LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Consolidated Financial Statements
March 31, 2010
(Canadian Dollars)
(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Balance Sheets
March 31, 2010 and December 31, 2009

	March 31, 2010 (Unaudited)	December 31, 2009 (Audited)
Assets		
Current		
Cash and cash equivalents (notes 5(a) and 6)	$ 280,528	$ 851,006
Marketable securities (note 7)	63,000	73,200
Accounts receivable (note 8)	62,418	31,600
Due from related parties (note 11(a))	11,377	4,534
Prepaids and lease deposits	9,922	17,982
	427,245	978,322
Lease Deposit	23,557	23,557
Equipment and Software Development (note 9)	328,426	402,619
Total Assets	$ 779,228	$ 1,404,498
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 183,010	$ 160,360
Total Liabilities	183,010	160,360
Shareholders' Equity		
Capital Stock (note 10)	31,219,593	31,219,593
Warrants (note 10(c))	0	0
Contributed Surplus (note 10(b))	3,248,394	3,248,274
Accumulated Other Comprehensive Loss	(20,300)	(10,100)
Deficit	(33,851,469)	(33,213,629)
Total Shareholders' Equity	596,218	1,244,138
Total Liabilities and Shareholders' Equity	$ 779,228	$ 1,404,498

Going Concern (note 2)
Commitments (note 13)

Approved by the Directors

"Bedo H. Kalpakian"
.... Director
Bedo H. Kalpakian

"Neil Spellman"
.... Director
Neil Spellman

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Consolidated Statements of Operations
Three Months Ended March 31

	March 31, 2010	March 31, 2009
Revenues		
Sales	$ 0	$ 283,333
Licensing	140,171	98,868
	140,171	382,201
Expenses		
Advertising and promotion	59,157	14,870
Amortization	49,336	58,174
Consulting and professional fees	23,071	42,302
Foreign exchange (recovery)	5,750	(2,848)
Legal, accounting and audit	2,853	9,911
Management fees (note 11(b)(i))	90,000	90,000
Regulatory and transfer agent fees	1,247	1,444
Rent, office and miscellaneous	60,657	130,009
Salaries and benefits	427,838	513,919
Travel, meals and entertainment	35,498	43,344
	755,407	901,125
Loss Before Other Items	(615,236)	(518,924)
Other Items		
Interest income	353	18,003
Write-off of equipment	(22,957)	0
	(22,604)	18,003
Net Loss for the Period	(637,840)	(500,921)
Other Comprehensive Loss		
Unrealized loss on marketable securities	(20,300)	(7,700)
Comprehensive Loss for the Period	$ (658,140)	$ (508,621)
Basic and Diluted Loss Per Share	$ (0.01)	$ (0.01)
Weighted Average Number of Common Shares Outstanding	117,149,545	107,149,545

See notes to consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Consolidated Statements of Cash Flows
Three Months Ended March 31

		Months 31, 2010		March 31, 2009
Operating Activities				
Net loss	$	(637,840)	$	(500,921)
Items not involving cash				
Amortization		49,336		58,174
Effect of foreign currency translation on cash		1,080		(5,041)
Stock-based compensation		120		2,713
Write-off of equipment		22,957		0
		(564,347)		(445,075)
Changes in non-cash working capital				
Accounts receivable		(30,818)		(16,019)
Due from related parties		(6,843)		(3,476)
Prepaids and lease deposits		8,060		(24,116)
Accounts payable and accrued liabilities		22,650		(9,242)
		(6,951)		(52,853)
Cash Provided by/(Used in) Operating Activities		(571,298)		(497,928)
Financing Activity				
Proceeds from common shares issued		0		0
Investing Activities				
Purchase of marketable securities		0		(83,300)
Sale of equipment		1,900		0
Cash Provided by/(Used in) Investing Activities		1,900		(83,300)
Effect of Foreign Currency Translation on Cash		(1,080)		5,041
Net Change in Cash and Cash Equivalents		(570,478)		(576,187)
Cash and Cash Equivalents, Beginning of Period		851,006		3,373,352
Cash and Cash Equivalents, End of Period	$	280,528	$	2,797,165

See notes to consolidated financial statements.

1. Nature of Operations

The principal business of Las Vegas From Home.com Entertainment Inc. (the "Company" or "LVFH") is the developing and marketing of software for online Asian multi-player interactive card games.

2. Going Concern

These financial statements have been prepared on the basis of accounting principles applicable to a "going concern", which assumes the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

Several adverse conditions cast substantial doubt on the validity of this assumption. The Company has incurred significant operating losses over the past two fiscal years (2009: $2,774,021; 2008: $3,079,510), had a deficit of $33,213,629 (2008: $30,439,608), has limited revenues and resources, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

The application of the going concern concept is dependent upon the Company's ability to generate future profitable operations and receive continued financial support from its shareholders. Management is actively engaged in the review and due diligence on new projects, is seeking to raise the necessary capital to meet its funding requirements and has undertaken available cost cutting measures. There can be no assurance that management's plan will be successful.

Although management believes that the Internet gaming related activities of the Company's wholly-owned subsidiaries will represent lawful business, there is the risk that the legality of the Internet gaming related activities of the Company's wholly-owned subsidiaries 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 may have a material adverse impact on the financial affairs of the Company.

If the going concern assumption were not appropriate for these financial statements then adjustments would be necessary to the carrying value of assets and liabilities, the reported expenses and the balance sheet classifications used. Such adjustments could be material.

3. Basis of Presentation

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") with the Canadian dollar as the Company's functional and reporting currency.

4. Significant Accounting Policies

(a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, MTO Commerce Ltd. (Cyprus), MT Ventures Inc. (Antigua), MT Commerce Limited (UK), KT Communications Inc. (Canada) and Blue Cactus Enterprises Inc. (Antigua). All intercompany balances and transactions have been eliminated.

4. Significant Accounting Policies (Continued)

(b) Financial instruments

The Company adopted changes effective January 1, 2009 to the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 3862, "Financial Instruments – Disclosures", and Section 3863, "Financial Instruments – Presentation" that place increased emphasis on disclosure about the nature of and risks arising from financial instruments and how the entity manages those risks. Section 3862 specifies disclosures that enable readers to evaluate: (i) the significance of financial instruments for the entity's financial position and performance; and (ii) the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

All financial assets and liabilities are recognized when the entity becomes a party to the contract creating the item.

Financial assets and liabilities held-for-trading are measured at fair value with gains and losses recognized in net income. Financial assets held-to-maturity, loans and receivables, and other financial liabilities are measured at amortized cost using the effective interest method. Available-for-sale financial instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) and reported in shareholders' equity. Any financial instrument may be designated as held-for-trading upon initial recognition.

Transaction costs that are directly attributable to the acquisition or issue of financial instruments that are classified as other than held-for-trading, which are expensed as incurred, are included in the initial carrying value of such instruments.

CICA Handbook Section 3862 establishes a fair value hierarchy that categorizes the inputs to valuation techniques used to measure fair value as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Comprehensive income (loss)

Comprehensive income (loss) is the overall change in the net assets of the Company for a period, other than changes attributable to transactions with shareholders. It is made up of net income and other comprehensive income. Other comprehensive income (loss) consists of gains and losses affecting shareholders' equity that under GAAP are excluded from net income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments that on demand are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. The Company places its cash and cash equivalents with institutions of high credit worthiness in Canada.

4. Significant Accounting Policies (Continued)

(e) Amortization

Amortization of software and development costs and furniture and equipment is calculated on the following bases and annual rates:

Software and development costs	- 5 years straight-line
Computer equipment	- 30% declining-balance
Office furniture	- 20% declining-balance

(f) Software development costs

Previously, the Company capitalized its software development costs. Research costs are expensed as incurred. Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under Canadian GAAP. The criteria includes identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, identification of a market for the software, the Company's intent to market the software, and the existence of adequate resources to complete the project. Software development costs are amortized over an estimated useful life of five years or prorated over its expected revenue stream, whichever is higher, beginning in the year when commercial sales of the products commences.

(g) Capital stock

The proceeds from the exercise of stock options and warrants are recorded as capital stock in the amount for which the option or warrant enabled the holder to purchase a share in the Company. Capital stock issued for non-monetary consideration is valued at the closing market price at the date of issuance. The proceeds from the issuance of units are allocated between common shares and common share purchase warrants based on relative fair values.

(h) Stock-based compensation

The Company accounts for stock-based compensation using a fair value based method with respect to all share-based payments, to directors, employees and non-employees. For directors and employees, the fair value of the options is measured at the date of grant. For non-employees, the fair value of options is measured on the earlier of the date at which the counterparty performance is complete or the date the performance commitment is reached, or the date at which the equity instruments are granted if they are fully vested and non-forfeitable. For directors, employees and non-employees, the fair value of the options is accrued and charged to operations, with the offset credit to contributed surplus, over the vesting period. If and when the stock options are exercised, the applicable amounts from contributed surplus are transferred to capital stock. The Company does not incorporate an estimated forfeiture rate for options that will not vest, but rather accounts for actual forfeitures when they occur.

(i) Revenue recognition

The Company recognizes revenues from licensees upon completion of each game according to the terms and conditions of each individual license agreement.

4. Significant Accounting Policies (Continued)

(i) Revenue recognition (Continued)

(i) Rake revenue from Company operated games

Rake revenue from customers playing on the Company's website is recognized when hands are played at a table, and is non-refundable.

(ii) Rake percentages from licensees

Rake revenue from licensees is recognized based on negotiated percentages of gross rake revenue as specified in the agreements with licensees, which varies from agreement to agreement. The Company recognizes its percentage of rake revenue at the end of each month based on the rake collected on behalf of the licensees.

(iii) Sales revenue

From time to time the Company may sell copies of its source code. Revenue from these sales is recognized in accordance with the specific terms of the respective sale agreement.

(j) Income taxes

The Company follows the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis, and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in operations in the period in which the change is enacted or substantially assured. The amount of future income tax assets is limited to the amount of the benefit that is more likely than not to be realized.

(k) Foreign currency translation

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

(i) Monetary assets and liabilities, at the rate of exchange in effect as at the balance sheet date;

(ii) Non-monetary assets and liabilities, at the exchange rates prevailing at the time of the acquisition of the assets or assumption of the liabilities; and

(iii) Revenues and expenses (excluding amortization, which is translated at the same rate as the related asset), at the rates in effect at the time of the transaction.

Gains and losses arising from this translation of foreign currency are included in net income (loss).

4. Significant Accounting Policies (Continued)

(l) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. Under this method the dilutive effect on earnings per share is calculated presuming the exercise of outstanding options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to repurchase common shares at the average market price during the period. However, the calculation of diluted loss per share excludes the effects of various conversions and exercise of options and warrants that would be anti-dilutive.

Shares held in escrow, other than where their release is subject to the passage of time, are not included in the calculation of the weighted average number of common shares outstanding.

(m) Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in the preparation of these financial statements include accrued liabilities, assumptions in the determination of fair value of stock-based compensation, rates of amortization for equipment and software development costs, and determination of valuation allowance for future income tax assets. Management believes the estimates are reasonable; however, actual results could differ from those estimates and could impact future results of operations and cash flows.

(n) Future accounting changes

(i) International Financial Reporting Standards ("IFRS")

In 2008, the Canadian Accounting Standards Board ("AcSB") confirmed that the transition to International Financial Reporting Standards (“IFRS”) from Canadian generally accepted accounting principles will be effective for fiscal years beginning on or after January 1, 2011 for publicly accountable enterprises. The Company will therefore be required to present IFRS financial statements for its March 31, 2011 interim financial statements. The effective date will require the restatement for comparative purposes of amounts reported by the Company for the interim periods and for the year ended December 31, 2010. The Company is currently evaluating the impact of the conversion on the Company’s financial statements and is considering accounting policy choices available under IFRS.

4. Significant Accounting Policies (Continued)

(n) Future accounting changes (Continued)

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces existing standards. This section will require net assets, non-controlling interests and goodwill acquired in a business combination to be recorded at fair value. In addition, the definition of a business will be expanded and is described as an integrated set of activities and assets that are capable of being managed to provide a return to investors or economic benefits to owners. Acquisition costs are not part of the consideration and are expensed as incurred. This section is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

(iii) Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

(iv) Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-Controlling Interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. This standard is equivalent to IFRS on consolidated and separate financial statements. This standard is effective for interim and annual consolidated financial statements beginning on or after January 1, 2011. The Company is currently evaluating the impact of the adoption of this section in the Company's consolidated financial statements.

5. 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, receivables, 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.

5. Financial Instruments (Continued)

(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:

		March 31, 2010		**December 31, 2009**		**March 31, 2009**
Bank accounts	$	160,528	$	51,006	$	134,165
Term deposits		120,000		800,000		2,663,000
Balance	$	280,528	$	851,006	$	2,797,165

The Company is not exposed to significant credit risk.

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 March 31, 2010 in the amount of $280,528 (March 31, 2009 - $2,797,165) in order to meet short-term business requirements. At March 31, 2010, the Company had accounts payable excluding accrued liabilities of $113,010 (March 31, 2009 - $89,996), 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 because of changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

(i) Interest rate risk

The Company's cash and cash equivalents consists of cash held in bank accounts and term deposits that earn interest at variable interest rates. Due to the short-term nature of these financial instruments, fluctuations in market rates do not have a significant impact on estimated fair values as of March 31, 2010. Future cash flows from interest income on cash and cash equivalents will be affected by interest rate fluctuations. The Company manages interest rate risk by maintaining an investment policy that focuses primarily on preservation of capital

5. Financial Instruments (Continued)

(c) Market risk (Continued)

and liquidity. The Company's sensitivity analysis suggests that a 1% change in interest rates would not have a significant effect on the Company.

(ii) Foreign currency risk

The Company is exposed to foreign currency risk as it holds cash denominated in US dollars. 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 March 31, 2010. The Company's reported earnings include gain/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.

(iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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.

6. Term Deposits

The following term deposits are included in cash and cash equivalents at March 31, 2010 and 2009, which are convertible to cash on demand:

Interest Rate	**Maturity**		**2010**
0.55%	November 24, 2010	$	120,000

Interest Rate	**Maturity**		**2009**
2.85 %	November 23, 2009	$	1,005,000
2.90%	December 3, 2009		700,000
2.00%	December 17, 2009		958,000
Total		$	2,663,000

7. Marketable Securities

	March 31, 2010		March 31, 2009	
	Number of Shares	**Fair Value**	**Number of Shares**	**Fair Value**
Chartwell Technology Inc.	60,000	$ 63,000	60,000	$ 75,600

During the year ended December 31, 2009, the Company acquired 60,000 Chartwell Technology Inc. common shares at a cost of $83,300.

8. Accounts Receivable

Accounts receivable is comprised of the following:

	March 31, 2010	March 31, 2009
Due from licensees	$ 40,280	$ 10,908
Other	22,138	11,276
	$ 62,418	$ 22,184

9. Equipment and Software Development

	Cost	Accumulated Amortization	March 31, 2010 Net Book Value
Software and development costs	$ 526,577	$ 487,226	$ 39,351
Computer equipment	844,973	569,492	275,481
Furniture	21,400	7,806	13,594
	$ 1,392,950	$ 1,064,524	$ 328,426

	Cost	Accumulated Amortization	December 31, 2009 Net Book Value
Software and development costs	$ 526,577	$ 460,895	$ 65,682
Computer equipment	974,317	651,677	322,640
Furniture	21,400	7,103	14,297
	$ 1,522,294	$ 1,119,675	$ 402,619

10. Capital Stock

(a) Authorized: Unlimited number of common shares and an unlimited number of preferred shares, in each case without par value.

(b) Issued: There are no preferred shares issued.

	Capital Stock						
	Common Shares	Amount	Deficit	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Total Shareholder's Equity
Balance, December 31, 2008	107,149,545	31,069,593	(30,439,608)	$ 50,000	3,194,128	0	3,874,113
Net loss for year	0	0	(2,774,021)	0	0	0	(2,774,021)
Shares issued for cash	10,000,000	150,000	0	0	0	0	150,000
Transfer on expiry of warrants	0	0	0	(50,000)	50,000	0	0
Unrealized loss on marketable securities	0	0	0	0	0	(10,100)	(10,100)
Stock-based compensation	0	0	0	0	4,146	0	4,146
Balance, December 31, 2009	117,149,545	$ 31,219,593	$ (33,213,629)	$ 0	$ 3,248,274	$ (10,100)	$ 1,244,138
Net loss for the period	0	0	(637,840)	0	0	0	(637,840)
Unrealized loss on marketable securities	0	0	0	0	0	(10,200)	(10,200)
Stock-based compensation	0	0	0	0	120	0	120
Balance, March 31, 2010	117,149,545	$ 31,219,593	$ (33,851,469)	$ 0	$ 3,248,394	$ (20,300)	$ 596,218

During the period 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 at the price of $0.015 per common share for total gross proceeds of $150,000. All the securities issued pursuant to this private placement financing have a hold period, which expires on March 24, 2010.

During the year ended December 31, 2008, a total of 78,750 employee stock options were exercised at prices ranging from $0.10 to $0.12 per common share for total proceeds to the Company of $9,200.

During the year ended December 31, 2008, the Company completed a private placement with Special Opportunity Ltd. ("SPO"), a foreign investment holding company, and issued 5,000,000 units at $0.17 per unit for total proceeds to the Company of $850,000. Each unit consisted of one common share and one whole warrant to buy an additional share at $0.25 until February 19, 2009. In connection with this private placement, the Company entered into a Definitive Agreement with CY Foundation Group Limited ("CY Foundation") to pay CY Foundation $850,000 to exclusively use the Company's software to operate certain online games in a designated territory in the People's Republic of China. By mutual consent, the Definitive Agreement was terminated for consideration of $500,000 which was paid to the Company by CY Foundation, and the Company renegotiated and entered into a revised Software Licensing Agreement with CY Foundation. As a result of the cancellation of the Definitive Agreement and in consideration of CY Foundation advertising the Company's software in the People's Republic of China, the Company paid CY Foundation the amount of $350,000 for their services, which was expensed in 2008 advertising and promotion.

10. Capital Stock (Continued)

(c) Warrants

During the three months period ended March 31, 2010 there were no warrants issued.

During the year ended December 31, 2008, the Company issued 5,000,000 warrants to SPO in connection with the private placement, which was completed in February 2008. Each share purchase warrant entitled SPO to purchase, until February 19, 2009, an additional common share of the Company at the price of $0.25. The fair value of the warrants of $50,000 was recorded as warrants and was calculated using the Black Scholes pricing model with the following assumptions: risk-free interest rate: 3.16%%; expected dividend yield: 0; expected stock price volatility: 79.92%; expected life in years: 1. During 2009, the warrants expired and the fair value of $50,000 was reclassified to contributed surplus.

	Number of Warrants	Exercise Price
Balance, December 31, 2008	5,000,000	$ 0.25
Expired	(5,000,000)	$ 0.25
Balance, December 31, 2009	0	N/A
Balance, March 31, 2010	0	N/A

(d) Stock Options

Pursuant to the Company's Amended 2004 Stock Option Plan, which has received TSX Venture Exchange approval, the Company grants stock options to employees, directors, officers and consultants. As at March 31, 2010, there are 10,805,094 stock options available for granting.

The following summarizes the officer, director, employee and consultant stock options that were granted, exercised, forfeited and expired during the three months ended March 31, 2010 and 2009. The options vest 25% on grant and thereafter at 25% every six months.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2008	10,328,750	$ 0.12
Granted	30,000	$ 0.10
Forfeited	(1,562,500)	$ 0.12
Expired	(6,603,750)	$ 0.12
Balance, December 31, 2009	2,192,500	$ 0.15
Forfeited	(350,000)	$0.13
Balance, March 31, 2010	1,842,500	$0.15

10. Capital Stock (Continued)

(d) Stock Options (Continued)

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, compensation expense of $120 (March 31, 2009: $2,713) was recognized as salaries expense.

11. Related Party Transactions

The Company shares office space and certain expenses with Kokomo Enterprises Inc. ("Kokomo") and 99 Capital Corporation ("99 Capital"), companies related by certain common officers and directors. Rent for the office premises is paid by the Company. Kokomo and 99 Capital are 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 by certain common directors and officers, have relocated offices and terminated the services provided previously by the Company. Effective December 1, 2009, Touchdown Resources Inc. ("Touchdown"), a company related by certain common directors and officers, terminated services previously provided by the Company.

Amounts due from related parties are due on demand without interest

(a) Due from related parties

	March 31, 2010	**March 31, 2009**
Receivable from 99 Capital		
Rent charged by LVFH	$ 315	$ 0
Office expenses charged by LVFH	1,260	0
Other expenses paid by LVFH on behalf of 99 Capital	2,165	0
	3,740	0
Receivable from Touchdown		
Rent charged by LVFH	0	315
Office expenses charged by LVFH	0	1,260
	0	1,575
Receivable from Kokomo		
Rent charged by LVFH	1,260	630
Office expenses charged by LVFH	5,040	2,520
Other expenses paid by LVFH on behalf of Kokomo	77	13
	6,377	3,163
Receivable from CRI		
Office expenses charged by LVFH	1,260	0
Receivable from related parties	$11,377	$ 4,738

11. Related Party Transactions (Continued)

(b) Related party transactions

Related party transactions are measured at the exchange amount and comprised of the following as at March 31, 2010 and 2009:

(i) management fees paid to a company owned by two directors in the amount of $90,000 (March 31, 2009 - $90,000);

(ii) charged by the Company:

The Company charged Kokomo for:
(a) rent of $900 (March 31, 2009 - $900);
(b) office expenses of $3,600 (March 31, 2009 - $3,600); and
(c) other expenses paid on behalf of Kokomo of $35 (March 31, 2009 - $13).

The Company charged 99 Capital for:
(d) rent of $900 (March 31, 2009 - $nil);
(e) office expenses of $3,600 (March 31, 2009 - $nil); and
(f) other expenses paid on behalf of 99 Capital of $2,219 (March 31, 2009 - $nil).

The Company charged Touchdown for:
(g) rent of $nil (March 31, 2009 - $900); and
(h) office expenses of $nil (March 31, 2009 - $3,600).

12. Income Taxes

The Company has available non-capital losses of $14,282,000 that may be carried forward to apply against future income for Canadian tax purposes. The losses expire as follows:

Year		Amount
2010	$	2,316,000
2014		965,000
2026		687,000
2027		3,876,000
2028		3,503,000
2029		2,935,000
	$	14,282,000

The benefit of these losses has not been recorded in these consolidated financial statements.

For Canadian income tax purposes, the Company has exploration and development expenses of $269,000, which can be carried forward indefinitely.

12. Income Taxes (Continued)

The Company has net capital losses for income tax purposes of $604,000 that can be carried forward indefinitely.

	2009	2008
	25.00%	31.00%
Future income tax assets		
Excess of tax value over carrying value of equipment and software development costs	$ 581,000	$ 546,000
Share issuance costs tax value	0	36,000
Excess of tax value of unused exploration expenditures over carrying value	67,000	70,000
Non-capital losses	3,570,000	3,360,000
Net capital losses	151,000	157,000
Future income tax assets	4,369,000	4,169,000
Valuation allowance for future income tax assets	(4,369,000)	(4,169,000)
Future income tax assets, net	$ 0	$ 0

The valuation allowance reflects the Company's estimate that the tax assets, more likely than not, will not be realized.

The reconciliation of income tax attributable to continuing operations computed at the statutory tax rates to income tax expense is:

	2009	2008
	30.00%	31.00%
Income tax benefit computed at Canadian statutory rates	$ (832,000)	$ (955,000)
Increase (reduction) in income taxes resulting from:		
Impact of reduction in tax rates on future income taxes	292,000	(120,000)
Tax effect of expense that are not deductible for income tax purposes	(28,000)	(23,000)
Non-taxable foreign exchange loss (gain)	(115,000)	159,000
Amortization not deductible for income tax purposes	66,000	79,000
Loss carry-forwards expired	410,000	0
Change in timing differences	(22,000)	0
Differences attributable to income taxes of other countries	29,000	(348,000)
Change in valuation allowance	200,000	1,208,000
Future income tax benefit	$ 0	$ 0

13. Commitments

The Company has a management services agreement with Kalpakian Bros. of B.C. Ltd., a private company owned by two directors of LVFH. The remuneration for the services provided is $30,000 per month plus GST. The agreement expires in June 2010 and is thereafter renewable on an annual basis.

The Company entered into a sublease agreement with an arm's-length party on September 15, 2009, which has a term of two years and seven months, commencing October 1, 2009 in respect to approximately 4,817 square feet of office space. Effective March 1, 2010, monthly payment for the sublease consists of $6,021 plus GST for rent and, $6,369 plus GST for the Company's proportionate share of the property taxes and operating expenses.

14. Capital Disclosures

The Company considers its capital under management to be comprised of shareholders' equity.

The Company's objective when managing capital is to maintain adequate levels of funding to support the development and the marketing of the Company's online Asian multi-player interactive games while maintaining the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds on acceptable terms in the future.

There were no changes to the Company's approach to capital management during the year ended December 31, 2009 and the period ended March 31, 2010. The Company is not subject to externally imposed capital requirements. The Company's risk management procedures and policies are detailed in note 5.

15. Subsequent Events

a) On May 7, 2010, a total of 20,000 incentive stock options were forfeited.

b) On May 18, 2010, the Company announced that it has arranged a non-brokered private placement financing whereby the Subscribers will purchase up to 60,000,000 Units of the securities of the Company at the price of $0.05 per Unit for total proceeds to the Company of up to Cdn $3,000,000. Each Unit shall consist of one common share in the capital of the Company and one share purchase warrant to purchase an additional common share in the capital of the Company, exercisable at the price of $0.10 per common share if exercised in the first year from Closing and at the price of $0.25 per common share if exercised in the second year from Closing. There will be a finder's fee payable in respect to this transaction. This transaction has received conditional approval from the TSX Venture Exchange (the "Exchange").

c) On May 18, 2010, the Company has granted an aggregate of 10,500,000 Incentive Stock Options ("Options") to Directors, Officers, Employees and Consultants of the Company all exercisable at a price of $0.10 per common share expiring on May 18, 2013. Any shares that may be issued pursuant to the exercise of the Options will be subject to a hold period expiring on September 19, 2010.

d) Subsequent to March 31, 2010, 99 Capital and CRI have paid their respective amounts due to the Company.