eQube Gaming Limited
(formerly Triox Limited)

Management Discussion and Analysis

For the Three Months and Year Ended February 28, 2015

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 audited consolidated financial statements and notes thereto for the year ended February 28, 2015 (see Item 4). Our audited consolidated financial statements and related notes for the year ended February 28, 2015 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. For more information on the use of non-IFRS financial measures in this MD&A, readers are referred to Item 5, Non-IFRS Financial Measures.

This MD&A was prepared by management of the Company, and was approved by the Board of Directors on May 27, 2015.

2. Forward-Looking Statements

The MD&A offers our assessment of the Company's future plans and operations as of May 27, 2015 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 targets, 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.

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 Factors" in Item 14), failure to obtain necessary regulatory approvals, inability to fund or develop new research and development, 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. Overview

3.1 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 Ltd., 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.

As discussed in more detail in Item 4, while the Company is 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 is 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.

The year end of the Company is February 28.

3.2 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 United States (the "U.S.") and Ireland.

The Company's customers consist primarily of licensed gaming operators in Canada, the U.S. and Ireland. 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 and Georgia. The Company's U.S. customers include Tribal operators, the U.S. Army and other facility operators. In Ireland, the Company's customers are independent licensed gaming operators.

3.3 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, and installations. The equipment is typically owned directly by the Company or its subsidiaries.

	Three months ended		**Year ended**	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
Hardware and software rentals	**64.6%**	91.1%	**47.3%**	73.6%
Customer support and other services	**35.4%**	8.9%	**34.9%**	21.5%
Hardware and software sales	**0.0%**	0.0%	**17.8%**	4.9%
Total sales, service and other revenue	**100.0%**	100.0%	**100.0%**	100.0%

3.4 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 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 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

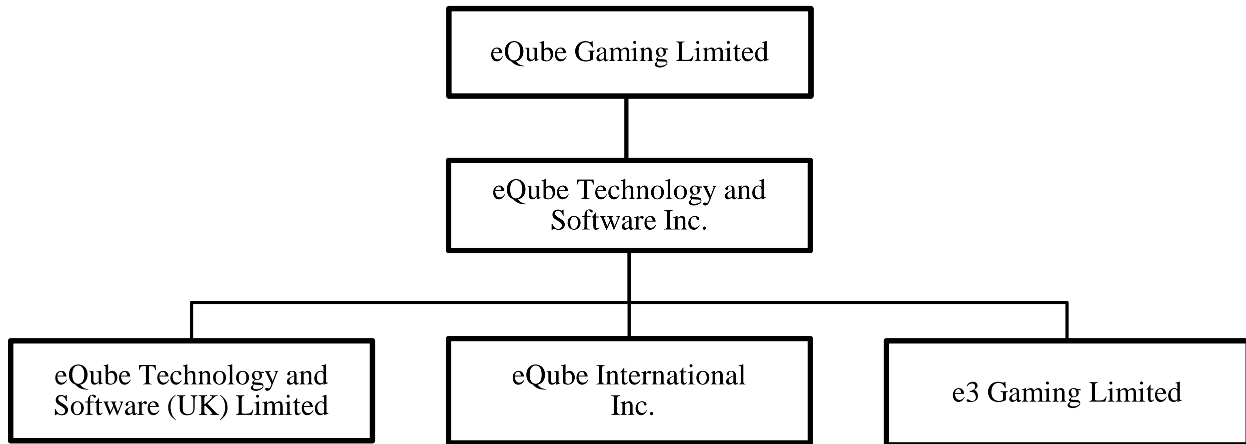
Each American state has its own rules and regulations which govern gaming in their jurisdictions. Each supplier is required to go through a licensing process, which is similar to that of the Canadian jurisdictions. The U.S. and International markets have evolved to allow each bingo hall operator to independently negotiate and purchase or, more commonly lease, equipment that best suits their needs. This is different than 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 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.

3.5 Corporate Structure

Following completion of the Qualifying Transaction (Item 4), the Company's corporate structure is as follows:



eQube Technology and Software Inc.

eQube Technology and Software Inc. services all of 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 all of 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 new Ireland 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 new charitable and community gaming initiatives of the Company in Ireland. The headquarters of e3 Gaming Limited are located in Cork, Ireland.

4. Completion of Qualifying Transaction

Amalgamation

Pursuant to the Amalgamation Agreement, eQube and 1824721 Alberta Ltd. ("Subco") amalgamated (the "Amalgamation") under the *Business Corporations Act* (Alberta) to form a new company under the corporate name "eQube Technology and Software Inc." ("Amalco"). Amalco carries on the business previously carried on by eQube as a subsidiary of the Company.

On October 29, 2014, the Company consolidated (the "Consolidation") all of its issued and outstanding ordinary shares (the "Ordinary Shares") and all outstanding options and warrants to purchase Ordinary Shares on the basis of one post-Consolidation Ordinary Share for every three pre-Consolidation Ordinary Shares. Following completion of the Consolidation and pursuant to the Amalgamation (with each Ordinary Share being issued on a post-Consolidation basis):

- the holders of class "A" common shares of eQube ("eQube Class A Shares") received three Ordinary Shares for each eQube Class A Share held in exchange for the issuance to the Company of three common shares of Amalco ("Amalco Common Shares") for each eQube Class A Share so exchanged;
- the holders of class "F" preferred shares of eQube ("eQube Class F Shares") received one preferred share of Amalco ("Amalco Preferred Shares") for each eQube Class F Share held;
- the Company received one Amalco Common Share for each class "A" common share of Subco ("Subco Share") held;
- the holders of Subco Shares (other than the Company and including Subco Shares issued pursuant to the Offerings (as defined below)) received one Ordinary Share for each Subco Share held in exchange for the issuance to the Company of one Amalco Common Share for each Subco Share so exchanged;
- all of the options to purchase eQube Class A Shares ("eQube Options") were replaced with options ("Options") to purchase three Ordinary Shares for each eQube Class A Share issuable on exercise of the eQube Options; and
- all of the Subco Agent Warrants (as defined below) were replaced with Agent Warrants (as defined below) to purchase one Ordinary Share for each Subco Share issuable on exercise of the Subco Agent Warrants.

Private Placement Financings

As a condition to and prior to the closing of the Amalgamation, Subco completed a brokered private placement for 5,220,000 class "A" common shares of Subco ("Subco Shares") at a price of $0.50 per Subco Share for gross proceeds of $2,610,000 (the "Brokered Offering"). Subco also completed a non-brokered private placement for 1,355,000 Subco Shares at a price of $0.50 per Subco Share for gross proceeds of

$677,500 (the "Non-Brokered Offering"). Collectively, the Brokered Offering and the Non-Brokered Offering are referred to herein as the "Offerings".

Pursuant to the Brokered Offering, the broker received a commission equal to 8% of the aggregate gross proceeds placed under the Brokered Offering, payable in cash, and was paid a corporate finance fee. The broker was also granted warrants by Subco (the "Subco Agent Warrants") to acquire the number of Subco Shares equal to 8% of the total number of Subco Shares sold under the Brokered Offering, exercisable at a price of $0.50 per Subco Agent Warrant for a period of 24 months from the closing date of the Brokered Offering.

Under the Amalgamation: (i) each Subco Share issued pursuant to the Offerings were exchanged for one Ordinary Share; and (ii) the Subco Agent Warrants were replaced with agent warrants ("Agent Warrants") to purchase one Ordinary Share for each Subco Share issuable on exercise of the Subco Agent Warrants.

Reverse Acquisition

The substance of the Qualifying Transaction is a reverse acquisition of the non-operating company. The Qualifying Transaction does not constitute a business combination as the accounting aquireee does not meet the definition of a business under IFRS 3. As a result, the Qualifying Transaction has been accounted for as an acquisition of assets with eQube identified as the accounting acquirer and the equity consideration being measured at fair value. The resulting financial statements are presented as a continuation of eQube and comparative amounts presented in the consolidated financial statements after the reverse acquisition are those of eQube.

IFRS 2 applies to transactions where an entity grants equity instruments and cannot identify specifically some or all of the goods or services received in return. Because the Company issued shares with a value in excess of the net assets deemed received, IFRS 2 dictates the difference is to be recognized in comprehensive income as a transaction cost. The amount assigned to transaction cost of $2,087,492 is the difference between the fair value of the consideration and the net identifiable assets deemed acquired by eQube and is included in the statement of loss and comprehensive loss as a transaction cost and included in other expenses.

The fair value of the consideration of the Qualifying Transaction includes the fair value of 3,766,667 Ordinary Shares and 372,949 stock options of the Company (being the unexercised stock options of Triox outstanding on the date of Amalgamation). The fair value of the 3,766,667 Ordinary Shares was determined to be $0.50 per share based on the fair value of the eQube shares at the time of the Qualifying Transaction.

The fair value of $0.258 per option granted was estimated using the Black-Scholes option pricing model using the following grant date assumptions: exercise price $0.30; amalgamation date stock price $0.50; risk-free rate 1.11%; expected volatility 48.69%; annual dividend yield 0%; expected remaining life of the options of 3 years. The expected volatility is based on historic volatility of similar companies in the public market.
Based on the statement of financial position of the Company at the time of the Qualifying Transaction, the net assets at estimated fair value that were deemed acquired by eQube of negative $107,937, and the resulting transaction cost charged to the statement of loss and comprehensive loss were as follows:

Consideration:		
Ordinary Shares	$	1,883,334
Stock options		96,221
	$	1,979,555

Identifiable net assets acquired:		
Cash	$	5,731
Accounts payable and accrued liabilities		(113,668)
Total identifiable net assets acquired		(107,937)
Transaction cost		2,087,492
Total net identifiable assets and transaction cost	$	1,979,555

5. Non-IFRS Financial Measures

The following non-IFRS definitions are used in the MD&A because management believes that they provide useful information regarding the Company's ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net and comprehensive loss for the period determined in accordance with IFRS or as indicators or performance, liquidity, or cash flows.

The Company's method of calculating these measures may differ from methods used by other entities and, accordingly, the measures may not be comparable to similarly titled measured used by other entities.

EBITDA

References to EBITDA are to net income, or net loss, adjusted to exclude finance costs, income taxes, depreciation and amortization.

Adjusted EBITDA

References to Adjusted EBITDA are to net income, or net loss, adjusted to exclude finance costs, income taxes, depreciation and amortization, as well as non-recurring costs directly associated with the Company's Qualifying Transaction.

Management believes EBITDA and Adjusted EBITDA are useful measures because they provide information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund working capital requirements, service debt and fund growth.

6. 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.

6.1. Comparison of Results

	Three months ended February 28,		Year ended February 28,	
	2015	2014	**2015**	2014
Sales, service and other revenue	**$ 1,031,340**	$ 1,449,847	**$ 4,634,821**	$ 3,837,199
Direct costs	**(373,995)**	(375,790)	**(2,164,334)**	(1,270,034)
Gross profit	**657,345**	1,074,057	**2,470,487**	2,567,165
Operating and other expenses [1]	**(906,036)**	(686,937)	**(3,777,803)**	(2,652,648)
Transaction cost	**-**	-	**(2,087,492)**	-
Finance income	**3,481**	3,481	**13,924**	13,924
EBITDA [2]	**(245,210)**	390,601	**(3,380,884)**	(71,559)
Finance costs	**(150,320)**	(107,363)	**(577,159)**	(406,419)
Depreciation and amortization	**(427,615)**	(406,846)	**(1,622,737)**	(1,370,656)
Net loss before income taxes	**(823,145)**	(123,608)	**(5,580,780)**	(1,848,634)
Income tax (expense) recovery	**(189,795)**	80,118	**(190,959)**	115,313
Net loss and comprehensive loss	**$ (1,012,940)**	$ (43,490)	**$ (5,771,739)**	$ (1,733,321)
Loss per share				
Basic	**$ (0.03)**	$ (0.00)	**$ (0.26)**	$ (0.10)
Diluted	**$ (0.03)**	$ (0.00)	**$ (0.26)**	$ (0.10)

[1] Operating and other expenses are comprised of general and administrative expenses, impairment of supplies and components, impairment of property and equipment, impairment of intangible assets, gain/loss on disposal of property and equipment, and foreign exchange gain/loss.
[2] References to EBITDA are to net income, or net loss, adjusted to exclude finance costs, income taxes, depreciation and amortization. For a further discussion of the Company's calculation of EBITDA, readers are referred to Item 5 in this MD&A under the heading Non-IFRS Financial Measures.

Sales, Service and Other Revenue

Revenue for the three months ended February 28, 2015 decreased $418,507 or 28.9% to $1,031,340 from $1,449,847 for the three months ended February 28, 2014. During the three months ended February 28, 2014, the Company recognized a one-time allocation of revenue from a contract entered into in 2013 of $487,500. Adjusting for this, revenues increased by $68,993 in the fourth quarter of 2015 due to the continued fulfilment of contracts entered into during the year in the U.S. and Ireland.

For the year ended February 28, 2015, revenue increased $797,622 or 20.8% to $4,634,821 from $3,837,199 for the year ended February 28, 2014. The increase is comprised of recurring revenue from new contract deployments in the U.S. and Ireland of approximately $88,000 and hardware sales of approximately $710,000. During the year ended February 28, 2014, the Company recognized $637,500 in revenues relating to the 2013 contract as discussed above.

Direct Costs

Direct costs, comprised mainly of cost of goods sold and direct labour expense, decreased $1,795 or 0.5% for the three months ended February 28, 2015 compared with the same period in the prior year. As a percentage of revenue, direct costs were 36.3% for the three months ended February 28, 2015 compared with 25.9% for the three months ended February 28, 2014. Revenues in the fourth quarter of 2014 included $487,500 relating to a prior year software license sale which had no incremental direct costs associated with it in 2014.

For the year ended February 28, 2015, direct costs increased $894,300 or 70.4% over the same period in the prior year. Approximately $685,000 of the increase is due to costs of goods sold relating to hardware sales discussed under revenues. The remaining approximate $209,300 increase is related to the cost to deliver services to new customers during the year ended February 28, 2015. For the year ended February 28, 2015, direct costs as a percentage of sales was 46.7% compared with 33.1% for the prior year. The year ended February 28 2014 included $637,500 in revenue which had no incremental direct costs associated with it resulting in direct costs being a lower percentage of total sales. The year ended February 28, 2015 includes a hardware sale which had a margin significantly lower than the Company's software and hardware leases. Excluding revenue and cost of hardware for this customer sale, direct costs represents 37.7% of sales for the year ended February 28, 2015.

Gross Profit

Gross profit decreased $416,712 or 38.8% to $657,345 for the three months ended February 28, 2015 from $1,074,057 for the three months ended February 28, 2014. As a percentage of revenue, gross profit is 63.7% for the three months ended February 28, 2015 compared with 74.1% for the same period in the prior year. The decrease is attributed to the recognition of $487,500 in revenues associated with a software license sale in a prior year with no incremental direct costs during the year ended February 28, 2014.

For the year ended February 28, 2015, gross profit decreased $96,678 or 3.8% to $2,470,487 from $2,567,165 for the year ended February 28, 2014. As a percentage of revenue, gross profit for the year ended February 28, 2015 was 53.3% compared with 66.9% for the same period in the prior year. The decrease in gross profit percentage is partly due to hardware sales which had lower margins than the Company's typical hardware and software leasing contracts and higher than average gross profit margin in 2014 resulting from the recognition of revenue for a software sale contract which had no associated incremental direct costs in 2014.

Operating and Other Expenses

Operating and other expenses increased $219,099 or 31.9% to $906,036 for the three months ended February 28, 2015 from $686,937 for the same period in the prior year. The increase is due to increases in compensation and benefits of $135,163, professional fees of $71,804, business taxes, insurance and licenses of $54,360, and $111,441 in expense relating to warrants issued in connection with the Catalyst Agreement, offset by a decrease in other general and administrative expenses of $25,203 and an increase in foreign exchange gain of $128,466. The increases in compensation and benefits, professional fees and insurance and licenses directly relate to future growth activities of the company. As the Company expands into new jurisdictions, there are application and licensing requirements which are time consuming and costly. Additional staff was brought on to facilitate growth into new markets and support the Company's ability to provide timely reporting information. The Catalyst Agreement provides for Catalyst Gaming Corporation to identify and bring forward to the Company strategic growth opportunities in exchange for the issuance of warrants. Additional information regarding the Catalyst Agreement can be found in the Company's audited consolidated financial statements for the year ended February 28, 2015.

For the year ended February 28, 2015, operating and other expenses increased $1,125,155 or 42.4% to $3,777,803 from $2,652,648 for the same period in the prior year. The increase is due to $584,333 in non-recurring professional fees relating to the Company's Qualifying Transaction, an increase of $451,370 in compensation & benefits relating to the Company's future growth activities (including $211,332 in non-cash share-based compensation relating to stock options issued in connection with the Qualifying Transaction), an increase of $64,859 in other general and administrative expenses including increases in D&O insurance as a public company, travel expenses related to future growth activities, and $148,313 in expense relating to warrants issued in connection with the Catalyst Agreement, offset by an increase in foreign exchange gain of $123,720.

Transaction Cost

Transaction cost of $2,087,492 relates to the Company's Qualifying Transaction. The cost is a one-time non-cash cost to complete the reverse take-over of Triox. Because the Company issued shares with a value in excess of the net assets deemed received from Triox, the difference is recognized in the statement of loss and comprehensive loss as a transaction cost. The amount of $2,087,492 is the difference between the fair value of the consideration and the net identifiable assets deemed acquired by eQube.

EBITDA and Adjusted EBITDA

	Three months ended February 28,		Year ended February 28,	
	2015	2014	**2015**	2014
EBITDA	**$ (245,210)**	$ 390,601	**$ (3,380,884)**	$ (71,559)
Adjusted for:				
Transaction cost	**-**	**-**	**2,087,492**	**-**
Professional fees related to Qualifying Transaction	**-**	-	**584,333**	-
Share-based compensation related to Qualifying Transaction	**-**	-	**211,332**	-
Adjusted EBITDA [(1)]	**$ (245,210)**	$ 390,601	**$ (497,727)**	$ (71,559)

[(1)] References to Adjusted EBITDA are to net income, or net loss, adjusted to exclude finance costs, income taxes, depreciation and amortization, as well as non-recurring costs directly associated with the Company's Qualifying Transaction. For a further discussion of the Company's calculation

of Adjusted EBITDA, readers are referred to Item 5 in this MD&A under the heading Non-IFRS Financial Measures and to Item 6.1 Comparison of Results.
(2) EBITDA and Adjusted EBITDA include a non-cash expense for warrants issued in connection with the Catalyst Agreement. For the three months ended February 28, 2015, this expense is $111,000 (2014 - $nil) and for the year ended February 28, 2015 the expense is $148,000 (2014 - $nil).

For the three months ended February 28, 2015, EBITDA was negative $245,210 compared with positive $390,601 for the three months ended February 28, 2014. During the three months ended February 28, 2014, the Company recognized $487,500 in revenues representing the accounting treatment of revenues associated with a contract entered into in 2013. During the three months ended February 28, 2015, the Company did not recognize revenues with respect to this contract. In addition, during the three months ended February 28, 2015, the Company incurred costs to set up Irish operations to support growth in that jurisdiction. Revenues associated with this expansion will not start until the next fiscal year.

For the year ended February 28, 2015, EBITDA is negative $3,380,884 compared with negative $71,559 for the same period in 2014. The decrease includes the impact of the transaction cost of $2,087,492, non-recurring professional fees of $584,333 relating to the Qualifying Transaction and $211,332 in non-cash share-based compensation relating to stock options issued in connection with the Qualifying Transaction. Excluding these items, Adjusted EBITDA is negative $497,727, which is $426,168 lower than the same period in the prior year. The decrease in Adjusted EBITDA is due to the recognition of revenues of $637,500 in 2014 for a software license sale discussed above, with no corresponding incremental costs recognized in 2014, lower profit margin in 2015 resulting from a larger portion of revenues coming from hardware sales, and increases in operating and other expenses as discussed above.

Finance Costs

Finance costs, consisting of interest on loans and dividends on preferred shares, increased $42,957 or 40.0% for the three months ended February 28, 2015 compared with the same period in the prior year. During the three month period in 2014, there was $1,810,000 in dividend bearing preferred shares outstanding for the entire period compared with $2,060,000 for the three months ended February 28, 2015. The Company issued the first preferred shares in October 2013 with further preferred shares issued November 2013 and January, March, and April of 2014. In addition, the Company had further draws on its loan facility for the purchase of equipment for deployment in Ireland and entered into a loan agreement with a related party for approximately $3 million during the year. Funds were advanced under this loan in May and October 2014 with principal and interest payments payable monthly.

For the year ended February 28, 2015, finance costs increased $170,740 or 42.0% from $406,419 to $577,159. The increase is due to dividend paying preferred shares being issued for the entire period and increases in loan facilities for the purchase of equipment for Ireland and Alberta and a new related party loan as discussed above.

Depreciation and Amortization

For the three months ended February 28, 2015, depreciation and amortization expense increased $20,769 or 5.1% to $427,615 from $406,846. The Company purchased and deployed a significant amount of new gaming equipment in January 2014 to service new and existing customers. The increase in depreciation and amortization in the current period is directly related to the volume of gaming equipment purchased and deployed near the end of last fiscal year.

For the year ended February 28, 2015, depreciation and amortization expense increased $252,081 or 18.4% compared to the same period in the prior year. The increase is directly attributable to the increase in gaming

equipment purchased and deployed by the Company late in the prior year and throughout the year ended February 28, 2015 on new and existing contracts.

Net Loss and Comprehensive Loss

Net and comprehensive loss for the three months ended February 28, 2015 was $1,012,940 compared with a net and comprehensive loss of $43,490 for the same period in 2014. The $969,450 increase in loss is the result of many factors discussed previously including: the accounting recognition of $487,500 of revenue during the three months ended February 28, 2014 with no associated incremental direct costs relating to a software license sale in 2013, finance cost increase of $42,957, increase in non-cash depreciation expense of $20,769 and an increase in the recognition of deferred tax expense of $269,913 for the three months ended February 28, 2015. Net loss and comprehensive loss for 2015 also includes a non-cash expense of $111,441 recognized in operating and other expenses for warrants issued in connection with the Catalyst Agreement. The remaining change was the result of increases in staffing and licensing costs as the Company positioned itself for growth in the coming year as well as costs associated with being a public company, offset by an increase in the foreign exchange gain. Excluding the $487,500 revenue recognized for accounting in 2014 noted above, actual revenues increased $68,993 for the three months ended February 28, 2015.

For the year ended February 28, 2015, net and comprehensive loss is $5,771,739 compared with net and comprehensive loss of $1,733,321 for the year ended February 28, 2014. The increase in loss of $4,038,418 is related to the transaction cost of $2,087,492, non-recurring professional fees of $584,333 relating to the Qualifying Transaction and $211,332 in non-cash share-based compensation relating to stock options issued in connection with the Qualifying Transaction. Excluding these items, net and comprehensive loss is $2,888,582 which is a 66.7% increase compared to the same period in the prior year. The increase in net and comprehensive loss is a result of many factors discussed previously, including: $637,500 in revenues recognized in 2014 for a software license sale in 2013 with no associated incremental direct costs, $96,678 decrease in gross profit related to lower margin hardware sales, an increase of $170,740 in finance costs, a $252,081 increase in non-cash depreciation expense, a $306,272 increase in deferred tax expense and a non-cash expense for warrants associated with the Catalyst Agreement of $148,313. Other costs increases relate to licensing and general and administrative associated with entering into new jurisdictions in the U.S. and internationally, offset by an increase in the foreign exchange gain.

6.2. Summary of Quarterly Results

	For the three months ended			
	February 28, 2015	November 30, 2014	August 31, 2014	May 31, 2014
Total revenue	$ 1,031,340	$ 996,134	$ 999,565	$ 1,607,782
Net loss and comprehensive loss	$ (1,012,940)	$ (3,172,948)	$ (934,805)	$ (651,046)
Loss per share, basic	$ (0.03)	$ (0.14)	$ (0.05)	$ (0.04)
Loss per share, diluted	$ (0.03)	$ (0.14)	$ (0.05)	$ (0.04)

	For the three months ended			
	February 28, 2014	November 30, 2013	August 31, 2013	May 31, 2013
Total revenue	$ 1,449,847	$ 833,170	$ 791,557	$ 762,625
Net loss and comprehensive loss	$ (43,490)	$ (705,276)	$ (562,055)	$ (422,500)
Loss per share, basic	$ (0.00)	$ (0.04)	$ (0.03)	$ (0.02)
Loss per share, diluted	$ (0.00)	$ (0.04)	$ (0.03)	$ (0.02)

Total Revenue

Total revenue for the three months ended February 28, 2015 is generally consistent with revenues for the three month periods ended November 30, 2014 and August 31, 2014. Revenues for the three months ended May 31, 2014 were higher due to the recognition of one-time hardware sales to new customers of approximately $710,000. For the quarter ended February 28, 2014, the Company recognized $487,500 relating to a software sale contract entered into in May 2013. The sales agreement was a multi-element sales arrangement which resulted in recognition of the majority of the revenue in fiscal 2013 with certain items and amounts recognized in the following year of the contract. This amount related to services provided throughout the year, but was recognized in income at the year-end. Excluding this item, revenue for the quarter was $959,847.

The three month periods ended May 31, 2013, August 31, 2013 and November 30, 2013 had steady increases in sales. This reflects new customers being added and the rollout of new software and hardware rental contracts.

6.3. Selected Annual Financial Information

	For the year ended February 28,		
	2015	2014	2013
Total revenue	$ 4,634,821	$ 3,837,199	$ 6,046,273
Net loss and comprehensive loss	$ (5,771,739)	$ (1,733,321)	$ 1,051,193
Basic weighted average number of shares	22,123,844	18,234,402	18,225,651
Loss per share, basic	$ (0.26)	$ (0.10)	$ 0.06
Diluted weighted average number of shares	22,123,844	18,234,402	19,155,651
Loss per share, diluted	$ (0.26)	$ (0.10)	$ 0.05
Dividends declared - total	$ 205,329	$ 59,545	$ -
Dividends declared - per preferred share	$ 0.10	$ 0.03	$ -

Total revenue for 2013 of $6,046,273 included the recognition of revenue for the sale of a software license. IFRS required that the majority of revenue associated with the sale be recognized in 2013, but the contract commitment and customer payment terms were over five years. If revenues were adjusted to match the contracted cash flows for the impact of this software sale, 2013 revenue becomes $4,046,273 and 2014 revenue becomes approximately $4,237,199.

These normalizing adjustments have no associated costs and, therefore, flow directly to reduce the net loss and comprehensive loss of the Company.

The normalized increase in revenues is attributed to new customers added during those periods.

Dividends declared relate to dividends on preferred shares. At February 28, 2015, 2,060,000 preferred shares were issued and outstanding compared to 1,810,000 as at February 28, 2014. Preferred shares were issued during fiscal 2014 and in March and April of 2014.

7. Financial Position

	February 28, 2015	February 28, 2014	February 28, 2013
Total assets	$ 7,495,556	$ 7,083,432	$ 6,606,231
Total non-current financial liabilities	$ 3,778,618	$ 2,301,823	$ 1,981,646

Total assets increased $412,124 or 5.8% from February 28, 2014 to February 28, 2015. The increase in total assets reflects the addition of approximately $3,000,000 in net proceeds from the Offerings offset by use of such proceeds of approximately $1,300,000, reductions in accrued receivables of approximately $470,000, property and equipment of approximately $600,000 and deferred tax assets of approximately $191,000, as well as changes in other accounts with a collective effect of decreasing total assets by approximately $27,000. From February 28, 2013 to February 28, 2014, total assets increased by $477,201 or 7.2%. Total

assets at February 28, 2013 included approximately $2.1 million in accrued receivables relating to a new customer contract brought on during the year.

The increase in non-current financial liabilities between February 28, 2013 and February 28, 2015 is the result of the Company taking on increased debt and the issuance of dividend bearing preferred shares, which are considered a financial liability according to IFRS. The increased debt was to finance growth including software development and the purchase of hardware to be deployed at new customer sites.

8. Liquidity and Capital Resources

8.1. Cash Flows by Activity

	Three months ended		**Year ended**	
Cash (used in) provided by:	**February 28, 2015**	February 28, 2014	**February 28, 2015**	February 28, 2014
Cash flows from operations	**$ (97,991)**	$ 7,700	**$ (342,542)**	$ 72,375
Changes in non-cash working capital	**38,120**	(61,449)	**(1,007,968)**	706,051
Operating activities	**(59,871)**	(53,749)	**(1,350,510)**	778,426
Financing activities	**(545,160)**	406,819	**4,018,284**	864,240
Investing activities	**(467,999)**	(907,717)	**(1,060,471)**	(1,633,501)
(Decrease) increase in cash and cash equivalents	**$ (1,073,030)**	$ (554,647)	**$ 1,607,303**	$ 9,165

Operating Activities

Cash flows used in operating activities are $59,871 for the three months ended February 28, 2015 which is comparable to $53,749 for the same period in the prior year.

For the year ended February 28, 2015 cash used in operations is $1,350,510 compared with cash provided by operations of $778,426 for the year ended February 28, 2014. The change resulted from increased professional costs associated with the Qualifying Transaction and a reduction in deferred revenue of $685,000 compared with the same period in the prior year. This amount was a customer prepayment for the purchase of hardware delivered and recognized in May 2014.

Financing Activities

Cash used in financing activities is $545,160 for the three months ended February 28, 2015 compared with cash provided by financing activities of $406,819 for the three months ended February 28, 2014. During the three months ended February 28, 2015, the Company repaid or retired existing loans in the amount of $371,529, paid interest and dividends of $188,481 and received proceeds from the exercise of stock options of $14,850.

Cash provided by financing activities is $4,018,284 for the year ended February 28, 2015 compared with $864,240 for the comparable period in the prior year. During the year ended February 28, 2015, the Company issued Ordinary Shares for net proceeds of $3,075,484 in connection with the Offerings, received proceeds from the issuance of preferred shares of $250,000, received proceeds from new loans of

$3,809,681 offset by repayments or retirements of existing loans and finance lease obligations of $2,587,795, paid interest and dividends of $572,017 and received proceeds from the exercise of stock options of $42,931.

There has been no change to the Company's plans for the use of proceeds associated with the Offerings as disclosed in its Filing Statement dated September 25, 2014 which can be found on SEDAR at www.sedar.com.

Investing Activities

Cash flows used in investing activities were $467,999 for the three months ended February 28, 2015 compared with $907,717 for the same period in the prior year. In the prior year, the Company purchased $734,290 in equipment during the quarter compared with $416,541 in the quarter ended February 28, 2015. In addition, the Company capitalized $173,427 in intangible assets during the prior year quarter compared with $51,458 in the quarter ended February 28, 2015. Timing of purchase of equipment is dependent upon when new customer contracts are entered into and when equipment installations are scheduled.

For the year ended February 28, 2015, cash used in investing activities is $1,060,471 compared with $1,633,501 for the year ended February 28, 2014. Investing activities consist mainly of purchase of property and equipment and the capitalization of deferred development costs. More equipment was purchased in the year ended February 28, 2014 than in the same period in 2015 due to the timing of entering into new customer contracts.

8.2. 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 year ended February 28, 2015, there were no changes in the Company's objectives and policies for capital management.

The Company includes the following in the definition of capital:

	February 28, 2015	February 28, 2014
Demand term loans	**$ 1,569,109**	$ 2,737,682
Shareholders loans	**421,756**	482,365
Other related loans	**2,528,226**	36,684
Preferred shares	**2,060,000**	1,810,000
Equity	**306,179**	482,942
	$ 6,885,270	$ 5,549,673

To manage the Company's capital requirements, the Company has in place a planning and budgeting process which helps determine the funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives. The Company plans to continue to fund its short-term cash requirements through operations, debt financing and proceeds raised through the Offerings. The Company has an operating line of credit in place that can be drawn upon, if required.

Under the Company's credit facilities for the operating line of credit and demand term loans, the annual debt service coverage ratio measured at February 28 must not be less than 1.25 to 1. At February 28, 2015 the Company was in violation of this covenant.

During the year ended February 28, 2015, the Company raised approximately $3 million in net cash proceeds through the brokered and non-brokered offerings. During the same period, the Company used proceeds from a new related party loan of $3 million to repay a $1 million demand term loan and $0.4 million in shareholders and related party loans bearing interest at rates in excess of 10%.

8.3. Outlook

Business Objectives

The Company's primary business objectives are as follows:

- to attract equity investment to finance further geographic and market expansion through acquisition and organic growth; and
- to fund working capital requirements in relation to expansion activities.

The amount and timing of actual requirements for working capital or funds for general corporate purposes will depend on numerous factors related to the implementation of the Company's business strategy.

Business Strategy

The Company's business strategy is to grow its operations in the charitable and community gaming 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 verticals. Proceeds from the Offerings will be used to obtain regulatory approval in additional jurisdictions, expand distributor networks in new markets, and 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.

As of the date of this MD&A, the Company is party to the following agreements or letters of intent regarding any possible acquisitions:

- The Company entered into letters of intent for the acquisition of an eBingo software provider and operator of 21 electronic bingo halls in Norway. The acquisitions will be funded by a combination of cash, shares and earn-outs over three years.

8.4. Liquidity Risk

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

The Company has in place a planning and budgeting process which helps determine funds required to ensure the Company has the appropriate liquidity to meet its operating and growth objectives.

To manage this risk the Company maintains an operating line of credit which provides access to funds to meet short-term financing obligations.

As at February 28, 2015, the Company had cash of $2,132,829 (2014 - $408,086), accounts receivable of

$381,697 (2014 - $241,533), and current portion of accrued receivables of $460,000 (2014 - $483,978) for a total of $2,974,526 (2014 - $1,133,597). Current and on demand obligations from bank indebtedness, accounts payable and accrued liabilities, interest bearing loans, finance lease obligations and dividend paying preferred shares total $3,853,015 (2014 - $2,683,901). The deficiency of current assets to cover the Company's short-term obligations will be funded through operations, by refinancing existing loans and by managing accounts payable terms.

The Company's contractual obligations at February 28, 2015 are as follows:

	On demand	2016	2017	2018	Total
Bank indebtedness	$ 117,440	$ -	$ -	$ -	$ 117,440
Accounts payable and accrued liabilities	-	492,846	-	-	492,846
Demand term loans	1,575,538	-	-	-	1,575,538
Shareholders loans	-	334,009	119,095	-	453,104
Other related loans	-	1,127,182	1,127,182	602,125	2,856,489
Preferred shares	-	206,000	1,956,907	250,671	2,413,578
Total	$ 1,692,978	$ 2,160,037	$ 3,203,184	$ 852,796	$ 7,908,995

The Company's contractual obligations at February 28, 2014 were as follows:

	On demand	2015	2016	2017	Total
Accounts payable and accrued liabilities	$ -	$ 712,692	$ -	$ -	$ 712,692
Demand term loans	-	1,668,987	768,537	459,375	2,896,899
Shareholder loans	-	68,203	286,683	211,171	566,057
Other related loans	-	17,687	17,687	8,843	44,217
Obligations under finance lease	-	35,332	-	-	35,332
Preferred shares	-	181,000	181,000	1,931,907	2,293,907
Total	$ -	$ 2,683,901	$ 1,253,907	$ 2,611,296	$ 6,549,104

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

At February 28, 2015 the Company was in violation of a lending covenant related to the Company's operating line of credit and demand term loans.

The shareholders and other related loans contain demand features. The lenders have waived the demand provisions for the next 365 days after year end.

9. 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 February 28, 2015 under operating lease obligations for the Company's office and warehouse facilities are as follows:

	Edmonton	Las Vegas	Total
Less than one year	$ 84,887	$ 61,893	$ 146,780
Between one and five years	28,490	2,584	31,074
Total	$ 113,377	$ 64,477	$ 177,854

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

The Company's contingencies are disclosed in the audited consolidated financial statements as at and for the year ended February 28, 2015.

10. Related Party Transactions

a) Shareholders Loans and Other Related Loans

As at February 28, 2015, the Company had $2,949,982 outstanding in shareholders and other related loans (2014 - $519,049). Additional information regarding these loans can be found in the Company's audited consolidated financial statements for the year ended February 28, 2015.

On March 31, 2014, the Company entered into a new 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 February 28, 2015 was $2,528,226 (2014 - $nil). The proceeds of this loan were used to repay the remaining balance of a $1,000,000 demand term loan, repay certain existing shareholders and other related loans bearing interest at rates in excess of 10%, and to purchase equipment for customer deployment. The loan bears interest at 9.5%. Interest and principal were payable monthly beginning June 21, 2014.

During the year ended February 28, 2015, the Company entered into new shareholders loans in the amount of $400,000 (2014 - $45,000). Proceeds were used to pay transaction costs associated with the Qualifying Transaction. In the prior year, shareholders loans of $650,000 and other related loans of $100,000 were exchanged for preferred shares.

During the three months ended February 28, 2015, interest expense on shareholders and other related loans of $75,362 (2014 - $31,946) was recorded as expense and is included in finance costs.

During the year ended February 28, 2015, interest expense on shareholders and other related loans of $210,796 (2014 - $233,322) 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		**Twelve months ended**	
	February 28, 2015	February 28, 2014	**February 28, 2015**	February 28, 2014
Short-term employee benefits	**$ 96,932**	$ 159,613	**$ 350,909**	$ 389,413
Share-based payments	**12,870**	5,027	**243,127**	24,277
	$ 109,802	$ 164,640	**$ 594,036**	$ 413,690

During the year ended February 28, 2015, the Company granted 1,350,000 stock options to directors, officers and board advisors (2014 – 150,000). No stock options were granted to directors, officers and board advisors during the three months ended February 28, 2015 (2014 – Nil). The board advisors will become directors subsequent to February 28, 2015, pending regulatory approval. Stock options granted to board advisors do not vest until they receive regulatory approval to become directors

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 benefits consist of wages and salaries paid or payable to employees, accrued vacation, and other benefits paid or payable within 12 months.

11. Changes in Accounting Policies Including Initial Adoption

Changes in Accounting Policies

The following standards, that are applicable to the Company, have been adopted by the Company for the first time for the financial year beginning on March 1, 2014 and did not have a material impact on the Company.

IFRIC 21 – Levies

The Company has adopted *IFRIC 21 – Levies* which provides guidance on when to recognize an obligation to pay a levy other than income tax. The standard was effective January 1, 2014 and adoption of IFRIC 21 did not result in any current or retrospective adjustment.

Amendments to IAS 32 – Financial Instruments: Presentation

The Company has adopted the amendments to IAS 32 which clarified some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments were effective January 1, 2014 and did not result in any current or retrospective adjustment.

Amendment to IAS 36 – Impairment of Assets

The Company has adopted the amendment to IAS 36 which addressed the disclosure information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment was effective January 1, 2014 and did not result in any current or retrospective adjustment.

Amendments to IFRS 2 – Share-based Payment

IFRS 2 was amended to (i) change the definitions of "vesting condition" and "market condition" and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments applied prospectively to share-based payment transactions with a grant date on or after July 1, 2014, with earlier application permitted. The Company applied these amendments to share-based payments transactions with a grant date on or after July 1, 2014.

Amendments to IFRS 3 – Business Combinations

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of *IFRS 9 – Financial Instruments*, or *IAS 39 – Financial Instruments: Recognition and Measurement*, or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognized within the statement of income. Consequential amendments were also made to IFRS 9, IAS 39 and *IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*. The amendments applied prospectively to business combinations for which the acquisition date is on or after July 1, 2014, with earlier application permitted. These amendments had no material impact on the Company.

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 annual financial statements for the year ended February 28, 2015. Management has not yet assessed the impact on the consolidated financial statements of the following changes that are applicable to the Company:

IFRS 9 – Financial Instruments

IFRS 9 will replace *IAS 39 – Financial Instruments: Recognition and Measurement*. The new standard includes guidance on recognition and derecognition of financial assets and financial liabilities, impairment and head accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 replaces *IAS 11 – Construction Contracts*, *IAS 18 – Revenue* and *IFRIC 13 – Customer Loyalty Programmes*. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. IFRS 15 is to be applied retrospectively with early adoption permitted. The IASB recently voted to publish an exposure draft proposing a one-year deferral of the effective date of IFRS 15 to annual periods beginning on or after January 1, 2018.

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, demand term loans, shareholders loans, other related loans 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, demand term loans, shareholders loans, other related loans 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 and accounts payable and accrued liabilities 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.

The carrying value of demand term loans, shareholders loans, other related loans and preferred shares reasonably approximate their fair value. The fair value 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 foreign 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. As at February 28, 2015, the balance of the allowance account for credit losses was $nil (2014 - $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 February 28, by length of time past due, are:

	February 28, 2015	February 28, 2014
1 to 30 days past due	**$ 132,108**	$ 141,138
31 to 60 days past due	**41,273**	6,802
Total	**$ 173,381**	$ 147,940

As at February 28, 2015, the Company had three customers owing more than $50,000 each that accounted for approximately 62% of all the trade accounts receivable owing (2014 – one customer owing more than $50,000; approximately 71% of trade accounts receivable). Trade accounts receivable associated with customers that each individually exceeded 10% of the Company's sales, service and other revenue for the year totalled 44.6% of trade accounts receivable (2014 – 71%). 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 February 28, 2015 totalled $2,132,829 (2014 - $404,086), accounts

receivable totalled $381,697 (2014 - $241,533), and accrued receivables totalled $1,348,670 (2014 - $1,818,724), 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 $4,600 for the year ended February 28, 2015 (2014 - $628). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $900 for the year ended February 28, 2015 (2014 - $56).

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) 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 $22,000 for the year ended February 28, 2015 (2014 - $23,000).

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, 2,298,291 stock options issued under the Company's stock option plan and 6,484,545 warrants outstanding. The number of warrants outstanding includes an estimate of the amount of Consideration Warrants expected to ultimately vest, which as at the date of this MD&A is estimated to be 6,044,145 based on the issued and outstanding Ordinary Shares of the Company. The number of Consideration Warrants to be issued shall not exceed 20% of the issued and outstanding capital of the Company, up to a maximum of 54,000,000 Ordinary Shares. Additional information regarding the Consideration Warrants can be found in the Company's audited consolidated financial statements for the year ended February 28, 2015.

As at the date of this MD&A, 9,685,897 (February 28, 2014 – nil) of the issued ordinary shares were held in escrow. 1,937,179 of these shares will be released from escrow on November 4, 2015 and every six months thereafter.

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.

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.

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.

Potential Changes to the Class II Regulatory Scheme

The Company’s Native American Tribal customers that operate Class II games under the U.S. *Indian Gaming Regulatory Act* are subject to regulation by the U.S. National Indian Gaming Commission (the “NIGC”). The NIGC is conducting consultations with industry participants regarding Native American gaming activities, including the clarification of regulations regarding Class II gaming machines. It is possible that any such changes in regulations, when finally enacted, could cause the Company to modify its Class II games to comply with the new regulations, which may result in the Company’s products becoming less competitive. Any required conversion of games pursuant to changing regulatory schemes could cause a disruption to the Company’s business. In addition, the Company could lose market share to

competitors who offer games that do not appear to comply with published regulatory restrictions on Class II games and therefore offer features not available in the Company's products.

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.

Ability to Develop and Enhance Existing Solutions

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 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.

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 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 Solutions

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.

Adequate Liquidity

Although the Company has access to credit, there is no guarantee that such credit will be obtained. 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. As at February 28, 2015, the Company was in violation of this covenant. Failure to maintain adequate liquidity in the future would restrict the Company's ability to operate, pay current liabilities, comply with covenants applicable to its secured borrowings, or pursue new possible business opportunities.

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.

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 may require 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.

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

The Company expects to experience rapid growth in its headcount and operations, placing significant demands on its operational and financial infrastructure. The Company intends to increase the number of its employees substantially in the next 12 months to further its research and development and sales efforts and to meet its administrative needs. 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.

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 floor space, 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 may become 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 maintained.

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 and Could be Subject to Litigation.

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:

- 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. Any volatility in the Company's share price may result in litigation.

Risk of Poor Security Analyst Reports on the Company

The trading market for the Company's Ordinary Shares may rely in the future part on the research and reports that industry or financial analysts publish about it or its business. The Company does not control these analysts. If one or more of the analysts who may cover the Company downgrade its stock, its share price would likely decline rapidly. Furthermore, if one or more of these analysts who begin coverage, cease coverage of the Company, the Company could lose visibility in the market, which in turn could cause the share price to decline.

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. Other Information

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