LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.

Condensed Interim Consolidated Financial Statements
Nine months ended September 30, 2011 and 2010
(Expressed in Canadian Dollars)
(Unaudited)

Notice of No Auditor Review of Condensed Interim Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these condensed interim consolidated financial statements as at September 30, 2011 and for the nine months ended September 30, 2011 and 2010.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Balance Sheets
(Expressed in Canadian Dollars)

	September 30, 2011	December 31, 2010
	(Unaudited)	(Unaudited)
Assets		
Current		
Cash	$ 486,522	$ 175,340
Accounts receivable	444,163	69,521
Due from related parties	3,360	22,127
Inventory	325	0
Prepaid expenses	11,500	4,243
	945,870	271,231
Investment Deposit	1,000,000	1,000,000
Lease Deposit	23,557	23,557
Equipment and Software Development	219,037	272,162
Total Assets	$ 2,188,464	$ 1,566,950
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 161,707	$ 170,197
Unearned revenues	349,564	41,998
	511,271	212,195
Shareholders' Equity		
Capital Stock	35,786,909	33,748,064
Warrants	126,826	66,780
Contributed Surplus	584,064	548,743
Deficit	(34,820,606)	(33,008,832)
Total Shareholders' Equity	1,677,193	1,354,755
Total Liabilities and Shareholders' Equity	$ 2,188,464	$ 1,566,950

Subsequent event (note 9)

On behalf of the Board:

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

"Neil Spellman"
.... Director
Neil Spellman

See notes to condensed interim consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statement of Comprehensive Loss
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30		Nine Months Ended September 30	
	2011	2010	**2011**	2010
Revenues				
Sales - Gaming Software	$ **74,985**	$ 202,625	$ **274,754**	$ 202,625
Licensing - Gaming Software	**33,327**	55,063	**158,832**	278,125
Auction Website	**843**	0	**843**	0
	109,155	257,688	**434,429**	480,750
Cost of Goods Sold- Auction website	**966**	0	**966**	0
Operating Income	**108,189**	257,688	**433,463**	480,750
Expenses				
Advertising and promotion	**1,091**	23,609	**19,036**	125,246
Amortization	**16,827**	36,098	**54,446**	134,934
Bad debt	**9,802**	0	**9,802**	0
Consulting and professional fees	**168,182**	73,896	**312,377**	161,731
Donation	**1,500**	0	**1,500**	0
Foreign exchange loss (recovery)	**(17,340)**	1,577	**(14,093)**	9,959
Legal, accounting and audit	**44,873**	15,162	**85,769**	17,356
Management fees (note 7(i))	**99,000**	90,000	**297,000**	270,000
Regulatory and transfer agent fees	**3,098**	6,117	**11,961**	9,073
Rent, office and miscellaneous	**100,115**	118,349	**283,942**	278,672
Salaries and benefits	**304,450**	472,982	**1,039,838**	1,444,127
Shareholder communications	**0**	0	**1,043**	1,017
Travel, meals and entertainment	**82,235**	10,230	**185,355**	109,438
	813,833	848,020	**2,287,976**	2,561,553
Loss Before Other Items	**(705,644)**	(590,332)	**(1,854,513)**	(2,080,803)
Other items				
Interest income	**1,457**	9	**1,500**	400
Gain/(Loss) on sale of marketable securities	**0**	0	**0**	(25,755)
Gain/(Loss) on sale of equipment	**0**	(1,420)	**10,000**	(24,377)
Write-off of equipment	**0**	(261)	**0**	(261)
	1,457	(1,672)	**11,500**	(49,993)
Net Loss for the Period	$ **(704,187)**	$ (592,004)	$ **(1,843,013)**	$ (2,130,796)
Other Comprehensive Loss				
Adjustment of unrealized loss on marketable securities	**0**	0	**0**	10,100
Comprehensive Loss for the Period	**(704,187)**	(592,004)	**(1,843,013)**	(2,120,696)
Basic and Diluted Loss per common share	$ **(0.00)**	$ (0.00)	$ **(0.01)**	$ (0.02)
Weighted average number of common shares outstanding	**184,667,534**	137,815,378	**184,667,534**	137,815,378

See notes to condensed interim consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statement of Shareholders' Equity
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock		Contributed	Share Purchase	Share	Accumulated Other Comprehensive		Total Shareholders'
	Shares	**Amount**	**Surplus**	**Warrants**	**Subscriptions**	**Income**	**Deficit**	**Equity**
Balance, January 1, 2010	117,149,545	$ 31,219,593	$ 166,249	$ -	$ -	$ (10,100)	$ (30,131,604)	$ 1,244,138
Net loss for the period	-	-	-	-	-	-	(637,720)	(637,720)
Unrealized loss on marketable securities	-	-	-	-	-	(10,200)	-	(10,200)
Transfer of contributed surplus on expiration of share options	-	-	(35,704)	-	-	-	35,704	-
Balance, March 31, 2010	117,149,545	31,219,593	130,545	-	-	(20,300)	(30,733,620)	596,218
Net loss for the period	-	-	-	-	-	-	(901,072)	(901,072)
Private placement, net of issuance costs	26,100,000	1,253,751	-	-	-	-	-	1,253,751
Share subscriptions	-	-	-	-	389,500	-	-	389,500
Transfer of contributed surplus on cancellation of options	-	-	(3,964)	-	-	-	3,964	-
Transfer of unrealized loss upon sale of marketable securities	-	-	-	-	-	20,300	-	20,300
Share-based payment	-	-	233,351	-	-	-	-	233,351
Balance, June 30, 2010	143,249,525	32,473,344	359,932	-	389,500	-	(31,630,728)	1,592,048
Net loss for the period	-	-	-	-	-	-	(592,004)	(592,004)
Private placement, net of issuance costs	16,420,000	330,129	-	35,400	-	-	-	369,529
Share subscriptions	-	-	-	-	90,000	-	-	90,000
Transfer from share subscriptions to share capital	-	389,500	-	-	(389,500)	-	-	-
Transfer of contributed surplus on expiration of options	-	-	(93,243)	-	-	-	93,243	-
Share-based payment	-	-	173,560	-	-	-	-	173,560
Balance, September 30, 2010	159,669,545	$ 33,192,973	$ 440,258	$ 35,400	$ 90,000	$ -	$ (32,129,489)	$ 1,629,142

See notes to condensed interim consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statement of Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock							
	Shares	**Amount**	**Contributed Surplus**	**Share Purchase Warrants**	**Share Subscriptions**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total Shareholders' Equity**
Net loss for the period	-	$ -	$ -	$ -	$ -	$ -	$ (888,032)	$ (888,032)
Private placement, net of issuance costs	11,870,000	430,620	-	31,380	-	-	-	462,000
Transfer from share subscriptions to share capital	-	90,000	-	-	(90,000)	-	-	-
Exercise of options	226,000	22,600	-	-	-	-	-	22,600
Transfer of contributed surplus to capital stock on exercise of options	-	11,871	(11,871)	-	-	-	-	-
Transfer of contributed surplus on expiration of options	-	-	(8,689)	-	-	-	8,689	-
Share-based payment	-	-	129,045	-	-	-	-	129,045
Balance, December 31, 2010	171,765,545	33,748,064	548,743	66,780	-	-	(33,008,832)	1,354,755
Net loss for the period	-	-	-	-	-	-	(580,918)	(580,918)
Exercise of options	1,725,000	172,500	-	-	-	-	-	172,500
Exercise of warrants	1,790,000	179,000	-	-	-	-	-	179,000
Transfer of contributed surplus on exercise of option	-	101,629	(101,629)	-	-	-	-	-
Transfer of contributed surplus on exercise of warrants	-	3,000	-	(3,000)	-	-	-	-
Transfer of contributed surplus on expiration and cancellation of options	-	-	(13,611)	-	-	-	13,611	-
Forfeiture of options	-	-	(961)	-	-	-	-	(961)
Share-based payment	-	-	77,104	-	-	-	-	77,104
Balance, March 31, 2011	175,280,545	$ 34,204,193	$ 509,646	$ 63,780	$ -	$ -	$ (33,576,139)	$ 1,201,480

See notes to condensed interim consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statement of Shareholders' Equity (Continued)
(Expressed in Canadian Dollars)
(Unaudited)

	Capital Stock							
	Shares	**Amount**	**Contributed Surplus**	**Share Purchase Warrants**	**Share Subscriptions**	**Accumulated Other Comprehensive Income**	**Deficit**	**Total Shareholders' Equity**
Net Loss for the period	-	$ -	$ -	$ -	$ -	$ -	$ (557,908)	$ (557,908)
Private placement, net of issuance costs	14,495,500	1,266,755	-	68,046	-	-	-	1,334,801
Exercise of options	112,500	11,250	-	-	-	-	-	11,250
Exercise of warrants	2,725,000	272,500	-	-	-	-	-	272,500
Reclassification of contributed surplus on exercise of warrants	-	5,000	-	(5,000)	-	-	-	-
Reclassification of contributed surplus on exercise of options	-	7,211	(7,211)	-	-	-	-	-
Reclassification of contributed surplus on cancelled options	-	-	(1,603)	-	-	-	1,603	-
Reclassification of contributed surplus on forfeited options	-	-	(1,603)	-	-	-	-	(1,603)
Share-based payment	-	-	60,944	-	-	-		60,944
Balance, June 30, 2011	192,613,545	35,766,909	560,173	126,826	-	-	(34,132,444)	2,321,464
Net loss for the period	-	-	-	-	-	-	(704,187)	(704,187)
Exercise of warrants	200,000	20,000	-	-	-	-	-	20,000
Reclassification of contributed surplus on cancellation of options	-	-	(16,025)	-	-	-	16,025	0
Share-based payment	-	-	39,916	-	-	-	-	39.916
Balance, September 30, 2011	**192,813,545**	**$ 35,786,909**	**$ 584,064**	**$ 126,826**	**$ -**	**$ -**	**$ (34,820,606)**	**$ 1,677,193**

See notes to condensed interim consolidated financial statements.

LAS VEGAS FROM HOME.COM ENTERTAINMENT INC.
Condensed Interim Consolidated Statement of Cash Flow
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended September 30 **2011**	2010
Operating Activities		
Net loss	$ **(1,843,013)**	$ (2,130,796)
Items not affecting cash		
Amortization	**54,446**	134,934
Effect of foreign currency translation on cash	**1,517**	2,192
Share-based payment	**177,964**	406,920
Recognition of Unearned revenues	**(44,513)**	0
Loss on sale of marketable securities	**0**	25,755
Gain on sale of equipment	**(10,000)**	0
Forfeiture of share-based options	**(2,564)**	0
Write-off equipment	**0**	24,638
	(1,666,163)	(1,536,357)
Changes in non-cash working capital:		
Accounts receivable	**(374,642)**	(341)
Due from related parties	**18,767**	(12,553)
Inventory	**(325)**	0
Prepaids and lease deposits	**(7,257)**	13,363
Accounts payable and accrued liabilities	**(8,490)**	(42,551)
Unearned revenues	**352,080**	0
	(19,867)	(42,082)
Cash Used in Operating Activities	**(1,686,030)**	(1,578,439)
Financing Activities		
Issuance of common shares and warrants, net of issue costs	**1,990,050**	2,008,780
Share subscription	**0**	90,000
Cash Provided by Financing Activities	**1,990,050**	2,098,780
Investing Activities		
Investment to acquire a foreign company	**0**	(1,000,000)
Purchase of equipment	**(1,321)**	(52,619)
Sale of equipment	**10,000**	2,440
Sale of marketable securities	**0**	57,545
Cash Provided by (Used in) Investing Activities	**8,679**	(992,634)
Effect of Foreign Currency Translation on Cash	**(1,517)**	(2,192)
Net Change in Cash	**311,182**	(474,485)
Cash, Beginning of Period	**$ 175,340**	$ 851,006
Cash, End of Period	**$ 486,522**	$ 376,521

See notes to condensed interim 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 (the "Company's Gaming Software").

During the third quarter of 2011, LVFH developed and launched a penny auction website under the brand name of Bidshop.com (the "Company's Auction Website"). Bidshop.com offers a web-based auction experience to customers whereby customers can bid and, if successful, win certain merchandises at discounts. This service is currently available only to customers who reside in Canada.

The Company's head office is located at 1000 – 1177 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2K3.

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 a loss of $1,843,013 over the past nine months (September 30, 2010 - $2,130,796) and has incurred significant operating losses over the past fiscal years. The Company 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 revenues generated from the Company's Gaming Software and from the Company's Auction Website represent lawful businesses, there is the risk that the legality may be challenged by Canadian or other legal authorities. If the legality is challenged by any legal authority 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 AND ADOPTION OF IFRS

The Company adopted International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board effective January 1, 2011. These are condensed interim consolidated financial statements for the third quarter of the period covered by the first IFRS financial statements to be presented in accordance with IFRS for the year ending December 31, 2011 and IFRS 1, *First-Time Adoption of International Financial Reporting Standards*, has been applied. The impact of the transition from Canadian generally accepted accounting principles ("GAAP") to IFRS is explained in note 8.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS (Continued)

These condensed interim consolidated financial statements were prepared in accordance with International Accounting Standard 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements.

The significant accounting policies set out in note 4 have been applied consistently to all periods presented including the preparing of the opening balance sheet at January 1, 2010 (note 8) for purposes of transition to IFRS. The accounting policies have been applied consistently by the Company. The Company's functional and reporting currency is the Canadian dollar.

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Company include the following:

(a) Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany balances and transactions have been eliminated.

(b) Cash and cash equivalents

Cash and cash equivalents comprises cash and highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

(c) Use of estimates

The preparation of financial statements in conformity with IFRS 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 revenue receivable, accrued liabilities, assumptions used in the determination of fair value of share-based compensation, rates of amortization for equipment and software development costs, and determination of valuation allowance for deferred 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.

(d) Financial instruments

Financial assets are classified into one of four categories:

- fair value through profit or loss ("FVTPL");
- held-to-maturity investments ("HTM Investments");
- available-for-sale ("AFS"); and
- loans and receivables.

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset.

(i) FVTPL financial assets

Financial assets classified as FVTPL are stated at fair value with any resultant change in fair value recognized in comprehensive loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(ii) HTM investments

HTM investments are recognized on a trade-date basis and are initially measured at fair value using the effective interest rate method. The Company does not have any assets classified as HTM investments.

(iii) AFS financial assets

Short-term investments and other assets not otherwise designated are classified as AFS and stated at fair value on the date of acquisition and each subsequent reporting date. Any change in fair value is recognized as other comprehensive income.

(iv) Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss on receivables is based on a review of all outstanding amounts at period-end. Bad debts are written off during the year in which they are identified. Interest income is recognized by applying the effective interest rate method.

(v) Effective interest method

The effective interest method calculates the amortized cost of a financial asset and allocates interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

(vi) Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(vii) Other financial liabilities

Other financial liabilities are initially measured at fair value and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Financial instruments (Continued)

(viii) Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

(e) 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 IFRS. 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 commence.

(f) 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% - 55% declining-balance
Office furniture	- 20% declining-balance

(g) Revenue recognition

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Revenue recognition (continued)

iv) Auction revenue

Auction revenue generated from the Company's auction website is recognized when the customers participate in the Company's auction.

(h) Income taxes

Income tax expense consisting of current and deferred tax expense is recognized in the statement of comprehensive loss. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period-end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities and the related deferred income tax expense or recovery are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is reduced.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(i) Share-based payment

The Company grants share options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of the options to employees is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period for employees using the graded method. Fair value of share-based payments for non-employees is recognized and measured at the date the goods or services are received, at either the fair value of the goods or services received or the fair value of the equity instruments issued using the Black-Scholes option pricing model. For both employees and non-employees, the fair value is recognized as an expense with a corresponding increase in contributed surplus. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

(j) Earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings (loss) per share. Under this method the dilutive effect on earnings per share is calculated on the use of the proceeds that could be

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Earnings (loss) per share (Continued)

obtained upon exercise of options, warrants and similar instruments. It assumes that the proceeds of such exercise would be used to purchase 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.

(k) Capital stock

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 the residual value method. Under this method, the proceeds are allocated to capital stock based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

(l) Foreign currency translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary assets and liabilities are translated using the period-end foreign exchange rate. Non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities are translated using the historical rate on the date that the carrying value was determined. All gains and losses on translation of these foreign currency transactions are included in the income statements.

5. 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.

During the nine months period ended September 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

5. CAPITAL STOCK (Continued)

b) Issued (Continued)

and third tranches. All the securities issued in this private placement had hold periods which expired 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 valued at $33,046.

During the nine months period ended September 30, 2011, the Company issued a total of 4,715,000 common shares pursuant to the exercise of share purchase warrants for total proceeds to the Company of $471,500.

During the nine months period ended September 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 year ended December 31, 2010, the Company completed non-brokered private placement financings with various investors and issued a total of 51,390,000 units in the securities of the Company at a price of $0.05 per unit for total gross proceeds of $2,569,500. Each unit consists of one common share and one share purchase warrant, which entitles the warrant holder to purchase an additional common share of the Company at a price of $0.10 in the first year from closing and at a price of $0.25 in the second year from closing. The proceeds were allocated as $2,534,100 to common shares and $35,400 to warrants using residual value method. 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 at a price of $0.015 per common share for total gross proceeds of $150,000. All the securities issued pursuant to this private placement financing had a hold period of four months.

c) Warrants

During the nine months period ended September 30, 2011, the Company issued 14,135,500 share purchase warrants and 787,500 agent warrants valued at $33,046 (as previously disclosed above under 5(b)) in connection with the private placements conducted in three tranches during the nine months period ended September 30, 2011. Each share purchase warrant entitles the warrant holder to purchase an additional common share of the Company at a price of $0.25 for two years from the closing date.

During the year ended December 31, 2010, the Company issued 51,390,000 share purchase warrants (as previously disclosed above under 5(b)) and 300,000 agent warrants in connection with the private placements conducted in 2010. Each share purchase warrant entitles the warrant holder to purchase an additional common share of the Company at a price of $0.10 in the first year and at a price of $0.25 in the second year. The fair value of the agent warrants of $31,380 was recorded as share issuance costs with a corresponding increase in warrants and was calculated using the Black Scholes pricing

(Expressed in Canadian Dollars, unless otherwise stated)

5. CAPITAL STOCK (Continued)

c) Warrants (Continued)

model 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.

	Number of Warrants	Weighted Average Exercise Price
Balance, December 31, 2009	0	N/A
Issued*	51,690,000	$ 0.25
Balance, December 31, 2010	51,690,000	$ 0.25
Issued**	14,923,000	$0.25
Exercised	(4,715,000)	$0.10
Balance, September 30, 2011	61,898,000	$0.25

*Includes 300,000 agent warrants.
** Includes 787,500 agent warrants.

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 September 30, 2011, there are 94 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 nine months ended September 30, 2011. The options vest 25% on grant and thereafter at 25% every four or six months.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2009	2,192,500	$ 0.15
Granted	11,660,000	$ 0.10
Exercised	(226,000)	$ 0.10
Cancelled	(130,000)	$ 0.10
Expired	(1,495,000)	$ 0.17
Balance, December 31, 2010	12,001,500	$ 0.10
Granted	950,000	$ 0.10
Exercised	(1,837,500)	$0.10
Forfeited	(40,000)	$0.10
Cancelled	(290,000)	$0.10
Expired	(200,000)	$0.10
Balance, September 30, 2011	10,584,000	$0.10

(Expressed in Canadian Dollars, unless otherwise stated)

5. CAPITAL STOCK (Continued)

d) Stock options (Continued)

At September 30, 2011 and December 31, 2010, the following stock options were outstanding:

September 30, 2011			
	Options Outstanding		Options Exercisable
Expiry Date	Weighted Average Exercise Price	Number of Shares Under Option	Number of Shares Under Option
2012	$ 0.10	1,250,000	937,500
2013	$ 0.10	9,184,000	6,001,500
2014	$0.12	150,000	37,500
	$ 0.10	10,584,000	6,976,500

December 31, 2010			
	Options Outstanding		Options Exercisable
Expiry Date	Weighted Average Exercise Price	Number of Shares Under Option	Number of Shares Under Option
2011	$ 0.12	500,000	500,000
2012	$ 0.10	1,250,000	312,500
2013	$ 0.10	10,251,500	5,205,000
	$ 0.10	12,001,500	6,017,500

The Company applies the fair value method using the Black-Scholes option pricing model in accounting for its stock options granted. Accordingly, share-based payment of $121,604 (September 30, 2010 - $326,668) was recognized as salaries expense and $56,360 (September 30, 2010 - $80,252) was recognized as consulting fees for options granted to consultants.

The fair value of each option grant was calculated using the following weighted average assumptions:

	September 30, 2011	**December 31, 2010**
Expected life (years)	1.74	2.90
Interest rate	1.04%	1.93%
Volatility	165.25%	206.34%
Dividend yield	0.00%	0.00%
Fair value of options granted	$0.04	$ 0.09

(Expressed in Canadian Dollars, unless otherwise stated)

6. INVESTMENT DEPOSIT

During the year ended December 31, 2010, the Company entered into an Advance Payment Agreement by paying a $1,000,000 refundable deposit in respect to an Asset Purchase/Sale Agreement to acquire 99% of a Mexican online gaming company.

7. RELATED PARTY TRANSACTIONS

The Company shares office space and certain expenses with Kokomo Enterprises Inc. ("Kokomo") and Big Mojo Capital Inc. ("Big Mojo"), companies related by certain common officers and directors. Rent for the office premises are paid by the Company. Kokomo and Big Mojo 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 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 formerly related by certain common directors and officers, terminated the services previously provided by the Company. Effective July 1, 2010, Giyani Gold Corp (formerly 99 Capital Corporation) ("Giyani"), a company formerly related by certain common directors and officers, has relocated offices and has terminated the services provided previously by the Company. Effective July 1, 2011, Active Growth Capital Inc. ("Active Growth"), a company formerly related by certain common directors and officers, has relocated offices and has terminated the services provided previously by the Company.

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.

	September 30, 2011	September 30, 2010
Receivable from Kokomo		
Rent charged by LVFH	$ 672	3,213
Office expenses charged by LVFH	2,688	12,852
Other expenses paid by LVFH on behalf of Kokomo	0	1,022
Receivable from related parties	$ 3,360	$ 17,087

Related party transactions not otherwise disclosed during the period:

(i) management fees paid to a company owned by two directors in the amount of $297,000 (September 30, 2010 - $270,000);

(ii) charged by the Company:

The Company charged Kokomo for:

(a) rent of $2,700 (September 30, 2010 - $2,700);
(b) office expenses of $10,800 (September 30, 2010 - $10,800); and
(c) other expenses paid on behalf of Kokomo of $11,092 (September 30, 2010 - $981).

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7. RELATED PARTY TRANSACTIONS (Continued)

(ii) charged by the Company:

The Company charged Giyani for:

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

The Company charged Active Growth for:

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

The Company charged Big Mojo for:

(j) rent of $300 (September 30, 2010 - $nil);
(k) office expenses of $1,200 (September 30, 2010 - $nil); and
(l) other expenses paid on behalf of Big Mojo of $32 (September 30, 2010 - $nil).

(iii) paid to related party:

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

8. TRANSITION TO IFRS

As stated in note 3, these are the Company's third 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 have been applied in preparing the financial statements for the period ended September 30, 2011, the comparative information presented in these financial statements for the period ended September 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.

8. TRANSITION TO IFRS (Continued)

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 nine months ended September 30, 2010, 1,340,000 options expired and cancelled and the carrying balance of $132,910 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 $180,647 and consulting and professional fees have been reduced by $45,120 for a net adjustment of $225,767 with a corresponding decrease in contributed surplus.

(iii) During the fourth quarter of the year ended December 31, 2010, 285,000 options expired and cancelled and the carrying balance of $8,690 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 $371,839 and consulting and professional fees have been decreased by $30,471 for a net adjustment of $341,368 with a corresponding increase in contributed surplus.

(Expressed in Canadian Dollars, unless otherwise stated)

8. TRANSITION TO IFRS (Continued)

(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 nine months ended September 30, 2010, 40,290,000 warrants were issued by the Company in conjunction with unit offerings and under Canadian GAAP; $846,772 of proceeds was allocated to warrants. Under the residual value method, the warrants would have a $35,400 value and, therefore, $811,372 has been re-allocated from warrants to capital stock

(iii) During the fourth quarter of the year ended December 31, 2010, 11,100,000 warrants were issued by the Company in conjunction with unit offerings and under Canadian GAAP; $325,234 of proceeds was allocated to warrants. Under the residual value method, no value would be allocated to warrants and, therefore, $325,234 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, September 30, 2010 and January 1, 2010:

	December 31, 2010	September 30, 2010	January 1, 2010
Total Assets per Canadian GAAP	$ 1,566,950	$ 1,746,952	$ 1,404,498
Adjustments required on adoption of IFRS	0	0	0
Total Assets per IFRS	$ 1,566,950	$ 1,746,952	$ 1,404,498
Total Liabilities under Canadian GAAP	$ 212,195	$ 117,810	$ 160,360
Adjustments required on adoption of IFRS	0	0	0
Total Liabilities under IFRS	212,195	117,810	160,360

(Expressed in Canadian Dollars, unless otherwise stated)

8. TRANSITION TO IFRS (Continued)

Shareholders' Equity

Total Equity under Canadian GAAP	1,354,755	1,629,142	1,244,138
Adjustments required on adoption of IFRS			
Capital stock	1,136,135	811,372	0
Warrants	(1,136,606)	(811,372)	0
Contributed surplus	(3,107,553)	(3,440,702)	(3,082,025)
Deficit	3,108,024	3,440,702	3,082,025
Total Equity under IFRS	1,354,755	1,629,142	1,244,138
Total Liabilities and Equity under IFRS	$ 1,566,950	$ 1,746,952	$ 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 nine months ended September 30, 2010:

	Three months ended September 30, 2010	**Nine months ended September 30, 2010**
Comprehensive Loss per Canadian GAAP	$ (480,755)	$ (2,346,463)
Adjustments required on adoption of IFRS		
Consulting and professional fees	(162,622)	45,120
Salaries and benefits	51,373	180,647
Net Loss and Comprehensive Loss per IFRS	$ (592,004)	$ (2,120,696)

Reconciliation of Cash Flow

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

	September 30, 2010
Operating Activities per Canadian GAAP	$ (1,578,439)
Adjustments required on adoption of IFRS	
Net loss for the period	225,767
Share-based compensation included in consulting and professional fees	(45,120)
Share-based compensation included in salaries and benefits	(180,647)

(Expressed in Canadian Dollars, unless otherwise stated)

8. TRANSITION TO IFRS (Continued)

Operating Activities per IFRS	$	(1,578,439)
Investing Activities per Canadian GAAP	$	(992,634)
Adjustments required on adoption of IFRS		0
Investing Activities per IFRS	$	(992,634)
Financing Activities per Canadian GAAP	$	2,098,780
Adjustments required on adoption of IFRS		0
Financing Activities per IFRS	$	2,098,780

9. SUBSEQUENT EVENT

During the month of October 2011, a total number of 37,500 employee stock options at $0.10 per share have been cancelled and 12,500 employee stock options at $0.10 per share have been forfeited.