



eQube Gaming Limited

Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

FORM 51-102F1

1. Introduction

The following management's discussion and analysis ("MD&A") for eQube Gaming Limited (the "Company") should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements and notes thereto for the three and nine month periods ended November 30, 2016 and the audited consolidated financial statements and notes thereto for the year ended February 29, 2016. Our unaudited condensed interim consolidated financial statements and related notes for the three and nine month periods ended November 30, 2016 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

All dollar amounts are expressed in Canadian currency unless otherwise indicated. Additional information about the Company can be found on SEDAR at www.sedar.com. Such additional information is not incorporated by reference herein, unless otherwise specified, and should not be deemed to be part of this MD&A.

This MD&A makes reference to certain measures not defined under IFRS that are provided to assist in assessing the Company's financial performance. Non-IFRS earnings measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

This MD&A is dated January 23, 2017 and was prepared by management of the Company. The board of directors of the Company approved this MD&A on January 23, 2017.

2. Forward-Looking Statements

The MD&A offers our assessment of the Company's future plans and operations as of January 23, 2017 and contains forward-looking statements. The words "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "target", "continue" or the negative of these terms, or other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, including those discussed below. You are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Certain statements in this MD&A constitute forward-looking statements based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's business or financial objectives, its strategies or future actions, its product testing and revenue models, the use of capital and proceeds including plans to fund short-term cash requirements, anticipated regulatory approvals, its targets, its plans for international expansion, expectations with respect to the expiration of certain warrants of the Company, the timing of purchase of equipment and scheduling of equipment installations, expected contractual obligations and lease obligations, the expected timing for the closure of the Company's operating line of credit, the Company's plan to fund short-term cash requirements, working capital deficiency and liquidity risks, expectations for financial condition or outlook on operations are forward-looking statements. The Company's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements were made.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements based on a number of factors and risks. These include the risks set out herein (including under the heading “Risk and Uncertainties” in Item 14), failure to obtain necessary regulatory approvals, inability to fund or develop new products, and ability to access sufficient capital. No assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits the Company will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

3. Outlook

Highlights for the Three and Nine Months Ended November 30, 2016

- Total revenue from continuing operations for the three months ended November 30, 2016 increased 22.5% to \$1,712,078 from \$1,397,277 in the same period in the prior year. Total revenue from continuing operations for the nine months ended November 30, 2016 increased 17.9% to \$4,494,391 from \$3,813,893 for the same period in the prior year;
- Revenue from continuing operations, excluding hardware sales, decreased 3.45% to \$1,349,036 in the three months ended November 30, 2016 from \$1,397,277 in the same period in the prior year. Revenue from continuing operations, excluding hardware sales for the nine months ended November 30, 2016 increased 9.94% to \$4,120,977 from \$3,748,544 for the same period in the prior year;
- Gross profit margin for the three months ended November 30, 2016 decreased 4.5% to \$1,000,183 from \$1,047,167 in the same period in the prior year. Gross profit for the nine months ended November 30, 2016 increased 7.4% to \$2,856,991 compared with \$2,660,988 for the same period in the prior year; and
- Gross profit margin percentage for the three months ended November 30, 2016 was 58.4% compared with 74.9% in the same period in the prior year. Gross profit margin for the nine months ended November 30, 2016 was 63.6% compared with 69.8% in the same period in the prior year.

Business Objectives

The Company’s primary business objectives are as follows:

- to be the leading global eBingo platform supplier;
- to employ data analytics (collected by the Company’s software) to leverage and increase revenue opportunities for the Company and its customers; and
- to place the Company’s hardware and software in multiple jurisdictions and venues whereby the products can also act as a distribution vehicle for third party products.

Business Strategy

The Company’s business strategy is to grow its operations in the commercial, charitable, and tribal markets through geographic expansion, pursuing strategic acquisitions, leveraging best business practices amongst its operating divisions, increasing sales from existing customers, attracting new clients and expanding in key commercial and tribal verticals. Capital will be used to obtain regulatory approval in additional jurisdictions, procure equipment for placement in client venues, expand distributor networks in new

markets, increase product placement and create recurring revenue opportunities through the Company's product participation model. Additional capital will also provide the Company with flexibility with respect to future acquisitions.

The Company will continue with its plans for international expansion with focus on the United States ("U.S.") and European markets.

4. Overview

4.1 Background

eQube Technology and Software Inc. ("eQube") was incorporated under the *Business Corporations Act* (Alberta) on March 11, 1999 as SGC-Link Corp. The name was changed to eQube Technology and Software Inc. on August 23, 2005.

On July 2, 2014, eQube entered into an amalgamation agreement (the "Amalgamation Agreement") with the Company (formerly Triox Limited) and 1824721 Alberta Limited, a wholly owned subsidiary of the Company, to combine their business operations. The Company was incorporated under the laws of Hong Kong on August 4, 2011, and was classified as a Capital Pool Company as defined pursuant to Policy 2.4 of the TSX Venture Exchange (the "TSXV"). In anticipation of the closing of the Amalgamation Agreement, the Company changed its name from Triox Limited to eQube Gaming Limited on September 26, 2014.

The transaction was completed on October 30, 2014 and constituted a "Qualifying Transaction" of the Company (as such term is defined within the meaning of Policy 2.4 of the TSXV). The ordinary shares of the Company resumed trading on the TSXV on November 4, 2014 under the new name "eQube Gaming Limited". The Company's registered office is located at #100, 10493 – 184 Street, Edmonton, Alberta.

While the Company was the legal acquirer of eQube and is the continuing legal entity whose ordinary shares are listed on the TSXV and for which this MD&A is being reported, the accounting acquirer was deemed to have been eQube, and this MD&A and the financial results herein are presented on the basis of reverse acquisition accounting principles. Unless the context requires, when the term "eQube" is used herein, it refers to the actions or operations of the acquired company prior to the closing of the Qualifying Transaction and when the term "Triox" is used herein it refers to the actions or operations of the company prior to the closing of the Qualifying Transaction.

On June 19, 2015, the Company acquired the operations of Alberta Satellite Bingo, which is comprised of Alberta Satellite Bingo Limited Partnership ("Alberta Satellite Bingo LP"), 657255 Alberta Limited and The Satellite Bingo Network (TSBN) Inc. ("TSBN"). The acquisition includes assets, intellectual property and existing personnel to operate a linked bingo game in the Province of Alberta. The acquisition provides a strategic platform for the Company to expand linked game offerings to current and future customers in other markets which will allow the Company to increase prize liquidity for bingo players. For more detailed disclosure on the acquisition please refer to Note 5 of the consolidated financial statements for the year ended February 29, 2016.

On January 4, 2016, the Company took over the bingo hall operations of a bingo hall in Cork, Ireland. The operations are run through e3 Bingo Limited, a wholly-owned subsidiary of eQube Gaming Limited. This provided a strategic platform for the Company to showcase its products and services in a live 'demo' environment of an operational European hall where customers from the U.K. and mainland Europe could see 'fit for purpose' product in use in a European context, rather than purchase from North America or visit

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

North America to view. On October 31, 2016, the Company sold its equity interest in e3 Bingo Limited to a close family member of the Chief Executive Officer of the Company for €100.00, which was approved by the TSXV in accordance with its policies. The financial performance of e3 Bingo Limited was disclosed as discontinued operations in the unaudited condensed interim consolidated financial statements for the three and nine month periods ended November 30, 2016.

The year end of the Company is the last day in February.

4.2 General

Together with its subsidiaries, the Company is engaged in the design, development, distribution, licensing and sale of technology-based electronic bingo and social gaming solutions for regulated gaming markets in Canada, the U.S. and Europe.

The Company's customers consist primarily of licensed gaming operators in Canada, the U.S. and Europe. In Canada, the Company's customers include provincial gaming regulators in British Columbia, Alberta and Ontario. In the U.S., the Company's customers are located in Nevada, Mississippi, Texas, Kentucky, California, Georgia, North Dakota, and Washington. The Company's U.S. customers include tribal operators, the U.S. Army and other facility operators. In Europe, the Company's customers are independent licensed gaming operators.

4.3 Products and Services

The Company's electronic bingo solutions are server-based and include a multi-gaming software platform, tablet and fixed base hardware devices, and a central control system module that protects the financial integrity of a jurisdiction's gaming operations by tracking gaming revenue and other data to enable gaming centre operators to meet strict regulatory reporting requirements.

The Company earns revenues from the sale and lease of software and hardware, service and support, installations and gaming revenue. The equipment is typically owned directly by the Company or its subsidiaries. However, certain customers prefer owning their own equipment based on their hardware and software needs and this has led to fluctuations in hardware and software sales.

	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
Hardware and software rentals	40.4%	55.8%	48.5%	57.1%
Customer support and other services	27.3%	30.1%	29.4%	31.8%
Game revenue	11.1%	14.1%	13.7%	9.4%
Hardware and software sales	21.2%	0.0%	8.4%	1.7%
Total sales, service and other revenue	100.0%	100.0%	100.0%	100.0%

4.4 Market - The Electronic Bingo Gaming Industry

The Company leases and sells its products to gaming operators and regulators across North America and overseas. As an information technology gaming supplier, the Company is subject to the rules and regulations of each separate operational jurisdiction.

Canada

Gaming in Canada is regulated by the Criminal Code of Canada (the “Code”). The Code requires that where gaming is conducted, the appropriate provincial government is responsible to “conduct and manage” the gaming activity. These provincial commissions are the customers or potential customers of the Company in Canada.

The Company earns revenue from its customers in various ways:

- the sale or rental of the financial control systems into a bingo location;
- recurring monthly rental of the Company’s bingo and social gaming applications and hardware devices in use at each hall;
- ongoing customer support, service and maintenance; and
- professional services.

This model provides a stable revenue stream to support the Company’s growth and expansion.

International

Each U.S. state has its own rules and regulations which govern gaming in their respective jurisdictions. In addition, tribal sites may have their own regulatory framework separate from the state which must be adhered to. Each supplier is required to go through a licensing process, which is similar to that of the Canadian jurisdictions.

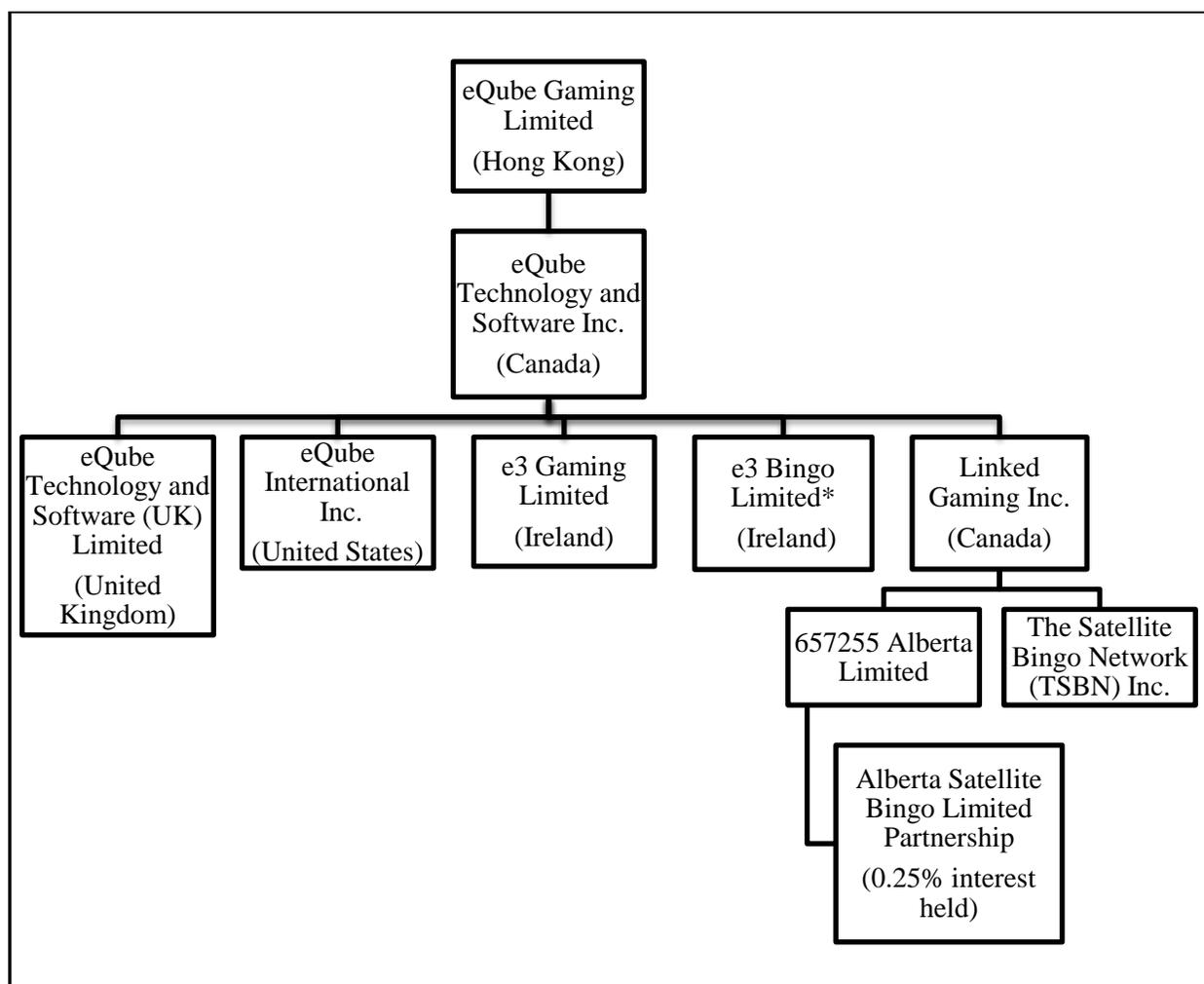
The U.S. and International markets have evolved to allow each bingo hall operator to independently negotiate and purchase or, more commonly lease, equipment that best suits their needs. This differs from Canadian jurisdictions where the applicable gaming regulator selects the software and hardware platform to be used in all halls within that regulator’s jurisdiction.

The majority of bingo hall operators in North America and International markets lease or rent hardware and software on a monthly/weekly/daily rate basis. The most common rental terms in these markets are: (i) a fixed transaction fee per use; or (ii) a fixed weekly fee per unit. These revenue models offer higher gross margin returns over the life of a contract compared to software only models, but require the eBingo supplier to make significant capital equipment investments up front.

4.5 Corporate Structure

The Company’s corporate structure as of November 30, 2016 is as follows:

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016



*The Company, sold its equity interest in e3 Bingo Limited on October 31, 2016 and as of that date e3 Bingo Limited was no longer a subsidiary of the Company.

eQube Technology and Software Inc.

eQube Technology and Software Inc. services the Company’s clients in Canada. These clients include provincial gaming regulators in British Columbia, Alberta and Ontario. eQube Technology and Software Inc. is headquartered in Edmonton, Alberta and is engaged in the design, development, distribution, licensing and sale of technology-based electronic bingo gaming solutions for regulated gaming markets. eQube Technology and Software Inc. produces server-based, electronic bingo solutions, which include multi-gaming software platform, tablet and fixed based hardware devices, and a central control system module that protects the financial integrity of a jurisdiction’s gaming operations by tracking gaming revenue and other data to enable gaming centre operators to meet strict regulatory reporting requirements.

eQube International Inc.

With its headquarters located in Las Vegas, Nevada, eQube International Inc. services the Company’s clients in the U.S. These clients consist of the U.S. Army, tribal organizations, state-run bingo facilities and

private bingo operators. eQube International Inc. drives the marketing efforts of the Company as it expands further into the U.S.

eQube Technology and Software (UK) Limited

eQube Technology and Software (UK) Limited, incorporated in the United Kingdom on October 14, 2013, was established to service the Company's Irish markets and is the legal entity which contracts with the Company's electronic bingo clients in Ireland. The headquarters of eQube Technology and Software (UK) Limited are located in Edmonton, Alberta.

e3 Gaming Limited

e3 Gaming Limited, incorporated in Ireland on December 15, 2014, was established to service the Company's new charitable and community gaming initiatives in Ireland. The headquarters of e3 Gaming Limited are located in Cork, Ireland.

e3 Bingo Limited ("Rock Bingo")

e3 Bingo Limited, incorporated in Ireland on February 11, 2016, was established to run the operations of Rock Bingo Hall. Rock Bingo is a 1,000 seat bingo hall located in Cork, Ireland. The bingo hall operation provided a strategic platform for the Company to showcase its products and services in the live 'demo' environment of an operational European hall where customers from the UK and mainland Europe could see 'fit for purpose' product in use in a European context, a much more compelling model compared to travelling to view or directly purchasing a "North American" product. On October 31, 2016, the Company sold its equity interest in e3 Bingo Limited to a close family member of the Chief Executive Officer of the Company for €100.00, which was approved by the TSXV in accordance with its policies. The financial performance of e3 Bingo Limited was disclosed as discontinued operations in the unaudited condensed interim consolidated financial statements for the three and nine month periods ended November 30, 2016.

Linked Gaming Inc.

Linked Gaming Inc., incorporated in Edmonton, Alberta on June 16, 2015 was established to hold the shares of 657255 Alberta Limited and The Satellite Bingo Network (TSBN) Inc. which are fully controlled subsidiaries.

657255 Alberta Limited

657255 Alberta Limited, incorporated in Edmonton, Alberta was acquired by the Company on June 19, 2015 as part of the operations of Alberta Satellite Bingo. 657255 Alberta Limited owns 0.25% and is the general partner of Alberta Satellite Bingo Limited Partnership ("Alberta Satellite Bingo LP"). As the general partner, it is responsible for managing all aspects of Alberta Satellite Bingo LP's operations.

The Satellite Bingo Network (TSBN) Inc. ("TSBN")

TSBN, incorporated in Edmonton, Alberta was acquired by the Company on June 19, 2015 as part of the operations of the Alberta Satellite Bingo. TSBN owns all the intellectual property required to operate the Alberta Satellite Bingo game and receives a license fee from Alberta Satellite Bingo LP.

Alberta Satellite Bingo Limited Partnership ("Alberta Satellite Bingo LP")

Alberta Satellite Bingo LP is a limited partnership that provides linked session bingo gaming in Alberta, Canada. 657255 Alberta Limited manages all aspects of the Alberta Satellite Bingo LP's operations. Through the Company's common ownership of 657255 Alberta Limited and TSBN, and 657255 Alberta Limited's operational control over Alberta Satellite Bingo LP, the Company is deemed to control Alberta Satellite Bingo LP and has consolidated the operations accordingly. 657255 Alberta Limited owns 0.25% and is the general partner of Alberta Satellite Bingo LP. The remaining ownership stake of 99.75% is owned by approximately 160 charitable organisations.

5. Results of Operations

The following selected financial data is derived from the audited consolidated financial statements or unaudited condensed interim consolidated financial statements of the Company, as applicable, prepared within acceptable limits of materiality and is in accordance with IFRS applicable to the preparation of financial statements.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

5.1. Summary of Quarterly Results

	For the three months ended			
	November 30 2016	August 31, 2016	May 31, 2016	February 29, 2016
Total revenue from continuing operations	\$ 1,712,078	\$ 1,356,815	\$ 1,425,498	\$ 1,442,308
Net (loss) income and comprehensive (loss) income attributable to the owners of the Company:				
From continuing operations	\$ (180,311)	\$ (702,367)	\$ (646,411)	\$ 43,665
From discontinued operations	\$ (178,709)	\$ 97,479	\$ 32,946	\$ 55,912
Basic weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, basic:				
From continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.00
From discontinued operations	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00
Diluted weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, diluted:				
From continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ 0.00
From discontinued operations	\$ (0.01)	\$ 0.00	\$ 0.00	\$ 0.00
	For the three months ended			
	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Total revenue from continuing operations	\$ 1,397,277	\$ 1,306,931	\$ 1,109,185	\$ 1,031,340
Net (loss) income and comprehensive (loss) income attributable to the owners of the Company:				
From continuing operations	\$ (647,505)	\$ (802,547)	\$ (924,978)	\$ (1,012,940)
From discontinued operations	\$ -	\$ -	\$ -	\$ -
Basic weighted average number of shares	30,220,727	30,220,727	30,034,727	29,564,727
(Loss) income per share, basic:				
From continuing operations	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.03)
From discontinued operations	\$ -	\$ -	\$ -	\$ -
Diluted weighted average number of shares	30,220,727	30,220,727	30,034,727	29,562,727
(Loss) income per share, diluted:				
From continuing operations	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.03)
From discontinued operations	\$ -	\$ -	\$ -	\$ -

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Total Revenue from continuing operations

Total revenue for three months ended November 30, 2016 is up from the prior quarter due to an increase of \$353,818 in hardware sales, \$38,395 in customer support and other services offset by a \$27,331 decrease in hardware and software rentals and \$9,619 in game revenue. Total revenue for the three months ended August 31, 2016 was down over the prior quarter due to a \$53,273 decrease in hardware and software rental, \$23,735 in game revenue offset by increases in hardware and software sales of \$8,076 and \$1,249 in customer support and other services. Total revenue for the three months ended May 31, 2016 was down from the prior quarter due to decreases in customer support and other services of \$19,262, \$12,985 in hardware and software rentals offset by increases in game revenue of \$14,289 and \$1,148 in hardware and software sales. Total revenue for the three months ended February 29, 2016 is up over the prior quarter due to new U.S. contracts entered into late in the third quarter and during the fourth quarter which increased revenue by \$32,052 and game revenue increased by \$12,979. Total revenue for the three months ended November 30, 2015 is up over the prior quarters due to the acquisition and consolidation of Alberta Satellite Bingo which contributed \$168,713 in revenue, in addition to new recurring revenue contracts that started during the quarter. Total revenue for the three months ended August 31, 2015 is up due to the acquisition of the operations of Alberta Satellite Bingo which contributed \$140,752 in revenue for the period. Total revenue for the three months ended May 31, 2015 is up over the prior three quarters due to the addition of new recurring revenue contracts deployed during the quarter. Revenues for the three months ended February 28, 2015 were up from the prior quarter reflecting incremental new revenue streams.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

5.2. Comparison of Results

	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
Sales, service and other revenue	\$ 1,712,078	\$ 1,397,277	\$ 4,494,391	\$ 3,813,393
Direct costs	(711,895)	(350,110)	(1,637,400)	(1,152,405)
Gross profit	1,000,183	1,047,167	2,856,991	2,660,988
Expenses				
General and administrative expenses	752,130	1,065,685	2,927,866	3,313,118
Impairment of supplies and components	-	20,172	1,746	58,777
Total expenses	752,130	1,085,857	2,929,612	3,371,895
Income (loss) before other expenses (income)	248,053	(38,690)	(72,621)	(710,907)
Other expenses (income)				
Finance income	(3,496)	(3,481)	(11,448)	(13,873)
Finance costs	176,197	135,445	509,815	452,798
Depreciation and amortization	331,565	460,128	1,042,892	1,338,798
Gain on disposal of property and equipment	(50)	-	(50)	-
Loss on write off of intangible assets	-	-	-	76
Foreign exchange loss	19,056	67,378	41,461	4,470
Total other expenses	523,272	659,470	1,582,670	1,782,269
Loss before income taxes	(275,219)	(698,160)	(1,655,291)	(2,493,176)
Income tax expense (recovery)	(59,478)	214	(62,717)	214
Net loss and comprehensive loss from continuing operations	\$ (215,741)	\$ (698,374)	\$ (1,592,574)	\$ (2,493,390)
Net loss and comprehensive loss from discontinued operations	\$ (178,709)	\$ -	\$ (48,284)	\$ -
Total net loss and comprehensive loss attributable to:				
Owners of the Company - continuing operations	(180,311)	(647,505)	(1,529,089)	(2,375,030)
Owners of the Company - discontinued operations	(178,709)	-	(48,284)	-
Non-controlling interest	(35,430)	(50,869)	(63,485)	(118,360)
	\$ (394,450)	\$ (698,374)	\$ (1,640,858)	\$ (2,493,390)
Loss per share				
Basic				
From continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.07)
From discontinued operations	\$ (0.01)	\$ -	\$ (0.00)	\$ -
Diluted				
From continuing operations	\$ (0.01)	\$ (0.02)	\$ (0.05)	\$ (0.07)
From discontinued operations	\$ (0.01)	\$ -	\$ (0.00)	\$ -

Sales, Service and Other Revenue

Revenue for the three months ended November 30, 2016 increased \$314,801 or 22.5% to \$1,712,078 from \$1,397,277 for the three months ended November 30, 2015. The increase is due to increases of \$232,688 in European revenue and \$92,055 in U.S. revenue offset by a \$9,942 decrease in Canadian revenue. The increase in revenue was mainly due to new eBingo contracts in the U.S and European markets.

For the nine months ended November 30, 2016 revenue increased by \$680,998 or 17.9% to \$4,494,391 from \$3,813,393. The increase was due to increases of \$299,329 in European revenue, \$236,029 in Canadian revenue and \$145,640 in U.S revenue. The increase is primarily due to having the operations of Alberta Satellite Bingo and the Irish national linked game for a full nine months as opposed to six months in the same period in the prior year. As well, U.S. and European revenues increased due to new eBingo contracts.

Direct Costs

Direct costs, comprised mainly of cost of goods sold and direct labour expense, increased \$361,785 or 103.3% to \$711,895 for the three months ended November 30, 2016 from \$350,110 compared with the same period in the prior year. The increase was due to an increase of \$279,632 in hardware costs, \$44,008 from the operations of Alberta Satellite Bingo, \$38,069 in payroll costs, \$7,825 in distributor commissions and \$2,380 in repair costs. The increases were offset by decreases of \$5,279 in testing costs and \$4,850 in support costs.

As a percentage of revenue, direct costs were 41.6% for the three months ended November 30, 2016 compared with 25.1% for the three months ended November 30, 2015. Excluding the impact of Alberta Satellite Bingo and hardware sales the percentage decreased to 26.2% for the three months ended November 30, 2016 compared with 22.4% in the same period in the prior year.

For the nine months ended November 30, 2016 direct costs increased \$484,995 or 42.1% to \$1,637,400 from \$1,152,405 for the same period in the prior year. The increase was due to increases of \$288,906 in hardware costs, \$218,002 from the operations of Alberta Satellite Bingo, \$54,350 in distributor commissions and \$24,308 in support costs. The increases were offset by decreases in payroll costs of \$55,650, repair costs of \$31,435 and other costs of \$13,486.

As a percentage of revenue, direct costs were 36.4% for the nine months ended November 30, 2016 compared with 30.2% for the nine months ended November 30, 2015. Excluding the impact of Alberta Satellite Bingo and hardware sales, the direct costs as a percentage of revenue decreased to 26.3% for the nine months ended November 30, 2016 compared with 27.5% in the same period in the prior year.

Gross Profit

Gross profit decreased \$46,984 or 4.5% to \$1,000,183 for the three months ended November 30, 2016 from \$1,047,167 for the three months ended November 30, 2015. As a percentage of revenue, gross profit was 58.4% for the three months ended November 30, 2016 compared with 74.9% from the same period in the prior year. Excluding the impact of Alberta Satellite Bingo and hardware sales, the gross profit as a percentage of revenue for the three months ended November 30, 2016 was 73.8% compared with 77.6% for the same period in the prior year.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Gross profit for the nine months ended November 30, 2016 increased \$196,003 or 7.4% to \$2,856,991 from 2,660,988 for the nine months ended November 30, 2015. As a percentage of revenue, gross profit was 63.6% for the nine months ended November 30, 2016 compared with 69.8% for the same period in the prior year. Excluding the impact of Alberta Satellite Bingo and hardware sales, the gross profit as a percentage of revenue for the nine months ended November 30, 2016 was 73.7% compared with 72.5% for the same period in the prior year.

General and Administrative Expenses

General and administrative expenses decreased \$313,555 or 29.4% to \$752,130 for the three months ended November 30, 2016 from \$1,065,685 for the same period in the prior year. The decrease is due to decreases in office costs of \$197,162, warrants expense of \$113,328, advertising and promotion costs of \$27,703 and business taxes of \$7,022. The decrease was offset by increases in additional payroll costs of \$26,788, rent of \$4,365 and professional fees of \$507.

General and administrative expenses decreased by \$385,252 or 11.6% to \$2,927,866 for the nine months ended November 30, 2016 from \$3,313,118 for the same period in the prior year. The decrease is due the expiration of warrants of \$342,773 along with decreases in office related costs of \$143,403, business taxes of \$31,375 and payroll costs of \$23,538. This was offset by increases of \$111,823 in professional fees, \$26,006 in advertising and promotion and \$18,008 in rent.

The decreases in general and administrative costs directly relate to temporary decreases in resources as the Company positions itself for future growth activities in the European and U.S. markets. The decrease in general and administrative costs includes the impact of the expiration of the warrants and the recovery on the write off of an inter-company loan that had been extended to the continuing operations by the discontinued operations of Rock Bingo.

Impairment of Supplies and Components

Impairment of supplies and components decreased by \$20,172 or 100% to \$nil for the three months ended November 30, 2016 compared with \$20,172 for the same period in the prior year. For the nine months ended November 30, 2016 impairment of supplies and components decreased by \$57,031 or 97.0% to \$1,746 from \$58,777 for the same period in the prior year. The impairment relates to amortization of parts and supplies relating to handheld hardware devices that are now fully depreciated.

Loss before Other Expenses (income)

Income before other expenses (income) for the three months ended November 30, 2016 increased \$286,743 or 741.1% to \$248,053 from a loss of \$38,690 in the same period in the prior year. The increase is a result of many factors previously discussed including: a decrease in general and administrative expenses of \$313,555 and \$20,172 decrease in the impairment of supplies and components offset by a \$46,984 decrease in gross profit.

For the nine months ended November 30, 2016 the loss before other expenses (income) decreased \$638,286 or 89.8% to \$72,621 from \$710,907 for the same period in the prior year. The decrease is a result of many factors discussed previously including: an increase in gross profit of \$196,003, a \$385,252 decrease in general and administrative expenses and a decrease of \$57,031 in the impairment of supplies and components.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Finance Income

For the three months ended November 30, 2016 finance income increased by \$15 or 0.4% to \$3,496 from \$3,481 in the same period in the prior year. For the nine months ended November 30, 2016, finance income decreased \$2,425 or 17.5% to \$11,448 from \$13,873 in the same period in the prior year. The decrease is due to less interest earned on cash balances in bank accounts.

Finance Costs

Finance costs, consisting of interest on loans and dividends on preferred shares, increased by \$40,752 or 30.1% for the three months ended November 30, 2016 compared to the same period in the prior year. For the nine months ended November 30, 2016, finance costs increased \$57,017 or 12.6% compared to the same period in the prior year. Subsequent to November 30, 2015, the Company obtained new financing. This led to the increase in finance costs for the three and nine months ended November 30, 2016 when compared to the same periods in the prior year.

Depreciation and Amortization

For the three months ended November 30, 2016, depreciation and amortization expense decreased \$128,563 or 27.9% to \$331,565 from \$460,128 in the same period in the prior year. For the nine months ended November 30, 2016, depreciation and amortization expense decreased \$295,906 or 22.1% to \$1,042,892 from \$1,338,798 in the same period in the prior year. The decrease is due to intangible assets and property and equipment being fully depreciated subsequent to November 30, 2015.

Foreign Exchange Loss

For the three months ended November 30, 2016, the foreign exchange loss decreased \$48,322 or 71.7% to \$19,056 from \$67,378 for the same period in the prior year. For the nine months ended November 30, 2016, the foreign exchange loss increased by \$36,991 or 827.5% to \$41,461 from \$4,470 in the same period in the prior year. The fluctuations in the foreign exchange loss is due to increased business activity in the U.S. and European markets in addition to the weakening of the Canadian dollar against the U.S. dollar and Euro.

The Company does not currently use derivative financial instruments to alter the risks associated with foreign exchange fluctuations.

Net loss and comprehensive loss from continuing operations

Net loss and comprehensive loss from continuing operations for the three months ended November 30, 2016 was \$215,741 compared with \$698,374 for the same period in the prior year. The \$482,633 or 69.1% decrease in the loss is the result of many factors discussed previously including: decreases in general and administrative expense of \$313,555, \$128,563 in depreciation and amortization, \$48,322 in foreign exchange loss, \$20,172 in the impairment of supplies and components, an increase in the income tax recovery of \$59,692, an increase in finance income of \$15 and an increase in the gain on disposal of property and equipment of \$50. The decreases were offset by a decrease in gross profit of \$46,984 and increases in finance costs of \$40,752.

Net loss and comprehensive loss from continuing operations for the nine months ended November 30, 2016 was \$1,592,574 compared with \$2,493,390 for the same period in the prior year. The \$900,816 or 36.1% decrease in the loss is the result of an increase in gross profit of \$196,003, a \$385,252 decrease in general

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

and administrative expenses, \$295,906 decrease in depreciation and amortization, \$57,031 decrease in the impairment of supplies and components, \$76 decrease in the loss on write off of intangible assets, \$62,931 increase in the income tax recovery and \$50 increase in the gain of disposal of property and equipment. The decreases were offset by increases in finance costs of \$57,017, foreign exchange loss \$36,991 and a decrease of \$2,425 in finance income.

Net Loss and Comprehensive Loss from discontinued operations

On October 31, 2016 the Company disposed of its subsidiary, Rock Bingo. The net loss and comprehensive loss from discontinued operations relates to the financial results of Rock Bingo. For the three and nine months ended November 30, 2016 the respective losses were \$178,709 and \$48,284.

Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest

On June 19, 2015 the Company acquired Alberta Satellite Bingo LP as part of the operations of Alberta Satellite Bingo. The non-controlling interest holds 99.75% of the partnership units. The net loss attributable to their interest in Alberta Satellite Bingo LP for the three months ended November 30, 2016 is \$35,430 compared with \$50,869 in the same period in the prior year. The Company's share of the operating loss of Alberta Satellite Bingo LP for the three months ended November 30, 2016 was \$89 and \$127 for the same period in the prior year.

The net loss attributable to the non-controlling interest in Alberta Satellite Bingo LP for the nine months ended November 30, 2016 is \$63,485 compared with \$118,360 in the same period in the prior year. The Company's share of the operating loss of Alberta Satellite Bingo LP for the nine months ended November 30, 2016 was \$159 and \$297 for the same period in the prior year.

6. Financial Position

	November 30, 2016	February 29, 2016	February 28, 2015
Total assets	\$ 4,201,125	\$ 5,594,215	\$ 7,495,556
Total non-current financial liabilities	\$ 3,790,797	\$ 2,323,020	\$ 3,778,618

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Total assets decreased \$1,393,090 or 24.9% from February 29, 2016 to November 30, 2016. The net decrease is the result of decreases of \$1,595,376 in property and equipment, \$449,273 in accrued receivables, \$92,064 in accounts receivable and \$17,796 in supplies and components. The decreases were offset by increases in prepaid expenses and deposits of \$460,476, \$220,411 in cash and \$79,892 in intangible assets.

Total assets decreased \$1,901,341 or 25.4% from February 28, 2015 to February 29, 2016. The net decrease is the result of a \$1,949,820 decrease in cash, \$218,918 decrease in prepaid expenses and a \$346,910 decrease in accrued receivables. The decreases were offset by \$155,587 increase in accounts receivable, \$47,430 increase in supplies and components, \$271,995 increase in property and equipment and \$139,295 increase in intangible assets.

The increase in the non-current liabilities of \$1,467,777 between February 29, 2016 and November 30, 2016 is the result of proceeds from new loans which had a net increase of \$1,754,709 and the Company obtaining waivers from preferred shareholders which resulted in the reclassification of \$760,000 preferred shares from the current to the non-current preferred portion. This was offset by a net decrease in other related loans of \$650,439, the mutual cancellation of a vendor financing arrangement for gaming hardware which included \$386,856 in non-current liabilities and \$9,637 in repayments of obligations under finance lease.

The net decrease of \$1,455,598 in the non-current financial liabilities between February 28, 2015 and February 29, 2016 is the result of the \$1,810,000 of the preferred shares moving to current liabilities as at February 29, 2016, and a \$353,131 net decrease in other related loans. These decreases were offset by \$386,856 obtained from vendor financing for the purchase of gaming hardware, \$42,490 from new finance lease obligations and a \$278,187 net increase in shareholder loans. The increase in non-current portion of shareholder loans was a result of demand waivers obtained that moved the loans from current to non-current in the current year.

7. Liquidity and Capital Resources

7.1. Cash Flows by Activity

Cash (used in) provided by:	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
Cash flows used in operations	\$ 382,861	\$ 26,653	\$ 186,205	\$ (302,007)
Changes in non-cash working capital	(666,192)	481,863	(132,005)	1,085,220
Operating activities	(283,331)	508,516	54,200	783,213
Financing activities	(242,935)	89,317	545,141	(1,254,133)
Investing activities	(70,122)	(868,923)	(255,381)	(1,502,554)
(Decrease) increase in cash and cash equivalents	\$ (596,388)	\$ (271,090)	\$ 343,960	\$ (1,973,474)

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Operating Activities

Cash flows used in operating activities were \$283,331 for the three months ended November 30, 2016 compared with cash provided by operating activities of \$508,516 for the same period in the prior year. This change is a result of an increase of approximately \$356,000 in cash used in operations and decrease of \$1,148,000 in non-cash working capital. The non-cash working capital changes include decreases of \$767,000 in prepaid expenses and deposits, \$238,000 in accounts payable and accrued liabilities, \$68,000 in accounts receivable, \$49,000 in deferred revenue, \$15,000 in supplies and components and \$11,000 in income taxes payable.

For the nine months ended November 30, 2016 cash flows provided by operating activities were \$54,200 compared with cash provided by operating activities of \$783,213 for the same period in the prior year. This change is a result of an increase of approximately \$488,000 in cash used in operations and a decrease of \$1,217,000 in non-cash working capital. The non-cash working capital changes include \$1,014,000 decrease in accounts payable and accrued liabilities, \$643,000 in prepaid expenses and deposits, \$11,000 in income taxes payable and \$9,000 in supplies and components. The decrease was offset by increases in accounts receivable of \$208,000, \$154,000 in accrued receivables and \$98,000 in deferred revenue.

Financing Activities

Cash used by financing activities was \$242,935 for the three months ended November 30, 2016 compared with cash provided by financing activities of \$89,317 for the same period in the prior year. During the three months ended November 30, 2016 the Company repaid existing loans and finance lease obligations in the amount of \$459,232 and paid interest and dividends of \$183,703 offset by \$400,000 in proceeds from new loans. During the same period in the prior year the Company repaid existing loans in the amount of \$336,324 and paid interest and dividends of \$134,159 offset by \$560,000 in proceeds from new loans.

For the nine months ended November 30, 2016 cash flows provided by financing activities were \$545,141 compared to cash flow used in financing activities of \$1,254,133 for the same period in the prior year. During the nine months ended November 30, 2016 the company obtained \$4,800,000 in proceeds from new loans offset by repayment of existing loans and finance lease obligations of \$3,731,214 and payment of interest and dividends of \$523,645. During the same period in the prior year the company repaid existing loans in the amount of \$1,415,412, paid interest and dividends of \$448,941 offset by \$560,000 in proceeds from new loans and \$50,220 received from the exercise of stock options.

Investing Activities

Cash flows used in investing activities were \$70,122 for the three months ended November 30, 2016 compared with \$868,923 for the same period in the prior year. The Company purchased \$17,419 of property and equipment and \$52,753 for the purchase and capitalisation of intangible assets offset by \$50 in proceeds from the disposal of property and equipment. This compares to property and equipment purchases of \$793,486 and \$75,437 in capitalised intangible assets for the same period in the prior year.

For the nine months ended November 30, 2016 cash flows used in investing activities were \$255,381 compared with \$1,502,554 for the nine months ended November 30, 2015. The Company purchased \$76,307 in property and equipment and \$179,124 for the purchase and capitalization of intangible assets offset by \$50 in proceeds from the disposal of property and equipment. This compares to the property and equipment purchases of \$1,503,787 and \$171,614 for the purchase and capitalisation of intangible assets offset by \$172,847 in cash from the acquisition of the operations of Alberta Satellite Bingo for the same period in the prior year.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

Timing of purchase of equipment is dependent upon the timing of new customer contracts and the scheduling of equipment installations.

7.2. Capital Resources

The Company's objectives and policies for managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on the Company's credit facilities. For the nine months November 30, 2016, there were no changes in the Company's objectives and policies for capital management.

The Company includes the following in the definition of capital:

	November 30, 2016	February 29, 2016
Demand term loans	\$ 150,538	\$ 824,252
Shareholder loans	555,239	455,239
Other related loans	822,740	2,681,747
Other loans	3,512,240	-
Obligations under finance lease	44,319	53,765
Preferred shares	2,060,000	2,060,000
(Deficiency) equity	(3,637,044)	(2,060,202)
	\$ 3,508,032	\$ 4,014,801

Under the Company's credit facilities for the operating line of credit and demand term loans, the annual debt service coverage ratio measured on the last day of February must not be less than 1.25 to 1. At February 29, 2016 the Company was not in compliance with this covenant. On January 12, 2017 the Company's bank completed its annual review of all the facilities extended to the Company and concluded that operating line of credit will be closed no later than April 30, 2017 and there would be no changes to the demand term loan.

Previously, the Company relied on its operating line of credit to provide funds to meet working capital obligations. However with the operating line of credit being closed no later than April 30, 2017, the Company will no longer rely on this facility. The Company has been, and will continue to be, reliant on related party loans, operations and potential debt financing to fund ongoing working capital and long term obligations.

7.3. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

As at November 30, 2016, the Company had cash of \$403,420 (February 29, 2016 - \$183,009), accounts receivable of \$445,220 (February 29, 2016 - \$537,284), and current portion of accrued receivables of \$552,487 (February 29, 2016 - \$559,166) for a total of \$1,401,127 (February 29, 2016 - \$1,279,459). Current and on demand obligations from bank indebtedness, accounts payable and accrued liabilities, current income tax payable, interest bearing loans, and dividend paying preferred shares total \$1,338,919 (February 29, 2016 - \$5,585,089). The excess of current assets to cover the Company's short-term

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

obligations will be funded through operations, by potential new debt financing and by managing accounts payable terms.

Demand loans are classified as current due to the demand feature associated with each of the loans. Each demand loan has scheduled repayment terms as described in Note 10 of the Company's November 30, 2016 unaudited condensed interim consolidated financial statements.

The Company's contractual obligations at November 30, 2016 summarized by fiscal year were as follows:

	On demand	2017	2018	2019	2020	Thereafter	Total
Bank indebtedness	\$ 41,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,025
Current income tax payable	-	30,482	-	-	-	-	30,482
Accounts payable and accrued liabilities	-	392,946	-	-	-	-	392,946
Demand term loans	150,538	-	-	-	-	-	150,538
Shareholder loans	-	171,982	194,970	227,767	-	-	594,719
Other related loans	-	60,064	296,003	201,336	423,452	-	980,855
Other loans	-	437,647	2,027,116	1,428,055	-	-	3,892,818
Obligations under finance lease	-	3,440	13,759	21,153	7,615	2,629	48,596
Preferred shares	-	50,795	1,166,575	1,026,879	-	-	2,244,249
Total	\$ 191,563	\$ 1,147,356	\$ 3,698,423	\$ 2,905,190	\$ 431,067	\$ 2,629	\$ 8,376,228

The Company's contractual obligations at February 29, 2016 summarized by fiscal year are as follows:

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

	On demand	2017	2018	2019	2020	Thereafter	Total
Bank indebtedness	\$ 164,574	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,574
Current income tax payable	-	41,146	-	-	-	-	41,146
Accounts payable and accrued liabilities	-	850,688	70,364	342,223	-	-	1,263,275
Demand term loans	825,538	-	-	-	-	-	825,538
Shareholder loans	-	105,525	395,238	-	-	-	500,763
Other related loans	-	1,626,640	1,051,731	274,271	-	-	2,952,642
Obligations under finance lease	-	14,071	14,071	21,498	7,892	2,724	60,256
Preferred shares	-	1,956,907	250,671	-	-	-	2,207,578
Total	\$ 990,112	\$ 4,594,977	\$ 1,782,075	\$ 637,992	\$ 7,892	\$ 2,724	\$ 8,015,772

The contractual obligations included in the tables above include interest and dividend payments where applicable.

At February 29, 2016 the Company was not in compliance with a lending covenant related to the Company's operating line of credit and demand term loans. On January 12, 2017 the Company's bank completed its annual review of all the facilities extended to the Company and concluded that operating line of credit will be closed no later than April 30, 2017 and there would be no changes to the demand term loan.

The shareholder and other related loans contain demand features. The certain lenders have waived the demand provisions for not less than 365 days after November 30, 2016.

8. Off-Balance Sheet Arrangements and Derivative Instruments

The Company's off-balance sheet arrangements comprise operating leases entered into in the normal course of business. The Company has no other off-balance sheet arrangements and does not anticipate entering into any such arrangements other than in the normal course of business.

The minimum payments at November 30, 2016 under operating lease obligations for the Company's office and warehouse facilities are as follows:

	Edmonton	Las Vegas	Total
Less than one year	\$ 25,791	\$ 17,491	\$ 43,282
Between one and five years	34,388	2,915	37,303
Over five years	-	-	-
	\$ 60,179	\$ 20,406	\$ 80,585

The Company does not enter into the speculative use of derivatives.

9. Related Party Transactions

a) Shareholder Loans and Other Related Loans

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

As at November 30, 2016, the Company had \$1,377,979 outstanding in shareholder and other related loans (February 29, 2016 - \$3,136,986). \$547,472 of shareholder loans are from the Company's Chief Operating Officer ("COO") and \$67,767 are from other shareholders of the Company. Other related loans of \$762,740 are from companies controlled by a director of eQube. Additional information regarding these loans can be found in the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended November 30, 2016.

On November 27, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$60,000 from an entity owned and controlled by the Chief Operating Officer ("COO") of the Company. The loan bears interest at 10% per annum with the principal amount due at the option of the borrower.

On December 7, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$60,000 from an entity controlled by the COO of the Company. The loan has an eighteen-month term. The loan bears interest at 12% per annum with the principal amount due upon demand at the end of the loan term.

On March 1, 2016, the Company entered into a financing arrangement for a demand term loan in the amount of \$100,000 from an entity owned and controlled by the COO of the Company. The loan bears interest at 10% per annum with the principal amount due upon demand by the lender.

On March 31, 2014, the Company entered into a financing arrangement for a demand term loan in the amount of \$3,000,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three-year term. The amount drawn on the loan at November 30, 2016 was \$nil (February 29, 2016 - \$1,682,181) and is included in "other related loans". The proceeds of this loan were used in the year ended February 28, 2015 to repay the remaining balance of a \$1,000,000 demand term loan, repay certain existing shareholders and other related loans, and to purchase equipment for customer deployment. The loan bears interest at 9.5%. Interest and principal were payable monthly beginning June 21, 2014. The loan was fully repaid and terminated on May 2, 2016.

On September 17, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$500,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three-year term. The amount drawn on the loan at November 30, 2016 was \$nil (February 29, 2016 - \$451,531) and is included in "other related loans". The proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment. The loan was fully repaid and terminated on May 2, 2016.

On December 10, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$500,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three year term. The loan bears interest at 10% per annum with monthly payments of \$16,134. The amount drawn on the loan at November 30, 2016 was \$362,740 (February 29, 2016 - \$488,035) and is included in "other related loans". The proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.

On October 19, 2016, the Company entered into a financing agreement for a three year demand term loan in the amount of \$800,000 from an entity controlled by a director of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term. The amount drawn on the loan was \$400,000 at November 30, 2016 and subsequent to the balance sheet date,

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

the Company drew the remaining \$400,000. The proceeds of this loan will be used to purchase equipment for customer deployment, software development, and general corporate purposes. The loan is secured by an assignment of proceeds under a specific customer contract.

On January 23, 2017, the Company entered into a financing arrangement for a three month demand term loan in the amount of \$200,000 from the COO of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term.

During the three months ended November 30, 2016, interest expense on shareholder and other related loans of \$30,656 (2015 - \$67,488) was recorded as expense and is included in finance costs. During the nine months ended November 30, 2016, interest expense on shareholders and other related loans of \$100,667 (2015 - \$198,691) was recorded as expense and is included in finance costs.

b) Key Management Compensation

Compensation of key management personnel including the Company's executive management, Board of Directors, and board advisors are as follows:

	Three months ended November 30,		Nine months ended November 30,	
	2016	2015	2016	2015
Short-term employee benefits	\$ 150,491	\$ 75,876	\$ 477,683	\$ 266,285
Share-based payments	94	904	531	3,616
	\$ 150,585	\$ 76,780	\$ 478,214	\$ 269,901

The amounts disclosed in the table are the amounts recognized as an expense during the reporting period related to key management personnel and are included in compensation and benefits expense. Short-term employee benefits consist of wages and salaries paid or payable to employees, accrued vacation, and other benefits paid or payable within 12 months.

The increase in key management compensation for the three and nine month periods ended November 30, 2016 was due to the inclusion of the former COO as a member of key management personnel. During the same periods, the Company transitioned from one Chief Financial Officer ("CFO") to another and the Company continued to pay the departing CFO in accordance with the employment contract.

c) Other related party transactions

As at November, 2016 accrued receivables includes \$48,025 (February 29, 2016 - \$49,772) due from an entity controlled by the Chief Executive Officer ("CEO") of the Company.

10. Other loans

On March 21, 2016, the Company entered into a financing arrangement for a demand term loan in the amount of \$300,000. The loan has a fifteen month term. The loan bears interest at 12% per annum with the principal amount due in full at the end of the loan term.

On May 2, 2016, the Company entered into a financing agreement for a secured loan in the amount of \$4,000,000. The loan has a thirty-two month term and bears interest at 10% per annum with monthly payments of \$142,924. \$1,947,000 of these funds were used to payout demand loans due to a company controlled by a director of the Company.

During the three months ended November 30, 2016, interest expense on other loans of \$95,038 (2015 - \$nil) was recorded as expense and is included in finance costs. During the nine months ended November 30, 2016, interest expense on other loans of \$237,757 (2015 - \$nil) was recorded as expense and is included in finance costs.

11. Changes in Accounting Policies Including Initial Adoption

Changes in Accounting Policies

There were no significant amendments or new standards adopted by the Company for the first time for the financial year beginning on March 1, 2016.

Recent Accounting Pronouncements Not Yet Effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board (“IASB”) or International Financial Reporting Interpretations Committee (“IFRIC”) that are not yet effective for the Company have been disclosed in the audited consolidated financial statements as at and for the year ended February 29, 2016. No additional standards, interpretations, amendments and improvements applicable to the Company were issued prior to November 30, 2016.

12. Financial Instruments and Other Instruments

Fair Value Measurement

The Company’s financial assets include cash, accounts receivable and accrued receivables. The Company’s financial liabilities include bank indebtedness, accounts payable and accrued liabilities, current income tax payable, demand term loans, shareholders loans, other related loans, other loans, obligations under finance lease and preferred shares.

The Company has classified its cash, accounts receivable and accrued receivables as loans and receivables, measured at amortized cost using the effective interest method. Bank indebtedness, accounts payable and accrued liabilities, current income tax payable, demand term loans, shareholders loans, other related loans, other loans, obligations under finance lease and preferred shares are classified as other financial liabilities, measured at amortized cost using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

The carrying value of cash, accounts receivable, bank indebtedness, accounts payable and current accrued liabilities and current income tax payable reasonably approximate their fair value due to their immediate or short term maturity. The carrying value of accrued receivables (measured at amortized cost) reasonably approximates fair value as the effect of any difference between the effective interest rate applied and the estimated current market rate is not significant.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

The carrying value of the non-current accrued liabilities, the demand term loans, shareholders loans, other related loans, other loans, obligations under finance lease and preferred shares reasonably approximate their fair value. The fair value is a Level 2 measurement and is based on discounted future cash flows using rates that reflect observable current market rates for similar instruments with similar terms and conditions. These estimates are subjective in nature as current interest rates are selected from a range of potentially acceptable rates and, accordingly, other fair value estimates are possible.

Credit Risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its obligations under a contract. This risk primarily arises from the Company's receivables from customers.

The Company's exposure to credit risk is dependent upon the characteristics of each customer. Credit exposure in Canada is minimized as the Company's primary revenue sources are the respective gaming commissions of provincial governments. In its operations, the Company does not obtain collateral or other security to support financial instruments subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate loss for non-performance. Each customer is assessed for credit worthiness and their financial well-being monitored on a continual basis.

The Company does not have credit insurance or other financial instruments to mitigate its credit risk as management has determined that the exposure is minimal due to the composition of its customer base.

The Company regularly reviews the collectability of its accounts receivable and accrued receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivables and accrued receivables. As at November 30, 2016, the balance of the allowance account for credit losses was \$nil (February 29, 2016 - \$nil).

Generally, payment terms for accounts receivable are 30 days. The Company has certain accounts receivable that have not been settled by the contractual date but are not considered to be impaired. The amounts at November 30, 2016 and February 29, 2016, by length of time past due, are:

	November 30, 2016	February 29, 2016
1 to 30 days past due	\$ 181,321	\$ 389,174
31 to 60 days past due	23,648	43,691
Greater than 60 days past due	60,071	8,391
Total	\$ 265,040	\$ 441,256

As at November 30, 2016, the Company had two customers owing more than \$50,000 that accounted for approximately 49% of all the trade accounts receivable owing (February 29, 2016 – one customer owing more than \$50,000; approximately 35% of all the trade accounts receivable). As at November 30, 2016, trade accounts receivable associated with customers that each individually exceeded 10% of the Company's sales, service and other revenue totalled 35% of trade accounts receivable (February 29, 2016 – 35%). In addition, the balance in accrued receivables relates primarily to one customer.

The Company may also have credit risk relating to cash, which it manages by dealing with large banks. The Company's objective is to minimize its exposure to credit risk in order to prevent losses on financial assets by placing its investments in highly liquid investments such as guaranteed investment funds. The Company's cash carrying value as at November 30, 2016, totalled \$403,420 (February 29, 2016 - \$183,009), accounts receivable totalled \$445,220 (February 29, 2016 - \$537,284), and accrued receivables totalled \$552,487 (February 29, 2016 - \$1,001,760), representing the maximum exposure to credit risk of these financial assets.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Company is exposed to currency risk as a result of certain costs being denominated in the United States dollars and Euros. The Company holds cash and accounts receivable and has liabilities in currencies other than the Canadian dollar. As a result, the Company is subject to gains and losses due to fluctuations in foreign currency exchange rates. The Company does not use derivative financial instruments to alter the risks associated with the foreign exchange fluctuations.

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately \$nil for the three months ended November 30, 2016 (2015 - \$nil). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately \$nil (2015 - \$nil).

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately \$1,000 for the nine months ended November 30, 2016 (2015 - \$4,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately \$2,000 (2015 - \$2,000).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's operating line of credit (bank indebtedness) and demand term loans which are subject to floating interest rates.

The Company does not enter into any interest rate swaps to mitigate interest rate risk.

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately \$2,000 for the three months ended November 30, 2016 (2015 - \$9,000).

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately \$5,000 for the nine months ended November 30, 2016 (2015 - \$12,000).

13. Disclosure of Outstanding Share Data

As at the date of this MD&A, the Company had a total of 30,220,727 Ordinary Shares issued and outstanding, 1,100,000 stock options outstanding under the Company's stock option plan.

As at the date of this MD&A, 3,874,360 (February 28, 2015 – 7,748,718) of the issued ordinary shares were held in escrow. 1,937,179 of these shares will be released from escrow on May 4, 2017 and the remaining on November 4, 2017.

As at the date of this MD&A, the Company had a total of 2,060,000 Preferred Shares issued and outstanding.

14. Risks and Uncertainties

The risks presented below should not be considered to be exhaustive and may not be all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. The markets in which the Company currently competes are very competitive and change rapidly. New risks may emerge from time to time and management may not be able to predict all of them, or be able to predict how they may cause actual results to be different from those contained in any forward-looking statements.

Refinancing Risks

The Company's ability to make scheduled payments on or to refinance its debt obligations and to make distributions to enable it to service its debt obligations depends on its financial and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, and other factors beyond the Company's control, including fluctuations in interest rates, market liquidity conditions, increased operating costs, and trends in its industry. If the Company's cash flows and capital resources are insufficient to fund its debt service obligations, it may be forced to reduce or delay activities and capital expenditures, sell assets, seek additional capital, or restructure or refinance its indebtedness. These alternative measures may not be successful and may not permit us to meet the Company's scheduled debt service obligations. In such circumstances, the Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet debt service and other obligations.

Adequate Liquidity

Under its current capital structure, the Company must generate sufficient revenue from operations to provide access to additional capital under its secured borrowings. Under the Company's credit facilities for the operating line of credit and demand term loans, the debt service coverage ratio must not be less than 1.25 to 1. At February 29, 2016, the Company was in violation of this covenant. On January 12, 2017 the Company's bank completed its annual review of all the facilities extended to the Company and concluded that operating line of credit will be closed no later than April 30, 2017 and there would be no changes to the demand term loan.

Products May Become Obsolete

The markets for the Company's solutions are characterized by rapidly changing technology, evolving industry standards and increasingly sophisticated customer requirements. The introduction of products embodying new technology and the emergence of new industry standards could render the Company's existing solutions obsolete and unmarketable and could exert price pressures on existing solutions. It is critical to the success of the Company to be able to anticipate and react quickly to changes in technology or in industry standards and to successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

others will not render the Company's products obsolete. The Company's inability to develop solutions that are competitive in technology and price and that meet customer needs could have a material adverse effect on the Company's business, financial condition and results of operations. Accelerated product introductions and sometimes short product life cycles require high levels of expenditure for research and development that could adversely affect the Company's operating results. Further, any new solutions that the Company develops could require long development and testing periods and may not be introduced in a timely manner or may not achieve the broad market acceptance necessary to generate significant revenue.

Loans Secured by Proceeds from Customer Contracts

One of the Company's demand term loans is secured by an assignment of proceeds under a specific customer contract. There is a risk if the contract is lost the security to the demand loans may be compromised, which could have a material adverse effect on the Company's financial condition.

Additional Financing

The Company requires additional financing to fund growth in working capital and for other purposes. The ability to source such financing in the future, if needed, will depend in part on prevailing capital market conditions and the Company's ongoing financial success. There can be no assurance the Company will be successful in its efforts to arrange additional financing, if needed, on favourable commercial terms or at all. Failure to obtain such financial resources could affect the Company's plan for growth, result in the Company's failure to take advantage of certain opportunities or adequately respond to competitive pressures or result in the Company being unable to satisfy its obligations as they become due, any of which could have a material adverse effect on the business, results of operations and the financial condition of the Company. If additional financing is raised by the issuance of shares or other forms of convertible securities from treasury, control of the Company may change and existing shareholders will suffer dilution.

The Company is Incorporated and Registered in a Foreign Jurisdiction

The Company is incorporated and registered in Hong Kong and must comply with Hong Kong laws and corporate reporting requirements in addition to complying with Canadian securities law. Failure to comply with the regulatory and reporting requirements of Hong Kong could result in substantial financial penalties, administrative punishment and other sanctions. There can be no assurance that the legal framework or enforcement trends under Hong Kong laws will not change in a manner that will result in increased costs of compliance, or that the Company will be successful in responding to such changes. The costs the Company incurs to comply with Hong Kong laws and regulations, including those related to applicable filings and corporate requirements, may materially increase our total costs and decrease our profit.

Heavily Regulated Industry

The manufacture and distribution of gaming solutions is subject to extensive scrutiny and regulation in all levels of government including, but not limited to, federal, state, provincial, local and in some instances, Tribal authorities. Accordingly, the Company only conducts business in jurisdictions where gaming is legal. Most, if not all, jurisdictions require licenses, permits and documentation of suitability, demonstrating the financial stability for the manufacturers and distributors of such gaming solutions in addition to their officers, directors, major shareholders and other key personnel. The Company's delay or failure to obtain these licenses and approvals in any jurisdiction may prevent it from distributing its solutions and generating revenues in those jurisdictions. A gaming regulatory body may refuse to issue or renew a registration if the Company, or one of its directors, officers, employees or associates: (i) is considered to be a detriment to the integrity or lawful conduct or management of gaming; (ii) no longer meets a registration requirement;

(iii) has breached or is in breach of a condition of registration or an operational agreement with a lottery corporation; (iv) has made a material misrepresentation, omission or misstatement in an application for registration or in reply to an enquiry by a person conducting an audit, investigation or inspection under the gaming control legislation; (v) has been refused a similar registration in another jurisdiction; (vi) has held a similar registration, or license in that province or another jurisdiction which has been suspended or cancelled; or (vii) has been convicted of an offence, inside or outside of Canada, that calls into question the Company's honesty or integrity or the honesty or integrity of one of its directors, officers, employees or associates.

Additionally, the Company's solutions must be approved in most jurisdictions in which they are offered; this process cannot be assured or guaranteed. Obtaining these approvals is a time-consuming process that can be extremely costly and cannot be assured. A manufacturer of gaming solutions may pursue corporate regulatory approval with regulators of a particular jurisdiction while it pursues technical regulatory approval for its gaming solutions by that same jurisdiction. It is possible, although unlikely, that after incurring significant expenses and dedicating substantial time and effort towards such regulatory approvals, that the Company may not obtain either of them. If the Company fails to obtain the necessary certification, registration, license, approval or finding of suitability in a given jurisdiction, it would likely be prohibited from distributing its solutions in that particular jurisdiction all together. Furthermore, some jurisdictions require license holders to obtain government approval before engaging in some transactions, such as business combinations, reorganizations, stock offerings and repurchases. The Company may not be able to obtain all necessary registrations, licenses, permits, approvals or findings of suitability in a timely manner, or at all. The Company's failure to obtain the necessary regulatory approvals in jurisdictions, whether individually or collectively, would have a material adverse effect on its business. Further, changes in existing gaming regulations may hinder or prevent the Company from continuing to operate in those jurisdictions where it currently carries on business, which would harm its operating results and financial condition. In particular, the enactment of unfavourable legislation or government efforts affecting or directed at manufacturers or gaming operators, such as referendums to increase gaming taxes or requirements to use local distributors, may have a negative impact on the Company's operations. Furthermore, gaming regulatory bodies may from time to time require changes to the Company's practice in complying with the various disclosures and reporting requirements. If the Company fails to comply with any existing or future disclosure requirements, the regulators may take action against the Company which could ultimately include cancellation of a gaming registration.

Impairment

Economic, market, legal, regulatory, competitive, customer, contractual and other factors may affect the value of the Company's long-lived assets, intangible assets, investments and goodwill, including but not limited to the Company's gaming and intellectual property and operations of Alberta Satellite Bingo. If any of these factors impair the value of these assets, IFRS requires that we reduce their carrying value and recognize an impairment charge. This would reduce our reported assets and earnings in the year the impairment charge is recognized.

Customer Concentration

A substantial proportion of the Company's total revenues are derived from a small number of customers. The loss of one or more of these top clients or a reduction in sales to one or more of the top clients may have a material adverse effect on the Company's business, results of operations or liquidity. The concentration of the Company's sales to a few clients could make the Company more vulnerable to collection risk if one or more of these clients were unable to pay for the Company's products. Also, having

such a large portion of its total net revenue concentrated in a few clients may hinder the Company's negotiating leverage with these clients. In the event the Company fails to grow its customer base and if one or more of the Company's customers discontinues its relationship with the Company for any reason, or reduces or postpones current or expected purchases of the Company's solutions, the Company's business, results of operations and financial condition could be materially adversely affected.

Significant Barriers to Entry

There are significant barriers to entry to the market for its solutions. The primary barriers to entry are the establishment of relationships with the owners and operators of casinos, cruise ships and other gaming operators, the receipt of necessary regulatory approvals and the development of the technology necessary to create its solutions. If the Company is unable to overcome the barriers to entry, it will materially affect its results of operations and future prospects.

Competitive Industry

There are a number of companies that manufacture and distribute automated gaming solutions. Most of these companies have greater financial resources than the Company. If the Company is unable to obtain significant market presence or it loses market share to the Company's competitors, it will materially affect its results of operations and future prospects. There are many companies who could introduce directly competitive products in the short term that have already established relationships with gaming operators, have the potential to develop technology quickly and have greater resources. The Company's success depends on its ability to develop new products and enhance existing products.

Impact of Change in Regulations or Industry Standards

The emergence or evolution of regulations and industry standards for gaming solutions, through official standards committees or widespread use by operators, could require the Company to modify its systems. This may be expensive and time-consuming. Gaming solutions is subject to extensive regulation under the laws of jurisdictions worldwide. Each jurisdiction has different regulations and regulatory processes for gaming. If new industry standards emerge that the Company does not anticipate, substantial costs might be incurred by the Company to bring its products up to date.

Relationships with Distributors

The Company is dependent upon its ability to establish and develop new relationships and to build on existing relationships with distributors, on which it relies on in certain markets to sell its current and future products and services. The Company cannot provide assurance that it will be successful in maintaining or advancing its relationships with distributors. In addition, the Company cannot provide assurance that its distributors will act in a manner that will promote the success of the Company's products and services. Failure by channel partners to promote and support the Company's products and services could adversely affect its business, results of operations and financial condition.

If some of the Company's competitors offer their products and services to distributors on more favourable terms or have more products or services available to meet their needs, there may be pressure on the Company to reduce the price of its products or services or increase distributor commissions, failing which the Company's distributors may stop carrying its products or services or de-emphasize the sale of its products and services in favour of the products and services of competitors.

Lengthy and Variable Sales Cycle

It is difficult for the Company to forecast the timing of revenue from its activities because its customers typically invest substantial time, money and other resources researching their needs and available competitive alternatives before deciding to purchase the Company's solutions. Typically, the larger the potential sale, the more time, money and other resources will be invested by customers. As a result, it may take many months after the Company's first contact with an end-customer before a sale can actually be completed. In addition, the Company relies on its channel partners to sell its products to customers and, therefore, the Company's sales efforts are vulnerable to delays at both the channel partner and the end-customer level.

During these long sales cycles, events may occur that affect the size or timing of the order or even cause it to be cancelled, including:

- purchasing decisions may be postponed, or large purchases reduced, during periods of economic uncertainty;
- the Company or its competitors may announce or introduce new solutions;
- the Company's competitors may offer lower prices; or
- budget and purchasing priorities of customers may change.

If these events were to occur, sales of the Company's solutions or services may be cancelled or delayed, which would reduce the Company's revenue.

Risk of Foreign Operations

A significant portion of the Company's operations are conducted in foreign jurisdictions including, but not limited to: Native American Tribal jurisdictions with sovereign immunity, various U.S. states and Ireland. The Company expects that receivables with respect to foreign sales will continue to account for a significant portion of its total accounts receivables outstanding. As such, the Company's operations may be adversely affected by changes in foreign government policies and legislation or social instability and other factors which are not within the control of the Company, including, but not limited to, recessions in foreign economies, expropriation, nationalization and limitation or restriction on repatriation of earnings, longer receivables collection periods and greater difficulty in collecting accounts receivable, changes in consumer tastes and trends, renegotiation or nullification of existing contracts or licenses, changes in gaming policies, regulatory requirements or the personnel administering them, currency fluctuations and devaluations, exchange controls, economic sanctions and royalty and tax increases, risk of terrorist activities, revolution, border disputes, implementation of tariffs and other trade barriers and protectionist practices, taxation policies, including royalty and tax increases and retroactive tax claims, volatility of financial markets and fluctuations in foreign exchange rates, difficulties in the protection of intellectual property, labour disputes and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted. The Company's operations may also be adversely affected by social, political and economic instability and by laws and policies of such foreign jurisdictions affecting foreign trade, taxation and investment. If the Company's operations are disrupted and/or the economic integrity of its contracts is threatened for unexpected reasons, its business may be harmed.

In the event of a dispute arising in connection with the Company's operations in a foreign jurisdiction where it conducts its business, the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdictions of the courts of Canada or enforcing Canadian judgments in such other jurisdictions. The Company may also be hindered or prevented from

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. Accordingly, the Company's activities in foreign jurisdictions could be substantially affected by factors beyond the Company's control, any of which could have a material adverse effect on Company.

Defects in the Company's Products

The Company's solutions are complex and, accordingly, they may contain defects or errors, particularly when first introduced or as new versions are released. The Company may not discover such defects or errors until after a product has been released and used by its end-customers. Defects and errors in the Company's solutions could materially and adversely affect the Company's reputation, result in significant costs to it, delay planned release dates and impair its ability to sell its products in the future. The costs incurred in correcting any product defects or errors may be substantial and could adversely affect the Company's operating margins. While the Company plans to continually test its products for defects and errors and work with customers through the Company's support and service activities to identify and correct defects and errors, defects or errors in the Company's solutions may be found in the future.

Changes in Ownership of Customers or Consolidation within the Gaming Industry

The Company is heavily dependent on the gaming industry. A decline in demand for the Company's products in the gaming industry could adversely affect its business. Demand for the Company's products is driven primarily by the replacement of existing products as well as the expansion of existing bingo locations, casinos and the opening of new properties in existing and new jurisdictions as well as the opening of new channels of distributions, such as mobile and online gaming. Because a significant portion of the Company's sales come from repeat customers, its business could be affected if one of its customers is sold to or merges with another entity that utilizes the products and services of one of the Company's competitors or that reduces spending on its products or causes downward pricing measures. Such consolidations could lead to order cancellation or negatively impact pricing and purchasing decisions or results in the removal of some or all of the Company's products. Also, any fragmentation within the industry creating a number of smaller, independent operators with fewer resources could also adversely affect the Company's business as these operators might cause a further slowdown in the replacement cycle for the Company's products or otherwise adjust the number and frequency of orders they place with the Company to save money.

Management of Growth

If the Company does not effectively manage its growth, its ability to develop and market its solutions could suffer, which could negatively affect its operating results. To manage the Company's expected growth effectively, it must continue to improve its operational, financial and management controls and its reporting systems and procedures. These systems enhancements and improvements will require significant capital expenditures and allocation of valuable management resources. If required improvements are not implemented successfully, the Company's ability to manage its expected growth will be impaired and it may have to make significant additional expenditures to address these issues, which could harm its financial position.

Changes to Tax Rates or Exposure to Additional Tax Liabilities

The Company may be subject to income taxes in various foreign jurisdictions. Significant judgment will be required in determining the Company's worldwide provision for income taxes and, in the ordinary course of its business, there are many transactions and calculations where the ultimate tax determination may be uncertain.

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

The Company will be required to estimate what its taxes will be in the future. Although the Company believes its current tax estimates are reasonable, the estimate process and applicable tax laws are inherently uncertain, and its estimates are not binding on tax authorities. The Company's effective tax rate could be adversely affected by changes in its business, including but not limited to the mix of earnings in countries with differing statutory tax rates, changes in the elections it makes or applicable tax laws. The Company's tax determinations will be subject to audit by tax authorities, where audits, if any, could adversely affect the Company's income tax provision. Should the Company's ultimate tax liability exceed its estimates, its income tax provision and net income may be materially affected.

Reliance on Key Personnel

The Company is substantially dependent upon the services of its management team for the successful operation of its business. The loss of the services of any of these individuals could have a material adverse effect on the business of the Company. The Company's success is also highly dependent on its continuing ability to identify, hire, train, motivate and retain highly qualified technical, sales, marketing and management personnel. Competition for such personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain highly qualified technical, sales, marketing and management personnel in the future. If the Company cannot successfully recruit and retain the employees it needs, or replace key employees following their departure, the Company's ability to develop and manage its business will be impaired.

Ability to Successfully Execute Strategies

If the Company fails to execute any element of its strategy in a timely and effective manner, competitors may be able to seize marketing opportunities that the Company has identified. The Company's business strategy requires that it successfully and simultaneously complete many tasks. In order to be successful, the Company must: (i) continue to build and operate a highly reliable, complex infrastructure; (ii) attract and retain clients; (iii) hire, train and retain quality employees; and (iv) evolve the Company's business to gain advantages in a competitive environment.

Acquisitions

The Company may in the future acquire additional businesses. Acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, unanticipated events or circumstances, and legal liabilities, some or all of which could have a material adverse effect on the business, results of operations and financial condition. In addition, there can be no assurance that the Company can complete any acquisition it pursues on favourable terms, that any acquired businesses, products or technologies will achieve anticipated revenues and income, or that any acquisitions completed will ultimately benefit the business. An acquisition could also result in a potentially dilutive issuance of equity securities. If a strategy of growth through acquisition is pursued, the failure of the Company to successfully manage this strategy could have a material adverse effect on the Company's business, results of operations and financial condition.

Player and Operator Preferences

As a supplier of gaming solutions, the Company must continually offer themes and products that appeal to gaming operators and players. The Company's success depends in part on unpredictable and volatile factors that are beyond its control, such as customer preferences, competing games, travel activity and the availability of other entertainment activities. The Company faces continuous pressure to design and deploy new and successful game themes and technologically innovative products to maintain its revenue and

remain competitive. If the Company is unable to anticipate or react to any significant changes in player or customer preferences in a timely manner, the demand for its solutions could decline or suffer a loss of significant floor space or customer contracts, which could affect its financial results. If the Company's land-based gaming solutions suffer a loss of floor space to other more technologically advanced games, the Company could fail to meet certain minimum performance levels, or operators may reduce revenue sharing arrangements with the Company, each of which could negatively impact the Company's sales and financial results.

Economic Conditions

The demand for entertainment and leisure activities tends to be highly sensitive to consumers' disposable income, and thus can be affected by changes in the economy and consumer tastes, both of which are difficult to predict and beyond the control of the Company. Unfavourable changes in the general economic conditions, including recessions, economic slowdown, sustained high levels of unemployment, and higher fuel or transportation costs, may reduce disposable income of patrons or result in fewer patrons visiting casinos. As a result, the Company cannot ensure that demand for its products or services will remain constant. Continued or renewed adverse developments affecting economies throughout the world, including a general tightening of availability of credit, decreased liquidity in many financial markets, increasing interest rates, increasing energy costs, acts of war or terrorism, transpiration disruptions, natural disasters, declining consumer confidence, sustained high levels of unemployment or significant declines in stock markets, as well as concerns regarding epidemics and the spread of contagious diseases, could lead to a further reduction in discretionary spending on leisure activities such as gambling. Any significant or prolonged decrease in consumer spending on leisure activities could greatly affect the gaming industry. If the Company experiences a significant unexpected decrease in demand for its products, it could incur losses.

Reduced Spending

It is difficult to estimate the level of growth for the economy as a whole. It is even more difficult to estimate growth in various parts of the economy, including the markets in which the Company will participate. All components of the Company's budgeting and forecasting are dependent upon estimates of growth in the markets that the Company will serve and economic uncertainties make it difficult to estimate future income and expenditures. Downturns in the economy or geopolitical uncertainties may cause clients to reduce or cancel orders for the Company's products, which could have a material adverse impact on the Company's business, operating results and financial condition. In addition, natural disasters, acts of terrorism and the outbreak of hostilities and armed conflicts between countries have created uncertainties that may affect the global economy and could have a material adverse effect on the Company's business, operating results and financial condition.

Litigation

From time to time in the future, the Company is subject to other claims and litigation, which could be expensive, lengthy, and disruptive to normal business operations. In addition, the outcome of any claims or litigation may be difficult to predict and could have a material adverse effect on the business, results of operations and financial condition.

Protection of Intellectual Property

The Company's ability to secure its intellectual property rights is essential to the success of its ongoing operations and future opportunities. There is no assurance, however, that none of the Company's rights will be challenged, invalidated or circumvented. In addition, the laws of certain countries do not protect

proprietary rights to the same extent as do the laws of the U.S. and Canada, and therefore there can be no assurance that the Company will be able to adequately protect its proprietary technology against unauthorized third-party copying or use. Such unauthorized copying or use may adversely affect the Company's competitive position. Further, there can be no assurance that the Company will successfully obtain licenses to any technology that it may require to conduct its business or that, if obtainable, such technology can be licensed at a reasonable cost.

Infringement of Intellectual Property

The software and Internet industries are characterized by the existence of a large number of patents, trademarks and copyrights and by frequent litigation based on allegations of infringement or other violations of intellectual property rights. The Company may receive, in the future, communications from third parties claiming that it has infringed on the intellectual property rights of others. The Company's technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time-consuming and expensive to resolve, could divert management attention from executing the business plan and could require the Company to pay monetary damages or enter into royalty or licensing agreements. In addition, many of the Company's licensing agreements require the Company to indemnify its customers for third-party intellectual property infringement claims, which would increase the cost to the Company of an adverse ruling on such a claim. An adverse determination could also prevent the Company from offering its service to others.

Market Price of Company's Ordinary Shares May be Subject to Wide Price Fluctuations

The market price of the Company's Ordinary Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company and its subsidiaries, divergence in financial results from analyst expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Company's control. Stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price of the Company's Ordinary Shares.

Limited Market for Securities

The Company's Ordinary Shares are currently listed on the TSXV, however, there can be no assurance that an active and liquid market for the Company's Ordinary Shares will be developed.

Tax Considerations Applicable to an Investment in the Company's Ordinary Shares

The Canadian and non-Canadian income tax considerations applicable to an investment in the Company's Ordinary Shares may be significantly different than those applicable to an investment in shares of a corporation that was incorporated in Canada. Each prospective investor should consult with their own tax advisor with respect to the Canadian and non-Canadian income tax consequences of acquiring, holding and disposing of the Company's Ordinary Shares, based on each prospective investor's particular circumstances.

The Trading Price of the Company's Ordinary Shares May Be Volatile

The trading prices of the securities of technology companies have been highly volatile. Accordingly, the trading price of the Company's Ordinary Shares may be and is likely to be subject to wide fluctuations. Further, the Company's Ordinary Shares have limited trading history. Factors affecting the trading price of the Company's Ordinary Shares include:

eQube Gaming Limited
Management Discussion and Analysis
For the Three and Nine Month Periods Ended November 30, 2016

- variations in its operating results and cash flows;
- the quarterly net increases in the number of customers and licensing agreements;
- announcements of technological innovations, new services or service enhancements, strategic alliances or significant agreements by the Company or by its competitors;
- customer cancellations or delays in customer purchases;
- recruitment or departure of key personnel;
- changes in the estimates of its operating results or changes in recommendations by any securities analysts that elect to follow its Ordinary Shares;
- market conditions in its industry, the industries of its customers and the economy as a whole; and
- disruptions in the Company's service due to computer hardware, software or network problems or due to a natural disaster, act of terrorism or other catastrophic event.

In addition, if the market for technology stocks or the stock market in general experiences uneven investor confidence, the trading price of the Company's Ordinary Shares could decline for reasons unrelated to the business, operating results or financial condition. The trading price of the Company's Ordinary Shares might also decline in reaction to events that affect other companies within, or outside, the Company's industry even if these events do not directly affect the Company.

Natural Events

The Company has operations in locations subject to natural occurrences such as severe weather and other geological events, including hurricanes, earthquakes, floods, or tsunamis that could disrupt operations. Any serious disruption at any of the Company's facilities or the facilities of its customers or suppliers due to a natural disaster could have a material adverse effect on the Company's revenues and increase its costs and expenses. If there is a natural disaster or other serious disruption at any of the Company's facilities, it could impair its ability to adequately supply its customers, cause a significant disruption to its operations, cause the Company to incur significant costs to relocate or re-establish these functions and negatively impact its operating results. While the Company insures against certain business interruption risks, such insurance may not adequately compensate the Company for any losses incurred as a result of natural or other disasters. In addition, any natural disaster that results in a prolonged disruption to the operations of the Company's customers or suppliers may adversely affect its business, results of operations or financial condition.

Uninsured Losses

The Company carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. There are, however, certain types of risks, generally of a catastrophic nature, such as wars or environmental contamination, which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under-insured loss occur, the Company could suffer damage to its equipment and facilities and impair the Company's ability to service its clients, which may have a material adverse effect on the Company's business, financial condition, liquidity and results of operations.

Changes in Laws

Changes to any of the laws, rules, regulations or policies to which the Company is subject could have a significant impact on the Company's business. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies. Failure by the Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines or injunctions, which may have a material adverse effect on the Company's business, financial

condition, liquidity and results of operations. In addition, compliance with any future laws, rules, regulations and policies could negatively impact the Company's profitability and have a material adverse effect on its business, financial condition, liquidity and results of operations.

15. Subsequent Events

The following events occurred subsequent to November 30, 2016:

Related party transactions

On December 13, 2016, the Company drew an additional \$400,000 from the three year demand term loan in the amount of \$800,000 from an entity controlled by a director of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term. The proceeds of this loan were used to purchase equipment for customer deployment, software development, and general corporate purposes. The loan is secured by an assignment of proceeds under a specific customer contract.

Bank indebtedness and demand term loan

On January 12, 2017 the Company's bank completed its annual review of all the facilities extended to the Company and concluded that operating line of credit will be closed no later than April 30, 2017 and there would be no changes to the demand term loan.

On January 23, 2017, the Company entered into a financing arrangement for a three month demand term loan in the amount of \$200,000 from the COO of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term.

16. Other Information

Additional information about the Company is available on SEDAR at www.sedar.com.