SEVEN ACES

SEVEN ACES LIMITED

(formerly Quantum International Income Corp.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2019

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

(Unaudited)

SEVEN ACES LIMITED

Condensed Interim Consolidated Financial Statements

(Unaudited)

Management Comments

These condensed Interim Consolidated Financial Statements of Seven Aces Ltd. for the three months ended March 31, 2019 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, notes to the condensed interim consolidated financial statements and the related Management's Discussion and Analysis.

May 29, 2019

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

SEVEN ACES LIMITED (formerly Quantum International Income Corp.)
Condensed Interim Consolidated Statements of Financial Position
(Expressed in U.S. dollars, unless otherwise stated)
As at,

		March 31, 2019		December 31, 2018
ASSETS				
Current assets				
Cash	$	**3,800,501**	$	2,466,419
Restricted cash (Note 5)		**2,938,776**		2,735,586
Accounts receivable		**2,116,621**		2,065,871
Related party balances (Note 15)		**41,853**		44,853
Prepaid expense and other assets		**100,542**		78,499
Total current assets		**8,998,293**		7,391,228
Non-current assets				
Restricted cash (Note 5)		**1,000,000**		1,000,000
Right-of-use asset (Note 7)		**604,020**		-
Property and equipment		**6,841,652**		6,328,607
Intangible assets		**40,138,841**		39,905,343
Goodwill		**19,376,798**		17,858,977
Total non-current assets		**67,961,311**		65,092,927
TOTAL ASSETS	$	**76,959,604**	$	72,484,155
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	$	**5,020,293**	$	5,638,444
Income tax payable		**1,068,707**		588,707
Distribution payable (Note 15)		**729,889**		436,272
Current portion of lease liability (Note 7)		**114,182**		-
Current portion of long-term debt (Note 8)		**6,517,352**		6,517,349
Related party balances (Note 15)		**1,657,800**		2,393,086
Derivative liability - warrants (Note 6)		**2,223,512**		3,354,662
Total current liabilities		**17,331,735**		18,928,520
Deferred income tax liability		**1,239,172**		1,239,172
Lease liability (Note 7)		**497,126**		-
Long-term debt (Note 8)		**64,283,412**		60,809,972
Total liabilities		**83,351,445**		80,977,664
Equity				
Share capital (Note 9)		**33,653,183**		33,631,194
Contributed surplus		**2,638,435**		2,642,924
Deficit		**(46,363,101)**		(48,557,922)
Equity attributable to owners of the parent		**(10,071,483)**		(12,283,804)
Non-controlling interest		**3,679,642**		3,790,295
Total equity		**(6,391,841)**		(8,493,509)
TOTAL LIABILITIES AND EQUITY	$	**76,959,604**	$	72,484,155

Subsequent Events (Note 19)

ON BEHALF OF THE BOARD

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

See accompanying notes to the condensed interim consolidated financial statements

SEVEN ACES LIMITED (formerly Quantum International Income Corp.)
Condensed Interim Consolidated Statements of Comprehensive Income (Loss)
For the three months ended March 31, 2019 and February 28, 2018
(Expressed in U.S. dollars, unless otherwise stated)

	Three months ended March 31, 2019	Three months ended February 28, 2018
Revenue		
Gaming revenue	**$ 20,095,522**	$ 16,401,311
Location costs	**(10,047,761)**	(8,200,656)
Revenue after location costs	**10,047,761**	8,200,656
Operating expenses		
Amortization of property, equipment and intangible assets	**(2,854,140)**	(2,111,634)
Amortization of right-of-use asset	**(34,190)**	-
Impairment	**(90,000)**	(212,000)
General and administrative expenses (Note 11)	**(1,860,515)**	(1,876,169)
	(4,838,845)	(4,199,803)
Other expenses		
Finance costs (Note 12)	**(2,049,926)**	(6,675,901)
Other income	**-**	122,000
Finance income	**-**	31,192
Fair value gain (loss) on derivative liability	**1,131,150**	(966,093)
Gain (loss) on foreign exchange	**(1,316)**	29,452
Fair value gain on derivative asset	**-**	572,000
	(920,092)	(6,887,350)
Income (loss) before income tax	**$ 4,288,824**	$ (2,886,497)
Income tax expense - current	**(480,000)**	-
Net income (loss) and comprehensive income (loss)	**$ 3,808,824**	$ (2,886,497)
Net income (loss) and comprehensive income (loss) attributable to:		
Owners of the parent	**$ 2,194,821**	$ (2,634,563)
Non-controlling interest	**1,614,003**	(251,934)
	$ 3,808,824	$ (2,886,497)
Earnings (loss) per share (Note 13) - Basic	**$ 0.031**	**$ (0.041)**
Earnings (loss) per share (Note 13) - Diluted	**$ 0.026**	**$ (0.041)**

See accompanying notes to the condensed interim consolidated financial statements

SEVEN ACES LIMITED (formerly Quantum International Income Corp.)
Condensed Interim Consolidated Statements of Changes in Equity
For the three months ended March 31, 2019 and February 28, 2018
(Expressed in U.S. dollars, unless otherwise stated)

	Attributable to Owners of the Parent					
	Share Capital	**Contributed Surplus**	**Deficit**	**Total**	**Non-controlling Interest**	**Total Equity**
Balance as at November 30, 2017	**$ 34,141,822**	**$ 3,176,855**	**$ (35,191,628)**	**2,127,049**	**$ 12,132,251**	**$ 14,259,300**
Equity issuance	(411,796)	-	-	(411,796)		(411,796)
Options exercised	(428,092)	408,091	-	(20,001)		(20,001)
Share transfer options exercised	-	(1,748,198)	-	(1,748,198)		(1,748,198)
Distributions	-	-	-	-	(3,548,048)	(3,548,048)
Net income (loss) for the period	-	-	(2,634,563)	(2,634,563)	(251,934)	(2,886,497)
Balance as at February 28, 2018	**$ 33,301,934**	**$ 1,836,748**	**$ (37,826,191)**	**$ (2,687,509)**	**$ 8,332,269**	**$ 5,644,760**
Balance as at December 31, 2018	**$ 33,631,194**	**$ 2,642,924**	**$ (48,557,922)**	**$ (12,283,804)**	**$ 3,790,295**	**$ (8,493,509)**
Options exercised (Note 10)	21,989	(4,489)	-	17,500	-	17,500
Distributions	-	-	-	-	(1,724,656)	(1,724,656)
Net income for the period	-	-	2,194,821	2,194,821	1,614,003	3,808,824
Balance as at March 31, 2019	**$ 33,653,183**	**$ 2,638,435**	**$ (46,363,101)**	**$ (10,071,483)**	**$ 3,679,642**	**$ (6,391,841)**

See accompanying notes to the condensed interim consolidated financial statements

SEVEN ACES LIMITED (formerly Quantum International Income Corp.)
Condensed Interim Consolidated Statements of Cash Flows
For the three months ended March 31, 2019
(Expressed in U.S. dollars, unless otherwise stated)

	Three months ended March 31, 2019	Three months ended February 28, 2018
OPERATING ACTIVITIES		
Net income (loss)	**$ 3,808,824**	$ (2,886,497)
Items not affecting cash		
Amortization of property and equipment and intangible assets	**2,854,140**	2,111,634
Amortization of right-of-use asset (Note 7)	**34,190**	-
Fair value change in derivative liability	**(1,131,150)**	966,094
Fair value change in derivative asset	**-**	(572,000)
Accretion expense	**257,412**	4,865,894
Share based compensation	**-**	(1,748,198)
Impairment	**90,000**	212,000
	5,913,416	2,948,927
Net change in non-cash operating working capital (Note 16)	**(1,146,420)**	2,422,520
Cash flows from operating activities	**4,766,996**	5,371,447
INVESTING ACTIVITIES		
Cash paid for acquisition of operating assets (Note 4)	**(4,527,214)**	(4,350,000)
Additions to property and equipment	**(681,290)**	(1,056,699)
Cash flows used in investing activities	**(5,208,504)**	(5,406,699)
FINANCING ACTIVITIES		
Proceeds from loans payable	**-**	227,335
Repayments of loans payable	**-**	(500,000)
Proceeds from long term debt (Note 8)	**4,861,829**	4,600,000
Repayment of long term debt (Note 8)	**(1,628,798)**	-
Repayment of lease liabilities (Note 7)	**(26,902)**	-
Debt transaction costs (Note 8)	**(17,000)**	(219,070)
Proceeds from options exercised	**17,500**	-
Cash distributions paid to non-controlling interest	**(1,431,039)**	(2,622,215)
Cash flows from financing activities	**1,775,590**	1,486,050
Net change in cash	**1,334,082**	1,450,798
Cash, beginning of period	**2,466,419**	3,265,933
Cash, end of period	**$ 3,800,501**	$ 4,716,731
Supplemental information		
Cash interest paid	**$ 675,224**	$ 1,655,990

See accompanying notes to the condensed interim consolidated financial statements

1. CORPORATE INFORMATION

Seven Aces Limited ("ACES" or the "Company"), formerly Quantum International Income Corp., is a publicly listed company incorporated on August 15, 1995 under the laws of Ontario. The Company's registered head office is located at 79 Wellington St. West, Suite 1630, Toronto ON, M5K 1H1.

The Company changed its fiscal year end from February 28, 2019 to December 31, 2018 in order to align with its' subsidiaries' operations. These condensed interim consolidated financial statements reflect a three month period from January 1, 2019 to March 31, 2019 and a comparative three month period from November 30, 2017 to February 28, 2018.

The Company is publicly traded on the TSX Venture Exchange. On February 14, 2019, the Company's shareholders authorized and approved the name change of the Company from "Quantum International Income Corp." to "Seven Aces Limited". Shareholders passed a resolution to amend the Company's articles, completing the shareholder and regulatory processes. The official effective date for the name change was February 14, 2019. Effective February 20, 2019, the Company trades on the TSX Venture Exchange ("TSX V") under a new ticker symbol ACES (formerly QIC).

ACES is a gaming company with a vision of building a diversified portfolio of gaming operations. The Company looks to enhance shareholder value by growing organically and through acquisitions. On October 21, 2016, the Company acquired Lucky Bucks, LLC ("LB"), which owns and operates coin operated amusement machines ("COAMs") in the State of Georgia, United States of America through contracts with location owners. The Company is executing on its' acquisition strategy in Georgia, United States of America through LB with a particular focus on cash-flows and margins.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2018, except as described in Note 3. These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with most recent annual consolidated financial statements as at and for the year ended December 31, 2018.

These condensed interim consolidated financial statements were approved for issue by the board of directors effective May 29, 2019.

2. BASIS OF PREPARATION (Cont'd)

Functional and Presentation Currency

These condensed interim consolidated financial statements of the Company have been prepared in United States dollars, which is the Company's presentation currency. The functional currencies of the entities included in these condensed interim consolidated financial statements are as follows:

Entity	Functional Currency
Seven Aces Limited ("ACES" or the "Company")	United States dollar
Quantum US Healthcare Corp. ("QHC")	United States dollar
Columbus LTACH Holdings Corp. ("LTACH")	United States dollar
Quantum Gaming Corp ("QGC")	United States dollar
Southern Star Gaming, LLC ("SSG")	United States dollar
Lucky Bucks HoldCo, LLC ("LBH")	United States dollar
Lucky Bucks, LLC ("LB")	United States dollar

Basis of Consolidation

The consolidated financial statements of the Company as at March 31, 2019 and December 31, 2018 comprise the Company and its subsidiaries. The Company's subsidiaries and ownership interests are as follows for the period ended:

	March 2019 Ownership Interest	December 2018 Ownership Interest
Quantum US Healthcare Corp. ("QHC")	100%	100%
Columbus LTACH Holdings Corp. ("LTACH")	100%	100%
Quantum Gaming Corp ("QGC")	100%	100%
Southern Star Gaming, LLC ("SSG")	100%	100%
Lucky Bucks HoldCo, LLC ("LBH")	60%	60%
Lucky Bucks, LLC ("LB")	60%	60%

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Standards issued and adopted

IFRS 16 ("Leases")

In January 2016, the IASB released IFRS 16 ("Leases") replacing IAS 17 ("Leases") and related interpretations. The new standard eliminates the classification of leases as either operating or finance leases for lessees and requires the recognition of assets and liabilities for all leases, unless the lease term is twelve months or less or the underlying asset has a low value.

IFRS 16 is effective for reporting periods beginning on or after January 1, 2019.

The Company has adopted IFRS 16, effective January 1, 2019, using the modified retrospective approach and has not restated prior periods for the impact of IFRS 16. Comparative information is still reported under IAS 17.

On initial adoption, the Company applied the following practical expedients permitted under the standard:

- Short-term leases that have been identified at January 1, 2019 are not recognized in the Consolidated Statement of Financial Position.
- Leases with terms ending within 12 months of January 1, 2019 are treated as short-term leases and have not been recognized in the Consolidated Statement of Financial Position.
- Initial direct costs were excluded from the measurement of right-of-use assets for the purpose of initial measurement on transition.
- A single discount rate was used for remaining lease payments on leases with similar characteristics.
- The Company elected to measure the right-of-use asset at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
- Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16, the incremental borrowing rate applied to lease liabilities recognized under IFRS 16 was 9.47%.

On transition to IFRS 16, the Company recognized right-of-use assets and lease liabilities. This non-cash adjustment has been excluded from the Consolidated Statements of Cash Flows. There was no impact on opening retained earnings.

The following table reconciles the Company's operating lease commitments at December 31, 2018, as previously disclosed in the Company's consolidated financial statements, to the lease liabilities recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	$	1,596,250
Short term leases		(63,218)
Operating lease commencing on April 1, 2019		(739,946)
		793,086
Discounted using incremental borrowing rates		(154,876)
Lease liabilities recognized at January 1, 2019	$	638,210

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Please refer to Note 7 of the condensed interim consolidated financial statements for impacts to the period ended March 31, 2019.

Recent accounting pronouncements

There were no new accounting pronouncements relevant to the Company's operations issued subsequent to December 31, 2018. For further details, please refer to the annual consolidated financial statements of the Company for the year ended December 31, 2018.

4. ACQUISITIONS OF CERTAIN OPERATING ASSETS

During the three months ended March 31, 2019, the Company completed acquisitions of certain operating assets from skill-based gaming terminal operators based in the U.S. State of Georgia. These operators assemble, distribute, own and operate skill-based digital gaming terminals in multiple locations throughout Georgia.

The Company's primary reason for these acquisitions is to execute on its consolidation strategy to generate value for its shareholders.

** Goodwill for the acquisitions represent the historical relationship with the location owners absent of a contract being in place, operating synergies and other benefits expected to result from combining the operations of these acquisitions with those of the Company.

Goodwill is expected to be deductible for tax purposes.

The details of the acquisitions are as follows for the three months ended March 31, 2019:

	Goldstar Amusement 2 LLC (a)	A&R Amusement, LLC (b)	Universal Games, LLC (c)	Total
Acquisition date	27-Feb-19	08-Mar-19	12-Mar-19	
Purchase cash consideration	$ 2,087,855	$ 1,401,601	$ 1,037,758	$ 4,527,214
Allocation of purchase price:				
Property and equipment	$ 88,360	$ 47,260	$ 72,900	$ 208,520
Brand	30,000	30,000	30,000	$ 90,000
Owner/operator gaming machine contracts	968,345	1,041,658	689,212	$ 2,699,215
Goodwill **	1,001,150	282,683	245,646	$ 1,529,479
	$ 2,087,855	$ 1,401,601	$ 1,037,758	4,527,214
Acquisition costs	$ 51,335	$ 29,455	$ 29,950	$ 110,740

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.

4. ACQUISITIONS OF CERTAIN OPERATING ASSETS (Cont'd)

(a) Acquisition of certain assets from Goldstar Amusement 2 LLC ("Goldstar 2")

$1,863,594 was paid on closing of the transaction, with the remaining $224,261 payable to Goldstar 2 upon the satisfaction of certain post-closing obligations. These post-closing obligations were satisfied, and the remaining amount was paid on April 17, 2019. The purchase price for the acquisition was funded by LB through proceeds from its multi-draw credit facility (Note 8).

Included in the condensed interim consolidated statement of comprehensive income is gaming revenue of $221,044 from Goldstar 2, for the period between February 27th, 2019 to March 31st, 2019.

If the Company was to acquire Goldstar 2 as at January 1st, 2019, gaming revenue of $677,457 would have been included in the statement of comprehensive income.

(b) Acquisition of certain assets from A&R Amusement, LLC ("A&R")

$1,233,124 was paid on closing of the acquisition, with the remaining $168,477 payable to A&R upon the satisfaction of certain post-closing obligations. These post-closing obligations were satisfied, and the remaining amount was paid on May 17, 2019. The purchase price for the acquisition was funded by LB through an advance under the multi-draw credit facility (Note 8).

Included in the condensed interim consolidated statement of comprehensive income is gaming revenue of $77,792 from A&R for the period between March 8th, 2019 to March 31st, 2019.

If the Company was to acquire A&R as at January 1st, 2019, gaming revenue of $266,871 would have been included in the statement of comprehensive income.

(c) Acquisition of certain assets from Universal Games, LLC ("Universal")

$912,852 was paid on closing of the acquisition, with the remaining $124,906 payable to Universal upon the satisfaction of certain post-closing obligations. These post-closing obligations were satisfied, and the remaining amount was paid on May 8, 2019. The purchase price for the acquisition was funded by LB through an advance under the multi-draw credit facility (Note 8).

Included in the condensed interim consolidated statement of comprehensive income is gaming revenue of $79,714 from Universal, for the period between March 12th, 2019 to March 31st, 2019.

If the Company was to acquire Universal as at January 1st, 2019, gaming revenue of $234,012 would have been included in the statement of comprehensive income.

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

5. RESTRICTED CASH

Current assets		March 31, 2019		December 31, 2018
Cash restricted for property and equipment (a)	**$**	**553,875**	$	347,000
Cash restricted for transfer fee (b)		**65,340**		39,600
Goldstar holdback amount		**-**		476,453
Feeling Lucky holdback amount		**-**		549,687
Goldstar 2 holdback amount (Note 4(a))		**224,261**		-
A&R holdback amount (Note 4(b))		**168,477**		-
Universal holdback amount (Note 4(c))		**124,906**		-
Monthly excess cash flow holdback (c)		**1,801,917**		1,322,846
	$	**2,938,776**	$	2,735,586

Non-current asset		March 31, 2019		December 31, 2018
Minimum restricted cash (d)	**$**	**1,000,000**	$	1,000,000

(a) Cash advanced under the credit facility and restricted for property and equipment additions.

(b) Due to acquisitions completed, the Company is required to pay an applicable transfer fee of $65,340 (Dec 31, 2018 – $39,600) to a supplier in connection with the transfer of games in the supplier's internal system. The lender advanced these funds under the credit facility for the sole purpose of the transfer fee.

(c) The monthly excess cash flow holdback is the product of (i) consolidated excess cash flow for the month multiplied by (ii) (A) 1.00 minus (B) the excess cash flow prepayment holdback percentage for the month (90%). From these funds $1,322,846 became unrestricted when LB delivered its 2018 annual audited financial statements on April 30, 2019. The remaining balance of $479,071 will become unrestricted when LB delivers its 2019 annual audited financial statements within 120 days after LB's fiscal year ended December 31, 2019.

(d) The Company is required to maintain a minimum amount of $1,000,000 in cash under the multi draw credit facility at all times.

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

6. DERIVATIVE ASSET AND LIABILITY

Derivative asset - prepayment	March 31, 2019	December 31, 2018
Opening balance	$ -	$ 2,765,000
(Extinguishment) change in fair value	-	(2,765,000)
	$ -	$ -

Derivative liability - warrants (Note 8)	March 31, 2019	December 31, 2018
Opening balance	$ 3,354,662	$ 2,421,726
Change in fair value	(1,131,150)	932,936
	$ 2,223,512	$ 3,354,662

7. LEASE

The Company's lease is related to the lease of office space. Information about the lease in which the Company is a lessee is presented below:

Right-of-use asset	Three months ended March 31, 2019
Balance at January 1, 2019	$ 638,210
Additions	-
Depreciation charge for the period	(34,190)
Balance at March 31, 2019	$ 604,020

Lease liability	Three months ended March 31, 2019
Balance at January 1, 2019	$ 638,210
Accretion on lease liability	14,898
Lease payments	(41,800)
Balance at March 31, 2019	$ 611,308
Less: Current portion of lease liability	114,182
Long term lease liability	$ 497,126

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

7. LEASE (Cont'd)

Future minimum lease payments at March 31, 2019 are as follows:

		Within 1 Year		2 - 3 years		4 - 5 years		Total
Lease payments	$	167,200	$	341,162	$	242,917	$	751,279
Finance charges		53,018		70,533		16,420	$	139,971
Principal repayment	$	114,182	$	270,629	$	226,497	$	611,308

During the three months ended March 31, 2019, the expense relating to the short term lease is $26,369. The total cash outflow related to the lease liability and short term lease is $68,169.

The Company has sublet the office premises for CAD $11,898 per month until August 31, 2019. During the three months ended March 31, 2019, the Company recognized $26,884 of sublease revenue.

Vehicle finance loan commitments are disclosed in Note 8.

8. LONG TERM DEBT

		March 31, 2019	December 31, 2018
Term Loan facility - LIBOR rate loan	(a) (b)	**$55,335,743**	$ 56,712,111
Multi-draw term facility advance - LIBOR rate loan	(a) (b) (d)	**4,962,797**	4,942,171
Multi-draw term facility advance - LIBOR rate loan	(a) (b) (e)	**5,434,941**	5,433,982
Multi-draw term facility advance - LIBOR rate loan	(a) (b) (f)	**2,261,065**	-
Multi-draw term facility advance - Base rate loan	(a) (b) (g)	**1,473,556**	-
Multi-draw term facility advance - Base rate loan	(a) (b) (h)	**1,110,208**	-
Vehicle finance loans	(c)	**222,454**	239,057
		70,800,764	67,327,321
Less: Current portion of long-term debt		**(6,517,352)**	(6,517,349)
Long term debt		**$64,283,412**	$ 60,809,972

(a) The Company has a credit facility with the following terms:

On April 9, 2018, the Company through LB closed a $75,000,000 multi-draw credit facility. Goldman Sachs Specialty Lending Group, L.P. ("GSSLG") acted as sole lead arranger and administrative agent under the credit facility. The multi draw credit facility consists of a term loan ("Term Loan Facility") and a multi-draw term facility ("MDTL Facility").

On November 14, 2018, the Company, through LB, entered into the first amendment to the multi-draw credit facility. The amendment increases the aggregate principal amount of the multi draw credit facility to $100,000,000.

The multi draw credit facility has the following terms:

- The full amount of $64,509,349 of the Term Loan Facility was drawn on the initial funding date.
- The MDTL Facility is available to be drawn for permitted acquisitions from the initial funding date to the date that is 24 months afterwards. Draws under the MDTL Facility are

8. LONG TERM DEBT (Cont'd)

subject to pro forma compliance with, among other things, the financial maintenance covenants set forth in the documentation for the credit facilities.

- The interest rate for a LIBOR rate loan is based on a pricing grid tied to the LB's leverage ratio. The interest rate is calculated at LIBOR plus 7% (with LIBOR subject to a floor of 1% per annum). The interest rate for a base rate loan is based on the greater of (i) the prime rate in effect (ii) the Federal Funds Effective Rate in effect plus ½ of 1%, (iii) the sum of the LIBOR Rate for a period of one month and 1% and (iv) 3%.

- In connection with LIBOR rate loans there shall be no more than five interest periods outstanding at any time.

- The maturity date is 5 years after the initial funding date.

- The principal amount of the term loan facility shall be repaid in equal consecutive quarterly installments on the last day of each fiscal quarter, commencing June 30, 2018, with each installment to be equal to $1,612,733.

- The principal amounts of the multi-draw facility advance shall be repaid in equal consecutive quarterly installments commencing on June 30, 2020, with each installment to be in an amount equal to the product of the aggregate original principal amount of multi-draw facility advance funded from the initial funding date to the date that is 24 months afterward, multiplied by 2.50%.

- There is an option to prepay subject to certain conditions. If the Company exercises the option to prepay, the Company would be liable to a prepayment premium on the principal amount prepaid, reduced or accelerated of (i) if the loans are prepaid within the first 12 months, 4.00%, (ii) which is reduced to 3.00% in the 2nd year, (iii) 2.00% in the 3rd year and (iv) 0.00% thereafter.

In connection with the arrangement of the initial multi draw credit facility, the Company paid $3,703,198 of financing costs and will also pay GSSLG an undrawn facility commitment fee under the MDTL Facility and an annual administration fee.

The obligations of LB and LBH under the multi-draw term loan facility are secured by a first priority lien in substantially all of the LB's and LBH's assets. The obligations are further secured by a pledge of the membership interests of Holdings that are held by Lucky Bucks Ventures, Inc. (40% shareholder of LBH) and SSG, as at March 31, 2019.

As at March 31, 2019, the Company was in compliance with its financial covenants under the terms of its' term loan facility and multi draw term facility.

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

8. LONG TERM DEBT (Cont'd)

(b) The following table shows the details of the term loan and multi-draw facilities:

Reconciliation to carrying value	**Term Loan facility**	**Multi-draw term facility**	**Multi-draw term facility**	**Multi-draw term facility**	**Multi-draw term facility**	**Multi-draw term facility**	**Total**
Principal amount	$ 64,509,349	$ 5,747,712	$ 5,447,719	$ 2,278,065	$ 1,473,556	$ 1,110,208	$ 80,566,609
Principal repayment	(6,450,936)	-	-	-	-	-	(6,450,936)
Unamortized transaction costs	(2,722,670)	(784,915)	(12,778)	(17,000)	-	-	(3,537,363)
Carrying value	$ 55,335,743	$ 4,962,797	$ 5,434,941	$ 2,261,065	$ 1,473,556	$ 1,110,208	$ 70,578,310
Transaction costs relating to credit facilities							
Additions	$ 3,703,198	$ 826,810	$ 13,500	$ -	$ -	$ -	$ 4,543,508
Accretion	(744,161)	(21,269)	(303)	-	-	-	(765,733)
Unamortized transaction costs as at December 31, 2018	2,959,037	$ 805,541	$ 13,197	-	-	-	3,777,775
Additions	$ -	$ -	$ -	$ 17,000	$ -	$ -	$ 17,000
Accretion	(236,367)	(20,626)	(419)	-	-	-	(257,412)
Unamortized transaction costs as at March 31, 2019	**$ 2,722,670**	**$ 784,915**	**$ 12,778**	**$ 17,000**	**$ -**	**$ -**	**$ 3,537,363**

8. LONG TERM DEBT (Cont'd)

(c) The Company has two vehicle finance loans that are non-interest bearing with monthly principal payments of $557 and $560 and mature on July 30, 2021. The remaining nine vehicle finance loans bear interest ranging from 4.40% to 7.80% annually with monthly blended payments between $491 and $623 and mature between November 8, 2022 and August 24, 2024.

(d) On November 15, 2018, the Company, through LB, obtained proceeds from its multi-draw credit facility to fund the acquisition of certain assets. The Company paid financing costs of $826,810.

(e) On November 21, 2018, the Company, through LB, obtained proceeds from its multi-draw credit facility to fund the acquisition of certain assets. The Company paid financing costs of $13,500.

(f) On February 27, 2019, the Company, through LB, obtained proceeds from its multi-draw credit facility to fund the acquisition of certain assets of Goldstar 2 (Note 4). The Company paid financing costs of $17,000.

(g) On March 8, 2019, the Company, through LB, obtained proceeds from its multi-draw credit facility to fund the acquisition of certain assets of A&R (Note 4). The Company paid financing costs of $Nil.

(h) On March 12, 2019, the Company, through LB, obtained proceeds from its multi-draw credit facility to fund the acquisition of certain assets of Universal (Note 4). The Company paid financing costs of $Nil.

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

9. 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 November 30, 2017		70,321,207	5,776,604	$ 34,121,822
Warrants issued	(a)	-	209,300	-
Equity and warrant issuance relating to private placement		-	-	(411,796)
Options exercised		-	-	(408,092)
Balance as of February 28, 2018		**70,321,207**	**5,985,904**	**33,301,934**
Balance as of December 31, 2018		71,650,833	5,985,904	$ 33,631,194
Options exercised	(b)	129,033	-	21,989
Balance as at March 31, 2019	(c)	**71,779,866**	**5,985,904**	**$ 33,653,183**

(a) Warrants Issued

Concurrent to the incremental term loan under the previous credit facility, the Company issued 209,300 warrants to the previous lender with an exercise price of CAD $0.9423 and an expiry of 30 months from the date of issuance.

(b) Options Exercised

On March 5, 2019, a director and officer of the Company exercised 129,033 options to acquire 129,033 common shares. The exercise price of these options was $0.18 for total cash proceeds of $17,500. The share price on the date of exercise was CAD $0.75.

(c) Normal Course Issuer Bid

On February 15, 2019, the Company announced that the TSX Venture Exchange accepted the Company's notice to implement a normal course issuer bid ("NCIB") to purchase, for cancellation, up to 5,587,431 of its common shares, representing approximately 10% of the Company's public float. The Company received approval from the Exchange to commence the NCIB on February 19, 2019 and continue to February 18, 2020, or earlier in the event that the Company has acquired the maximum number of shares that may be purchased under the NCIB. The Corporation may also terminate the NCIB earlier if it feels it is appropriate to so.

The Company engaged Cormark Securities Inc. to act as its agent to conduct the NCIB transactions. Please refer to Note 19 for details on common shares that were repurchased and cancelled by the Company.

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

9. CAPITAL AND OTHER COMPONENTS OF EQUITY (Cont'd)

Warrants

As at March 31, 2019, the company had outstanding warrants as follows:

Number of warrants	Exercise price (CAD)		Expiry
3,529,404	$	0.215	May 29, 2020
418,600	$	0.307	November 17, 2019
500,000	$	0.39	April 19, 2019
778,050	$	0.383	December 30, 2019
257,075	$	0.65	April 5, 2020
293,475	$	1.041	May 27, 2020
209,300	$	0.942	June 16, 2020
5,985,904			

As of March 31, 2019, there are 5,985,904 (December 31, 2018 – 5,985,904) warrants outstanding which are recorded as a derivative liability with a value of $2,223,512 (December 31, 2018 - $3,354,662).

The fair value of the warrants outstanding is estimated at March 31, 2019 and December 31, 2018 using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

Warrants	**March 31, 2019**	December 31, 2018
Exercise price (CAD)	**$0.32**	$0.32
Expected volatility	**91%**	121%
Risk-free interest rate	**1.56%**	1.85%
Expected life	**0.97**	1.24
Share price (CAD)	**$0.77**	$1.01

10. SHARE OPTION PLAN

On November 21, 2013, the Company adopted a new "rolling" stock option plan which authorizes the Company to grant options to acquire up to 10% of its issued and outstanding Common Shares, from time to time. Specifically, the Option Plan reserves, for issue pursuant to stock options, a maximum number of Common Shares equal to 10% of the outstanding Common Shares from time to time, with no mandatory vesting provisions. The number of Common Shares reserved for issue to any one person in any 12 month period under the Option Plan may not exceed 5% of the outstanding Common Shares at the time of grant without disinterested shareholder approval. These stock options are recorded under share capital.

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

10. SHARE OPTION PLAN (Cont'd)

The stock options were only awarded to employee, officers, directors and consultants; therefore, it is recognized as an expense with a corresponding increase in share capital. The Company had the following changes during the period then ended to its stock options, as follows:

	March 31, 2019		December 31, 2018	
	Number of Options	**Weighted Average Exercise Price (CAD)**	Number of Options	Weighted Average Exercise Price (CAD)
Beginning balance	**7,165,068**	**$ 0.51**	7,032,105	$ 0.35
Issued	**-**	**$ -**	1,462,589	$ 1.00
Exercised	**(129,033)**	**$ 0.18**	(1,329,626)	$ 0.21
Ending balance	**7,036,035**	**$ 0.51**	7,165,068	$ 0.51
Exercisable	**7,036,035**	**$ 0.51**	7,165,068	$ 0.51

The following table summarizes information about share purchase options granted and outstanding as at March 31, 2019:

Number of options	**Exercisable**	**Exercise Price (CAD)**	**Time to Maturity**
66,667	66,667	$ 1.260	1.39 years
16,668	16,668	$ 1.050	1.39 years
121,341	121,341	$ 0.180	2.41 years
83,333	83,333	$ 0.270	2.62 years
1,344,475	1,344,475	$ 0.154	3.10 years
1,244,983	1,244,983	$ 0.353	3.28 years
2,695,979	2,695,979	$ 0.503	3.63 years
1,462,589	1,462,589	$ 1.000	4.63 years
7,036,035			

11. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative costs incurred by nature are as follows:

	Three months ended March 31, 2019	Three months ended February 28, 2018
Acquisition costs	**$ 110,740**	$ 56,620
Professional and advisory fees	**648,930**	2,580,671
Regulatory and filing fees	**29,022**	26,152
Salaries and benefits	**541,995**	555,027
Share based compensation	**-**	(1,748,198)
Administrative fees	**529,828**	405,897
	$ 1,860,515	$ 1,876,169

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

12. FINANCE COSTS

Finance costs consist of the following:

	Three months ended March 31, 2019	Three months ended February 28, 2018
Previous long term debt		
Accretion expense	$ -	$ 4,865,894
Cash interest expense	-	1,655,990
	$ -	$ 6,521,884
Existing long term debt		
Accretion expense	$ 257,412	$ -
Cash interest expense	675,224	-
Accrued interest expense	1,069,917	-
Commitment fee	28,054	-
	$ 2,030,607	$ -
Other	19,319	154,017
Total finance costs	$ 2,049,926	$ 6,675,901

13. EARNINGS (LOSS) PER SHARE

During periods when the Company incurred a net profit (loss), the income and diluted income per common share are based on the weighted-average common shares outstanding during the period. As the effect of all outstanding stock options and warrants are anti-dilutive during a year when the Company incurs a loss, diluted loss per share does not differ from basic loss per share.

	March 31, 2019	February 28, 2018
Common shares issuable on exercise of warrants	5,985,904	5,985,904
Vested stock options	7,036,035	7,032,105
	13,021,939	13,018,009

Income (loss) per share attributable to owners of the parent:

	March 31, 2019	February 28, 2018
Weighted average shares outstanding - basic	71,779,866	66,555,241
Weighted average shares outstanding - diluted	84,801,805	79,573,250
Basic	0.031	(0.041)
Diluted	0.026	(0.041)

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

14. OPERATING SEGMENTS

Management has identified one reportable business segment which is comprised of three subsidiaries; QGC, SSG and LB (collectively known as "LBL"). This reporting segment is managed separately, and their results are based on internal management information that is regularly reviewed by the chief operating decision maker.

Assets of LBL are held in the USA and all other corporate assets owned at period end are held in Canada.

	Three months ended March 31, 2019			Three months ended February 28, 2018		
	Corporate	**LBL**	**Total**	Corporate	LBL	Total
Revenue						
Gaming revenue	**$ -**	**$ 20,095,522**	**$ 20,095,522**	$ -	$ 16,401,311	16,401,311
Location costs	**-**	**(10,047,761)**	**(10,047,761)**	-	(8,200,656)	(8,200,656)
Revenue after location costs	**-**	**10,047,761**	**10,047,761**	-	8,200,656	8,200,656
Operating expenses						
Amortization of property, equipment and intangible assets	**-**	**(2,854,140)**	**(2,854,140)**	-	(2,111,634)	(2,111,634)
Amortization of right-of-use asset	**(34,190)**	**-**	**(34,190)**	-	-	-
Impairment	**-**	**(90,000)**	**(90,000)**	-	(212,000)	(212,000)
General and administrative expense	**(781,047)**	**(1,079,468)**	**(1,860,515)**	(721,270)	(1,154,899)	(1,876,169)
	(815,237)	**(4,023,608)**	**(4,838,845)**	(721,270)	(3,478,533)	(4,199,803)
Other expenses						
Finance costs	**(18,451)**	**(2,031,475)**	**(2,049,926)**	(18,400)	(6,657,501)	(6,675,901)
Other Income	**-**	**-**	**-**	-	122,000	122,000
Finance income	**-**	**-**	**-**	31,192	-	31,192
Fair value gain (loss) on derivative liabilities	**1,131,150**	**-**	**1,131,150**	(966,093)	-	(966,093)
Gain (loss) on foreign exchange	**(1,316)**	**-**	**(1,316)**	29,452	-	29,452
Fair value gain (loss) on derivative assets	**-**	**-**	**-**	-	572,000	572,000
	1,111,383	**(2,031,475)**	**(920,092)**	(923,849)	(5,963,501)	(6,887,350)
Net income (loss) and comprehensive income (loss) before tax	**$ 296,146**	**$ 3,992,678**	**$ 4,288,824**	$ (1,645,119)	$ (1,241,378)	$ (2,886,497)
Current tax expense		**(480,000)**	**(480,000)**	-	-	-
Net Income (loss) and comprehensive income (loss) after tax	**$ 296,146**	**$ 3,992,678**	**$ 3,808,824**	$ (1,645,119)	$ (1,241,378)	$ (2,886,497)
Total current assets	**128,885**	**8,869,408**	**8,998,293**	922,164	10,221,653	11,143,817
Total non-current assets	**617,763**	**67,343,548**	**67,961,311**	13,568	61,029,312	61,042,880
Total liabilities	**6,798,090**	**76,553,355**	**83,351,445**	6,254,934	60,287,003	66,541,937

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

15. RELATED PARTY TRANSACTIONS AND BALANCES

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

	March 31, 2019	February 28, 2018
Salaries and short term benefits	**$ 210,000**	$ 207,874
Director fees	**75,800**	71,238
Share based compensation	**-**	(83,567)
Consulting fees	**313,631**	1,823,954
	$ 599,431	$ 2,019,499

As at March 31, 2019, the Company owed $75,800 relating to director fees (December 31, 2018 - $94,550).

During the three months ended March 31, 2019, the Company incurred consulting fees of $288,150 (February 28, 2018 - $244,547), paid performance incentives of $Nil (February 28, 2018 – $148,174) directly tied to business acquisitions, paid a discretionary annual performance incentive of $Nil (February 28, 2018 – $1,469,000) 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 March 31, 2019, $1,582,000 was owed relating to these consulting fees (December 31, 2018 - $2,098,536).

During the three months ended March 31, 2019, the Company paid rent of $Nil (February 28, 2018 - $36,276) to a corporation controlled by a director and officer of the Company.

During the three months ended March 31, 2019, the Company incurred consulting fees of $25,481 (February 28, 2018 – $(37,767)) from an accounting firm which carried out duties of the CFO. These services were incurred in the normal course of operations for general accounting, financial reporting matters and acquisitions. As at March 31, 2019, $8,456 was owed relating to these consulting fees (December 31, 2018 - $8,283).

During the three months ended March 31, 2019, total distributions declared by Lucky Bucks Holdco, LLC to its 40% shareholder totaled $1,724,656 (February 28, 2018 – $3,548,048). As at March 31, 2019, $729,889 was owed relating to these distributions (December 31, 2018 - $436,272).

During the three months ended March 31, 2019, the Company incurred salaries and short term benefits of $60,000 (February 28, 2018 - $60,000) and paid discretionary performance bonuses of $150,000 (February 28, 2018 - $147,874) to the CEO of Lucky Bucks, LLC. As at March 31, 2019, $350,000 was owed relating to these salaries and short term benefits (December 31, 2018 - $200,000).

As at March 31, 2019, $41,853 is due from the CEO of Lucky Bucks, LLC and 40% shareholder of Lucky Bucks Holdco, LLC (December 31, 2018 - $44,853).

All amounts due from (to) related parties are non-interest bearing, unsecured and due on demand.

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

16. SUPPLEMENTAL CASH FLOWS INFORMATION

Changes in non-cash operating working capital:

	March 31, 2019	February 28, 2018
Accounts receivable	**$ (50,750)**	$ (365,912)
Restricted cash	**(203,190)**	1,523,595
Prepaid expenses and other	**(22,043)**	(71,557)
Due from related party balances	**3,000**	59,485
Notes receivable	**-**	90,496
Accounts payable and other liabilities	**(618,151)**	(472,190)
Due to related party balances	**(735,286)**	1,658,603
Income tax payable	**480,000**	-
	$ (1,146,420)	$ 2,422,520

Changes in liabilities arising from financing activities:

	March 31, 2019	February 28, 2018
Opening balance	**$ 67,327,321**	$ 46,109,213
Net cash from financing activities	**3,233,031**	4,600,000
Other changes	**240,412**	6,512,628
	$ 70,800,764	$ 57,221,841

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial assets and financial liabilities were as follows:

Financial assets at amortized cost	March 31, 2019	December 31, 2018
Cash	**$ 3,800,501**	$ 2,466,419
Restricted cash	**2,938,776**	2,735,586
Accounts receivable	**2,116,621**	2,065,871
Related party balances	**41,853**	44,853
	$ 8,897,751	$ 7,312,729

Financial liabilities at amortized cost	March 31, 2019	December 31, 2018
Accounts payable and accrued liabilities	**$ 5,020,293**	$ 5,638,444
Distribution payable	**729,889**	436,272
Related party balances	**1,657,800**	2,393,086
Long-term debt	**70,800,764**	67,327,321
	$78,208,746	$ 75,795,123

Fair value through profit and loss, assets (liabilities)	March 31, 2019	December 31, 2018
Derivative liability	**(2,223,512)**	(3,354,662)

Credit Risk

Credit risk is the risk of financial loss to the Company if counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Company to concentrations of credit risk consist of cash, accounts receivable and note receivable.

Credit risk associated with cash is minimized substantially by ensuring that the assets are placed primarily with major financial institutions that have minimum grade "A" credit ratings. The Company is exposed to credit risk with respect to its accounts receivable.

For the three months ended March 31, 2019, all of the Company's gaming revenue is collected from Georgia Lottery Corporation ("GLC") after location costs. These amounts receivable are current at period end. Based on historic default rates and the credit quality of the GLC, no provisions have been recorded and no collateral is requested for the Company's receivables related to its gaming revenue.

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 shareholders and related companies.

The Company's cash flow is generated from its interest in LB.

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

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

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 March 31, 2019 the Company had cash balance of $3,800,501 (December 31, 2018 - $2,466,419). The following table summarizes amounts and maturity dates of the Company's contractual obligations as of March 31, 2019:

	Within 1 Year	2 - 3 years	4 - 5 years	Total
Accounts payable and accrued liabilities	$ 5,020,293	$ -	$ -	$ 5,020,293
Distribution payable	729,889	-	-	729,889
Related party balances	1,657,800	-	-	1,657,800
Long-term debt	6,517,352	16,240,184	51,580,591	74,338,127
	$ 13,925,334	$ 16,240,184	$ 51,580,591	$ 81,746,109

Fair Value Risk

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

The derivative liability was determined a level 2 instrument and valued using the Black Scholes valuation model derived from observable market inputs.

There were no transfers between level 2 and level 3 during the year.

The carrying value of cash, restricted cash, accounts receivable, related party balances and accounts payable and accrued liabilities 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 this instrument approximates the current market rate offered to the Company. On initial recognition, the fair value of long-term debt was established based on the current interest rates, market values and pricing of financial instruments with comparable terms.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Cont'd)

The Company measures derivative assets and derivative liabilities at fair value at the end of the reporting period.

Foreign Currency Risk

The Company's functional currency is the United States dollar and major purchases are transacted in United States dollars. However, the Company is exposed to currency risk with fluctuations in United States dollar relative to the Canadian dollar as the Company also incurs expenses in Canadian dollars. As well, the Company is exposed to currency risk on cash denominated in Canadian dollars. The Company currently does not use derivatives to mitigate its foreign currency risk.

Based on the Company's net monetary liabilities dominated in Canadian dollars, 10% fluctuations in the exchange rate from CAD to USD will generate increases or decrease in income of approximately $285,695.

Interest Rate Risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the multi-draw credit facility (Note 8). As a result, the Company is subject to interest rate risk. All other financial assets and liabilities are non-interest bearing or bear interest at fixed rates. A 1.0% increase/decrease in the LIBOR rate would have increased/decreased the interest paid by $741,157.

Capital Management

The Company manages and adjusts its capital structure based on available funds in order to support its operations and acquisitions. The capital of the Company consists of share capital, warrants and long-term debt. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

As the Company continues to assess and seek to acquire an interest in additional businesses, the Company may continue to rely on capital markets to support continued growth. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company monitors its capital structure and must comply with certain financial covenants related to its long-term debt. The Company intends to manage its capital by operating at a level that provides a conservative margin compared to the limits of its covenants. For the three months ended March 31, 2019, the Company was in compliance with the financial covenants related to its long term debt.

18. COMPARATIVE FIGURES

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

19. SUBSEQUENT EVENTS

Normal Course Issuer Bid ("NCIB")

In March 2019, under the NCIB, the Company repurchased 44,000 common shares at a price of CAD $0.7282 for total consideration of CAD $32,040. These repurchased common shares were cancelled on April 3, 2019.

In April 2019, under the NCIB, the Company repurchased 410,500 common shares at a price of CAD $0.754 for total consideration of CAD $309,517. These repurchased common shares were cancelled on May 3, 2019.

During the period of May 1 to May 28, 2019, under the NCIB, the Company repurchased 550,000 common shares at a price of CAD $0.8146 for total consideration of CAD $448,055. These repurchased common shares will be cancelled by the Company in early June 2019.