Form 51-102F1

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Management's Discussion & Analysis
Condensed Interim Consolidated Financial Statements (Unaudited)
for the Six Months Ended June 30, 2011

The following discussion and analysis of the financial condition and financial position and results of operations for Las Vegas From Home.com Entertainment Inc. (the "Company" or "Las Vegas" or "LVFH") should be read in conjunction with the condensed interim consolidated financial statements ("Unaudited") and notes thereto for the six months ended June 30, 2011 and the audited consolidated financial statements and the notes thereto for the ***years ended December 31, 2010 and 2009****. The condensed interim unaudited consolidated financial statements and notes thereto for the six months ended June 30, 2011* ***have not been reviewed by the Company's Auditor****. The following discussion and analysis* ***has not been reviewed by the Company's Auditor.***

These financial statements, including comparatives, have been prepared using accounting policies in compliance with International Financing Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's financial statements are expressed in Canadian (CDN) Dollars. All amounts in this MD&A are in CDN dollars unless otherwise stated.

The following information is prepared as at August 29, 2011.

Forward-Looking Statements

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Readers are therefore cautioned not to place reliance on any forward-looking statement.

Description of Business

The principal business of the Company is the developing and marketing of software for on-line Asian multi-player interactive games.

Las Vegas From Home.com Entertainment Inc. is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on *www.sedar.com*. The Company was a foreign private issuer in the United States of America and used to file on EDGAR, its annual report on Form 20-F and other reports on Form 6K. The following link, http://www.sec.gov/cgi-bin/browse-edgar?company=&CIK=0001061612&filenum=&State=&SIC=&owner=include&action=getcompany will give you direct access to the Company's United States Securities and Exchange Commission ("U.S. S.E.C.") filings. On April 13, 2009, the Company filed a Form 15F to terminate the registration of its common stock under section 12(g) of the Securities Exchange Act and its reporting obligations under the Act. As a result, the Company's common stock is no longer quoted in the Over-The-Counter Bulletin Board but is quoted in the U.S.A. on the Pink Sheets.

Results of Operations

All financial figures presented herein are expressed in Canadian Dollars (CDN$) unless otherwise specified.

The principal business of the Company is the developing, and the marketing, through its foreign subsidiaries, of software for online Asian multi-player interactive card games.

Management determined that to comply with the U.S. S.E.C. requirements would result in incurring considerable expenses and as there was insufficient investor interest from the U.S.A. to justify such considerable expenses, Management decided that it would be in the best interest of the Company to terminate its U.S. S.E.C. registration. Consequently, on April 13, 2009, the Company filed a Form 15F to terminate the registration of its common stock under section 12(g) of the Securities Exchange Act and its reporting obligations under the Act. As a result, the Company's common stock is no longer quoted in the Over-The-Counter Bulletin Board but is quoted in the U.S.A. on the Pink Sheets under the symbol "LVFHF".

The Company's common shares continue to trade in Canada on the TSX Venture Exchange ("Exchange") under the symbol "LVH", and in Germany on both the Frankfurt and Berlin Exchanges under the symbol "LVH".

The Company is continually enhancing and upgrading the Company's Gaming Software in order to enable the Company to increase its revenues.

The Company is presently not a party to any legal proceedings.

The Company has entered into a sublease agreement with an arm's length third party on September 15, 2009 which has a term of two years and seven months, and which has commenced on October 1, 2009 in respect to approximately 4,817 square feet of office space. Monthly payment for the sublease consists of $6,021 plus HST for rent and, $6,551 plus HST for the Company's proportionate share of the property taxes and operating expenses.

At the Annual General Meeting of the Company's shareholders which was held on June 10, 2011, the shareholders received the Audited Consolidated Financial Statements for the year ended December 31, 2010 and the Auditor's report thereon; fixed the number of Directors for the ensuing year at four; elected Bedo H. Kalpakian, Jacob H. Kalpakian, Neil Spellman and Gregory T. McFarlane as Directors of the Company; re-appointed the Company's Auditor, Smythe Ratcliffe, Chartered Accountants, for the ensuing year and authorized the Directors to fix the remuneration to be paid to the Auditor.

The Company entered into an Asset Purchase and Sale Agreement with certain parties in Mexico to acquire 99% of all the outstanding common shares of a Mexican company which operates online gaming in Mexico pursuant to Mexican laws (the "Mexican Gaming Company"). The consideration payable by the Company shall be as follows:

(i) A cash payment of $1,000,000 Canadian (paid);

(ii) A cash payment of 2,970,000 Mexican pesos on March 17, 2014;

(iii) The issuance of 30,000,000 LVFH units. Each unit shall consist of one common share and one share purchase warrant. Each share purchase warrant shall entitle the holder to purchase one additional common share of the Company at a price of $0.10 in the first year or at a price of $0.25 in the second year. Each LVFH unit will be subject to hold periods and restrictions on

resale in accordance with applicable securities laws, and the rules and regulations of the TSX Venture Exchange (the "Exchange");

(iv) An earn-out bonus of one LVFH common share for each US $1.00 of net profit that shall be earned by the Mexican Gaming Company for a period of three years for a maximum number of 30,000,000 LVFH common shares;

(v) This transaction is subject to the approval of the Exchange; and,

(vi) Finder's fee may be payable in respect to this transaction in accordance with the policies of the Exchange.

As of June 30, 2011, the Company's Canadian operations employed 19 people (June 30, 2010: 21) consisting of staff and management.

Revenues

For the six month period ended June 30, 2011, the Company has recorded licensing revenues of $125,505 (June 30, 2010: $223,062), and sales revenues of $199,769 (June 30, 2010: $0).

Expenses

For the six months ended June 30, 2011, operating expenses were $1,474,143 as compared to $1,713,533 for the six months ended June 30, 2010.

Interest Income

For the six months ended June 30, 2011, the Company had interest income in the amount of $43 as compared to $391 during the corresponding period in 2010.

Net Loss

During the six months ended June 30, 2011, the Company had a net loss of $1,138,826 or $0.01 per share (weighted average) as compared to $1,538,792 or $0.01 per share (weighted average) for the same period of 2010. During the six months ended June 30, 2011, the Company's weighted average number of common shares were 184,572,740 as compared to 131,874,545 for the same period in 2010.

Liquidity and Capital Resources

As at June 30, 2011, the Company's total assets were $2,817,768 as compared $1,714,394 for the corresponding period in 2010 (December 31, 2010: $1,566,950). The Company's total liabilities were $496,304 as compared to $122,346 at June 30, 2010 (December 31, 2010: $212,195). The Company has not paid any cash dividends and does not plan to pay any cash dividends in the future. As at June 30, 2011, the Company has no long-term debt.

As at June 30, 2011, the Company's cash and cash equivalents were $1,274,748 as compared $308,277 at June 30, 2010 (December 31, 2010: $175,340).

As at June 30, 2011, the Company's accounts receivable was $209,099 as compared to $33,273 at June 30, 2010 (December 31, 2010: $69,521). Due from related parties at June 30, 2011 was $12,367 as compared to $11,123 at June 30, 2010 (December 31, 2010: $22,127). Prepaids and lease deposits

(Current) at June 30, 2011 were $63,454 as compared to $6,619 at June 30, 2010 (December 31, 2010: $4,243).

Operating Activities

During the six months ended June 30, 2011 the Company used $877,793 of cash as compared to $1,192,633 of cash used in operating activities in the corresponding period of 2010.

Financing Activities

During the six months ended June 30, 2011 the Company received $1,970,050 of cash in financing activities as a result of the exercise certain share purchase warrants and stock options as compared to $1,643,251 of cash in the corresponding period of 2010.

Investing Activities

During the six months ended June 30, 2011 the Company received cash in the amount of $10,000 from the sale of equipment as compared to $1,900 during the six months ended June 30, 2010.

Working Capital

For the six months ended June 30, 2011 the Company had a working capital of $1,063,364 as compared to a working capital of $236,946 in the same period in 2010 (December 31, 2010: working capital of $59,036).

Capitalization

In order for the Company to increase its revenues, the Company must dedicate more resources to marketing and to further upgrading the Company's Gaming Software so as to have additional games and features.

As at June 30, 2011, the Company has incurred operating losses of $1,138,826 (June 30, 2010 - $1,538,792; December 31, 2010: $2,903,227), has limited revenues and resources, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

During 2011, the Company intends to seek equity financings through private placements and/or public offerings. While the Company does not give any assurances whatsoever that it will be successful in securing equity financings in order to conduct its operations uninterruptedly, it is the Company's intention to pursue these methods for future funding of the Company.

As at June 30, 2011, the Company's total number of issued and outstanding common shares was 192,613,545 as compared to 143,249,525 at June 30, 2010.

During the six months period ended June 30, 2011, the Company issued a total of 4,515,000 common shares pursuant to the exercise of share purchase warrants for total proceeds to the Company of $451,500. Subsequent to the six months ended June 30, 2011, a total number of 200,000 share purchase warrants were exercised for total proceeds to the Company of $20,000.

During the six months period ended June 30, 2011, the Company issued a total of 1,837,500 common shares pursuant to the exercise of stock options for total proceeds to the Company of $183,750.

During the six months period ended of June 30, 2011, the Company completed a non-brokered private placement financing which consisted of 14,135,500 units at $0.10 per Unit for total proceeds to the Company of $1,413,550. Each Unit consists of one common share and one share purchase warrant entitling the holders to acquire an additional common share of the Company at a price of $0.25 per share for a period of two years until June 8, 2013 as to the first tranche and until June 22, 2013 as to the second and third tranches. All the securities issued in this private placement have hold periods which expire on October 9, 2011 as to the first tranche and October 23, 2011 as to the second and third tranches. Finder's fees paid in connection with the private placement consisted of $78,750 paid in cash, 360,000 common shares of the Company and 787,500 agent warrants.

During the year ended December 31, 2010, the Company completed a non-brokered private placement financing with various investors and issued a total of 51,390,000 Units in the capital of the Company at the price of $0.05 per unit for total gross proceeds to the Company of $2,569,500. Each Unit consists of one common share and one share purchase warrant entitling the holder to acquire an additional common share at the price of $0.10 per share during the first year from Closing and at the price of $0.25 per share during the second year from Closing. The proceeds were allocated as $2,534,100 to common shares and $35,400 to warrants. The allocation was made using the relative fair value method with the following weighted average assumptions: risk-free interest rate: 1.62%; expected dividend yield: 0; expected stock price volatility: 238.08%; expected life in years: 2.Share issue costs associated with the private placement totaled $190,100, consisting of 3,000,000 common shares issued valued at $150,000, $8,720 in cash and $31,380 for the value of agent warrants issued. All the securities issued pursuant to this private placement financing had a hold period of four months.

During the year ended December 31, 2009, the Company completed a non-brokered private placement financing with various investors and issued a total of 10,000,000 common shares in the capital of the Company at the price of $0.015 per common share for total gross proceeds to the Company of $150,000. All securities issued pursuant to this private placement financing had a hold period of four months. There were no finder's fees payable in respect to this private placement financing.

Should any share purchase warrants be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any share purchase warrants will be exercised.

During 2004, the Company's shareholders adopted and approved the Company's 2004 Stock Option Plan (the "2004 Plan"). The 2004 Plan, which has received the approval of the Exchange, reserved 11,290,154 common shares for issuance representing 20% of the Company's issued and outstanding common shares on April 12, 2004. At the Annual and Special General Meeting of the Company's shareholders, which was held on June 30, 2005, the shareholders approved the amendment to the Company's 2004 Plan by increasing the maximum number of common shares that may be reserved for issuance pursuant to the Stock Option Plan to 15,866,936 common shares (the "Company's Amended 2004 Stock Option Plan"). Pursuant to the Company's Amended 2004 Stock Option Plan which has received Exchange approval, the Company grants stock options to employees, directors, officers and consultants. As at June 30, 2011, there are 550,094 stock options available for granting. The number available for granting is based on the difference between the reserved number of options for issuance (15,866,936) less outstanding stock options at June 30, 2011 (10,034,000) less the number of stock options exercised since May 12, 2005 up to and including June 30, 2011 (5,282,842); therefore 15,866,936 – 10,034,000 – 5,282,842 = 550,094 available for granting as at June 30, 2011.

The Company has granted stock options to acquire common shares of the Company, at certain prices, to various parties. Should any outstanding stock options be exercised by any party, then any funds

received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any stock options will be exercised.

During the six months period ended June 30, 2011, there were 10,034,000 stock options outstanding with a weighted average exercise price of $0.10 per share (June 30, 2010: 12,102,500 stock options outstanding with a weighted average exercise price of $0.11 per share) .

Summary of Quarterly Results

The following are the results for the eight most recent quarterly periods, starting with the three month quarterly period ended June 30, 2011:

For the Quarterly Periods ended		June 30, 2011	March 31, 2011	December 31, 2010	September 30, 2010
Total Revenues	$	153,454	171,820	98,361	257,688
Loss before other items		(557,951)	(590,918)	(888,056)	(590,332)
Loss per common share before other items		(0.00)	(0.00)	(0.01)	(0.00)
Net loss for the period		(557,908)	(580,918)	(888,032)	(592,004)
Basic and diluted loss per common share		(0.00)	(0.01)	(0.00)	(0.00)

For the Quarterly Periods ended		June 30, 2010	March 31, 2010	December 31, 2009	September 30, 2009
Total Revenues	$	82,891	140,171	56,123	127,885
Loss before other items		(875,355)	(615,116)	(769,779)	(792,723)
Loss per common share before other items		(0.01)	(0.01)	(0.01)	(0.01)
Net loss for the period		(901,072)	(637,720)	(758,787)	(784,577)
Basic and diluted loss per common share		(0.01)	(0.01)	(0.01)	(0.01)

Note: Gain (loss) per common share calculations in the above tables are based on the number of weighted average number of shares outstanding (Canadian GAAP) as shown in the Condensed Interim Consolidated Statement of Comprehensive Loss for the above mentioned periods.

Second Quarter Results (June 30, 2011)

During the three months [second quarter] period ended June 30, 2011:-

- The Company had a net loss of $557,908 or $0.00 per share as compared to a net loss of $901,072 or $0.01 per share in the same three months [second quarter] period of 2010.

- The Company's total revenues were $153,454 as compared to total revenues of $$82,891 in the same three months [second quarter] period of 2010.

- The Company's total operating expenses were $711,405 as compared to total operating expenses of $958,246 total operating expenses in the same three months [second quarter] period of 2010.

Risks related to our Business

The Company, and the Securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's Securities:

General legislative risk

Although Management of the Company believes that the conduct of Internet gaming related activities by the Company's subsidiaries represent lawful business, there is the risk that the legality of the Internet gaming related activities may be challenged by Canadian or other legal authorities. If the legality of the Internet gaming related activities is challenged and the challenge is sustained, it can have a material adverse impact on the business and financial affairs of the Company.

Competition

The marketplace for the Company's Gaming Software is constantly undergoing changes, is intensely competitive and is subject to changes in customer preferences. Consequently, new products are being developed continuously by the Online Gaming Industry in order to satisfy customer demands, and new costly venues of advertising and promotion are being used by the Online Gaming Industry so as to attract new customers and retain existing ones. The Company's products and services compete against those of other companies that have greater financial, marketing, technical and other resources than those of the Company.

Internet and system infrastructure viability

Any changes in the internet's role as the premier computer network information service or any shutdown of internet services by significant internet service providers will have an adverse material impact on the Company's ability to generate revenues. Furthermore, the Company can be severely and adversely affected from power failures, internet slowdowns or failures, software slowdowns or failures and hackings.

Reliance on key personnel

The Company relies heavily on its employees, the loss of any of whom could have an adverse effect on the Company.

Customer concentration

The Company also relies on its licensees for the operation of the Company's Gaming Software, the loss of any of which could have an adverse effect on the affairs of the Company.

Payment processing

Changes in policies of companies, financial institutions or banks, that handle credit card transactions and/or other types of financial transactions for on-line gaming, can have an adverse impact on the business and financial affairs of the Company.

Foreign exchange rates

The profitability of the Company can be affected by fluctuations in the exchange rate of the US Dollar in relation to the Canadian Dollar due to the fact that the Company's revenues are generated in US Dollars while a major portion of the Company's expenses are incurred in Canadian Dollars.

Share price volatility and liquidity

The market price of the Company's common shares has experienced considerable volatility and may continue to fluctuate in the future. Factors such as the Company's quarterly results, changes in existing legislation, new legislation, technological changes and general market conditions may adversely affect the market price of the Company's common shares. There is a limited trading market for the Company's common shares and the ability of investors to sell their shares or the price at which those shares may be sold cannot be assured.

Growth management

If the Company's software gains traction in the market, rapid growth may occur which may result in certain strains on the Company.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This would result in further dilution to the Company's shareholders.

Revenues and Dividends

While the Company currently generates revenues, the Company has not yet established a long term pattern of consistently generating meaningful revenues. The Company intends to retain its earnings in order to finance growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.

Related Party Transactions

The Company shares office space and certain expenses with Kokomo Enterprises Inc. ("Kokomo"), a company related by certain common officers and directors. Rent for the office premises is paid by the Company. Kokomo is charged for their proportionate share of office rent and office services provided by the Company. Effective January 1, 2008, First Lithium Resources Inc. ("FLRI") and Colt Resources Inc. ("CRI"), companies that were formerly related to the Company by certain common officers and directors, have relocated offices and terminated the services previously provided by the Company. Effective December 1, 2009, Touchdown Resources Inc. ("Touchdown"), a company that was formerly related by certain common directors and officers relocated offices and terminated the services previously provided by the Company. Effective July 1, 2010, Giyani Gold Corp. (formerly 99 Capital Corporation) ("Giyani") a company that was formerly related by certain common directors and officers relocated its offices and terminated the services previously provided by the Company.

Effective July 1, 2011, Active Growth Capital Inc. ("Active Growth"), a company that was formerly related by certain common directors and officers relocated its offices and terminated the services previously provided by the Company.

Kokomo is related to the Company by virtue of the fact that Kokomo's CEO and CFO, namely Bedo H. Kalpakian, is the Chairman and CFO of the Company, and the Vice President of Kokomo namely Jacob H. Kalpakian, is the CEO and President of the Company. Furthermore, Gregory T. McFarlane is a director of both the Company and Kokomo.

Active Growth was related to the Company by virtue of the fact that the Company's President and CEO namely Jacob H. Kalpakian was the President and CEO of Active Growth from November 2010 until June 2011 and a director until July 2011, and the Company's Chairman and CFO namely Bedo H. Kalpakian, was a director of Active Growth from November 2010 until July 2011.

Giyani was related to the Company by virtue of the fact that the Company's Chairman and CFO namely Bedo H. Kalpakian, was the Chairman and CFO of Giyani from November 2009 up to June 2010, and the Company's President and CEO namely Jacob H. Kalpakian was the President and CEO of Giyani from November 2009 up to June 2010.

Touchdown was related to the Company by virtue of the fact that the Company's President and CEO, namely Jacob H. Kalpakian was a director of Touchdown until June 2010 and the Company's Chairman and CFO namely Bedo H. Kalpakian was also a director of Touchdown until June 2010. Furthermore, Neil Spellman is a director of the Company and was a former director of Touchdown.

CRI was related to the Company by virtue of the fact the Company's Chairman & CFO namely Bedo H. Kalpakian was a director and officer of CRI until December 2008, and the Company's President and CEO namely Jacob H. Kalpakian was a director and officer of CRI until December 2008.

Amounts payable to directors are for expenses incurred on behalf of the Company and are payable on demand with no interest.

Effective as of July 1, 2005, the Company has a Management Services Agreement (the "Agreement") with Kalpakian Bros. of B.C. Ltd. ("Kalpakian Bros."), a private company. Kalpakian Bros. is equally owned by Bedo H. Kalpakian and Jacob H. Kalpakian, who are both directors and officers of LVFH. The Agreement has been renewed effective as of July 1, 2010 for a term of five years. Pursuant to an Addendum to the Agreement, the remuneration payable to Kalpakian Bros. has been increased from $30,000 to $33,000 plus HST per month effective as of January 1, 2011. For the six months ended June 30, 2011, Kalpakian Bros. was paid $198,000 (June 30, 2010: $180,000). Kalpakian Bros. is also entitled to reimbursement for all traveling and other expenses incurred by it in connection with performing its services. If the Agreement is terminated by the Company other than for just cause, or is terminated by Kalpakian Bros. for good reason, then Kalpakian Bros. is entitled to be paid the annual remuneration for the unexpired term of the Agreement and is also entitled to immediate vesting of all unvested stock options. Kalpakian Bros. may terminate the Agreement on giving four months notice.

Related party transactions are measured at the exchange amount and the amounts due to (from) related parties are unsecured, without interest and are payable on demand.

	June 30, 2011	June 30, 2010
Receivable from Kokomo		
Rent charged by LVFH	$ 336	$ 2,205
Office expenses charged by LVFH	1,344	8,820
Other expenses paid by LVFH on behalf of Kokomo	10,687	98
Receivable from related parties	$ 12,367*	$ 11,123

*During the month of July 2011, in respect to the receivable from Kokomo, the Company has received the sum of $12,367 from Kokomo.

Related party transactions not otherwise disclosed during the period:

(i) charged by the Company:

The Company charged Kokomo for:

(a) rent of $1,800 (June 30, 2010 - $1,800);
(b) office expenses of $7,200 (June 30, 2010 - $7,200); and
(c) other expenses paid on behalf of Kokomo of $10,758 (June 30, 2010 - $57).

The Company charged Giyani for:

(d) rent of $nil (June 30, 2010 - $1,800);
(e) office expenses of $nil (June 30, 2010 - $7,200); and
(f) other expenses paid on behalf of Giyani of $nil (June 30, 2010 - $2,279).

The Company charged Active Growth for:

(g) rent of $1,800 (June 30, 2010 - $nil);
(h) office expenses of $12,000 (June 30, 2010 - $nil); and
(i) other expenses paid on behalf of Active Growth of $26,444 (June 30, 2010 - $nil).

(ii) paid to related party:

(j) certain expenses paid by Kokomo on behalf of LVFH of $2,686 (June 30, 2010: $2,575).

In connection with the non-brokered private placement financing which the Company completed during the year ended December 31, 2009 (see Capitalization of this MD&A), an aggregate of 2,417,668 common shares in the capital of the Company were subscribed for by the family of two directors of the Company. In addition, an aggregate of 1,060,000 common shares in the capital of the Company were subscribed for by a director and an officer of the Company. All the securities issued pursuant to this private placement financing had a hold period which expired on March 24, 2010.

Financial Instruments

The Company has classified its cash and cash equivalents as held-for-trading; marketable securities as available-for-sale; accounts receivable as loans and receivables; and accounts payable and accrued liabilities as other financial liabilities.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of those financial instruments. Marketable securities are disclosed at fair value using quoted market prices, which is a Level 1 valuation technique.

The Company's risk exposure and the impact on the Company's financial instruments are summarized below.

(a) Credit risk

The Company manages credit risk, in respect of cash and cash equivalents, by purchasing highly liquid, short-term investment-grade securities held at a major Canadian financial institution in accordance with the Company's investment policy. The risk arises from the non-performance of counterparties of contractual financial obligations.

The Company's concentration of credit risk and maximum exposure thereto is as follows relating to funds held in Canada:

	June 30, 2011	June 30, 2010
Bank accounts	$ 1,274,748	$ 308,277
Balance	$ 1,274,748	$ 308,277

The Company is not exposed to significant credit risk.

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk on its accounts receivable from licensees and online processors. In order to reduce its credit risk with its licensees, the Company reviews all new licensees' credit history before extending credit. The credit risk associated with amounts due from online processors has been assessed as low by management, as the Company has strong working relationships with all its online processors.
Credit risk associated with amounts due from related parties has been assessed as low by management as the Company has strong working relationships with the related parties involved.

(b) Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in satisfying financial obligations as they become due. The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. The Company maintains substantially sufficient cash and cash equivalents at June 30, 2011 in the amount of $1,274,748 (June 30, 2010 - $308,277) in order to

meet short-term business requirements. At June 30, 2011, the Company had accounts payable excluding accrued liabilities of $198,122 (June 30, 2010 - $122,346), which are due within 30 days.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. The significant market risk exposures to which the Company is exposed are interest rate risk and foreign currency risk.

(i) Interest rate risk

The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital and liquidity. As of June 30, 2011, the Company did not have any cash equivalents and therefore the Company is not exposed to significant interest rate risk.

(ii) Foreign currency risk

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

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

At June 30, 2011, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than US dollars as follows:

	Held in US dollars (stated in Canadian dollars)
Cash	$ 15,082
Accounts receivable	179,498
Accounts payable	(27,762)
Net financial assets (liabilities)	$ 166,818

Based upon the above net exposure as at June 30, 2011 and assuming all other variables remain constant, a 5% depreciation or appreciation of the US dollar relative to the Canadian dollar could result in a decrease/increase of $8,341 in the Company's net losses.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company's

marketable securities are carried at market value and are therefore directly affected by fluctuations in the market value of the underlying securities. The Company's sensitivity analysis suggests that a 10% change in market prices would not have a significant effect on the Company.

Off-balance sheet arrangements

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

Significant Accounting Policies

The Condensed Interim Consolidated Financial Statements (Unaudited) have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting which includes the significant accounting policies as described in Note 4 of the Condensed Interim Consolidated Financial Statements (Unaudited).

Disclosure over Internal Controls

Disclosure controls and procedures ("DC&P") are designed to provide reasonable assurance that all relevant information is gathered and reported within the time periods required by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Venture Issuers are not required to provide representations in their annual and interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in National Instrument NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishments and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded and reported within the time periods specified in securities legislation and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a Venture Issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Capital Stock

Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Outstanding Share Data	Number of Common Shares	Number of Preferred Shares	Exercise($) Price per common share	Expiry Dates
Issued and Outstanding as at August 29, 2011	192,813,545	Nil	N/A	N/A
Warrants as at August 29, 2011	61,898,000	Nil	$0.10/ $0.25	June 17/2012- June 22, 2013
Stock Options as at August 29 , 2011	10,034,000	Nil	$0.10/ $0.12	Aug 9/2012 – June 1/2014
Fully Diluted as at August 29, 2011	264,745,545	Nil		

BASIS OF PRESENTATION AND ADOPTION OF IFRS

As stated in note 3 of the Company's Condensed Interim Consolidated Financial Statements (Unaudited) for the six months ended June 30, 2011, these are the Company's second interim financial statements for the period covered by the first annual financial statements prepared in accordance with IFRS. An explanation of how the transition from previous GAAP to IFRS has affected the Company's financial position and comprehensive loss is set out in this note.

The accounting policies set out in note 4 of the Company's Condensed Interim Consolidated Financial Statements (Unaudited) for the six months ended June 30, 2011 have been applied in preparing the financial statements for the period ended June 30, 2011, the comparative information presented in these financial statements for the period ended June 30, 2011 and in the preparation of an opening IFRS balance sheet at 1 January 2010 (the Company's date of transition).

IFRS 1, "First-time Adoption of International Financial Reporting Standards" (IFRS 1)

IFRS 1 generally requires that first-time adopters retrospectively apply all effective IFRS standards and interpretations in effect as at the reporting date. IFRS 1 also provides for certain optional exemptions and certain mandatory exceptions to this general principle.

The Company has elected under IFRS 1 to not apply IFRS 2 to options that were granted on or before November 7, 2002 or to options that were granted subsequent to November 7, 2002 but vested before the date of transition to IFRS.

Adjustments on transition to IFRS

IFRS has many similarities to Canadian GAAP as it is based on a similar conceptual framework. However, there are important differences with regards to recognition, measurement and disclosure. While adoption of IFRS did not change the Company's actual cash flows, it resulted in changes to the Company's balance sheet, statement of comprehensive loss and statement of shareholders' equity as set out below:

(a) Share options

On transition to IFRS the Company changed its accounting policy for the treatment of share-based payments whereby amounts recorded in contributed surplus for unexercised stock options are transferred to deficit upon their expiration. Previously, the Company's Canadian GAAP policy was to leave such amounts in contributed surplus.

In addition, under IFRS, the fair value of the share-based awards is recognized based on a graded method as opposed to the straight-line method under Canadian GAAP. The difference arises in the recognition of the share-based expense. Each tranche of an award with different vesting dates is considered a separate tranche and the fair value of each tranche is amortized over the vesting period of the respective tranches under IFRS. Under Canadian GAAP, the fair value of share-based awards is calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period of the entire grant.

(i) As of January 1, 2010, $3,032,025 of contributed surplus related to options that were no longer outstanding as of that date, has been transferred from contributed surplus to deficit.

(ii) During the six months ended June 30, 2010, 480,000 options expired and cancelled and the carrying balance of $39,667 in contributed surplus has been transferred to deficit.

In compliance with IFRS relating to share-based payment, salaries and benefits expense has been reduced by $337,016 with a corresponding decrease in contributed surplus.

(iii) During the third quarter and up to and including the fourth quarter of the year ended December 31, 2010, 1,145,000 options expired and cancelled and the carrying balance of $101,933 in contributed surplus has been transferred to deficit. In addition, 226,000 options were exercised during the same period for which $12,342 was transferred from contributed surplus to capital stock under Canadian GAAP. Under IFRS, the transfer should have been for $11,871. As a result, the difference of $471 has been re-allocated from capital stock back into contributed surplus.

In compliance with IFRS relating to share-based payment, salaries and benefits expense has been increased by $320,466 and consulting and professional fees have increased by $132,151 for a net adjustment of $452,617 with a corresponding increase in contributed surplus.

(b) Warrants

The Company has changed its accounting policy for the treatment of unit offerings to the residual value method, whereby proceeds exceeding the fair value of the common shares are allocated to the share purchase warrants. Previously, the Company's Canadian GAAP policy was to allocate proceeds based on the relative fair value method. In addition, the Company has changed its accounting policy for the treatment of unexercised expired warrants. Previously the Company had transferred the carrying amount of unexercised expired warrants from the warrants account to contributed surplus. Under the new policy, the carrying amounts of unexercised expired warrants will be transferred from the warrants account to deficit.

(i) During the year ended December 31, 2009, 5,000,000 warrants with a carrying value of $50,000 expired and the carrying value was transferred from warrants to contributed surplus. Under IFRS, the $50,000 should be transferred from warrants to deficit. As a result, the $50,000 has been transferred from contributed surplus to deficit.

(ii) During the six months ended June 30, 2010, 24,100,000 warrants were issued by the Company in conjunction with unit offerings and under Canadian GAAP; $509,493 of proceeds was allocated to warrants. Under the residual value method, no value would be allocated to warrants and, therefore, $509,493 has been re-allocated from warrants to capital stock

(iii) During the third quarter and up to and including the fourth quarter of the year ended December 31, 2010, 27,290,000 warrants were issued by the Company in conjunction with unit offerings and under Canadian GAAP; $662,513 of proceeds was allocated to warrants. Under the residual value method, the warrants would have a $35,400 value and, therefore, $627,113 has been re-allocated from warrants to capital stock.

Reconciliation of Assets, Liabilities and Equity

The table below provides a summary of the adjustments to the Company's balance sheets at December 31, 2010, June 30, 2010 and January 1, 2010:

	December 31, 2010	June 30, 2010	January 1, 2010
Total Assets per Canadian GAAP	$ 1,566,950	$ 1,714,394	$ 1,404,498
Adjustments required on adoption of IFRS	0	0	0
Total Assets per IFRS	$ 1,566,950	$ 1,714,394	$ 1,404,498
Total Liabilities under Canadian GAAP	$ 212,195	$ 122,346	$ 160,360
Adjustments required on adoption of IFRS	0	0	0
Total Liabilities under IFRS	212,195	122,346	160,360
Shareholders' Equity			
Total Equity under Canadian GAAP	1,354,755	1,592,048	1,244,138
Adjustments required on adoption of IFRS			
Capital stock	1,136,135	509,493	-
Warrants	(1,136,606)	(509,493)	-
Contributed surplus	(3,107,553)	(3,458,708)	(3,082,025)
Deficit	3,108,024	3,458,708	3,082,025
Total Equity under IFRS	1,354,755	1,592,048	1,244,138
Total Liabilities and Equity under IFRS	$ 1,566,950	$ 1,714,394	$ 1,404,498

Reconciliation of Net Income and Comprehensive Income

The table below provides a summary of the adjustments to net income for the three months and six months ended June 30, 2010:

	Three months ended June 30, 2010	Six months ended June 30, 2010
Comprehensive Loss per Canadian GAAP	$ (1,217,668)	$ (1,865,708)
Adjustments required on adoption of IFRS		
Consulting and professional fees	207,742	207,742
Salaries and benefits	129,154	129,274
Net Loss and Comprehensive Loss per IFRS	$ (880,772)	$ (1,528,692)

Reconciliation of Cash Flow

The table below provides a summary of the adjustments to cash flow for the six months ended June 30, 2010:

	June 30, 2010
Operating Activities per Canadian GAAP	$ (1,192,633)
Adjustments required on adoption of IFRS	
Net loss for the period	337,016
Share-based compensation included in consulting and professional fees	(207,742)
Share-based compensation included in salaries and benefits	(129,274)
Operating Activities per IFRS	$ (1,192,633)
Investing Activities per Canadian GAAP	$ (993,174)
Adjustments required on adoption of IFRS	0
Investing Activities per IFRS	$ (993,174)
Financing Activities per Canadian GAAP	$ 1,643,251
Adjustments required on adoption of IFRS	0
Financing Activities per IFRS	$ 1,643,251

Outlook

The Company shall primarily focus its operations in the Asian and Latin American markets.

By entering into the Mexican online gaming business, Management is optimistic that in due course, the Company's investment to acquire 99% of the Mexican online gaming company, subject to Exchange approval, shall prove to be worthwhile.

Additionally, the Company shall concentrate its efforts on developing new games and licensing the Company's Asian Multiplayer Software Platform to third parties.