

**IGAMING CORPORATION**

**FINANCIAL STATEMENTS**

**AS AT AUGUST 31, 2006**

**(Unaudited)**

**IGAMING CORPORATION**

**AUGUST 31, 2006**

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**IGAMING CORPORATION**  
**BALANCE SHEET**  
**AS AT AUGUST 31, 2006 AND NOVEMBER 30, 2005**  
**(Unaudited)**

	August 31 2006		November 30 2005 (Audited)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash	\$ 67,130	\$	12,823
Accounts Receivable	17,339		6,107
Deposit on Asset Acquisition	100,000		0
Deferred Finance Charge	15,825		0
	200,294		18,930
	\$ 200,294	\$	18,930
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	\$ 148,111	\$	278,039
Current portion of long-term debt	0		52,904
	148,111		330,943
<b>SHAREHOLDERS' EQUITY</b>			
Capital Stock (Note 2)	6,063,921		5,613,921
Contributed surplus	1,992,125		1,992,125
Deficit	(8,003,863)		(7,918,059)
	52,183		(312,013)
	\$ 200,294	\$	18,930

**On behalf of the Board**

Signed *Robert Manis*, Director

Signed *Christopher S. Kape*, Director

**IGAMING CORPORATION  
INCOME STATEMENT  
FOR THE PERIODS ENDED  
(Unaudited)**

	August 31, 2006		August 31, 2005	
	3 Months	9 Months	3 Months	9 Months
<b>Revenue</b>	\$ 0	\$ 0	\$ 0	\$ 0
<b>Operating Expenses</b>				
Consulting Fees	\$ 28,500	\$ 73,500	\$ 0	\$ 0
Professional Fees	99,733	190,842	0	0
General and administrative	73,860	144,152	6,339	34,596
<b>Loss before extraordinary item</b>	202,093	408,494	6,339	34,596
Gain on Sale of Subsidiary (Note 3)	0	322,690	0	0
<b>INCOME/(LOSS) FOR THE PERIOD</b>	(202,093)	(85,804)	(6,339)	(34,596)
<b>DEFICIT, Beginning of the Period</b>	7,801,770	7,918,059	7,907,973	7,879,716
<b>DEFICIT, End of Period</b>	8,003,863	8,003,863	7,914,312	7,914,312
<b>Net earnings (loss) per share, basic and fully diluted</b>	\$ (0.007)	\$ (0.003)	\$ (0.001)	\$ (0.002)
<b>Weighted average number of common shares basic and fully diluted</b>	29,006,533	27,199,964	20,006,533	19,367,847

**IGAMING CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIODS ENDED**  
**(Unaudited)**

	<u>3 Months</u>	<u>9 Months</u>	<u>3 Months</u>	<u>9 Months</u>
<b>Cash Flows from (used in) Operating Activities</b>				
Net Income (Loss)	\$ (202,093)	\$ (85,804)	\$ (6,339)	\$ (34,596)
<b>Adjustments to reconcile net loss to net cash cash provided by (used in) operating activities</b>				
Gain on Sale of Subsidiary	0	(322,690)	0	0
Accounts Receivable	(10,680)	(11,232)	(848)	3,222
Deposit on Asset Acquisition	(68,580)	(100,000)	0	0
Deferred Finance Charge	(15,825)	(15,825)	0	0
Accounts Payable	<u>136,344</u>	<u>139,848</u>	<u>(13,788)</u>	<u>(7,351)</u>
Net Cash provided by (used in) Operating Activities	(160,834)	(395,703)	(20,975)	(38,725)
<b>Cash Flows from (used in) Investing Activities</b>				
Proceeds from Disposition of Subsidiary	<u>0</u>	<u>10</u>	<u>0</u>	<u>0</u>
Net Cash provided by (used in) Investing Activities	0	10	0	0
<b>Cash Flows from (used in) Financing Activities</b>				
Capital Stock	0	450,000	0	50,000
Share issue Costs	<u>0</u>	<u>0</u>	<u>(628)</u>	<u>(8,049)</u>
Net Cash provided by (used in) Financing Activities	0	450,000	(628)	41,951
<b>Increase (decrease) in Cash and Cash Equivalents</b>	(160,834)	54,307	(21,603)	3,226
<b>Cash and Cash Equivalents at beginning of Period</b>	<u>227,964</u>	<u>12,823</u>	<u>38,300</u>	<u>13,471</u>
<b>Cash and Cash Equivalents at end of Period</b>	<u>\$ 67,130</u>	<u>\$ 67,130</u>	<u>\$ 16,697</u>	<u>\$ 16,697</u>

**IGAMING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT AUGUST 31, 2006**  
**(UNAUDITED)**

**1. Basis of Presentation**

**(a) Interim financial statements**

The financial statements included in this report are unaudited and reflect normal and recurring adjustments which are, in the opinion of the Company, considered necessary for a fair presentation. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles and should be read in connection with the financial statements and the notes thereto as at and for the year ended November 30, 2005.

**(b) Going concern**

The financial statements are prepared in accordance with generally accepted accounting principles with the assumption that the Corporation will be able to realize its assets and discharge its liabilities in the normal course of business as a going concern.

The Corporation is currently reorganizing and has sustained material losses in recent years. Therefore, its continued existence will depend on its ability to secure future revenue producing activities and to successfully arrange for the financing of these activities.

**2. Capital Stock**

a) Authorized: Unlimited number of common shares

	August 31, 2006	November 30, 2005
Issued and fully paid:		
29,006,533 (November 30, 2005 - 20,006,533)	\$ 6,063,921	\$ 5,613,921

On January 12, 2006, the Company completed a private placement of 3,000,000 common shares for total gross proceeds of \$150,000. Furthermore, on February 28, 2006 the Company completed a private placement of 6,000,000 common shares for total gross proceeds of \$300,000.

b) Stock based compensation

The following table summarizes the stock option activity under the Company plan:

	August 31, 2006		November 30, 2005	
	#	\$	#	\$
Outstanding at beginning of period	3,477,500	0.15 – 0.58	3,496,250	0.15 – 0.58
Expired	(156,250)	0.15 – 0.20	(18,750)	0.20

Cancelled	(3,321,250)	0.37 – 0.58	-	-
Granted	2,837,500	0.10 – 0.15	-	-
Outstanding at end of period	2,837,500	0.10 – 0.15	3,477,500	0.15 – 0.58
Exercisable at end of period	2,387,500	0.10 – 0.15	3,477,500	0.15 – 0.58

## 2. Capital Stock (Cont'd)

The following table summarizes the stock options outstanding and exercisable as at August 31, 2006:

Options outstanding			Options exercisable		
Exercise Price \$	Number outstanding #	Weighted avg. remaining life years	Weighted avg. exercise price \$	Number exercisable #	Weighted avg. exercise price \$
0.10	1,350,000	2.42	0.10	900,000	0.10
0.15	1,487,500	1.29	0.15	1,487,500	0.15
Total	2,837,500	1.74	0.1262	2,387,500	0.131

On February 28, 2006, the Corporation granted 1,350,000 stock options at an exercise price of \$0.10 which were vested at the grant date. The fair value of these options granted was estimated using the Black-Scholes model with the following assumptions:

Market value of options at grant date	\$0.05
Risk-free interest rate	3.89%
Expected volatility	44%
Expected dividend yield	nil
Expected life	2 years

The fair value of options granted is nil according to this method, therefore no compensation expense has been recognized.

On February 28, 2006, the Corporation granted 1,487,500 stock options at an exercise price of \$0.15 which were vested at the grant date. The fair value of these options granted was estimated using the Black-Scholes model with the following assumptions:

Market value of options at grant date	\$0.05
Risk-free interest rate	3.96%
Expected volatility	44%
Expected dividend yield	nil
Expected life	1 year

The fair value of options granted is nil according to this method, therefore no compensation expense has been recognized.

### **3. Disposition of Investment**

On December 20, 2005 the Corporation sold all of its shares in DPC Biosciences Inc. for a total cash consideration of \$10 resulting in a gain of \$322,690.

### **4. Related Party Transactions**

The Corporation entered into a consulting agreement with a company controlled by a director for a term of 36 months commencing February 1, 2006 up to and including the earlier of the date of the Company's reactivation as a trading entity on the TSX Venture Exchange or January 31, 2009 for a monthly remuneration of \$2,500 per month pursuant to which 112,500 stock options were cancelled. The Company also granted 600,000 stock options at an exercise price of \$0.10 to the same company on February 28, 2006.

The Corporation entered into a consulting agreement with a director for the period commencing February 28, 2006 and terminating December 14, 2007 pursuant to which 262,500 stock options at an exercise price of \$0.15 were granted and 212,500 stock options granted in the previous years were cancelled.

The Corporation also granted 600,000 stock options at an exercise price of \$0.10 to another director of the Company on February 28, 2006. Furthermore, on February 28, 2006, the Corporation granted 150,000 stock options at an exercise price of \$0.10 to an officer who also became a director of the Company on August 24, 2006.

### **5. Subsequent Events**

- a. On September 12, 2006, the Company received the final approval of the TSX Venture Exchange (the "Exchange") and the Company's shareholders to reactivate (the "Reactivation") as a company involved in the sale of fact-based and opinion-oriented information relevant to the gaming industry. Pursuant to such Reactivation, the Company's common shares began trading on the Exchange effective September 14, 2006 under the stock symbol "IGA". Furthermore, the Company changed its name from DPC Biosciences to iGaming Corporation.
- b. In conjunction with the Reactivation, on September 13, 2006 the Company completed its previously announced acquisition of certain assets from Global Marketing Focus Inc. which are utilized to derive revenues from online gaming related industry (the "Acquisition"). The consideration paid consisted of \$500,000 in cash, 5,500,000 common shares upon closing of the Acquisition, and 1,000,000 common shares from the treasury of the Company contingent upon the acquired assets maintaining the agreed revenue generating performance for 12 months from the closing of the Acquisition. The effective date of the

acquisition was September 1, 2006 with the assets having been operated by the vendor in trust for the purchaser from the effective until the actual date of transfer. The Company similarly held and operated the assets in trust for its wholly-owned subsidiary, IGC Entertainment Corporation ("IGC"), which became the beneficial owner of the assets upon its incorporation on September 19, 2006.

- c. Concurrent with the Acquisition, the Company completed its previously announced private placement pursuant to which it issued 21,750,000 common shares from treasury at a price per share of \$0.20 for gross proceeds of \$4,350,000. In conjunction with the equity issuance, the Company also issued 10,875,000 purchase warrants exercisable for a period of eighteen months from the date of the private placement at a price of \$0.30.
- d. On September 28, 2006, the Company announced its intention to acquire certain assets owned by National Sports Services, Inc. ("NSS"), a Nevada-based sports information company. The assets include a call centre, various sports information publications, certain toll-free numbers, a television show and a group of employees. The purchase will be effected by a to-be-incorporated wholly-owned subsidiary of IGC which will be resident in Nevada. The purchase price to be paid in respect of the assets initially consists of between \$200,000 and \$500,000 via the assumption of liabilities. To the extent the acquired assets attain certain revenues targets during the period from closing to November 30, 2008, additional consideration in the form of cash and treasury common shares to be issued by the Company at a deemed price of \$0.35 per share will become payable to the vendor. In no event will the aggregate purchase price exceed \$4 million. The purchase is intended to close in early November of 2006 with an effective date (for net revenue purposes) of October 1, 2006.
- e. In the period from August 31, 2006 until the date of issuance of these financial statements, the following transactions were undertaken or contemplated regarding the Company's options.
  - i. In the months of September and October of 2006, 92,500 options to acquire common shares of the Company were exercised at a price per share of \$0.15. The aggregate proceeds received by the Company upon such exercise was \$13,875.
  - ii. On October 13, 2006, the Company issued 2.1 million options to acquire common shares of the Company at a price per share of \$0.13 to certain officers and directors of the Company as well as an additional 200,000 options at a price per share of \$0.18 to certain consultants of the Company. The options are exercisable over a 2 year period and vest immediately upon issuance.
  - iii. On October 17, 2006 the Company issued 100,000 incentive stock options to 4 employees of IGC and an aggregate of 335,000 incentive stock options to 11 individuals that are presently employees of NSS. All 435,000 options shall vest immediately and have an exercise price of \$0.18 per share. The 335,000 options issued to the NSS employees are to be held in escrow pending both TSX

Venture Exchange approval of the Company's purchase of certain assets of NSS and the Company agreeing to terms of employment with such optionees upon the closing of the purchase.

Following these transactions, the Company will have 5,280,000 options outstanding.