is non-interest bearing and will mature on July 9, 2018. On December 6, 2017, the note was fully repaid.

On November 13, 2017, the Company entered into a short-term promissory note agreement with an arms-length party for $73,125 for equipment purchases. The promissory note is repayable in monthly principal amounts of $12,188, beginning February 11, 2018. The note is non-interest bearing and will mature on August 11, 2018.

12. LONG-TERM DEBT

		November 30, 2017		February 28, 2017
Senior Secured first lien term loan (1) (2) (3) (4) (5) (6) (7)	$	45,935,034	$	8,854,958
Vehicle finance loans (8)		225,826		88,204
		46,160,860	$	8,943,162
Less: current portion of long-term debt		(51,647)		(18,061)
Long-term debt	$	46,109,213	$	8,925,101

(1) On October 21, 2016 ("Closing Date"), the Company obtained a senior secured first lien term loan in the amount of $11,956,521 to the fund acquisition of Lucky Bucks, LLC (Note 7). The term loan was issued with an 8% original issue discount over the term of the term loan, bears interest at a fixed rate of 16% per annum and will mature on April 21, 2019. The lenders have the option to sweep monthly amounts, which shall not exceed the sum of, for the month covered by such monthly cash and cash equivalents balance report, 1) 75% of the monthly excess cash amount, plus 2) 75% of the monthly overage amount. After the one year anniversary of the Closing Date, the Company has the option to repay the initial term loan in full. If the voluntary prepayment is exercised the Company would be subject to pay the full original issue discount amount.

The transactions costs relating to the first advance were $3,486,523 which consists of $956,521 for original issue discount, $1,900,509 for legal fees and commissions, $115,351 of warrants of the Company and $475,765 of shares of the Company. These transaction costs are amortized from the date of the first advance and recorded as finance costs over the term of the senior secured first lien term loan using the effective interest method.

(2) On May 18, 2017, the Company obtained an additional advance from the same lender of $9,200,000 to fund the acquisition of Triple 7s Amusement LLC, Lucky Star Amusement, Inc (Note 3) and to fund capital expenditures. In connection to the additional advance, the Company and the lender amended and restated the financing agreement dated May 17, 2017.

The transactions cost relating to the additional advance were $743,834 which consists of $686,245 for legal fees and commissions and $57,588 of warrants (Note 13) of the Company. These transaction costs are amortized from the date of the additional advance and recorded as finance costs over the term of the senior secured first lien term loan using the effective interest method.

(3) On June 30, 2017, the Company obtained an additional advance from the same lender of $17,100,000 to fund the acquisition of AM/PM Management, Inc. and American Amusements LLC (Note 4). In connection to the additional advance, the Company and the lender amended and restated the financing agreement dated June 30, 2017.

The transactions cost relating to the additional advance were $1,062,473 which consists of $902,824 for legal fees and commissions and $159,648 of warrants (Note 13) of the Company. These transaction costs are amortized from the date of the additional advance and recorded as finance costs over the term of the senior secured first lien term loan using the effective interest method.

(4) On October 6, 2017, the Company obtained an additional advance from the same lender of $5,650,000 to fund the acquisition of Fun Games Inc (Note 5). In connection to the additional advance, the Company and the lender amended and restated the financing agreement dated October 6, 2017.

The transactions cost relating to the additional advance were $413,050 which consists of $329,188 for legal fees and commissions and $83,862 of warrants (Note 13) of the Company. These transaction costs are amortized from the date of the additional advance and recorded as finance costs over the term of the senior secured first lien term loan using the effective interest method.

(amounts in U.S. dollars, unless otherwise stated)

(5) On November 27, 2017, the Company obtained an additional advance from the same lender of $6,450,000 to fund the acquisition of FarEast Amusement Games, LLC and WildHorse Amusement Company L.L.C. (Note 6). In connection to the additional advance, the Company and the lender amended and restated the financing agreement dated November 27, 2017.

The transactions cost relating to the additional advance were $425,652 which consists of $301,469 for legal fees and commissions and $124,183 of warrants (Note 13) of the Company. These transaction costs are amortized from the date of the additional advance and recorded as finance costs over the term of the senior secured first lien term loan using the effective interest method.

(6) The term loan is secured by first priority mortgage liens and first priority security interests in all of the tangible and intangible assets of the Company, including the equity interest in Lucky Bucks, LLC, as well as all permits and contracts with the State of Georgia and all owner/operator gaming machine contracts. The loan is guaranteed by the Company.

(7) Throughout the period ended November 30, 2017, the Company was in compliance with its financial covenants under the terms of its senior secured first lien term loan agreement.

(8) The Company has two vehicle finance loans that are non-interest bearing with monthly principal payments of $557 and $560 and will mature on June 30, 2021. The remaining six vehicle finance loans bear interest ranging from 4.40% to 6.35% annually with monthly blended payments between $491 and $546 and mature between November 8, 2023 and July 11, 2023.

13. CAPITAL AND OTHER COMPONENTS OF EQUITY

Share capital and warrants

The authorized share capital of the Company consists of an unlimited number of voting common shares without par value.

		Number of common shares	Number of warrants	Share Capital Value
Balance as at February 29, 2016 (restated)		28,678,911	2,115,331	$ 22,765,038
Equity issuance	e	7,314,174	500,000	$ 1,500,000
Equity issuance	e	14,628,348	-	$ 3,000,000
Equity issuance	e	372,024	-	$ 100,000
Warrants expired		-	(344,665)	-
Share based payments	c	631,356	652,827	55,090
Balance as at November 30, 2016 (restated)		51,624,813	2,923,493	27,420,128
Balance as at February 28, 2017		60,669,628	2,740,160	$ 30,695,521
Private placement	a	3,529,404	3,529,404	447,101
Warrants issued	b	-	1,747,200	-
Warrants exercised		652,825	(652,825)	105,260
Warrants expired		-	(1,587,335)	-
Common shares cancelled	d	(3,000,000)	-	-
Options exercised	d	8,469,349	-	2,873,940
Balance as at November 30, 2017		70,321,206	5,776,604	$ 34,121,822

a) Private placement

On May 29, 2017, the Company completed a non-brokered private placement of 3,529,404 units of the Company at a price of CAD$0.17 per unit for aggregate gross proceeds of CAD $600,000. Each unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder thereof to initially purchase one common share of the Company at a price of $0.215 per warrant share at any time on or prior to May 29, 2020.

b) Warrants issued

Concurrent to the additional advance described in Note 12(2), the company issued 418,600 warrants to the lender with an exercise price of CAD $0.307 and an expiry of 30 months from the date of issuance.

Concurrent to the additional advance described in Note 12(3), the company issued 778,050 warrants to the lender with an exercise price of CAD $0.3828 and an expiry of 30 months from the date of issuance.

Concurrent to the additional advance described in Note 12(4), the company issued 257,075 warrants to the lender with an exercise price of CAD $0.65 and an expiry of 30 months from the date of issuance.

Concurrent to the additional advance described in Note 12(5), the company issued 293,475 warrants to the lender with an exercise price of CAD $1.041 and an expiry of 30 months from the date of issuance.

c) Share based payments

The Company paid a finder's fee in relation to the drawdowns on a credit facility agreement on March 16, 2016, April 25, 2016, May 17, 2016, June 15, 2016, July 15, 2016 and August 19, 2016. The finder's fee included cash commission of $43,516, 275,000 common shares valued at $15,531 and 652,827 warrants valued at $19,585.

On March 16, 2016, the Company entered into an agreement with Merrill Corporation pursuant to which Merrill has agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 41,149 common shares of the Company, representing an implied price of $0.15 CDN per common share.

On April 1, 2016, the Company entered into separate shares for debt arrangements with Roy L. Booth, former Chief Financial Officer of the Company. Mr. Booth agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 54,666 common shares of the Company, representing an implied price of $0.15 CDN per common share.

On April 1, 2016, the Company entered into separate shares for debt arrangements with Richardson GMP Limited. Richardson GMP Limited agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 260,541 common shares of the Company, representing an implied price of $0.15 CDN per common share.

d) Options exercised

On May 31, 2017, an entity controlled by a director and officer of the Company, exercised the options to acquire 3,000,000 common shares. The Company had originally issued these common shares as a part of consideration for the Anesthesia transaction, hence they had to be cancelled and reissued to the entity controlled by a director and officer of the Company.

(amounts in U.S. dollars, unless otherwise stated)

On July 5, 2017, an entity controlled by a director and officer of the Company, exercised 3,044,473 options to acquire 3,044,473 common shares. The exercise price of these options ranged from $0.15 CAD to $0.27 CAD for total cash proceeds of $463,922.

On July 24, 2017, a former employee exercised 83,333 options to acquire 83,333 common shares. The exercise price of these options was $0.18 CAD for total cash proceeds of $11,919.

On October 20, 2017, an entity controlled by a director and officer of the Company, exercised 722,318 options to acquire 722,318 common shares. The exercise price of these options was $0.3525 CAD for total cash proceeds of $202,064.

On November 13, 2017, an entity controlled by a director and officer of the Company, exercised 1,619,225 options to acquire 1,619,225 common shares. The exercise price of these options was $0.3525 CAD for total cash proceeds of $450,058.

e) Equity issuance

Concurrent to the senior secured first lien term loan described in Note 12[(1)], on October 21, 2016, the lender subscribed to 7,314,174 common shares of the Company. The purchase price of the common shares were CAD$0.2688 per share, for an aggregate gross proceeds of USD$1,500,000. In addition, 500,000 common share purchase warrants were issued to the lender with an exercise price of CAD$0.4032 per share and an expiry of 30 months from the date of issuance.

As part of the acquisition described in Note 7, on October 21, 2016 the Company issued 372,024 common shares of the Company as a finder's fee.

As part of the acquisition described in Note 7, on October 21, 2016 the Company issued 14,628,348 common shares of the Company as part of the Lucky Bucks, LLC acquisition.

Warrants

As at November 30, 2017, the company had outstanding warrants as follows:

Number of warrants	Exercise price (CAD)		Expiry
3,529,404	$	0.215	May 20, 2020
418,600	$	0.307	November 17, 2019
500,000	$	0.39	April 19, 2019
778,050	$	0.3828	December 29, 2019
257,075	$	0.65	April 6, 2020
293,475	$	1.0410	May 27, 2020

As of November 30, 2017, there are 5,776,604 warrants outstanding and are recorded as a derivative liability.

(amounts in U.S. dollars, unless otherwise stated)

The fair value of the warrants granted is estimated at the time of the grant using the Black-Scholes option pricing model with the following inputs and assumptions:

	November 30, 2017	**February 28, 2017**
Exercise price (CAD)	$ 0.43	$ 0.27
Expected volatility (based on historical)	195%	203%
Risk-free interest rate	0.95%	0.56%
Expected life	2.79	2.10
Share price (CAD)	$ 0.31	$ 0.21

The fair value of the warrants outstanding is estimated at November 30, 2017 using the Black-Scholes option pricing model with the following inputs and assumptions:

	November 30, 2017	**February 28, 2017**
Exercise price (CAD)	$ 0.39	$ 0.36
Expected volatility (based on historical)	186%	196%
Risk-free interest rate	1.47%	0.71%
Expected life	2.19	2.20
Share price (CAD)	$ 0.66	$ 0.15

14. SHARE OPTION PLAN

During the nine months ended November 30, 2017, the Company granted 9,045,214 options to certain key employees, management and directors, which vest immediately.

As at November 30, 2017, the Company had the following stock options outstanding:

	Nine months ended November 30, 2017		**Year ended February 28, 2017**	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Beginning balance	3,497,907	$ 0.24	2,675,000	$ 1.23
Issued	9,045,214	$ 0.34	2,281,240	$ 0.24
Exercised	(5,469,350)	$ 0.26	-	-
Expired	-	-	(325,000)	$ 1.14
Forfeited	(41,666)	$ 0.42	(1,133,333)	$ 1.26
Ending balance	7,032,105	$ 0.30	3,497,907	$ 0.24
Exercisable	7,032,105	$ 0.30	3,092,351	$ 0.24

(amounts in U.S. dollars, unless otherwise stated)

The Company had the following options issued as at November 30, 2017:

Number of Options Outstanding	Exercisable	Exercise price	Time to Maturity (years)
41,667	41,667	$1.26	2.73
666,667	666,667	$0.18	3.74
83,333	83,333	$0.27	3.95
1,969,476	1,969,476	$0.15	4.43
1,574,983	1,574,983	$0.35	4.62
2,695,979	2,695,979	$0.50	4.96
7,032,105	7,032,105		

The fair value of the options granted is estimated at the time of the grant using the Black-Scholes option pricing model with the following weighted average inputs and assumptions.

	November 30, 2017	February 28, 2017
Exercise price (CAD)	$ 0.42	$ 0.24
Expected volatility (based on historical)	176%	190%
Risk-free interest rate	1.56%	0.77%
Expected life	5.0	5.0
Share price (CAD)	$ 0.59	$ 0.21

15. GENERAL AND ADMINISTRATIVE EXPENSES

Components of general and administrative expenses:

	Three months ended		Nine months ended	
	November 30, 2017	November 30, 2016 (Restated)	November 30, 2017	November 30, 2016 (Restated)
	$	$	$	$
Professional and advisory fees	1,452,889	2,679,868	3,927,293	3,932,362
Bad debt expense	-	45,000	-	6,000
Regulatory and filing fees	5,610	12,746	65,532	75,143
Salaries and benefits	356,722	112,274	959,805	135,496
Administrative fees	308,074	98,638	916,934	249,181
Stock based compensation	1,374,852	287,239	3,154,591	709,488
	$ 3,498,147	$ 3,235,765	$ 9,024,155	$ 5,107,670

(amounts in U.S. dollars, unless otherwise stated)

16. GAIN (LOSS) PER SHARE

As the Company incurred a net loss during the three months and nine months ended November 30, 2017, the loss and diluted loss per common share are based on the weighted-average common shares outstanding during the period. The following outstanding instruments could have a dilutive effect in the future:

	As at November 30, 2017
Common shares issuable on exercise of warrants	5,776,604
Vested stock options	7,032,105

Gain (loss) per share from continuing and discontinued operations attributable to owners of the parent:

	Three months ended		Nine months ended	
	30-Nov-17	30-Nov-16	30-Nov-17	30-Nov-16
Weighted average shares outstanding - basic	68,614,573	41,955,176	65,340,768	31,144,000
Weighted average shares outstanding - diluted	81,423,282	48,221,010	78,149,477	37,409,844
From continuing operations - basic	(0.027)	(0.055)	(0.081)	(0.155)
From continuing operations - diluted	(0.027)	(0.055)	(0.081)	(0.155)
From discontinued operations - basic	-	0.016	-	0.002
From discontinued operations - diluted	-	0.014	-	0.002

17. OPERATING SEGMENTS

Management has identified the following reportable business segments. Each of these reporting segments are managed separately and their results are based on internal management information that is regularly reviewed by the chief operating decision maker.

The Company’s reportable business segments are:

- Multiple Media Entertainment Inc. (“MME”) – divested on October 17, 2016 *
- Centers for Special Surgery, LLC (“CSS”) – divested on February 28, 2017 *
- Other, including head office expenses and office of the CEO (“Quantum”)
- Lucky Bucks, LLC ("LB") - acquired in fiscal year 2017

* This disclosure is included for the comparative period of the three and nine months ended November 30, 2016.

Assets of LB are held in the USA, all other assets owned at period end are held in Canada.

(amounts in U.S. dollars, unless otherwise stated)

	Three Months Ended November 30, 2017		
	Quantum	LB	Total
	$	$	$
Gaming revenue	-	14,172,534	14,172,534
Location costs	-	(7,086,267)	(7,086,267)
Operating expenses	(2,043,399)	(3,587,935)	(5,631,334)
Net gain (loss) from operations	(2,043,399)	3,498,332	1,454,933
Interest and finance charges	12,834	(2,302,212)	(2,289,378)
Gain on settlement of accounts payable	297,069	-	297,069
Warrant fair value adjustment	(273,202)	-	(273,202)
Gain on foreign exchange	4,651	-	4,651
Net gain (loss) from continuing operations	(2,002,047)	1,196,120	(805,927)
Total assets	1,025,248	64,631,197	65,656,445
Total liabilities	4,019,394	47,397,751	51,417,145

	Three Months Ended November 30, 2016				
	Quantum	LB	CSS	MME	Total
	$	$	$	$	$
Gaming revenue	-	3,028,978	-	-	3,028,978
Location costs	-	(1,514,489)	-	-	(1,514,489)
Operating expenses	(2,176,450)	(1,376,528)	-	-	(3,552,978)
Net gain (loss) from operations	(2,176,450)	137,961	-	-	(2,038,489)
Interest and finance charges	(120,766)	(239,141)	-	-	(359,907)
Net loss from continuing operations	(2,297,216)	(101,180)			(2,398,396)
Gain (loss) from discontinued operations	-	-	384,530	269,148	653,678
Total assets	856,993	16,161,002	3,606,544	-	20,624,539
Total liabilities	7,235,482	11,876,179	1,302,195	-	20,413,856

	Nine Months Ended November 30, 2017		
	Quantum	LB	Total
	$	$	$
Gaming revenue	-	35,087,184	35,087,184
Location costs	-	(17,543,592)	(17,543,592)
Operating expenses	(6,148,070)	(7,520,882)	(13,668,952)
Net gain (loss) from operations	(6,148,070)	10,022,710	3,874,640
Interest and finance charges	(23,977)	(5,273,723)	(5,297,700)
Warrant fair value adjustment	(474,668)	-	(474,668)
Gain on settlement of accounts payable	309,678	-	309,678
Loss on foreign exchange	(32,983)	-	(32,983)
Net gain (loss) from continuing operations	(6,370,020)	4,748,987	(1,621,033)
Total assets	1,025,248	64,631,197	65,656,445
Total liabilities	4,019,394	47,397,751	51,417,145

(amounts in U.S. dollars, unless otherwise stated)

	Nine Months Ended November 30, 2016				
	Quantum $	LB $	CSS $	MME $	Total $
Gaming revenue	-	3,028,978	-	-	3,028,978
Location costs		(1,514,489)			(1,514,489)
Operating expenses	(4,050,556)	(1,376,528)	-	-	(5,427,084)
Net gain (loss) from operations	(4,050,556)	137,961	-	-	(3,912,595)
Interest and finance charges	(183,898)	(239,141)	-	-	(423,039)
Loss on foreign exchange	(20,318)	-	-	-	(20,318)
Net loss from continuing operations	(4,254,772)	(101,180)	-	-	(4,355,952)
Gain (loss) from discontinued operations	-	-	(193,373)	264,589	71,216
Total assets	856,993	16,161,002	3,606,544	-	20,624,539
Total liabilities	7,235,482	11,876,179	1,302,195	-	20,413,856

18. RELATED PARTY TRANSACTIONS AND BALANCES

Key management personnel of the Company include the Chief Executive Officer, the President, Chief Financial Officer and all members of the Board of Directors.

Key management personnel compensation:

	Three months ended		**Nine months ended**	
	November 30, 2017 **$**	**November 30, 2016** **$**	**November 30, 2017** **$**	**November 30, 2016** **$**
Management fees paid to corporations controlled by officers	-	-	-	(27,171)
Salaries and short term benefits	60,000	-	180,000	-
Director fees	12,000	5,000	36,000	15,000
Share based compensation	1,374,852	255,490	3,154,591	677,738
Consulting fees included in professional and advisory fees (Note 15)	510,339	327,967	2,086,870	514,922

During the three and nine month period ended November 30, 2017, the Company incurred consulting fees and reimbursed expenses to a corporation controlled by a director and officer of the Company. These services were incurred in the normal course of operations. As at November 30, 2017, $112,623 was owed relating to these consulting fees (February 28, 2017 – $226,000).

During the three and nine month period ended November 30, 2017, the Company incurred no consulting fees from an accounting firm which carried out duties of the CFO prior to October 31, 2016. These services were incurred in the normal course of operations for general accounting and financial reporting matters. As at November 30, 2017, $266,595 was owed relating to these consulting fees (February 28, 2017 – $254,939).

During the three and nine month period ended November 30, 2017, the Company incurred consulting fees from an accounting firm of which carried out duties of the CFO. These services were incurred in the normal course of operations for general accounting and financial reporting matters. All services were made on terms equivalent to those that prevail with arm’s length transactions. As at November 30, 2017, $1,430 was owed relating to these consulting fees (February 28, 2017 – $8,529).

(amounts in U.S. dollars, unless otherwise stated)

During the three and nine month period ended November 30, 2017, the Company paid rent of $47,995 and $118,049 (November 30, 2016 - $33,636 and $98,805) to a corporation controlled by a director and officer of the Company.

During the period ended November 30, 2016, the Company settled a debt owing to the prior CEO for $7,484. The original debt was $34,655 and the gain on settling the debt is recorded in management fees paid to corporations controlled by officers of the Company.

During the period ended November 30, 2017, total distributions declared by Lucky Bucks Holdco, LLC to its 49% shareholder totaled $4,984,305. The distributions that were paid were $5,023,434 and the excess balance of $39,129 is recorded as due from related party. The amount is non-interest bearing, unsecured and due on demand.

As at November 30, 2017, $57,853 is due from the CEO of Lucky Bucks, LLC and 49% shareholder of Lucky Bucks Holdco, LLC. As at November 30, 2017, $27,500 is due from a company controlled by the CEO of Lucky Bucks, LLC and 49% shareholder of Lucky Bucks Holdco, LLC. All amounts due from related parties are non-interest bearing, unsecured and due on demand.

As at November 30, 2017, $9,598 is due from a director of the Company. All amounts due from related parties are non-interest bearing, unsecured and due on demand.

19. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in non-cash operating working capital:

	Nine months ended	
	November 30, 2017 $	November 30, 2016 $
Accounts receivable	(515,852)	104,611
Prepaid expenses and other	(34,858)	6,344
Related party balances	(141,839)	-
Notes receivable	222,964	-
Balance receivable from divesture of Anesthesia	-	(20,000)
Accounts payable and other liabilities	(2,959,417)	1,241,098
Deferred contribution	(500,000)	-
Contingent consideration	(206,142)	-
	(4,135,144)	1,332,053

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company actively manages its liquidity through cash and equity management strategies. Such strategies include continuously monitoring forecasted and actual cash flows from operating, financing and investing activities, seeking to obtain financing through its existing shareholder and related companies.

(amounts in U.S. dollars, unless otherwise stated)

The Company's cash flow is generated from the distributions received from its interest in Lucky Bucks, LLC. The Company monitors cash on a regular basis and reviews expenses and overhead to ensure costs and commitments are being paid in a timely manner. Management has worked with and negotiated with vendors to ensure payment arrangements are satisfactory to all parties and that monthly cash commitments are managed within the Company's operating cash flow capabilities.

Management's goal is to maintain financial flexibility in order to preserve its ability to meet financial obligations, including debt servicing payments and ultimately dividend payments to shareholders in the future. Management consistently monitors its subsidiaries debt covenants and management attempts to deploy capital to provide an appropriate investment return to its shareholders.

As at November 30, 2017, the Company had cash and cash equivalents balance of $5,994,313 (includes $2,728,380 of restricted cash). The Company expects the following maturities of its financial liabilities:

	Within 1 Year	2-3 years	4-5 years	Total
Accounts payable and accrued liabilities	$ 3,764,662	$ -	$ -	$ 3,764,662
Distribution payable	-	-	-	-
Short-term promissory notes	280,312	-	-	280,312
Long-term debt	51,647	49,503,294	70,886	49,625,827
Loans payable	250,000	-	-	250,000
	$ 4,346,621	$ 49,503,294	$ 70,886	$ 53,920,801

Fair Value Risk

The carrying value of cash and cash equivalents, restricted cash, accounts receivable, related party balances, note receivable, accounts payable and accrued liabilities, distributions payable, short-term promissory notes, loan payable and deferred consideration approximate their respective fair values due to their short term maturities.

The carrying amount of long-term debt approximates its fair value since the interest rates on these instruments approximate the current market rates offered to the Company. On initial recognition, the fair value of long-term debt was established based on current interest rates, market values and pricing of financial instruments with comparable terms.

The Company measures the contingent consideration and derivative liability at fair value at the end of the reporting period. The inputs used in determining their fair values of the derivative liability are level 3 inputs.

21. SUBSEQUENT EVENTS

On December 15, 2017, Lucky Bucks, LLC, a company controlled by the Company, acquired certain operating assets from two digital skill based gaming terminal operators based in Georgia, USA. The combined purchase price was $4,350,000 in respect of the gaming contracts acquired.

The acquisition was financed by a $4,600,000 term-loan with an affiliate of the lender described in Note 12. The financing was provided by the lender pursuant to the financing agreement dated October 21, 2016 to which both the Company and the lender are parties. In connection to the financing, the Company and lender amended and restated the financing agreement dated December 15, 2017.

In connection with the acquisition financing, the Company issued the lender warrants to purchase 209,300 common shares of the Company at an exercise price of $0.9423 per common share until June 15, 2020. The Company also paid World Equity Group, Inc. ("WEG") $138,000 as consideration for the services provided by WEG in connection with the Company receiving the acquisition financing.

The initial accounting for these acquisitions is incomplete. Accordingly, a summary of the purchase consideration and the allocation of the fair value of the assets acquired and liabilities assumed have not been disclosed.

22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.

23. RESTATEMENT OF PRIOR PERIOD

The Company has restated the statements of income and comprehensive income for the three and nine month period ended November 30, 2016 and the statement of cash flows as at November 30, 2016 to reflect the following adjustments:

- The balances for CSS were consolidated in the prior year financial statements as management previously concluded that they had exercise control over CSS. The restatement is to adjust the financial statements to reflect the accounting for the investment in CSS using the equity method as control was determined to be jointly exercised. In addition, CSS was disposed of on February 28, 2017 and the prior year comparatives have been adjusted to present it as discontinued operations.

- On October 17, 2016 the Company disposed of MME. The results related to MME have been presented as discontinued operations in the comparative period.