Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)

Condensed Interim Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2018 and 2017

(Unaudited)

(Expressed in US Dollars Unless Otherwise Stated)

Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)
Condensed Interim Consolidated Statements of Financial Position

(Unaudited)
(Expressed in US Dollars)

ASSETS		**September 30, 2018**		December 31, 2017
Current				
Cash	**$**	**1,772,352**	$	2,896,080
Accounts receivable *(Note 4)*		**1,397,976**		1,772,135
Inventory		**3,710**		19,438
Prepaid expenses		**517,175**		72,086
Finance leases receivable *(Note 7)*		**2,267,736**		2,502,572
		5,958,949		7,262,311
Placement Fees *(Note 5)*		**3,456,916**		4,717,149
Property and Equipment *(Note 6)*		**9,621,967**		10,519,928
Finance Leases Receivable *(Note 7)*		**1,417,665**		2,085,731
Intangible Assets *(Note 8)*		**3,723,918**		4,322,911
Goodwill *(Note 8)*		**4,009,887**		4,009,887
	$	**28,189,302**	$	32,917,917
LIABILITIES				
Current				
Accounts payable and accrued liabilities *(Note 14 and 18)*	**$**	**2,573,314**	$	2,701,701
Loans payable *(Note 9)*		**1,412,500**		721,498
Deferred revenue *(Note 10)*		**228,780**		228,780
Earn-out payable		**-**		240,000
		4,214,594		3,891,979
Deferred Revenue *(Note 10)*		**95,312**		266,897
Exit Fee Liability *(Note 9c)*		**652,621**		899,307
Loans Payable *(Note 9)*		**28,087,050**		29,129,666
		33,049,577		34,187,849
SHAREHOLDERS' EQUITY (DEFICIENCY)				
Share Capital *(Note 11)*		**28,203,773**		28,163,810
Reserves *(Note 11)*		**1,042,650**		871,207
Accumulated Other Comprehensive Income		**1,279,847**		1,284,468
Deficit		**(35,386,545)**		(31,589,417)
		(4,860,275)		(1,269,932)
	$	**28,189,302**	$	32,917,917

Approved on behalf of the Board of Directors:

"Robert Miodunski", Director

"David Danziger", Director

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

Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)
Condensed Interim Consolidated Statements of Comprehensive Loss

(Unaudited)
(Expressed in US Dollars)

		For the Three Months Ended September 30, 2018		For the Three Months Ended September 30, 2017		For the Nine Months Ended September 30, 2018		For the Nine Months Ended September 30, 2017
Revenue								
Leasing revenue *(Note 12)*	**$**	**3,235,344**	$	3,294,897	$	**10,298,087**	$	10,500,498
Casino supplies and equipment sales		**180,715**		603,213		**1,899,668**		1,805,533
		3,416,059		3,898,110		**12,197,755**		12,306,031
Casino supplies and equipment		**(135,926)**		(428,829)		**(1,694,011)**		(1,211,797)
Operating expenses *(Note 19)*		**(2,257,298)**		(2,474,213)		**(6,746,208)**		(7,078,491)
General and administrative expenses *(Note 19)*		**(1,173,583)**		(1,554,085)		**(4,280,438)**		(4,591,673)
Amortization of intangible assets (*Note 8*)		**(200,642)**		(200,642)		**(598,993)**		(598,993)
Gain (loss) on disposal of assets		**6,700**		990		**23,756**		88,690
Loss from operations		**(344,690)**		(758,669)		**(1,098,139)**		(1,086,233)
Financing costs (*Note 19)*		**(1,003,720)**		(1,163,893)		**(2,912,914)**		(3,449,597)
Foreign exchange gain (loss)		**(1,614)**		(1,948)		**1,330**		(10,218)
Gain on disposal of BitBoss IP license *(Note 8)*		**-**		-		**-**		43,712
Revaluation of exit fee liability *(Note 9c)*		**97,974**		-		**246,686**		-
Gain (loss) on settlement of debt		**-**		580		**-**		28,736
Net loss before tax		**(1,252,050)**		(1,923,930)		**(3,763,037)**		(4,473,600)
Current income tax expense (*Note 20)*		**(14,091)**		(98,199)		**(34,091)**		(98,199)
Net loss for the period		**(1,266,141)**		(2,022,129)		**(3,797,128)**		(4,571,799)
Other comprehensive loss:								
Items that may be reclassified to net income or loss								
Foreign currency translation differences		**(975)**		(2,124)		**(4,621)**		(6,321)
Comprehensive Loss for the Period	**$**	**(1,267,116)**	$	(2,024,253)	$	**(3,801,749)**	$	(4,578,120)
Loss per share - basic and diluted	**$**	**(0.04)**	$	(0.06)	$	**(0.11)**	$	(0.13)
Weighted average number of common shares outstanding - basic and diluted *(Note 13)*		**35,193,493**		35,048,928		**35,097,646**		34,845,631

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

Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)
Condensed Interim Consolidated Statement of Cash Flows
For the Nine Months Ended September 30, 2018 and 2017

(Unaudited)
(Expressed in US Dollars)

		2018		2017
Operations:				
Net loss for the period	**$**	**(3,797,128)**	$	(4,571,799)
Items not affecting cash:				
Accretion in excess of interest expense paid		**211,725**		482,935
Amortization and depreciation		**5,672,812**		6,438,532
Bad debt expense (recovery)		**48,256**		(2,185)
Current income tax expense		**36,522**		98,166
Deferred revenue		**(171,585)**		(171,585)
Foreign exchange (gain) loss		**1,614**		10,218
Gain on disposal of BitBoss IP license		**-**		(43,712)
Gain on disposal of equipment		**(23,756)**		(88,690)
Gain on settlement of debt		**-**		(28,736)
Revaluation of exit fee liability		**(246,686)**		-
Stock-based compensation on options and RSUs		**211,406**		302,026
		1,943,180		2,425,170
Change in non-cash working capital:				
Accounts receivable		**325,903**		157,557
Prepaid expenses		**(445,089)**		(64,334)
Inventory		**15,728**		(60,970)
Accounts payable and accrued liabilities		**(1,378,814)**		(1,486,973)
		460,908		970,450
Investing:				
Gaming and other equipment		**(2,651,926)**		(1,815,214)
Finance leases receivable		**1,870,629**		1,314,108
Sale of BitBoss IP license		**-**		20,000
Earn-out payable		**(240,000)**		(240,000)
		(1,021,297)		(721,106)
Financing:				
Payments on loans		**(563,339)**		(2,584,340)
Net decrease in cash		**(1,123,728)**		(2,334,996)
Cash - beginning of period		**2,896,080**		3,371,341
Cash - end of period	**$**	**1,772,352**	$	1,036,345

Supplementary Cash Flows Information *(Note 16)*

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

Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)
Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited)
(Expressed in US Dollars)

	Share Capital			Accumulated Other		
	Shares*	Amount $	Reserves $	Comprehensive Income $	Deficit $	Total Equity $
Balance - January 1, 2017	34,548,928	27,978,707	665,260	1,294,413	(23,121,835)	6,816,545
Total comprehensive loss						
Net loss for the period	-	-	-	-	(4,571,799)	(4,571,799)
Foreign currency translation	-	-	-	(6,321)	-	(6,321)
	-	-	-	(6,321)	(4,571,799)	(4,578,120)
Transactions with owners of the Company:						
Exercise of RSUs	500,000	185,103	(185,103)	-	-	-
Stock based compensation on options	-	-	102,249	-	-	102,249
Stock based compensation on RSUs	-	-	199,777	-	-	199,777
	500,000	185,103	116,923	-	-	302,026
Balance – September 30, 2017	**35,048,928**	**28,163,810**	**782,183**	**1,288,092**	**(27,693,634)**	**2,540,451**

- The accompanying notes are an integral part of these consolidated financial statements -

Integrity Gaming Corp.
(formerly Poydras Gaming Finance Corp.)
Condensed Interim Consolidated Statement of Changes in Equity

(Unaudited)
(Expressed in US Dollars)

	Share Capital *(Note 11)*			Accumulated Other		
	Shares	Amount $	Reserves *(Note 11)* $	Comprehensive Income $	Deficit $	Total Equity $
Balance - January 1, 2018	35,048,928	28,163,810	871,207	1,284,468	(31,589,417)	(1,269,932)
Total comprehensive loss						
Net loss for the period	-	-	-	-	(3,797,128)	(3,797,128)
Foreign currency translation	-	-	-	(4,621)	-	(4,621)
	-	-	-	(4,621)	(3,797,128)	(3,801,749)
Transactions with owners of the Company:						
Exercise of RSUs *(Note 11)*	175,000	39,963	(39,963)	-	-	-
Stock based compensation on options *(Note 11)*	-	-	80,333	-	-	80,333
Stock based compensation on RSUs *(Note 11)*	-	-	131,073	-	-	131,073
	175,000	39,963	171,443	-	-	211,406
Balance – September 30, 2018	**35,223,928**	**28,203,773**	**1,042,650**	**1,279,847**	**(35,386,545)**	**(4,860,275)**

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

1. Nature of Operations

Integrity Gaming Corp. (formerly Poydras Gaming Finance Corp.) (the **"Company**" or "**Integrity**") is a regional slot route operator, providing gaming machines, equipment and supplies to Tribal casino operators in the United States. The Company's head office address is at Suite 1430-800 West Pender Street, Vancouver, British Columbia, V6C 2V6. 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 "IGAM" and on OTCQX over-the-counter market under the symbol "IGAMF".

Integrity Gaming Corp. (as a stand-alone entity "**IGC**") 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, to Poydras Gaming Finance Corp. on May 2, 2014, and to Integrity Gaming Corp. on January 1, 2018. On May 9, 2014, IGC completed a reverse takeover ("**RTO**") acquisition of Poydras Specialty Finance Corp. ("**PSFC**") with its wholly-owned U.S. subsidiaries.

On July 20, 2015, the Company completed the acquisition of the Integrity Companies, which were engaged in leasing slot machines to Native American-owned casinos in Oklahoma and Texas and selling bingo supplies in Oklahoma, Arkansas and Kansas.

On August 11, 2016, the Company completed the acquisition of the remaining 50% interest in Aurora A&W Enterprises, LLC ("**A&W JV**"), which was engaged in leasing slot machines to Native American-owned casinos in Oklahoma.

2. Basis of Presentation

a) Statement of Compliance

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

The accounting policies and methods of application applied by the Company in these condensed interim consolidated financial statements are the same as those applied in the Company's most recent annual consolidated financial statements as at and for the year ended December 31, 2017, except as described in Note 3(a). These condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and therefore should be read in conjunction with most recent annual consolidated financial statements as at and for the year ended December 31, 2017.

These financial statements were approved for issue by the board of directors effective November 27, 2018.

2. Basis of Presentation - *Continued*

b) Basis of Consolidation

These condensed interim consolidated financial statements have been prepared on the historical cost basis except for an exit fee liability, which is an embedded derivative that has been separated and measured at fair value through profit and loss.

All figures presented in these condensed interim consolidated financial statements are in US dollars unless otherwise indicated.

These condensed interim consolidated financial statements include the accounts of the Company 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 Corporation from the date of its incorporation on February 27, 2013; and
(iii) U.S. subsidiary Integrity Gaming LLC (formerly Poydras Gaming LLC) from the date of its formation on February 11, 2013.

On July 15, 2014, 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.

On March 31, 2017, Poydras Street Finance II LLC and Windy Hill Capital LLC merged with the Company's wholly owned subsidiary Poydras Gaming LLC.

On March 30, 2018, (1) Aurora Gaming Inc. and Integrity Gaming Inc. merged with Poydras Gaming LLC, (2) Integrity Gaming of Kansas Inc. was dissolved and (3) the Company's wholly owned subsidiary Poydras Gaming LLC changed its name to Integrity Gaming LLC.

c) Functional and Presentation Currency

The functional currency of a company is the currency of the primary economic environment in which the company operates. The presentation currency for a company is the currency in which the company chooses to present its financial statements.

These condensed interim consolidated financial statements are presented in US dollars. The functional currency of the Canadian legal parent company IGC and its legal Canadian subsidiary PSFC is the Canadian dollar. The functional currency of all U.S. subsidiaries is the US dollar. Canadian companies' financial statement amounts are translated into US dollars as follows: assets and liabilities – at the closing rate as at the financial reporting date, and income and expenses – at the average rate of the period. All resulting changes are recognized in other comprehensive income (loss) as cumulative translation differences.

Transactions in foreign currencies are translated into the functional currency at exchange rates at the dates of the transactions. Foreign currency differences arising on translation are recognized in profit or loss.

3. Significant Accounting Policies

a) Changes in Accounting Policies Adopted

Effective January 1, 2018, the Company adopted the following new or revised accounting pronouncements:

IFRS 2 Classification and Measurement of Share-based Payment Transactions ("IFRS 2")

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, share-based payment transactions with a net settlement feature for withholding tax obligations, and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Adoption of IFRS 2 amendments effective January 1, 2018 was applied prospectively and it did not have a significant impact on the Company's financial statements because the Company does not have any cash-settled share-based payments or share-based payment transactions with a net settlement feature for withholding tax obligations.

IFRS 9 Financial Instruments ("IFRS 9")

IFRS 9 addresses classification and measurement of financial assets and liabilities, including impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss. The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management.

This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it is expected to provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

Adoption of IFRS 9 effective January 1, 2018 did not have a significant impact on the Company's financial statements. Adoption of IFRS 9 did not result in any adjustments to the carrying value of the Company's financial instruments. Based on the assessment of the credit risk related to the Company's financial instruments, there has been no significant increase in the credit risk since initial recognition of the financial instruments and no additional credit loss was recorded on the date of the initial application of IFRS 9.

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition;

- Those measured at fair value through profit and loss ("**FVTPL**");
- those measured at fair value through other comprehensive income ("**FVOCI**"); and
- those measured at amortized cost.

3. Significant Accounting Policies - *Continued*

a) Changes in Accounting Policies Adopted - *Continued*

IFRS 9 Financial Instruments ("IFRS 9") - *Continued*

Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is generally based on the business model in which a financial asset is managed and the contractual cash flow characteristics of the financial asset. For financial liabilities, the standard retains most of the IAS 39 requirements, except that where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

IFRS 9 introduces a new three-stage expected credit loss model for calculating impairment for financial assets. IFRS 9 no longer requires a triggering event to have occurred before credit losses are recognized. An entity is required to recognize expected credit losses when financial instruments are initially recognized and to update the amount of expected credit losses recognized at each reporting date to reflect changes in the credit risk of the financial instruments. IFRS 9 also requires additional disclosure requirements about expected credit losses and credit risk.

The Company has assessed the classification and measurement of its financial assets and financial liabilities under IFRS 9 and has summarized the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 as follows:

	Original IAS 39	New IFRS 9
Financial Assets		
Cash and cash equivalents	Loans and Receivables	Amortized Cost
Accounts receivable	Loans and Receivables	Amortized Cost
Financial Liabilities		
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Earn out payable	Amortized Cost	Amortized Cost
Exit fee liability	FVTPL	FVTPL
Loans payable	Amortized Cost	Amortized Cost

IFRS 15 Revenue From Contracts With Customers ("IFRS 15")

IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The new standard applies to contracts with customers. It does not apply to financial instruments or lease contracts, which fall under the scope of other IFRSs.

3. Significant Accounting Policies - *Continued*

a) Changes in Accounting Policies Adopted - *Continued*

IFRS 15 Revenue From Contracts With Customers ("IFRS 15") – *Continued*

Adoption of IFRS 15 effective January 1, 2018 did not have a significant impact on the Company's financial statements. The Company has two major types of revenue: (1) leasing of gaming equipment to casinos and (2) sale of casino supplies and equipment.

Leasing of gaming equipment to casinos is out of scope of IFRS 15 as leases will continue to be accounted for under IAS 17 Leases until IFRS 16 Leases becomes effective for the annual period beginning on January 1, 2019. In addition, impairment of finance leases receivable is evaluated under IFRS 9.

The Company recognizes casino supplies and equipment revenue when supplies and equipment are delivered to the customers and casino supplies and equipment revenue is measured at the fair value of the consideration received or receivable. Adoption of IFRS 15 did not impact the Company's revenue recognition policy therefore no adjustments were made in the Company's financial statements upon adoption of this new accounting pronouncement on January 1, 2018.

b) New Accounting Pronouncements Not Yet Effective

There were no new accounting pronouncements relevant to the Company's operations issued subsequent to December 31, 2017. For further details please refer to Note 3(o) of the annual consolidated financial statements of the Company for the year ended December 31, 2017.

IFRS 16 Leases ("IFRS 16")

IFRS 16 replaces IAS 17 Leases. This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is that lessees and lessors provide relevant information in a manner that faithfully represents lease transactions and gives a basis for users of financial statements to assess its effect on the financial position, financial performance and cash flows of an entity. The Company intends to adopt IFRS 16 in its consolidated financial statements for the annual period beginning on January 1, 2019.

The Company leases slot machines to its casino customers, and these leases meet the definition of a lease under IFRS 16. Under IFRS 16, the Company, as a lessor, classifies each lease as either a finance lease or an operating lease based on the extent to which the lease transfers the risks and rewards of its slot machines to its customers. Under IFRS 16, a finance lease is a lease that transfers substantially all of the risks and rewards of an underlying asset to a customer, even if there is no transfer of ownership title to the customer. An operating lease is a lease other than a finance lease.

IFRS 16 does not change the assessment of a finance vs operating lease from IAS 17, and accordingly, adoption of IFRS 16 on January 1, 2019 will not result in a reassessment, change in classification or valuation in the Company's consolidated financial statements.

(Expressed in US Dollars unless otherwise stated)

4. Accounts Receivable

		September 30, 2018		December 31, 2017
Taxes receivable from federal governments	$	17,377	$	19,804
Trade receivables		1,380,599		1,752,331
	$	1,397,976	$	1,772,135

As of September 30, 2018, accounts receivable included allowance for impairment of $718,648 (December 31, 2017 - $670,431).

5. Placement Fees

The summary of the Company's prepaid casino placement fees is as follows:

		September 30, 2018		December 31, 2017
Beginning balance	$	4,717,149	$	6,482,721
Amortization expense		(1,260,233)		(1,765,572)
Ending balance	$	3,456,916	$	4,717,149

		September 30, 2018		December 31, 2017
Cost	$	11,519,062	$	11,519,062
Accumulated amortization		(6,329,994)		(5,069,761)
Impairment		(1,732,152)		(1,732,152)
Net book value	$	3,456,916	$	4,717,149

(Expressed in US Dollars unless otherwise stated)

6. Property and Equipment

The summary of the Company's property and equipment is as follows:

	Gaming Equipment $	Vehicles $	Computer Equipment and Other Assets $	Total $
Cost				
Balance – December 31, 2016	14,984,524	349,367	5,091	15,338,982
Purchases	3,200,870	-	84,728	3,285,598
Transfer from finance lease receivable	3,034,987	-	-	3,034,987
Transfer to finance lease receivable	(796,902)	-	-	(796,902)
Disposals	(451,667)	(266,891)	(75,092)	(793,650)
Balance – December 31, 2017	19,971,812	82,476	14,727	20,069,015
Purchases	3,909,835	750	47,701	3,958,286
Transfer from finance lease receivable	272,688	-	-	272,688
Transfer to finance lease receivable	(1,241,224)	-	-	(1,241,224)
Disposals	(924,658)	(54,087)	(11,246)	(989,991)
Balance – September 30, 2018	21,988,453	29,139	51,182	22,068,774
Accumulated Amortization				
Balance – December 31, 2016	(4,675,109)	(139,080)	(3,711)	(4,817,900)
Amortization	(5,742,266)	(85,737)	(9,042)	(5,837,045)
Transfer to finance lease receivable	341,186	-	-	341,186
Disposals	448,220	241,652	74,800	764,672
Balance – December 31, 2017	(9,627,969)	16,835	62,047	(9,549,087)
Amortization	(3,758,789)	(37,382)	(17,415)	(3,813,586)
Transfer to finance lease receivable	809	-	-	809
Disposals	854,724	49,087	11,246	915,057
Balance – September 30, 2018	(12,531,225)	28,540	55,878	(12,446,807)
Carrying Value				
At December 31, 2017	10,343,843	99,311	76,774	10,519,928
At September 30, 2018	9,457,228	57,679	107,060	9,621,967

(Expressed in US Dollars unless otherwise stated)

7. Finance Lease Receivable

On February 25, 2015, the Company entered into a long-term gaming machine placement agreement with the Tonkawa Tribe of Indians of Oklahoma to place 600 Class III gaming machines. This lease contract expires 83 months from February 25, 2015, being January 25, 2022, with minimum guaranteed lease payments for a period ranging from 42 to 83 months. As of September 30, 2018 and December 31, 2017, the Company was generating revenue from 558 machines under this lease.

(a) Summary of the finance lease receivable is as follows:

		September 30, 2018		December 31, 2017
Current finance leases receivable	$	2,267,736	$	2,502,572
Non-current finance lease receivable		1,417,665		2,085,731
	$	3,685,401	$	4,588,303

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	September 30, 2018 $	December 31, 2017 $	September 30, 2018 $	December 31, 2017 $
Not later than 1 year	4,077,248	4,681,689	2,267,736	2,502,572
Between 1 and 5 years	4,773,704	8,427,702	1,417,665	2,085,731
Total	8,850,952	13,109,391	3,685,401	4,588,303
Less unearned finance revenue	(5,165,551)	(8,521,088)	n/a	n/a
Present value of minimum lease payments receivable	3,685,401	4,588,303	3,685,401	4,588,303

Summary of activities in the finance lease receivable account is as follows:

		September 30, 2018		December 31, 2017
Beginning balance	$	4,588,303	$	8,686,202
Reduction of finance lease receivable		(1,870,629)		(1,518,628)
Transfer to Property & Equipment		(272,688)		(3,034,987)
Transfer from Property & Equipment		1,240,415		455,716
Ending balance	$	3,685,401	$	4,588,303

Unguaranteed residual values of equipment leased under finance leases as at September 30, 2018 were estimated at $4,328,071 (December 31, 2017 - $4,328,071). The interest rate inherent in the lease is fixed at the contract date for the entire lease term.

(Expressed in US Dollars unless otherwise stated)

7. Finance Lease Receivable - *Continued*

(b) During the current period, the Company recognized $3,752,424 (September 30, 2017 - $3,498,977) of cash receipts and/or amounts receivable from the finance leases. Out of this amount, finance lease revenue of $1,881,795 (September 30, 2017 - $2,184,868) was recorded as leasing revenue in the consolidated statement of comprehensive loss, and $1,870,629 (September 30, 2017 - $1,314.109) was recorded as a reduction of finance lease receivable in the consolidated statements of financial position.

The Company records impairment on finance lease receivable based on expected credit losses within the next 12 months, and lifetime expected credit losses when there has been a significant increase in credit risk from initial recognition. The Company did not recognize any impairment on finance lease receivable during the current or comparative periods.

8. Intangible Assets and Goodwill

(a) The summary of the Company's intangible assets is as follows:

	September 30, 2018	December 31, 2017
Beginning balance	$ 4,322,911	$ 5,156,889
Disposal of BitBoss IP license **	-	(34,610)
Amortization expense	(598,993)	(799,368)
Ending balance	$ 3,723,918	$ 4,322,911

	September 30, 2018	December 31, 2017
Cost	$ 6,539,993	$ 6,539,993
Accumulated amortization	(2,816,075)	(2,217,082)
Net book value	$ 3,723,918	$ 4,322,911

* On January 29, 2016, the Company, entered into an agreement with BitBoss Corporation ("**BitBoss**"), whereby the Company licenced the proprietary electronic shuffling and dealing system in exchange for an upfront cash payment to BitBoss of $50,000 and additional cash payments to be made in the future.

** On January 4, 2017, in connection with a settlement of a portion of its promissory notes payable, the Company sold its BitBoss IP license for an aggregate consideration of $78,322 realizing a $43,712 gain on disposal of BitBoss IP license.

Matthew Dickson, former EVP of the Company, is also a director, officer, and significant shareholder of Bitboss, therefore this transaction is considered to be a related party transaction.

(b) The carrying value of goodwill as of September 30, 2018 and December 31, 2017 was $4,009,887.

For further details please refer to Note 11 of the annual consolidated financial statements of the Company for the year ended December 31, 2017.

(Expressed in US Dollars unless otherwise stated)

9. Loans Payable

On July 29, 2016, substantially all of the Company's debt was refinanced via a $30,525,000 term loan facility from MGG Investment Group LP ("**MGG**"). On December 28, 2017, the Company refinanced the MGG term loan facility with Prudential Capital Group and their affiliates ("**Prudential**"). The summary of these loans is as follows:

	Interest Rate	Year of Maturity	Carrying Amount $
Balance – December 31, 2017	2.9% - 14.0%	2018 - 2023	29,851,164
Interest and accretion expense			2,696,855
Interest paid			(2,485,130)
Financing costs			(16,841)
Principal repayments			(546,498)
Balance – September 30, 2018	7.1% - 14.0%	2022 - 2023	29,499,550
Less current portion			(1,412,500)
Non-current portion			28,087,050

a) As of September 30, 2018, the weighted average remaining life of the loans was 4.68 years (2017 – 3.83 years) and the weighted average interest rate was 10.03% (2017 – 12.29%). As of September 30, 2018, the carrying value of the loans payable was $29,499,550 (December 31, 2017 - $29,851,164) and the face value of the loans was $31,475,000 (December 31, 2017 - $32,021,498). The carrying value of the loans payable is smaller than the face value because financing costs and the initial exit fee liability amount are netted against the face value of the loans on the loans inception date. During the period ended September 30, 2018, the Company recorded $2,696,855 (September 30, 2017 - $3,223,799) of accretion and interest expense on these loans.

b) Prudential Financing

On December 28, 2017, the Company closed a financing arrangement with Prudential, consisting of senior and subordinated debt in the amount of up to $41,000,000 as follows:

(i) Senior note purchase and revolving credit agreement (the "**Senior Agreement**") consisting of $27,000,000 as follows:
- $5,000,000 senior secured revolving credit facility (the "**Revolving Loan**");
- $4,000,000 delayed draw capital expenditure facility (the "**Capex Note**"); and
- $18,000,000 senior secured notes (the "**Senior Loan**", and together with the Revolving Loan and Capex Note, the "**Senior Loans Facility**")

(ii) Subordinated note purchase agreement (the "**Sub Agreement**", and together with the Senior Agreement, the "**Prudential Financing**"), for $14,000,000 in subordinated notes (the "**Subordinated Notes**").

The Senior Loans are secured against all or substantially all of the assets of the Company, and any used portion is bearing interest at LIBOR plus 550 basis points ("**bps**"). Any unused portion of the Revolving Loan or Capex Note is bearing interest at 50bps. The Senior Loans have a five year term and mature on December 28, 2022, with no mandatory amortization on the Revolving Loan and Capex Notes.

9. Loans Payable - *Continued*

b) Prudential Financing – *Continued*

The Subordinated Notes bear interest at 14.0% (12.0% cash interest, 2% "**payment in kind**"), require no principal amortization, and mature on December 28, 2023. 2% payment in kind gives the Company an option to add 2% of interest to the loan principal rather to pay it in cash on a quarterly basis.

In connection with the Subordinated Notes, Prudential will receive a pre-emptive right to purchase up to 5% of any future equity issuance at the same terms offered to other investors in the issuance. In connection with the Prudential Financing, on the Subordinated Notes' inception date, the Company recorded $2,199,496 of financing costs, including an Exit Fee of $899,307.

In total, Prudential is providing $41,000,000 in committed capital to the Company with $32,000,000 funded at December 28, 2017. As of September 30, 2018, the Company borrowed $18,000,000 under the Senior Loan and $14,000,000 under the Subordinated Notes. Revolving Loan and Capex Note remain undrawn as of September 30, 2018.

As of September 30, 2018, the Company was in compliance with all Prudential loan covenants. As of September 30, 2018, the combined interest rate on the Prudential loans was 10.03%.

c) Exit Fee

In connection with the Subordinated Notes financing, the Company is committed to pay an exit fee "**Exit Fee**" equal to the higher of the following amounts, all calculated at the time the Exit Fee becomes payable:

(a) 5% of Market Price of the Company's shares. Market Price is equal to weighted average trading price of the company's shares during the latest five (5) trading days multiplied by the number of share outstanding:
(b) 5% of EBITDA Value. EBITDA Value is calculated by multiplying the Company's EBITDA (as defined in the Sub Agreement) by five (5), deducting debt and adding cash; and
(c) 5% of Liquidity Value. Liquidity Value is defined as the price paid to the Company's shareholders upon a liquidity event, such as change of control, sale of assets, liquidation or dissolution.

Exit Fee is payable upon (i) optional repayment of the Subordinated Notes, (ii) refinancing or (iii) maturity, whichever comes first.

On the date of inception of the Prudential Financing and as of December 31, 2017, the fair value of the Exit Fee was determined to be $899,307 based on 5% of EBITDA Value subject to certain adjustments. The Exit Fee was determined to be an embedded derivative and bifurcated from the Subordinated Notes.

As of September 30, 2018, the fair value of the Exit Fee liability was determined to be $652,621 with the change in value recognized as revaluation of exit fee liability in the consolidated statement of comprehensive loss.

(Expressed in US Dollars unless otherwise stated)

9. Loans Payable - *Continued*

c) Exit Fee - *Continued*

The summary of the Exit Fee liability is as follows:

		September 30, 2018		December 31, 2017
Beginning balance	$	899,307	$	-
Initial recognition		-		899,307
Revaluation gain		(246,686)		-
Ending balance	$	652,621	$	899,307

10. Deferred Revenue

The summary of deferred revenue is as follows:

		September 30, 2018		December 31, 2017
Beginning balance	$	495,677	$	724,457
Amortization		(171,585)		(228,780)
Carrying value		324,092		495,677
Less current portion		(228,780)		(228,780)
Non-current portion	$	95,312	$	266,897

For further details please refer to Note 13 of the annual consolidated financial statements of the Company for the year ended December 31, 2017.

11. Shareholders' Equity

a) Authorized and Issued Share Capital

The Company's authorized share capital consists of an unlimited number of common shares without par value. All shares are issued and fully paid.

b) Share Capital Transactions

On July 16, 2018, the Company issued 175,000 common shares at a price of C$0.30 to a RSU holder upon exercise of 175,000 vested RSUs (Note 11d).

c) Stock Options

On May 19, 2015, the Company has adopted a "fixed" stock option plan (the "**Plan**"), pursuant to which the Company can have a maximum of 3,300,000 of the issued and outstanding common shares of the Company reserved for issuance as options and will be granted at the discretion of the Company's Board of Directors to eligible optionees under the Plan. Stock options granted vest over the period determined by the Board of Directors, stock options granted to independent directors vest immediately, and all other options usually vest over 3 years.

(Expressed in US Dollars unless otherwise stated)

11. Shareholders' Equity - *Continued*

c) Stock Options - *Continued*

On April 24, 2018, the Company granted 299,000 stock options to its directors exercisable at C$0.27 per share for a period of five years from the date of grant. Total fair value of these stock options on the date of grant was estimated to be $38,952.

On June 25, 2018, the Company granted 200,000 stock options to a director and officer of the Company exercisable at C$0.30 per share for a period of five years from the date of grant. Total fair value of these stock options on the date of grant was estimated to be $29,734.

The following assumptions were used in determining the fair value of stock options on the date of grant using the Black-Scholes option pricing model:

	April 24, 2018	June 25, 2018
Stock price volatility	96.98%	106.01%
Risk-free interest rate	2.02%	1.85%
Expected life	3.1 years	3.1 years
Expected dividend yield	0.00%	0.00%

The following is a summary of activity in stock options:

December 31, 2017	Granted	Exercised	Forfeited	September 30, 2018	Weighted Average Exercise Price	Expiry Date
745,000	-	-	(550,000)	195,000	C$2.50	May 9, 2019
135,000	-	-	-	135,000	C$1.00	May 4, 2020
85,000	-	-	-	85,000	C$1.00	May 27, 2020
200,000	-	-	-	200,000	C$0.85	July 20, 2020
420,000	-	-	(35,000)	385,000	C$0.48	May 4, 2021
170,000	-	-	-	170,000	C$0.55	April 26, 2022
-	299,000	-	-	299,000	C$0.27	April 24, 2023
-	200,000	-	-	200,000	C$0.30	June 25, 2023
-	100,000	-	-	100,000	C$0.25	July 23, 2023
125,000	-	-	-	125,000	C$0.85	July 20, 2025
1,880,000	599,000	-	(585,000)	1,894,000	C$0.75	

During the nine months ended September 30, 2018, the Company recorded share-based compensation expense of $80,333 (September 30, 2017 - $102,249). As of September 30, 2018, 1,729,000 (December 31, 2017 – 1,677,084) stock options were fully vested with a weighted average exercise price of C$0.81 (December 31, 2017 – C$1.51).

Subsequent to September 30, 2018, 75,000 stock options exercisable at C$1.00 per share and granted on May 4, 2015 to a former officer were forfeited.

d) Restricted Share Units

Effective May 19, 2015, the Company adopted a Restricted Share Units Plan (the "**RSU Plan**") pursuant to which the Company can have a maximum of 2,500,000 of the issued and outstanding common shares of the Company reserved for issuance as Restricted Share Units ("**RSUs**") and will be granted at the discretion of the Company's Board of Directors to eligible recipients under the RSU Plan.

(Expressed in US Dollars unless otherwise stated)

11. Shareholders' Equity - *Continued*

d) Restricted Share Units - *Continued*

The following is a summary of activity in RSUs:

December 31, 2017	Exercised	Forfeited	September 30, 2018	RSUs Vested	Expiry Date
500,000	(25,000)	(125,000)	350,000	-	December 31, 2018
880,000	(100,000)	(200,000)	580,000	-	April 30, 2019
620,000	(50,000)	(130,000)	440,000	-	April 30, 2020
2,000,000	(175,000)	(455,000)	1,370,000	-	

Stock based compensation expense is recognized over the estimated vesting period commencing on the date of grant and ending on the date when vesting conditions are expected to be met. Stock based compensation is charged to profit and loss with a corresponding increase in RSU Reserve. During the nine months ended September 30, 2018, the Company recorded $131,073 (September 30, 2017 - $199,777) stock based compensation expense related to the RSUs. As of September 30, 2018, 1,370,000 RSUs were outstanding (September 30, 2017 – 2,000,000).

On July 15, 2018, 175,000 RSUs were vested upon termination of a RSU holder's employment agreement. On July 16, 2018, these RSUs were exercised and the Company issued 175,000 common shares to the RSU holderat a price of C$0.30 per share (Note 11b).

e) Reserves

	Reserves ($)				
	Acquisition of non-controlling interest	Options	Warrants	RSUs	Total
Balance – December 31, 2017	(1,624,105)	1,565,265	411,123	518,924	871,207
Exercise of RSUs	-	-	-	(39,963)	(39,963)
Stock based compensation – stock options *(Note 11c)*	-	80,333	-	-	80,333
Stock based compensation – RSUs *(Note 11d)*	-	-	-	131,073	131,073
Balance – September 30, 2018	(1,624,105)	1,645,598	411,123	610,034	1,042,650

12. Leasing Revenue

The Company has a number of arrangements to lease gaming machines to Tribal casinos in the state of Oklahoma and Texas on a participation basis. These lease arrangements are classified as operating leases as substantially all of the risks and rewards associated with the gaming machines will not be transferred to the casinos. The lease contracts have no minimum lease payments associated with these arrangements as all lease payments are contingent on the performance of the gaming machines.

Operating lease revenues recognized during the nine months ended September 30, 2018 were $8,416,292 (September 30, 2017 - $8,315,630) and leasing revenue from finance leases receivable for the nine months ended September 30, 2018 was $1,881,795 (September 30, 2017 - $2,184,868) for total leasing revenues of $10,298,087 (September 30, 2017 - $10,500,498).

(Expressed in US Dollars unless otherwise stated)

12. Leasing Revenue - *Continued*

The terms of the lease revenue contracts range between agreements that are renewed on a monthly basis and long-term contracts expiring in January 2022. As of September 30, 2018, the Company was generating leasing revenue from approximately 2,760 gaming machines (December 31, 2017 – 2,634 gaming machines).

13. Income (Loss) Per Share

The basic and diluted income (loss) per share has been calculated based on the following weighted average number of common shares issued and outstanding during the nine months ended September 30, 2018 and 2017:

	2018	2017
Beginning of period	35,048,928	34,548,928
Share issuance on exercise of RSUs	48,718	296,703
Weighted average number of common shares – basic and diluted	35,097,646	34,845,631

14. Related Party Transactions

Related party transactions and balances are as follows:

(a) During the period ended September 30, 2018, the Company recorded $946,983 (2017 - $1,058,223) of management salaries, separation fees and accrual of bonuses for the Company's current and former directors and officers. The Company also recorded $102,750 (2017 - $12,800) of directors' fees for the Company's directors.

(b) As of September 30, 2018, included in accounts payable and accrued liabilities was $70,312 (December 31, 2017 - $46,360) of accrued management bonus payable, $Nil (December 31, 2017 - $3,200) of accrued directors' fees payable, $Nil management salary payable (December 31, 2017 - $22,958) and $Nil employee separation fees payable (December 31, 2017 - $240,000).

(c) Compensation of Key Management Personnel

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, 2018 and 2017, the Company's key management personnel consisted of the Company's directors and senior management (Chief Executive Officer, Chief Financial Officer and Corporate Secretary). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

Nature of Transactions		September 30, 2018		September 30, 2017
Management salaries and bonuses	$	946,983	$	1,058,223
Directors' fees		102,750		12,800
Stock based compensation – options		73,358		70,886
Stock based compensation – RSUs		74,492		162,923
	$	1,197,583	$	1,304,832

(Expressed in US Dollars unless otherwise stated)

14. Related Party Transactions - *Continued*

(d) Commitments

As of September 30, 2018, the Company had one employment agreement with the Company's senior management for an initial term of 3 years expiring on June 30, 2021, with basic annual compensation of $200,000. In case of termination of the employment agreement by the Company without cause, the employee is entitled to receive a severance payment equal to nine months of basic compensation and benefits.

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.

15. Segmented Information

The Company's operating businesses are structured and managed on a project by project basis. The Company is engaged in the business of leasing of gaming equipment to casinos, providing capital to Tribal casinos and selling gaming equipment and casino supplies. Senior management reviews gross margins on a project by project basis and operating expenses are reviewed on a consolidated basis. Financial information, including revenues and related expenses, are not reviewed on a business line basis by the Company's senior management. Hence, based on the Company's organizational structure and the manner in which the operations are managed and evaluated by senior management, the Company is considered to be operating in one reportable segment. All revenues are generated in the USA and substantially all of the Company's assets are located in the USA.

16. Supplementary Cash Flows Information

Non-cash investing and financing activities for the periods ended September 30, 2018 and 2017 were as follows:

	2018	2017
Equipment purchases included in accounts payable	$ 1,207,670	$ 1,340,562

The reconciliation of liabilities arising from financing activities consists of the following:

	December 31, 2017	Cash paid	Accretion expense in excess of interest	Financing costs	September 30, 2018
	$	$	$	$	$
Earn-Out Payable	240,000	(240,000)	-	-	-
Loans Payable	29,851,164	(546,498)	211,725	(16,841)	29,499,550
	30,091,164	(786,498)	211,725	(16,841)	29,499,550

17. Capital Management

The Company depends on internal generated revenues and external financing to fund its activities. The capital structure of the Company currently consists of common shares and loans payable. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and performance of gaming equipment in casinos to which equipment is being leased by the Company.

In order to maintain or adjust the capital structure, the Company may arrange more loans, issue new common shares through private placements, or sell assets to fund operations. Management reviews its capital management approach on regular basis. The Company is not subject to externally imposed capital requirements.

The Company invests all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments, such as cash and other short-term guaranteed deposits, all held with major financial institutions.

18. Financial Instruments

a) Fair Value of Financial Instruments

The Company has classified fair value measurements of its financial instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements as follows:

Level 1: Valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates;

Level 3: Valuation based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their respective carrying values due to their short term maturities. The fair value of loans payable approximates the carrying value because the underlying market rate did not change.

Financial instruments categorized as Level 3 in the fair value hierarchy consist of the Exit Fee liability. The liability was measured utilizing estimated EBITDA. A change in 1% of the estimated EBITDA will result in a $21,377 change in value of the Exit Fee liability.

There were no transfers of instruments between levels in the fair value hierarchy.

18. Financial Instruments - *Continued*

b) Management of Risks Arising from Financial Instruments

The Company's financial instruments are exposed to the following financial risks:

(i) Credit Risk – Credit risk is the risk that one party to a financial instrument will fail to fulfill an obligation and cause the other party to incur a financial loss. The Company's credit risk consists primarily of cash, accounts receivable, and finance lease receivable. The credit risk is minimized by placing cash and investing short-term investments with large Canadian and USA financial institutions. Credit risk is managed through dealing with financially strong counterparties and regular cash collections. The maximum credit risk is the recognized financial assets on the condensed consolidated statement of financial position.

(ii) Currency Risk – The Company's main operations are conducted in the USA and using US dollars. The Canadian parent company conducts certain transactions in Canadian dollars, therefore the Company is exposed to foreign currency fluctuation. The Company uses US dollars as its reporting currency and the parent company's resulting exchange differences between Canadian functional currency and US reporting currency are reported as accumulated other comprehensive loss, which is presented as a separate component of equity. The currency exchange fluctuations between the Canadian and US dollars relating to the parent company's income and expenses would have an impact on profit or loss of the Company.

As of September 30, 2018 and for the period then ended, a 1% increase in the value of the Canadian dollar in relation to the US dollar would have decreased net assets by approximately $900 and would have increased net income of the Company by approximately $3,900.

(iii) Liquidity Risk – Liquidity risk is the risk that the Company will not be able to meet its financial obligations when they become due if additional capital is not available to the Company when required. To mitigate this risk, the Company has a planning and budgeting process in place to determine the funds required to support its ongoing operations, loan obligations and capital expenditures. The Company ensures that sufficient funds are raised from debt or equity financings to meet its operating requirements, after taking into account its existing working capital and expected future revenues. The Company's cash is invested in business accounts which are available on demand for the Company's operations and are not invested in any asset backed deposits or investments.

The following table summarizes amounts and maturity dates of the Company's contractual obligations as of September 30, 2018:

	2018 $	2019 $	2020 $	2021 $	2022 $	2023 $	Total $
Accounts payable and accrued liabilities	2,573,314	-	-	-	-	-	2,573,314
Exit Fee liability	-	-	-	-	-	652,621	652,621
Loans payable *	1,003,281	4,890,832	5,301,459	5,129,206	14,004,186	15,949,111	46,278,075
Office and warehouse leases	7,500	30,200	20,400	-	-	-	58,100
Operating lease payable	42,049	168,194	111,372	25,252	-	-	346,867
	3,626,144	5,089,226	5,433,231	5,154,458	14,004,186	16,601,732	49,908,977

* Including future interest expense repayments

(Expressed in US Dollars unless otherwise stated)

18. Financial Instruments - *Continued*

b) Management of Risks Arising from Financial Instruments - *Continued*

In addition, the putable feature embedded in the common shares exposes the Company to liquidity risk due to unforeseen redemptions under certain limited conditions.

(iv) Market Concentration – A significant portion of the Company's revenues is currently derived from contracts with four 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.

(v) Interest rate risk - As of September 30, 2018, the Company had Prudential Senior Loan payable with a carrying value of $16,861,212, with a face value of $17,475,000, and with a variable annual interest rate of LIBOR plus 5.50% (effective interest rate of 8.78% as of September 30, 2018). LIBOR rates fluctuate over time, new loan agreements may be entered into in the future or existing loans may be renewed at new interest rates, therefore the Company is subject to interest rate risk.

19. Nature of Expenses

The following schedule presents additional information on selected expenses for periods ended September 30, 2018 and 2017.

		2018		2017
Operating expenses:				
Advertising and promotion	$	115,713	$	101,482
Bad debt expense (recovery)		48,256		(2,185)
Depreciation of equipment		3,813,586		4,515,360
Amortization of equipment placement fees		1,260,233		1,324,179
Equipment maintenance		1,060,584		670,853
Gaming commission fees		259,926		243,725
Travel and other expenses		187,910		225,077
	$	6,746,208	$	7,078,491
General and administrative expenses:				
Consulting	$	15,496	$	25,316
Investor relations		45,710		80,115
Salaries and benefits		3,053,074		3,177,334
Office and administration		596,960		653,325
Professional fees		327,202		317,202
Stock based compensation		211,406		302,026
Listing, filing and transfer agent		30,590		36,355
	$	4,280,438	$	4,591,673
Financing costs:				
Accretion expense on promissory notes	$	-	$	28,798
Accretion and interest expense on loans payable		2,696,855		3,223,799
Financing costs		215,501		195,364
Interest expense		558		1,636
	$	2,912,914	$	3,449,597

20. Income Taxes

The Company's combined federal and provincial statutory income tax rate is 39%.

During the period ended September 30, 2018, the Company recorded $34,091 (September 30, 2017 - $98,199) of current income tax expense. The Company regularly evaluates its deferred tax position and recognizes available deferred tax assets to the extent they can be utilized to offset deferred tax liabilities.