POYDRAS GAMING FINANCE CORP.
(formerly Great Northern Gold Exploration Corporation)

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

The following management discussion and analysis (the “MD&A”), prepared as of November 21, 2014 should be read together with the unaudited interim consolidated financial statements for the nine months ended September 30, 2014 and related notes attached thereto (the “Interim Financial Statements”), which are prepared in accordance with International Financial Reporting Standards (“IFRS”). The reader should also refer to the audited consolidated financial statements of Poydras Specialty Finance Corp. for the year ended December 31, 2013 as included in the prospectus dated April 22, 2014 filed on SEDAR. All amounts are stated in US dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the timing and amount of estimated future cash flows, capital expenditures, currency fluctuations and the requirements of future capital. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the availability and reasonable terms to finance the Company;
- the ability to procure equipment and operating supplies in sufficient quantities and on a timely basis; and
- the ability to attract and retain skilled staff

These forward-looking statements involve risks and uncertainties relating to, among other things, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**

Description of Business

Poydras Gaming Finance Corp. (on consolidated basis "**the Company**" or "**Poydras**") is in the business of providing capital and gaming equipment to casino operators and vendors in the USA. The Company's head office address is at Suite 300-1055 West Hastings Street, Vancouver, British Columbia, V6E 2E9. The registered and records office address is at Suite 1500-1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "PYD".

Poydras Gaming Finance Corp. (as a stand-alone entity "**PGFC**") was incorporated under the Business Corporations Act (B.C.) on July 27, 2009 under the name Doca Capital Corp, changed its name to Great Northern Gold Exploration Corporation on October 10, 2012 and to Poydras Gaming Finance Corp. on May 2, 2014.

PGFC completed its Qualifying Transaction on October 10, 2012 with the acquisition of two options to earn a 100% interest in the Wekusko and Ferro properties located near Snow Lake, Manitoba. Effective October 10, 2013, the Wekusko and Ferro option agreements were terminated.

On May 9, 2014, PGFC completed a reverse takeover ("**RTO**") acquisition of Poydras Specialty Finance Corp. ("**PSFC**") with its wholly-owned U.S. subsidiary Platform 9 Corporation ("**Platform 9**") which as of May 9, 2014 owned an overall 61.57% economic interest in its licensed operating subsidiary, Poydras Gaming LLC ("**Poydras Gaming**"). On May 9, 2014, the Company also acquired (i) a 100% interest in Windy Hill Capital LLC ("**Windy Hill**"), and (ii) the remaining 38.43% economic interest in Poydras Gaming by acquiring a 100% interest in Poydras Street Finance II LLC ("**PSF II**") and the co-general partnership interest in Poydras Gaming from Poydras Capital Partners LLC ("**PCP**"). Upon completion of the acquisitions, the Company owns a 100% interest in each of Windy Hill and Poydras Gaming, two licensed operating companies providing capital and gaming equipment to casino operators and vendors in the USA.

Concurrently with the RTO and the above-noted acquisitions on May 9, 2014, Poydras completed equity and convertible debenture prospectus offerings for gross proceeds of $3,068,807 and $7,732,000 respectively.

Proposed Acquisition of Integrity Companies

On September 27, 2014, the Company signed an agreement to acquire a 100% equity interest in Integrity Gaming, Inc., Aurora Gaming, Inc., and Integrity Gaming of Kansas, Inc., (together the "**Integrity Companies**"). The Integrity Companies are a leading provider of slot machines to Native American-owned casinos in Oklahoma and Texas and have been in operation since 1997. They are one of the largest independent gaming equipment and bingo supply distributors in the tribal gaming market, with over 1,700 machines currently under participation leases with 22 casinos owned by 12 different Native American Tribes. The transaction is expected to close in early 2015. Upon the acquisition, Integrity Companies' operations are expected to increase the Company's cash flows from operations, consolidated net income, earnings per share and EBITDA.

Subject to certain purchase price adjustments, the aggregate purchase price (the "**Purchase Price**") for the Integrity Companies will be approximately $20 million comprised of:

(i) the assumption of approximately $6 million in outstanding debt of Integrity Companies;

(ii) $5.5 million in common shares of the Company valued at the volume-weighted average price for the 60 trading days immediately preceding the closing date of the acquisition, subject to a minimum price per common share of C$0.18 and a maximum price per common share of C$0.40;

(iii) an earn-out of up to $3 million payable in 2016 based on certain performance metrics achieved by the Integrity Companies; and

(iv) cash consideration equal to the Purchase Price, less assumed debt, less equity consideration, and less the earn-out, which would be approximately $5.5 million based on current estimates of outstanding debt levels at closing.

This acquisition is subject to a number of conditions, including TSX-V approval, completion of an audit of Integrity Companies and the consent of applicable gaming regulatory authorities. The Company is in the process of obtaining the required approvals and the audit of Integrity Companies is in progress.

Overall Performance

The Interim Financial Statements include the accounts of PGFC from the date of the RTO with PSFC on May 9, 2014, and the following wholly-owned subsidiaries: (i) Canadian subsidiary PSFC from its date of incorporation on January 25, 2013, (ii) U.S. subsidiary Platform 9 from the date of its incorporation on February 27, 2013, (iii) U.S. subsidiary Poydras Gaming from the date of its formation on February 11, 2013, (iv) U.S. subsidiary PSF II from the date of acquisition on May 9, 2014, and (iv) U.S. subsidiary Windy Hill from the date of acquisition on May 9, 2014.

On July 15, 2015, the Company obtained a 49% ownership interest in Poydras Gaming Devices LLC and a 90% ownership interest in Poydras Gaming Finance (LA) LLC. Both companies are limited liability companies formed in Louisiana and both are currently inactive with no assets and no liabilities.

The Company's leasing revenue increased by 41% from $386,540 in Q2 2014 to $543,495 in Q3 2014

During the nine months ended September 30, 2014, Poydras reported a net loss of $10,664,683. The most significant factors driving Poydras' financial results during the current period are (i) reverse takeover public listing costs of $4,511,255 (which is a non-cash expense), (ii) unrealized loss on valuation of September 2013 convertible debentures of $3,572,926 (which is a non-cash expense), and (iii) general and administrative expenses of $1,886,024 (of which $512,077 is a non-cash stock based compensation). Reverse takeover public listing costs arise from the excess of the consideration paid for the RTO acquisition of PGFC (comprising the fair value of common shares in PGFC allocated to the existing shareholders in PGFC and the fair values of PGFC's options and warrants assumed by PSFC upon the RTO) and the fair value of shares issued as a finder's fee related to the RTO acquisition, over the fair values of the assets and liabilities of PGFC as of the date of the completion of the RTO. General and administrative expenses include approximately $600,000 of non-recurring professional fees incurred during the process of structuring and acquiring of PSFC by PGFC in the RTO transaction. The unrealized loss on valuation of September 2013 debentures was recorded to recognize a liability for the increase in the estimated fair value of the September 2013 debentures conversion feature, which was a non-cash expense and liability.

Poydras expects to generate most of its revenue from Poydras Gaming's and Windy Hill's activities with regard to leasing and financing gaming machines and related capital expenditures for existing casinos, new casino developments and gaming machine suppliers in the United States. Currently, Poydras Gaming and Windy Hill own or finance gaming machines in Oklahoma and California. Poydras is also taking steps to expand operations into Louisiana and is in the process of acquiring Integrity Companies.

Highlights of Poydras' activities during the nine months ended September 30, 2014:

- For the period ended September 30, 2014, Poydras recorded a net loss of $10,664,683 or $0.14 loss per share. This net loss figure includes $1,102,836 of leasing revenue and interest income, $816,817 of operating expenses, $1,886,024 of general and administrative expenses, $3,572,926 of non-cash loss on valuation of September 2013 debentures and $4,511,255 of non-cash reverse takeover public listing costs;

- As at September 30, 2014, Poydras had total assets of $12,828,419 consisting of cash of $4,444,255, receivables of $453,229, prepaid expenses of $155,993, prepaid placement fees of $2,418,131, gaming equipment of $3,159,945, loan receivable of $425,713 and intangible assets of $1,771,153;

- As at September 30, 2014, Poydras had total liabilities of $9,049,943 consisting of $1,401,773 of current liabilities and $7,648,170 of non-current liabilities; and

- On May 9, 2014, the Company completed (i) an RTO between PGFC and PSFC, (ii) acquisition of Windy Hill, (iii) acquisition of the remaining non-controlling interest in Poydras Gaming and (iv) equity and convertible debenture prospectus offerings for gross proceeds of $3,068,807 and $7,732,000 respectively.

Key Performance Indicators

Key performance indicators that Poydras uses to manage its business and evaluate its financial results and operating performance include: overall revenue, revenue per gaming machine, expenses, net income (loss) and adjusted EBITDA. Poydras evaluates its performance on these metrics by comparing its actual results to management budgets and forecasts.

Sources of Revenue and Expenses

Revenue

Revenue is derived from leasing of gaming machines and interest income from loans receivable and surplus cash invested in interest bearing accounts.

Operating Expenses

Operating expenses costs consist primarily of depreciation of gaming equipment, equipment placement fees, equipment service fees, gaming commission fees and travel. These costs relate closely to managing revenue from leasing of gaming machines.

General and Administrative Expenses

General and administrative expenses consist primarily of costs related to management salaries, professional fees, investor relations, consulting office, office, stock based compensation and other corporate services. Poydras expects its administrative expenses to increase in connection with ongoing growth and in connection with reporting and continuous disclosure obligations associated with becoming a public company.

Professional fees consist primarily of expenses relating to legal, audit, accounting and tax fees. Following the close of the RTO on May 9, 2014, Poydras expects professional fees to decrease; however, additional audit and legal costs are expected to be incurred in connection with the acquisition of the Integrity Companies. Upon completion of the acquisition of the Integrity Companies, Poydras expects professional fees to decrease as Poydras' need for professional services will become limited to assistance with completing its reporting and continuous disclosure obligations or specific major transactions.

Financing Costs

Financing costs consist primarily of accretion of convertible debentures, accretion of promissory loans payable and interest expense on equipment financing loans.

Foreign Exchange Gain/Loss

The foreign exchange loss is an unrealized loss recorded by PGFC on translation of the USD denominated $7,732,000 convertible debentures into PGFC's Canadian dollar functional currency, which is then translated into the USD reporting currency.

Loss on Valuation of Convertible Debentures

The loss on valuation of convertible debentures represents recognition as a liability of the estimated fair value of the option for the debenture holders to convert their September 2013 convertible debentures into common shares of Poydras. The higher the estimated fair value of Poydras shares compared with the conversion rate, the higher is the estimated fair value of the conversion feature. The fair value of the conversion feature will fluctuate from period to period based on the estimated fair value of Poydras' common shares. Any changes in valuation will be reflected on the statement of comprehensive income/loss.

Non-IFRS Measures

Adjusted EBITDA is a financial measure that does not have a standardized meaning under IFRS. Adjusted EBITDA is defined as earnings before financing charges, income taxes, depreciation, amortization, stock based compensation, unrealized foreign exchange and non-recurring costs.

During the current quarter, the Company modified its definition of Adjusted EBITDA by excluding from net income/loss unrealized foreign exchange gain/loss recorded in PGFC on translation of the USD denominated $7,732,000 convertible debentures into PGFC's Canadian dollar functional currency, which is then being translated into USD reporting currency. The Company believes that this non-cash unrealized gain/loss does not impact the Company's ability to purchase additional machines, to meet the liquidity needs and also to measure our core business performance.

As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Company considers the Adjusted EBITDA to be a relevant indicator for measuring trends in performance and ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.

Adjusted EBITDA and reconciliation to net income (loss) is as follows:

	9 Months Ended September 30 2014 ($)	Quarter Ended September 30 2014 ($)	Quarter Ended June 30 2014 ($)	Quarter Ended March 31 2014 ($)
Net Income (loss)	(10,664,683)	(1,302,155)	(8,229,857)	(1,132,671)
Adjustments:				
Depreciation of equipment	441,004	194,439	157,753	88,812
Amortization of placement fees	170,680	73,801	60,345	36,534
Amortization of intangible assets	116,230	73,533	42,697	-
Financing costs	690,998	370,253	222,152	98,593
Foreign exchange (gain) loss	211,109	376,287	(165,178)	-
Loss on valuation of convertible debentures	3,572,926	-	3,079,814	493,112
Reverse takeover public listing	4,511,255	-	4,511,255	-
Stock based compensation	512,077	243,646	268,431	-
Adjusted EBITDA	(438,404)	29,804	(52,588)	(415,620)

The Company's Adjusted EBITDA increased by $82,392 from negative ($52,588) in Q2 2014 to $29,804 in Q3 2014. Q3 2014 EBITDA is negatively impacted by approximately $160,000 of legal and consulting costs incurred in connection with the proposed acquisition of the Integrity Companies.

The Company's results of operations for three months ended September 30, 2014 include operations of Windy Hill from the date of its acquisition on May 9, 2014. During the years ended December 31, 2013 and December 31, 2012, Windy Hill generated $1,077,668 and $1,230,595 of net income respectively. Windy Hill's EBITDA for the years ended December 31, 2013 and December 31, 2012 were $1,679,735 and $1,721,712 respectively (for definition of EBITDA and calculation thereof for Windy Hill, please refer to the Company's prospectuses dated April 22, 2014 which were filed on SEDAR).

Windy Hill's revenue and net income for the period from January 1, 2014 to the date of acquisition on May 9, 2014 is $613,347 and $237,696 respectively. This revenue and net income is excluded from the Company's results of operations. If the acquisition of Windy Hill took place on January 1, 2014 instead of May 9, 2014, the

Company's consolidated revenue and net loss for the nine month ended September 30, 2014 would be $1,716,183 and ($10,426,987) respectively.

Results of Operations

Nine months ended September 30, 2014 ("2014 period") compared with the period from incorporation on January 25, 2013 to September 30, 2013 ("2013 period")

Net loss for the 2014 period was $10,664,683 or $0.14 per share compared to $578,966 net loss or $0.07 loss per share in the 2013 period. The significant increase in net loss is mainly due to non-recurring RTO acquisition costs, loss on valuation of convertible debentures, incurring professional fees relating to the RTO and concurrent transactions, and increased general and administrative costs.

Significant differences between the 2014 and 2013 period results of operations are as follows:

<u>Revenue</u>

Total revenue in the 2014 period was $1,102,836 (2013 - $189,395) of which $1,085,916 (2013 - $189,395) came from leasing of gaming equipment to casinos and $16,920 (2013 - $Nil) came from interest earned on a loan receivable and interest bearing cash deposits. Increase in revenue is due to generating revenue from a much higher number of gaming machines in the 2014 period as compared to the 2013 period and also due to the comparative period being 248 days as compared to 273 days in the period ended September 30, 2014.

<u>Expenses</u>

Operating Expenses

Operating expenses for the 2014 period were $816,817 (2013 - $268,711). Increase in costs is directly related to the increase in revenue and increase in the number of gaming machines to be serviced and depreciated. Major components of the operating costs are depreciation of gaming machines of $441,004 (2013 - $169,051), amortization of equipment placement fees of $170,680 (2013 - $33,559), equipment service fees and replacement parts of $132,467 (2013 - $22,372), gaming commission fees of $14,258 (2013 - $Nil) and travel of $58,408 (2013 - $43,729).

General and Administrative Expenses

General and administrative expenses for the 2014 period were $1,886,024 (2013 - $487,376). Increase in costs is due to (i) completion of the RTO transaction between PGFC and PSFC and concurrent acquisitions of Windy Hill, PSF II and minority interest in Poydras Gaming and (ii) ongoing growth, reporting and continuous disclosure obligations associated with becoming a public company. Major components of general and administrative costs are consulting expenses of $71,679 (2013 - $Nil), investor relations expenses of $118,583 (2013 - $Nil), management salaries of $329,293 (2013 - $15,000), office and administration of $56,457 (2013 - $985), professional fees of $778,200 (2013 - $471,391), stock based compensation of $512,077 (2013 - $Nil) and transfer agent fees of $19,735 (2013 - $Nil).

Management salaries are paid to the Company's senior management and officers for (i) running day-to-day operations, (ii) search for and evaluation of new business opportunities and related business negotiations, and (iii) regulatory compliance.

Professional fees consist primarily of expenses relating to legal, audit, accounting and tax fees incurred in connection with the RTO and concurrent business acquisitions. Following the close of the RTO on May 9, 2014, Poydras expects professional fees to decrease as Poydras' need for professional services becomes limited to assistance with completing its reporting and continuous disclosure obligations or specific major transactions.

Stock based compensation is a non-cash expense. It relates to an estimated fair value of share purchase options granted to the Company's directors and officers upon completion of the RTO. Stock based compensation is recognized over the vesting period of stock options, being 3 years from the date of grant. Because of the graded vesting pattern of the share options, stock based compensation is front loaded, and it gradually decreases until all stock options are fully vested and can be exercised.

Amortization of Intangible Assets

Amortization of intangible assets for the 2014 period was $116,230 (2013 - $Nil). Intangible assets relate to customer contracts acquired by the Company on May 9, 2014 upon the acquisition of Windy Hill. In the comparative period the Company did not have any such intangible assets. Intangible assets consist of an estimated fair value of contracts to lease gaming machines to casinos. Intangible assets are being amortized on a straight line basis over the remaining life of Windy Hill's lease revenue contracts.

Financing Costs

Financing costs for the 2014 period were $690,998 (2013 - $242,438). Increase in financing costs is mainly due to completion of the convertible debentures financing on May 9, 2014. Significant components of the financing costs were: accretion expense on convertible debentures of $466,786 (2013 - $Nil); accretion expense on the Windy Hill promissory notes of $81,751 (2013 - $Nil); interest expense on equipment loans of $142,461 (2013 – $19,913); and September 2013 convertible debentures financing costs of $Nil (2013 - $222,525).

Accretion expense is recognized until the maturity of the convertible debentures and Windy Hill promissory notes. It represents recognition of an expense and corresponding liability to accrete the difference between the amount liabilities were recognized on the inception date and the amount that will be payable on maturity.

Interest expense relates to equipment loans and promissory notes payable to related parties.

Foreign Exchange Gain/Loss

Foreign exchange loss for 2014 period was $211,109 (2013 - $Nil). The foreign exchange loss is an unrealized loss recorded by PGFC on translation of the USD denominated $7,732,000 convertible debentures into PGFC's Canadian dollar functional currency, which is then translated into the USD reporting currency.

Loss on Valuation of Convertible Debentures

The loss on valuation of September 2013 convertible debentures for the 2014 period was $3,572,926 (2013 - $Nil). This loss represents the recognition as an expense and liability of the estimated fair value of the September 2013 debentures. There was no loss on valuation of debentures recorded in the 2013 period as September 2013 debentures financing was completed at the end of Q3 2013.

Reverse Takeover Public Listing Costs

Reverse takeover public listing costs for 2014 period were $4,511,255 (2013 - $Nil). These are non-recurring non-cash costs incurred in connection with the RTO between PGFC and PSFC. These costs arise from the excess of the consideration paid for the RTO acquisition of PGFC (comprising the fair value of common shares in PGFC allocated to the existing shareholders in PGFC and the fair values of PGFC's options and warrants assumed by PSFC upon the RTO) and the fair value of shares issued as a finder's fee related to the RTO acquisition, over the fair values of the assets and liabilities of PGFC as of the date of the completion of the RTO.

Quarter ended September 30, 2014 ("Q3 2014") compared with the quarter ended September 30, 2013 ("Q3 2013")

Net loss for Q3 2014 was $1,302,155 or $0.01 per share compared to $526,088 net loss or $0.02 loss per share in Q3 2013. The significant increase in net loss is mainly due to an unrealized foreign exchange loss on convertible debentures, stock based compensation and increased general and administrative and regulatory compliance costs after completion of the RTO on May 9, 2014.

Significant differences between Q3 2014 and Q3 2013 results of operations are as follows:

Revenue

Total Q3 2014 revenue was $550,045 (2013 - $134,696) of which $543,495 (2013 - $134,696) came from equipment leased to casinos and $6,550 (2013 - $Nil) came from interest earned on a loan receivable and interest bearing cash deposits. Increase in revenue is due to generating revenue from a much higher number of gaming machines in Q3 2014 as compared to Q3 2013.

Expenses

Operating Expenses

Operating expenses for Q3 2014 were $340,057 (2013 - $176,891). Increase in costs is directly related to the increase in revenue and increase in the number of gaming machines to be serviced and depreciated. Major components of the operating costs are depreciation of gaming machines of $194,439 (2013 - $88,643), amortization of equipment placement fees of $73,801 (2013 - $26,492), equipment service fees and replacement parts of $58,463 (2013 - $18,027), gaming commission fee recovery of $1,208 (2013 - $Nil) and travel of $14,562 (2013 - $43,729).

General and Administrative Expenses

General and administrative expenses for Q3 2014 were $692,070 (2013 - $343,919). Increase in costs is due to an ongoing growth in operations, new reporting and ongoing disclosure obligations associated with becoming a public company and the due diligence costs in relation to the proposed acquisition of Integrity Companies. Major components of general and administrative costs are consulting expenses of $43,807 (2013 - $Nil), investor relations expenses of $63,467 (2013 - $Nil), management salaries of $140,225 (2013 - $15,000), office and administration of $28,847 (2013 - $395), professional fees of $171,136 (2013 - $328,524) and stock based compensation of $243,646 (2013 - $Nil).

Amortization of Intangible Assets

Amortization of intangible assets for Q3 2014 was $73,533 (2013 - $Nil). Intangible assets were acquired by the Company on May 9, 2014 upon the acquisition of Windy Hill. In the comparative period the Company did not have any intangible assets.

Financing Costs

Financing costs for Q3 2014 were $370,253 (2013 - $240,121). Increase in financing costs is mainly due to completion of the convertible debentures financing on May 9, 2014. Significant components of the financing costs were: accretion expense on convertible debentures of $370,253 (2013 - $Nil) accretion expense on the Windy Hill promissory notes of $52,230 (2013 - $Nil); (recovery of) interest expense of ($3,706) (2013 - $17,596); and September 2013 convertible debentures financing costs of $Nil (2013 - $222,525).

Foreign Exchange Gain/Loss

Foreign exchange loss for Q3 2014 was $376,287 (2013 - $Nil). The foreign exchange loss is an unrealized loss recorded by PGFC on translation of the USD denominated $7,732,000 convertible debentures into PGFC's Canadian dollar functional currency, which is then translated into the USD reporting currency.

Liquidity and Capital Resources

The Company has financed its operations to date through debt, equity and leasing revenue.

Recent Financing

On September 30, 2013, the Company raised C$3,000,000 of gross proceeds through a convertible debenture financing. The September 2013 debentures had a term of two years and were convertible into common shares of PSFC at a price of C$0.10 per share. On May 9, 2014, immediately prior to closing of the RTO with PGFC, these debentures were converted into 30,000,000 common shares of PSFC.

On May 9, 2014, the Company completed common equity and convertible debenture prospectus offerings for gross proceeds of $3,068,807 and $7,732,000 respectively

Cash

As of September 30, 2014, Poydras had cash of $4,444,255, compared with $427,390 of cash on December 31, 2013. The increase in cash is due to the recent financings offset by paying for RTO related expenditures and operating and general and administrative expenditures.

As of June 30, 2014, Poydras had cash of $5,263,069. Current quarter decrease in cash is due to spending approximately (i) $802,000 of cash on operating activities (including approximately $243,000 of cash on maintenance of non-cash current working capital such as accounts payable, accounts receivable and prepaid expenses), (ii) approximately $338,000 (including spending approximately $323,000 on acquisition of gaming equipment and making a $15,000 cash advance pursuant to a financing loan agreement), (iii) generating $918 of cash from financing activities (exercise of agent's warrants) and (iv) a positive foreign exchange impact on cash of approximately $321,000.

Cash Used in Operating Activities

Cash used in the operating activities during the nine months ended September 30, 2014 was $2,533,612, compared with $486,524 of cash generated from operating activities during the comparative nine months ended September 30, 2013. Cash spent on operating activities during 2014 consisted of (i) $1,175,731 of cash spent on operating, general and administrative, regulatory compliance and professional fees related to the RTO and concurrent acquisitions, net of cash collected from customers and (ii) $1,357,881 of cash spend on maintenance of non-cash current working capital such as accounts payable, accounts receivable and prepaid expenses.

Cash generated from operating activities during 2013 consisted of (i) $431,982 of cash spent on operating. general and administrative and professional fees related to the RTO, net of cash collected from customers and (ii) $918,506 of cash generated from maintenance of non-cash current working capital, mainly an accumulation of $999,983 of accounts payable.

Cash Used in Investing Activities

Cash used in investing activities during the nine months ended September 30, 2014 was $2,973,790, compared with $1,482,894 of cash used in investing activities during the comparative nine months ended September 30, 2013. 2014 investing activities included spending $991,464 on acquisitions of gaming equipment and spending $1,962,326 on acquisitions of PGFC, Windy Hill, PSF II and Poydras Gaming minority interest. 2013 investing activities included spending $550,000 on placement fees, $892,894 of acquisitions of gaming equipment and advancing $40,000 pursuant to a financing loan agreement.

Cash Generated by Financing Activities

Cash generated from financing activities during the nine months ended September 30, 2014 was $9,338,072 compared with $2,652,692 of cash generated from financing activities during the comparative nine months ended September 30, 2013. 2014 financing activities included $7,732,000 of gross proceeds from the convertible debentures financing, $3,068,807 of gross proceeds from the equity financing, which was offset by spending $1,170,701 financing costs related to the debt and equity financing, spending $211,072 on repayment of related parties promissory notes and paying $81,880 of accrued interest expense related to September 2013 convertible debentures.

2013 financing activities included raising $204,085 of cash pursuant to the related parties promissory note agreement, raising $1,604,278 of cash pursuant to September 2013 convertible debentures financing and receiving $843,794 cash contribution from non-controlling interest in Poydras Gaming.

Working Capital

At September 30, 2014, Poydras had a working capital of $3,917,505 compared with $729,939 working capital deficiency as of December 31, 2013. The increase in working capital is due to cash received from the equity and convertible debenture prospectus offerings for gross proceeds of $3,068,807 and $7,732,000 on May 9, 2014, which was offset by incurring significant professional fees in connection with the RTO acquisition and concurrent business acquisitions as well as current period operating expenses.

Commitments

Poydras Gaming has entered into one supplier financing transaction. As of September 30, 2014, the Company has funded the production of 41 gaming machines for deployment and expects to fund 9 more at $10,000 per machine subject to certain conditions.

Previous Financings - Use of Proceeds

The following is a summary of the recent financings completed by Poydras:

Financing	Purpose of the Financing	Actual Use of Proceeds
September 30, 2013 Poydras debentures of $2,820,609 (C$3,000,000).	Short-term financing to fund Platform 9's investment in Poydras Gaming and for general working capital requirements.	(i) $2,297,229 was invested by Platform 9 in obtaining interests in Poydras Gaming. Poydras Gaming used the investment from Platform 9 to pay for equipment placement fees, loan repayments, operations and for general working capital. (ii) $51,886 was paid as Poydras September 2013 debentures cash finder's fees. (iii) $471,494 was paid for professional fees and other general and administrative expenses.

Financing	Purpose of the Financing	Actual Use of Proceeds
May 9, 2014 equity financing of $3,068,807 and convertible debentures financing of $7,732,000 for total gross proceeds of $10,800,807	To finance: (i) costs of the equity and convertible debentures financings, (ii) costs of the RTO transaction, (iii) acquisition of Windy Hill, PSF II and PCP's interest in Poydras Gaming, (iv) 12 months of debt service payments on convertible debentures and Windy Hill promissory notes, (v) 12 months of general and administrative expenses, (vi) negative working capital of the resulting issuer on the RTO date, and (vii) expansion of business and general working capital needs	(i) $804,000 was paid to the Agents as compensation for the equity and convertible debentures financings, (ii) the remaining RTO costs and equity and convertible debentures financing costs were approximately $961,000, which is $394,000 more than expected, due to higher closing and post-closing legal fees than anticipated, (iii) $2,300,000 of cash was paid for the acquisition of Windy Hill. PSF II and PCP's interest in Poydras Gaming, (iv) $Nil of Windy Hill promissory notes repayments were made. Approximately $334,000 of interest expense was paid on May 2014 convertible (v) approximately $637,000 of general and administrative costs were incurred since May 9, 2014 RTO date, (vi) approximately $1,132,000 of negative working capital was paid off from the proceeds of the financings. The remaining $384,000 represents equipment loans which will be repaid by May 2015, and (vii) the Company paid approximately $345,000 to acquire additional 24 gaming machines. The remaining unallocated working capital of $4,287,807 is to be used for the expansion of business and general working capital needs.

Liquidity Outlook

Poydras' cash position is highly dependent on the ability of its investments to generate revenue and the ability of Poydras Gaming to enter into new revenue-generating investments in the gaming industry. The management of Poydras is in the process of acquiring Integrity Companies and is actively considering a number of other opportunities, including significant expansions of placements with its current customers. However, definitive investment decisions have not yet been made.

In connection with the Company's lease revenue contract #2 with a federally-recognized Tribe in Oklahoma, in 2013 Poydras paid $1,500,000 as equipment placement fees to secure floor space for 150 machines in a new casino. As of September 30, 2014, 25 machines were placed in this Tribe's newest facility. An additional 125 will be installed in a new casino currently under construction with opening planned in 2015. Out of 125 machines to be installed in a new casino, 25 machines have already been purchased by the Company.

The Company's common shares are putable by the holders at any time for fair value. This can result in unforeseen liquidity constraints on the company if the shareholders decide to redeem their shares.

Poydras' objective when managing capital is to maximize returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Poydras is not subject to externally imposed capital requirements. In managing capital structure, Poydras manages its capital through regular reports to the board of directors, as well as management review of monthly or quarterly financial information.

Upon completion of the RTO on May 9, 2014, completion of the concurrent equity and debt financings, completion of the acquisition of Windy Hill and Poydras Gaming minority interest, and additional purchases of gaming equipment, the Company increased its revenue generating base to 326 machines, and significantly improved its cash and working capital position providing resources for further expansion of operations.

Summary of Quarterly Results

The table below summarizes selected unaudited financial data for the Company's most recently completed quarters since incorporation on January 25, 2013. The following information is expressed in USD and is derived from the Company's financial information prepared in accordance with International Financial Reporting Standards:

	Quarter Ended Sep 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014	Quarter Ended Dec 31, 2013	Quarter Ended Sep 30, 2013	Quarter Ended June 30, 2013	From incorporation on January 25, 2013 to March 31, 2013
Total revenue (1)	550,045	393,015	159,776	100,573	134,696	44,528	10,171
Net loss (2)	(1,302,155)	(8,229,857)	(1,132,671)	(1,113,228)	(526,088)	(16,233)	(36,645)
Comprehensive loss (3)	(981,343)	(8,442,418)	(996,139)	(1,014,781)	(526,088)	(16,233)	(36,645)
Basic and diluted loss per share (4)	(0.01)	(0.09)	(0.02)	(0.02)	(0.02)	(162.33)	(366.45)

(1) Increase in revenue from Q1 2014 to Q2 2014 is mainly due to revenue generated by 126 machines added to the Company's inventory upon the acquisition of Windy Hill on May 9, 2014. Increase in Q3 2014 revenue is due to (i) generating revenue on 126 Windy Hill machines for the full quarter as compared to only 52 days in Q2 2014 and (ii) generating revenue on additional 22 machines acquired during Q3 2014. The Company's revenue is subject to seasonal fluctuation, with the 3rd quarter being the weakest.

(2) Increase in net loss from Q1 2014 to Q2 2014 is mainly due to non-recurring and non-cash RTO public listing costs of $4,511,255, loss on valuation of September 2013 convertible debentures of $3,079,814 and increased operations, regulatory compliance obligations and incurring professional fees relating to the RTO and concurrent transactions.

(3) Increase in comprehensive loss is mirroring increase in net loss for each quarter.

(4) Basic and diluted loss per share fluctuates from period to period and is impacted by the amount of loss incurred and the number of weighted average number of common shares outstanding. Q2 2014 loss per share increased due to significant increase in net loss for the quarter, which was offset by the increase in the number of shares outstanding due to RTO transaction and concurrent business acquisitions on May 9, 2014.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions between Related Parties

As of September 30, 2014, the Company's related parties and key management personnel consists of the Company's directors and executive officers.

Name / Personal Corporation	Relationship	Nature of Transaction
Peter Macy	Director and CEO	Management salaries, interest expense on promissory notes and stock based compensation
Daniel Davila	Director and President	Management salaries, interest expense on promissory notes and stock based compensation
Matthew Dickson	VP Operations and Corporate Secretary	Management salaries, interest expense on promissory notes and stock based compensation
Adam Kniec	CFO	Management fees and stock based compensation
Michael Rumbolz	Director	Stock based compensation
Prakash Hariharan	Director	Stock based compensation
Kim Oishi	Director	Stock based compensation

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of September 30, 2014, the Company's key management personnel consist of the Company's directors and senior management (Chief Executive Officer, President and Chief Financial Officer). Poydras incurred fees and expenses in the normal course of operations in connection with the key management personnel. Details are as follows:

Nature of Transactions	Notes		September 30, 2014		September 30, 2013
Management salaries	(i)	$	321,189	$	15,000
Interest expense	(ii)		4,496		-
Stock based compensation			512,077		-
		$	837,762	$	15,000

(i) Poydras paid management salaries of $321,189 (2013 - $15,000). $96,977 (2013 - $5,000) was paid to Peter Macy, $96,958 (2013 - $5,000) to Daniel Davila, $96,924 (2013 - $5,000) to Matthew Dickson and $30,330 (2013 - $Nil) to ArkOrion Enterprises Inc., a company owned by Adam Kniec.
(ii) During the current period, Poydras recorded $4,496 of interest expense on promissory notes. Peter Macy earned $58, Daniel Davila earned $553 and Matthew Dickson earned $3,885 of interest income.

On May 15, 2014, promissory notes payable and accrued interest totaling $208,581 were repaid in full. $2,703 was paid to Peter Macy, $25,653 was paid to Daniel Davila and $180,225 was paid to Matthew Dickson.

The above transactions occurred in the normal course of operations, and are measured at the amount of consideration established and agreed to by the related parties.

Commitments

On May 9, 2014, the Company signed employment agreements with Messrs. Peter Macy, Daniel Davila and Matthew Dickson for an initial term of 5 years. These employment agreements expire on May 9, 2019. All three agreements have the same employment terms and include the following commitments:

(i) basic annual compensation of $150,000;
(ii) annual bonus equal to a minimum of 40% and a maximum of 75% of the basic annual compensation, subject to successfully achieving certain goals established by Company;
(iii) in case of termination of the employment agreement by the Company without cause:

- the employee is entitled to receive a severance payment equal to two times basic annual compensation plus two times minimum annual bonus; and
- all unvested stock options will vest immediately.

On May 9, 2014, the Company signed a consulting agreement with ArkOrion Enterprises Inc. (“ArkOrion”), a company controlled by Mr. Adam Kniec, CFO of the Company. This agreement is for an initial term of one year, automatically renewed for additional 1 year terms unless terminated by either party by giving a 2 months’ notice. ArkOrion is entitled to receive a basic annual compensation of $84,000 and an annual bonus equal to a minimum amount of $10,000. The annual bonus is subject to successfully achieving certain goals established by Company. In case of termination of the employment agreement by the Company without cause, all unvested stock options will vest immediately and ArkOrion is entitled to receive a severance payment equal to six times monthly basic compensation plus a prorated amount of the annual bonus.

Critical Accounting Estimates and Use of Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Change in critical accounting estimates and assumptions made by management may result in material adjustments to the carrying amount of assets and liabilities within the next financial year. Critical estimates used include useful life and recoverability of equipment, the provision for deferred income taxes, amortization of placement fees, impairment of property and equipment and loans receivable, and valuation of convertible debentures

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Critical accounting policies which involve judgments made by management include the determination of categories of financial assets and financial liabilities, accounting for Platform 9’s acquisition of interests in Poydras Gaming, accounting for the RTO between PGFC and PSFC, accounting for leases from equipment manufacturers and leases to casinos.

Impairment of Assets

The recoverable amount of the gaming equipment have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions Poydras uses in estimating future cash flows for recoverable amounts are anticipated residual value of equipment, estimated useful life of equipment, expected financing revenue from leasing of the equipment and future operating and financing costs. Changes to these assumptions will affect the recoverable amount of the gaming equipment and may then require a material adjustment to their related carrying value.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives weight to evidence that can be objectively verified.

Changes in Accounting Policies

The Company has adopted the following new and revised standard effective January 1, 2014. The changes were made in accordance with the applicable transitional provisions. The adoption of these standards did not result in significant changes to the Company's financial statements.

IFRIC 21, *Levies -* In May 2013, the IASB issued IFRIC 21, *Levies.* The IFRIC 21 provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets.* The interpretation defines a levy as an outflow from an entity imposed by a government in accordance with legislation. It also notes that levies do not arise from executory contracts or other contractual arrangements. The interpretation also confirms that an entity recognizes a liability for a levy only when the triggering event specified in the legislation occurs.

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards. The Company is in the process of evaluating the impact these standards will have on its financial statements.

For further details please refer to Note 3 of the condensed interim consolidated financial statements of the Company for the nine months ended September 30, 2014 and Note 3 of the annual consolidated financial statements of the Company for the year ended December 31, 2013.

Financial Instruments and Other Instruments

As of September 30, 2014, Poydras' financial instruments consist of cash, accounts receivable, loan receivable, accounts payable, equipment loans payable, promissory notes payable and convertible debentures payable. The carrying values of cash, accounts receivable and accounts payable approximate their respective carrying values due to their short-term maturities. The fair value of the loan receivable, equipment loans payable, promissory notes payable approximate their carrying values as at September 30, 2014 because the underlying market rate did not change significantly.

Poydras' risk exposures and the impact on Poydras' financial instruments are summarized below:

<u>Credit risk</u>

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. During any financial quarter, a small number of customers account for a significant percentage of Poydras' revenue. As a result of its customer concentration, Poydras is subject to credit risk if one or more customers fail to make payments.

<u>Liquidity risk</u>

Liquidity risk is the risk that Poydras will not be able to meet its financial obligations as they become due.

The Company's common shares are putable by the holders at any time for fair value. This can result in unforeseen liquidity constraints on the company if the shareholders decide to redeem their shares.

Poydras manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and financings of equity and debt. Cash flow forecasting is performed to monitor cash requirements and inform capital management decisions. Such forecasting takes into account current and potential returns on investments and Poydras' business expansion expectations.

Poydras' approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As of September 30, 2014, Poydras had cash of $4,444,255 to settle current liabilities of $1,401,773. On May 9, 2014, the Company converted C$3,000,000 of September 2013 debentures into common shares of the Company and the Company completed equity and convertible debenture prospectus offerings for gross proceeds of $3,068,807 and $7,732,000 respectively.

The following table summarizes amounts and maturity dates of the Company's contractual obligations as of September 30, 2014:

	2014 $	2015 $	2016 $	2017 $	Total $
Accounts payable	548,850	-	-	-	548,850
Equipment loans payable *	157,028	236,971	-	-	393,999
Promissory notes payable *	162,583	650,332	650,332	325,167	1,788,414
Convertible debentures *	212,630	850,520	850,520	8,157,260	10,070,930
	1,081,091	1,737,823	1,500,852	8,482,427	12,802,193

* Including future interest expense repayments

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

(a) Interest rate risk

As of September 30, 2014, Poydras had (i) three equipment loans payable totaling $383,854 with maturities between March 1, 2015 and May 13, 2015 and with fixed annual interest rates of between 6% and 8%, (ii) convertible debentures payable with a face value of $7,732,000 bearing an annual interest rate of 11% and (iii) Windy Hill promissory notes payable with a face value of $1,500,000 bearing a 10% interest rate and repayable in 11 equal quarterly payments of $162,583 commencing on November 30, 2014 and ending on May 31, 2017. Poydras also has a loan receivable of $425,713 which bears a fixed annual interest of 4%.

New loan agreements may be entered into in the future or existing loans may be renewed at new interest rates, therefore Poydras is subject to interest rate risk.

(b) Foreign currency risk

Poydras' operations are located in the United States and in Canada; therefore Poydras is exposed to foreign currency risk. Additionally, the number of common shares that potentially would be issued upon conversion of the convertible debentures depends on the Canadian/USD foreign exchange rate which is used to translate the Company stock price from Canadian to US dollars.

(c) Price risk

Equity price risk is defined as the potential adverse impact on a company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Poydras is exposed to price risk with respect to equity prices due to impact of its stock price on the valuation of the convertible debenture conversion feature. The higher the stock price above the C$0.33 conversion price, the higher the fair value of the conversion feature and the corresponding loss that would be recognized through profit and loss.

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at September 30, 2014 and as of the date of this MD&A if all outstanding debentures were converted to common shares:

	As of September 30, 2014	As of the date of this MD&A
Common shares	130,942,197	130,942,197
Convertible debentures convertible into common shares	26,113,073	26,326,288
Share purchase options	11,145,000	11,145,000
Share purchase warrants	4,352,360	4,352,360
Fully diluted	172,552,630	172,765,845

Risks and Uncertainties

Definitions
"**Gaming Authorities**" shall mean any Governmental Entity with regulatory control or jurisdiction over the conduct of lawful gambling.

"**Gaming machine**" means a mechanical or electronic device with an electronic random number generator or bingo ball drop upon which a person may play games of chance for consideration to win monetary prizes.

Dependence on the success of a gaming business operated by others
The profitability of the Company's investments depends on the success of casinos or other gaming businesses. The risks that those casinos and gaming businesses typically face include, but are not limited to:

- failure to obtain, maintain or renew gaming licenses or comply with applicable US federal, state, and tribal gaming laws "Gaming Laws";
- competitive and general economic conditions in their markets and the potential for new competition;
- changes in gaming legislation or the rates at which gaming revenues are taxed (which may affect resources available for advertising, promotions and maintenance of facilities;
- construction factors relating to maintenance and expansion of operations;
- volatility and disruption of the capital and credit markets, which may affect expansion and growth;
- work stoppages;
- dependence upon key personnel and the ability to attract new personnel;
- seasonality and weather conditions that could impede the access by customers to casinos operated by the Company;
- escalating fuel prices and general economic conditions that can limit the number of visits and amount spent per visit by casino patrons;
- the effect of war, terrorism, natural disasters or other catastrophic events; and
- the ability to attract and retain patrons.

Because the Company's profitability depends, for some of its revenues, on businesses operated by others, the Company may not have the ability to control these risks and will be dependent upon the efforts, skill and experience of others not affiliated with the Company.

Risks inherent in investing in tribal gaming ventures
The Company makes investments in tribal gaming ventures. Such investments involve special risks in addition to those usually associated with contractual arrangements with commercial gaming ventures, including:

- entities that do business with a tribe may have limited recourse against the tribe in the event of breach or wrongful termination of agreements because of the tribe's sovereign immunity (a legal doctrine that may operate to preclude the assertion of a claim against a sovereign without the sovereign's consent);
- lessors and lenders to a tribe may be precluded from taking a security interest in the tribe's land;
- tribal gaming is heavily regulated by the National Indian Gaming Commission, the tribes, and the state governments (pursuant to compacts between the tribes and the states governing operational issues);
- entities that lease or lend to tribes, or invest with tribes, are often not given access to the information customarily provided to lessors, lenders and investors;
- entities that enter into transactions with tribes may have difficulty in confirming that such transactions have been properly authorized by the tribes;

- arrangements in which a non-tribal party receives a percentage of revenues may be deemed to violate the “proprietary interest” rule and, accordingly, violate federal or tribal Gaming Laws;
- arrangements in which a non-tribal party participates in the management of a gaming facility may violate federal and tribal Gaming Laws;
- the Company and its management may be subject to licensing and background procedures by the tribe and, if the tribe deems an investor to be unsuitable, the investor will be required to sell his, her or its Company Shares and Convertible Debentures; and
- changes in federal legislation with respect to tribes could have a material adverse impact on the Company's investments in tribal gaming activities.

Because federally recognized Native American tribes are independent governments with sovereign powers, subject to the Indian Gaming Regulatory Act (“**IGRA**”), Native American tribes can enact their own laws and regulate gaming operations and contracts. Native American tribes maintain their own governmental systems and often their own judicial systems and have the right to tax persons and enterprises conducting business on Native American lands. Native American tribes also often have the right to require licenses and to impose other forms of regulation and regulatory fees on persons and businesses operating on their lands. In the absence of a specific grant of authority by Congress, U.S. states may regulate activities taking place on Native American lands only if the Native American tribe has a specific agreement or compact with the state. The Company’s contracts with Native American tribal customers normally provide that only certain provisions, if any, will be subject to the governing law of the state in which a Native American tribe is located. However, these choice-of-law clauses may not always be enforceable.

Further, Native American tribes generally enjoy sovereign immunity from lawsuits similar to that of the individual U.S. states and the United States. Before the Company can sue or enforce contract rights with a Native American tribe, or an agency or instrumentality of a Native American tribe (for example, to collect revenue pursuant to our participation agreements or foreclose on financed gaming machines), the Native American tribe must effectively waive its sovereign immunity with respect to the matter in dispute, which the Company is not always able to obtain. Without a limited waiver of sovereign immunity, or if such waiver is held to be ineffective, the Company could be precluded from judicially enforcing any rights or remedies against a Native American tribe, including the right to enter Native American lands to retrieve the Company’s property in the event of a breach of contract by the tribe that is party to the disputed contract. Even if the waiver of sovereign immunity by a Native American tribe is deemed effective, there could be an issue as to the forum in which a lawsuit can be brought against the Native American tribe. Federal courts are courts of limited jurisdiction and generally do not have jurisdiction to hear civil cases relating to Native American tribes and the Company may be unable to enforce any arbitration decision effectively. In addition, courts have held that certain laws of general application, such as the United States patent, trademark and trade secret laws, are not binding on Native American tribes absent a binding waiver of sovereign immunity.

The Company’s agreements with Native American tribes are often subject to review by regulatory authorities. For example, the Company’s development agreements may be subject to review by the National Indian Gaming Commission (“NIGC”) and any such review could require substantial modifications to the Company’s agreements or result in the determination that the Company has a proprietary interest in a Native American tribe’s gaming activity, which could materially and adversely affect the terms on which the Company conducts its business. The NIGC may also reinterpret applicable laws and regulations, which could affect the Company’s agreements with Native American tribes.

Government enforcement, regulatory action, judicial decisions and proposed legislative action will likely affect the Company’s business, operating results and prospects. Regulatory action against the Company’s customers or equipment on Native American tribal lands or in other markets could result in machine seizures and significant revenue disruptions, among other adverse consequences. Moreover, Native American tribal policies and procedures, as well as tribal selection of gaming vendors, are subject to the political and governance environment within the Native American tribe. Changes in tribal leadership or tribal political pressure can affect the Company’s business relationships within Native American markets.

Market concentration

Virtually all of the Company's revenues are currently derived from contracts with two Indian tribes. No assurances can be given that any of such contracts will be renewed upon the expiration of their term or that, if renewed, the terms and conditions thereof will be favorable to the Company. A failure to renew such contracts upon terms favorable to the Company or the cancellation of a significant number of such contracts would have a material adverse effect upon the Company's business and results of operations.

Risk of limited number of investments; limitation on participation in investments
If the Company, through Poydras Gaming, participates in a limited number of investments, the aggregate return to the Company may be materially and adversely affected by the unfavorable performance of a single investment. Although the Company intends to make investments in gaming and gaming-related businesses in North America, it has no established limits or constraints with respect to geographic regions, property types or product types. Currently, the Company's investments are limited to Oklahoma and California. Lack of geographic diversification across the portfolio may increase exposure to adverse market conditions in a given region. In addition, the diversification of investments could be further limited to the extent it invests a significant portion of its capital in one or a small number of transactions.

Risks of unspecified investments
There can be no assurance that the Company will, through Poydras Gaming, acquire favorable investment opportunities or that any such investments will generate revenues or profits. Failure to successfully manage the acquisition of investments could harm the Company's business, strategy and operating results in a material way. The Company's inability to implement its acquisition strategy successfully could adversely affect its profitability and its ability to satisfy its financial obligations. The transactions and their success may be exposed to a number of risks, including the risks that the Company may not be able to identify viable opportunities or, if it does identify viable opportunities, effect the transaction and that the investment may fail to perform as expected.

Lengthy and variable sales cycle
The sales cycle for the Company's products and services is variable, typically ranging from between a few months to a year and in some cases even longer, from the point of initial contact with a potential customer to the actual completion of a contract. It is difficult for the Company to forecast the timing of revenue from its activities because its customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to purchase or lease the Company's Gaming Machines. Typically, the larger the potential contract, the more time, money and other resources customers will invest. Unfavourable changes in the sales environment during such sales cycles, many of which are outside the control of the Company, could have a materially adverse effect on the business, operating results and financial condition of the Company.
For example, during these long sales cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled, including:

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- the Company or its competitors may announce or introduce new products;
- the Company's competitors may offer lower prices or better terms; or
- budget and purchasing priorities of customers may change.

If these events were to occur, sales of the Company's products or services may be cancelled or delayed, which would reduce the Company's revenue.

Ability to recruit and retain management and other qualified personnel
The Company depends on the services of its executive officers and may in the future rely on sales, marketing and management personnel. The loss of any of these key persons could have a Material Adverse Effect on the Company's business, results of operations and financial condition. The Company does not maintain key man life insurance on any of their executives. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain qualified sales, marketing and management personnel in the future. Stock options comprise a significant component of the Company's compensation of key employees, and if the Company's share price declines, it may be difficult to recruit and retain such individuals. Changes in the Company's share price may also hinder the Company's ability to recruit and retain key employees as they may elect to seek employment with other companies that they believe have better long-term prospects. The Company's inability to attract and retain the necessary sales, marketing and management personnel may adversely affect its future growth and profitability. It may be necessary for the Company to increase the level of compensation paid to existing or new employees to a degree that its operating expenses could be materially increased.

Heavily regulated industry

The distribution of gaming machines and financing of gaming equipment and operations are subject to extensive scrutiny and regulation at all levels of government including, but not limited to, federal, state, provincial, local and in some instances, tribal authorities. Accordingly, the Company will only conduct business in jurisdictions where gaming is legal. Poydras Gaming and Messrs. Macy, Davila and Dickson hold gaming vendor licenses issued by a Federally recognized tribe in Oklahoma. Those licenses are subject to renewal annually.

Most, if not all, jurisdictions require licenses, permits and documentation of suitability, demonstrating the financial stability for the manufacturers and distributors of such gaming solutions in addition to their officers, directors, major shareholders, sources of financing, and other key personnel.

The Company's delay or failure to obtain, maintain, or renew its existing or future licenses and approvals in any jurisdiction may result in the termination of existing contracts as well as prevent it from distributing its Gaming Machines or providing financing to gaming operators and thus generating revenues in those jurisdictions. A Gaming Authority may refuse to issue or renew a license or registration if the Company, or one of its directors, officers, employees or associates: (i) is considered to be a detriment to the integrity or lawful conduct or management of gaming; (ii) no longer meets a licensing requirement; (iii) has breached or is in breach of a condition of licensing or an operational agreement with a Governmental Entity; (iv) has made a material misrepresentation, omission or misstatement in an application for licensing or in reply to an enquiry by a person conducting an audit, investigation or inspection under the applicable gaming control legislation; (v) has been refused a similar registration in another jurisdiction; (vi) has held a similar registration, or license in that province or another jurisdiction which has been suspended or revoked; (vii) has been convicted of an offence, inside or outside of Canada, that calls into question the Company's honesty or integrity or the honesty or integrity of one of its directors, officers, employees or associates; or (viii) has failed to pay fees, gaming taxes or income taxes on a timely basis.

Additionally, the Company's business must be approved in most jurisdictions in which the Gaming Machines are offered; this process cannot be assured or guaranteed. Obtaining these approvals is a time-consuming process that can be extremely costly and cannot be assured. It is possible, although unlikely, that after incurring significant expenses and dedicating substantial time and effort towards such regulatory approvals, that the Company may not obtain them. If the Company fails to obtain the necessary certification, registration, license, approval or finding of suitability in a given jurisdiction, it would likely be prohibited from distributing its gaming machines or providing financing to gaming operators in that particular jurisdiction altogether. Furthermore, some jurisdictions require licensed gaming operators to obtain government approval before engaging in some transactions, such as business combinations, reorganizations, stock offerings and repurchases, and debt financing. The Company may not be able to obtain all necessary registrations, licenses, permits, approvals or findings of suitability in a timely manner, or at all. The Company's failure to obtain the necessary regulatory approvals in jurisdictions, whether individually or collectively, would have a Material Adverse Effect on its business. Further, changes in existing gaming regulations may hinder or prevent the Company from continuing to operate in those jurisdictions where it currently carries on business, which would harm its operating results and financial condition. In particular, the enactment of unfavourable legislation or government efforts affecting or directed at manufacturers or gaming operators, such as referendums to increase gaming taxes or requirements to use local distributors, may have a negative impact on the Company's operations. Furthermore, Gaming Authorities or Securities Regulators may from time to time require changes to the Company's practice in complying with various disclosure and reporting requirements. If the Company fails to comply with any existing or future disclosure requirements, the Gaming Authorities or Securities Regulators may take action against the Company which could ultimately include cancellation of a gaming registration.

Relationships with distributors and manufacturers

The Company is dependent upon its ability to establish and develop new relationships and to build on existing relationships with manufacturers and distributors, on which it relies to purchase the Gaming Machines that it uses in its business. The Company cannot provide assurance that it will be successful in maintaining or advancing its relationships with manufacturers and distributors. In addition, the Company cannot provide assurance that its manufacturers and distributors will act in a manner that will promote the success of the Company's products and services. Failure by channel partners to promote, service and support the Company's Gaming Machines or failure by the Company to establish and develop new relationships and to build on existing relationships with manufacturers and distributors, could adversely affect its business, results of operations and financial condition.

Competitive industry

There are a number of companies that distribute or finance the purchase of Gaming Machines. Most of these companies have greater financial resources than the Company has and are more experienced in the industry. If the Company is unable to obtain significant early market presence or it loses market share to the Company's competitors, it will materially affect its results of operations and future prospects. There are many companies who could introduce directly competitive products in the short term on the strength of their already established relationships with gaming operators, the potential to develop technology quickly and greater resources. The Company's success depends on its ability to secure and maintain the required relationships and quality Gaming Machines.

Risks of foreign operations generally

All of the Company's revenue generating operations are conducted in the United States in state-regulated and Native American tribal jurisdictions. The Company's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, renegotiation or nullification of existing contracts or licenses, changes in gaming policies, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, factors (including withholding taxes) affecting Poydras Gaming's ability to remit funds to the Company, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted. The Company's operations may also be adversely affected by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed.

In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where the Company conducts its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control, any of which could have a Material Adverse Effect on the Company.

Doing business in the gaming industry requires compliance with numerous and extensive procedures and formalities. These procedures and formalities may result in unexpected or lengthy delays in commencing important business activities. In some cases, failure to follow such formalities or obtain relevant evidence may call into question the validity of the entity or the actions it has taken. Management of the Company is unable to predict the effect of additional corporate and regulatory formalities which may be adopted in the future including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company may in the future enter into agreements and conduct activities outside of the jurisdictions where it currently carries on business, which expansion may present challenges and risks that the Company has not faced in the past, any of which could adversely affect the results of operations and/or financial condition of the Company.

The Company may not realize satisfactory returns on money lent to new and existing customers to develop or expand gaming facilities or to acquire gaming routes

The Company enters into agreements to provide financing for construction, expansion, or remodeling of gaming facilities, primarily in Tribal jurisdictions located within the State of Oklahoma. Under these agreements, the Company provides the loans and advances as an inducement for the tribes to grant long-term contracts for game placements under either a revenue share or daily fee basis. The Company also provides supplier financing to a manufacturer of Gaming Machines being deployed in California in exchange for part of the daily revenue from such machines, and hopes to in the future enter into other similar agreements with additional manufacturers. The Company may not, however, realize the anticipated benefits of any of these strategic relationships or financings as the Company's success in these ventures is dependent upon the timely completion of the gaming facility and the tribes' or other third parties' successful management and operations of their underlying gaming business.

These activities may result in unforeseen operating difficulties, financial risks, or required expenditures that could adversely affect the Company's liquidity. In connection with one or more of these transactions, and to obtain the necessary funds to enter these agreements, the Company may need to extend secured and unsecured credit to potential or existing customers that may not be repaid, incur debt on terms unfavorable to the Company or that the Company is unable to repay, or incur other contingent liabilities. The failure to maintain controls and processes related to billing and collecting accounts receivable or the deterioration of the financial condition of the Company's customers could negatively impact the Company's business.

Third-party involvement
The Company, through Poydras Gaming may co-invest with third parties through joint ventures or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that: (i) the parties may reach an impasse on a major decision that requires the approval of both parties; (ii) a co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Company; (iii) the co-venturer or partner may encounter liquidity or insolvency issues or may become bankrupt or unsuitable to participate in a gaming venture; (iv) the co-venturer or partner may be in a position to take action contrary to the investment objectives of the Company; (v) the co-venturer or partner may take actions that subject the joint venture's assets to liabilities in excess of, or other than, those already contemplated; or (vi) in certain circumstances, the Company may be liable for actions of its co-venturers or partners. In addition, the success of any such co-venture may rely upon the abilities and management expertise of a co-venturer or partner. It may also be more difficult for the Company to sell its interest in any joint venture with other owners than to sell its interest in other types of investments. The Company may grant co-venturers or partners joint approval rights with respect to major decisions concerning the management and disposition of the investment, which would increase the risk of deadlocks. In addition Poydras Gaming will contract with unaffiliated third parties to provide services that Poydras Gaming is obligated to provide. For example, Poydras Gaming has contracted with a service provider to provide maintenance and other services with respect to its slot machines leased to a casino in Northeastern Oklahoma. If the service provider were to fail to provide the services, Poydras Gaming could be in breach of its agreement with the tribe that owns and operates that casino. As a result of these risks, the Company may be unable to fully realize its expected return on any such investment.

Contract awards
There can be no assurance that the current contracts of the Company will be extended or that the Company will be awarded new contracts in the future. The termination, expiration or failure to renew one or more of the Company's contracts could cause the Company to lose substantial revenues and profits, which could have an adverse effect on the Company's ability to win or renew other contracts or pursue other growth initiatives.

Player and customer preferences
The Company's success depends in part on unpredictable and volatile factors that are beyond its control, such as customer preferences, competing Gaming Machines that offer different games than those offered by the Company, travel activity and the availability of other entertainment activities. If the Company is unable to anticipate or react to any significant changes in player or customer preferences in a timely manner, the demand for its services or use of the Gaming Machines financed by it could decline which could affect its financial results.

Significant barriers to entry
There are significant barriers to entry to the market for the Company's products. The primary barriers to entry, some of which the Company is still in the process of overcoming, are the establishment of relationships with the owners and operators of casinos, card clubs, cruise ships and other gaming operators, the receipt of necessary regulatory approvals and the availability of Gaming Machines. If the Company is unable to overcome the barriers to entry, it will materially affect its results of operations and future prospects.

Inability to complete future acquisitions and integrate those businesses successfully could limit future growth
Part of the Company's corporate strategy is to continue to pursue expansion and acquisition opportunities. In connection with any such acquisitions, the Company could face significant challenges in managing and integrating the expanded or combined operations, including acquired assets, operations and personnel. In addition, there can be no assurance that acquisition opportunities will be available on acceptable terms or at all

or that the Company will be able to obtain necessary financing or regulatory approvals to complete potential acquisitions. The Company's ability to succeed in implementing its strategy will depend to some degree upon the ability of its management to identify, complete and successfully integrate commercially viable acquisitions. Acquisition transactions may also disrupt the Company's ongoing business and distract management from other responsibilities.

Legal and regulatory requirements
The Company is subject to the legal systems and regulatory requirements of a number of jurisdictions with a variety of requirements and implications for its shareholders. International activities in the gaming industry may require protracted negotiations with host governments, national companies and third parties. Foreign government regulations may favour or require the awarding of contracts to local companies or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. If a dispute arises with foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of Canada.

Inability to redeem securities when required
Notwithstanding the adoption of the proposed redemption provisions in the Articles of Continuance of the Company, the Company may not be able to exercise its redemption rights in full or at all. The Company may become subject to contractual restrictions on its ability to redeem shares of its capital stock by, for example, entering into a secured credit facility subject to such restrictions. In the event that restrictions prohibit the Company from exercising its redemption rights in part or in full, it will not be able to exercise its redemption rights absent a waiver of such restrictions, which it may not be able to obtain on acceptable terms or at all. The inability to redeem its shares when required to do so by a Gaming Authority may have a materially adverse impact on its business.

Redemption of securities by the Company
In accordance with U.S. Gaming Laws, the Company Shares will be subject to redemption by the Company from any Unsuitable Person. Accordingly, you may be forced to sell your Company Shares at times and prices that are unfavorable to you. Further, in the event of such a redemption, the Company Board may determine to pay the redemption price for the Company Shares in whole or in part by delivering a promissory note.

TSXV review
The Company will be subject to the policies of the TSXV, which will require, among other things,that the Company seek approval of the TSXV with respect to certain significant transactions proposed to be entered into by the Company. In addition, prior to the Company entering into business in new jurisdictions, the Company may be required to satisfy the TSXV that the jurisdictions in which the Company will operate are subject to comprehensive regulatory regimes for gaming and that the Company will operate in compliance with all applicable Gaming Laws in such jurisdictions. In the event that the TSXV does not approve certain transactions or jurisdictions in which the Company proposes to operate, or any delay in obtaining such approval, could have a negative impact on the Company.

Ownership limitations on securities of the Company
The distribution of Gaming Machines and the conduct of gaming operations is subject to extensive U.S. Federal, state, local and foreign regulation by various Gaming Authorities. Although the laws and regulations of the various jurisdictions in which the Company operates vary in their technical requirements and are subject to amendment from time to time, virtually all these jurisdictions require licenses, permits, documentation of the qualification, including evidence of integrity and financial stability, and other forms of approval for companies engaged in gaming operations and the distribution of Gaming Machines as well as for the officers, directors, major stockholders and key personnel of such companies. The Company and its key personnel have obtained, or applied for, all government licenses, registrations, findings of suitability, permits and approvals necessary for the distribution, and operation where permitted, of its Gaming Machines in the jurisdictions in which it currently does business. However, there can be no assurance that such licenses, registrations, findings of suitability, permits or approvals will be given or renewed in the future or that the Company will obtain the licenses necessary to operate in additional markets.

The Gaming Authorities may, at their discretion, require the holder of any security of the Company, such as the Company Shares and the Convertible Debentures, to file applications, be investigated and be found suitable to own such securities of the Company. If a record or beneficial owner of the Convertible Debentures is required by a Gaming Authority to be found suitable, such owner will be required to apply for a finding of suitability within a time frame, usually 30 days, after request by such Gaming Authority, or within such earlier or later time as required by such Gaming Authority. As a general matter, assuming a passive investment intent, only owners in excess of specified percentages of the Company's voting securities are required by Gaming Authorities to be found suitable, absent unusual circumstances, which percentage is typically between 5% to 20% of any class of such voting securities. The applicant for a finding of suitability generally must pay all costs of the investigation for such finding of suitability. In some jurisdictions the applicant must provide an initial deposit as determined by the Gaming Authorities to pay the anticipated costs and charges incurred in the investigation and deposit such additional sums as are required by the Gaming Authorities to pay final costs and charges. If a Gaming Authority determines that a holder is unsuitable to own the Convertible Debentures (an "**Unsuitable Debenture Holder**") or Company Shares, or to have any other relationship with the Company, then the Company can be sanctioned, including the loss of its licenses and approvals, if without the prior approval of the Gaming Authorities, it: (i) pays to the Unsuitable Person or Unsuitable Debenture Holder any dividend, interest, or any distribution whatsoever; (ii) recognizes any voting right by such person in connection with such securities; (iii) pays the Unsuitable Person or Unsuitable Debenture Holder remuneration in any form; (iv) makes any payment to the Unsuitable Person or Unsuitable Debenture Holder by way of principal, redemption, conversion, exchange, liquidation, or similar transaction; or (v) fails to pursue all lawful efforts to require such person to relinquish his or her voting securities including, if necessary, the immediate purchase of such voting securities for cash at fair market value. Further, if any Gaming Authority requires that a holder or beneficial owner of Convertible Debentures or Company Shares must be licensed, qualified or found suitable under any applicable gaming law and such holder or beneficial owner fails to apply for a license, qualification or a finding of suitability within the time requested to do so by the Gaming Authority, or if such holder or such beneficial owner is not so licensed, qualified or found suitable, the Company will have the right, at its option (i) to require such holder or beneficial owner to dispose of such holder's or beneficial owner's Convertible Debentures or Company Shares within 30 days of receipt of such notice of such finding by the applicable Gaming Authority or such earlier date as may be ordered by such Gaming Authority or (ii) to redeem the Company Shares or Convertible Debentures of such holder or beneficial owner as follows:

(i) for Company Shares, the redemption price will be the average closing sales price per share during the thirty trading day period immediately preceding the date of the redemption notice, or if no such data is available, the fair market value per share as determined in good faith by the Company Board, unless a Gaming Authority requires that a different price be paid, in which case the redemption price will be such different price. The redemption price may be paid in cash, by promissory note, or both. If any portion of the redemption price is to be paid pursuant to a promissory note: (a) such note will have a face amount equal to the portion of the redemption price for which the note is given (i.e., if the redemption price is $1,000, and cash of $250 is paid, the note will have a face amount of $750); and (b) unless the Company agrees to different terms, the note will (i) be unsecured, (ii) have a term of five years, (iii) bear interest, compounded annually, at the Bank of Canada's prime rate of interest on the redemption date, and (iv) have such other terms as are determined by the Company Board, in its sole discretion, after consultation with a nationally recognized investment bank, to be customary and appropriate; and

(ii) for Convertible Debentures, the redemption price will be the lesser of: (i) the principal amount thereof plus accrued and unpaid interest; or (ii) the actual cost base of the Convertible Debenture holder plus any accrued and unpaid interest, exclusive of any commissions, fees, or other expenses incurred by such person in connection with the purchase of the Convertible Debentures, to the earlier of the date of redemption or such earlier date as may be required by such Gaming Authority or the date of the finding of unsuitability by such Gaming Authority, which may be less than 30 days following the notice of redemption if so ordered by such Gaming Authority.

The Company is not required to pay or reimburse any holder or beneficial owner of Company Shares or Convertible Debentures who is required to apply for such license, qualification or finding of suitability for the costs of the licensure or investigation for such qualification or finding of suitability. Such expenses will, therefore, be obligations of such holder or beneficial owner.

In many jurisdictions, Gaming Laws can require any of the securityholders of the Company to file an application, be investigated, and qualify or have his, her or its suitability determined by Gaming Authorities. Gaming Authorities have very broad discretion in determining whether an applicant should be deemed suitable. Subject to certain administrative proceeding requirements, the Gaming Authorities have the authority to deny any application or limit, condition, restrict, revoke or suspend any license, registration, finding of suitability or approval, or fine any person licensed, registered or found suitable or approved, for any cause deemed reasonable by the Gaming Authorities.

Refinancing risks
The Company's ability to make scheduled payments on or to refinance its debt obligations and to make distributions to enable it to service its debt obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, legal, regulatory and other factors beyond the Company's control, including fluctuations in interest rates, market liquidity conditions, increased operating costs and trends in its industry. If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it may be forced to reduce or delay activities and capital expenditures, sell assets, seek additional capital, or restructure or refinance its indebtedness. Depending on the debt market conditions at the time, it is possible that such restructuring or refinancing could lead to a significant increase in debt service costs and interest expenses or result in additional restrictions being placed on the Company's operations. Furthermore, these alternative measures may not be successful and may not permit the Company to meet the Company's scheduled debt service obligations. In such circumstances, the Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations.

Impact of currency fluctuations may adversely affect the Company
All of the Company's revenue is currently earned in U.S. dollars, but a portion of the Company's operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar, may have an adverse effect on the Company's business, financial condition and operating results.

Losses due to infringement
The Gaming Machines for which the Company provides financing generally are protected by patents and trademarks held by third parties and used by Gaming Machine manufacturers pursuant to licenses granted by the owners of such intellectual property. The Company relies on the manufacturers to obtain and maintain those licenses. If the Gaming Machines financed by the Company were found to violate the intellectual property rights of others, the use of those Gaming Machines could be temporarily or permanently enjoined, and the casino and the Company could potentially be held liable for damages, including treble damages and attorneys' fees. Even an unsuccessful or frivolous claim of infringement could disrupt a casino's operations and thus the Company's cash flow and therefore could have a material adverse effect on the Company's business, operating results and financial condition.

Slow growth in the development of new gaming jurisdictions or the number of new casinos, declines in the rate of replacement of existing gaming machines and ownership changes and consolidation in the casino industry could limit or reduce the Company's future prospects
Demand for the Company's Gaming Machines and related financing is partially driven by the development of new gaming jurisdictions, the addition of new casinos or expansion of existing casinos within existing gaming jurisdictions and the replacement of existing Gaming Machines. The establishment or expansion of gaming in any jurisdiction typically requires a public referendum or other legislative action. As a result, gaming continues to be the subject of public debate, and there are numerous active organizations that oppose gaming. There can be no assurances that new gaming jurisdictions will be established in the future or that existing jurisdictions will expand.

To the extent new gaming jurisdictions are established or expanded, the Company cannot guarantee it will be successful penetrating such new jurisdictions or expanding the Company's business in line with the growth of existing jurisdictions. As the Company enters into new markets, the Company may encounter legal and regulatory challenges that are difficult or impossible to foresee and which could result in an unforeseen adverse impact on planned revenues or costs associated with the new market opportunity. If the Company is unable to effectively develop and operate within these new markets, then the Company's business, operating results and financial condition would be impaired.

Demand for products and services
Demand for the Company's products and services depends largely upon favorable conditions in the casino industry, which is highly sensitive to casino patrons' disposable incomes and gaming activities. Discretionary spending on entertainment activities could further decline for reasons beyond the Company's control, such as continued negative economic conditions, natural disasters, acts of war or terrorism or transportation disruptions, including as a result of adverse weather conditions. Any prolonged or significant decrease in consumer spending on entertainment activities could result in reduced play levels on the Company's participation games, causing the Company's cash flows and revenues from a large share of the Company's

recurring revenue products to decline.

The Company is dependent on the Company's suppliers and any failure of these parties to meet the Company's performance and quality standards or requirements could cause the Company to incur additional costs or lose customers

The manufacturing, assembling and designing of the Company's Gaming Machines depends upon a continuous supply of raw materials, such as source cabinets, which the Company currently sources primarily from one supplier. If the Company's current supplier is unable to deliver these items in the quantity required or in accordance with the Company's standards of quality and the Company is unable to find an alternative supplier in a timely fashion or on reasonable terms, the Company may not be able to meet the demands of the Company's customers or the Company's contractual obligations, which would adversely affect the Company's results of operations and business.

Reliance on the Board of Managers of Poydras Gaming

The investment decisions and day-to-day operations of the business of Poydras Gaming will be delegated to the Board of Managers of Poydras Gaming (currently Peter Macy, Daniel Davilla and Matthew Dickson). Thus, an investment in the Company represents an investment primarily in the ability of the Board of Managers of Poydras Gaming to select appropriate investments on behalf of the Company rather than an investment in a specific portfolio of assets. There can be no assurance that the Board of Managers will be able to identify and complete investments or that the investments will be successful.

Prevention of money laundering

The USA Patriot Act, signed into law on and effective as of October 26, 2001, requires that financial institutions establish and maintain compliance programs to guard against money laundering activities. The USA Patriot Act requires the Secretary of the U.S. Treasury (the "**Treasury**") to prescribe regulations in connection with anti-money laundering policies of financial institutions. The Financial Crimes Enforcement Network ("**FinCEN**"), an agency of the Treasury, has announced that it is likely that such regulations would subject certain pooled investment vehicles to enact anti-money laundering policies. It is possible that there could be promulgated legislation or regulations that would require the Company or one or more of its Subsidiaries or other service providers to, in connection with the establishment of anti-money laundering procedures, to share information with governmental authorities in respect of a shareholder. Such legislation and/or regulations could require the Company to implement additional restrictions on the transfer of its shares. The Company reserves the right to request such information as is necessary to verify the identity of an investor and the source of the payment of subscription monies, or as is necessary to comply with any customer identification programs required by FinCEN and/or U.S. Securities and Exchange Commission. In the event of delay or failure by the applicant to produce any information required for verification purposes, an application for or transfer of Common Shares in the Company may be refused.

The Company's gaming machines may experience losses due to technical problems or fraudulent activities

The Company's success depends on the ability of the casinos with which the Company contracts and the manufacturers of the Gaming Machines to avoid, detect, replicate and correct software and hardware anomalies and fraudulent manipulation of the Gaming Machines. The manufacturers incorporate security features into the design of the Company's Gaming Machines and other systems, which are designed to prevent the Company, the casinos and patrons of the casinos from being defrauded. However, there can be no guarantee that the security features or technical efforts will continue to be effective in the future. If the security systems fail to prevent fraud or if the casinos experience any significant technical difficulties, the Company's operating results could be adversely affected. Additionally, if third parties breach the security systems and defraud patrons of the casinos in which the Company places Gaming Machines, the public may lose confidence in the casino or the Company could become subject to legal claims or to investigation by Gaming Authorities, all of which could have a material adverse effect on the Company's results of operations and financial condition.

Management of growth

The Company may experience rapid growth in the Company's headcount and operations, placing significant demands on its operational and financial infrastructure. If the Company does not effectively manage its growth, its ability to market its products could suffer, which could negatively affect its operating results. To effectively manage the Company's expected growth, it must continue to improve its operational, financial and management controls and its reporting systems and procedures. These systems enhancements and improvements will require significant capital expenditures and allocation of valuable management resources. If required improvements are not implemented successfully, the Company's ability to manage its expected growth will be impaired and it may have to make significant additional expenditures to address these issues, which could harm its financial position.

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Matthew Dickson - Executive Vice President of Operations & Corporate Secretary

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Prakash Hariharan (Chairman)
Peter Macy
Michael Rumbolz

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