



eQube Gaming Limited

Management Discussion and Analysis
For the Three Months and Year Ended February 28, 2018

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 years ended February 28, 2018 and 2017. Our audited consolidated financial statements and related notes years ended February 28, 2018 and 2017 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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

This MD&A was prepared by management of the Company, and was approved by the Board of Directors on 18 June, 2018.

2. Forward-Looking Statements

The MD&A offers our assessment of the Company's future plans and operations as of 18 June, 2018 and contains forward-looking statements. The words "may", "will", "should", "believe", "expect", "plan", "anticipate", "intend", "estimate", "predict", "potential", "target", "continue" or the negative of these terms, or other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, including those discussed below. You are cautioned that the assumptions used in the preparation of forward-looking information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Certain statements in this MD&A constitute forward-looking statements based on management's expectations, estimates and projections. All statements that address expectations or projections about the future, including, but not limited to, statements about the Company's business or financial objectives, its strategies or future actions, its product testing and revenue models, the use of capital and proceeds including plans to fund short-term cash requirements, anticipated regulatory approvals, its targets, its plans for international expansion, expectations with respect to the expiration of the warrants thereunder, the timing of purchase of equipment and scheduling of equipment installations, expected contractual obligations and lease obligations, 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 and Uncertainties" in Item 14), failure to obtain necessary regulatory approvals, inability to fund or develop new products, and ability to access sufficient capital. No

assurance can be given that any of the events anticipated will transpire or occur, or if any of them do so, what benefits the Company will derive from them. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements.

3. Outlook

Highlights for the Fiscal Year Ended February 28, 2018

- Total revenue from continuing operations for the year ended February 28, 2018 decrease 21.3% to \$5,611,441 from \$7,130,742 in the prior year.
- Revenue from continuing operations, excluding hardware sales decreased 12.9% to \$4,699,581 in the year ended February 28, 2018 from \$5,422,324 in the prior year.
- Total revenue from hardware sales for the year ended February 28, 2018 increased 145.7% to \$911/859 from \$371,161 in the prior year.
- Gross profit for the year ended February 28, 2018 decreased 33.7% to \$3,356,442 from \$5,060,833 in the prior year.
- Gross profit margin decreased to 59.8% for the year ended February 28, 2018 compared with 70.9% in the prior year.

Business Objectives

The Company's primary business objectives are as follows:

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

Business Strategy

The Company's business strategy is to grow its operations in the commercial, charitable, and tribal markets through geographic expansion, pursuing strategic acquisitions, leveraging best business practices amongst its operating divisions, increasing sales from existing customers, attracting new clients and expanding in key commercial and tribal verticals. Capital will be used to obtain regulatory approval in additional jurisdictions, procure equipment for placement in client venues, expand distributor networks in new markets, increase product placement and create recurring revenue opportunities through the Company's product participation model. Additional capital will also provide the Company with flexibility with respect to future acquisitions.

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

4. Overview

4.1 Background

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

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

The transaction was completed on October 30, 2014 and constituted a “Qualifying Transaction” of the Company (as such term is defined within the meaning of Policy 2.4 of the TSXV). The Company’s registered office is located at #100, 10493 – 184 Street, Edmonton, Alberta.

On June 19, 2015, the Company acquired the operations of Alberta Satellite Bingo, which is comprised of Alberta Satellite Bingo Limited Partnership (“Alberta Satellite Bingo LP”), 657255 Alberta Limited and The Satellite Bingo Network (TSBN) Inc. (“TSBN”). The acquisition includes assets, intellectual property and existing personnel to operate a linked bingo game in the Province of Alberta. The acquisition provides a strategic platform for the Company to expand linked game offerings to current and future customers in other markets that will allow the Company to increase prize liquidity for bingo players. For more detailed disclosure on the acquisition, please refer to Note 4 of the consolidated financial statements for the year ended February 28, 2017.

On January 4, 2016, the Company took over the bingo hall operations of a bingo hall in Cork, Ireland. The operations are run through e3 Bingo Limited, a wholly owned subsidiary of eQube Gaming Limited. This provided a strategic platform for the Company to showcase its products and services in a live ‘demo’ environment of an operational European hall where customers from the U.K. and mainland Europe could see ‘fit for purpose’ product in use in a European context, rather than purchase from North America or visit North America to view. On October 31, 2016, the Company sold its equity interest in e3 Bingo Limited to a close family member of the Chief Executive Officer of the Company for €100, which was approved by the TSXV in accordance with its policies. The financial performance of e3 Bingo Limited was disclosed as discontinued operations in the audited consolidated financial statements for the year ended February 28, 2017.

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

4.2 General

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

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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, Georgia, North Dakota, and Washington. 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.

4.3 Products and Services

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

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

	2018	2017
Hardware and software rentals	\$ 2,470,167	\$ 4,251,045
Contract termination revenue	-	1,337,257
Bingo supplies	148,723	-
Customer support and other services	1,400,765	394,028
Game revenue	679,927	777,251
Hardware and software sales	911,859	371,161
	\$ 5,611,441	\$ 7,130,742

4.4 Market - The Electronic Bingo Gaming Industry

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

Canada

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

The Company earns revenue from its customers in various ways:

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

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

International

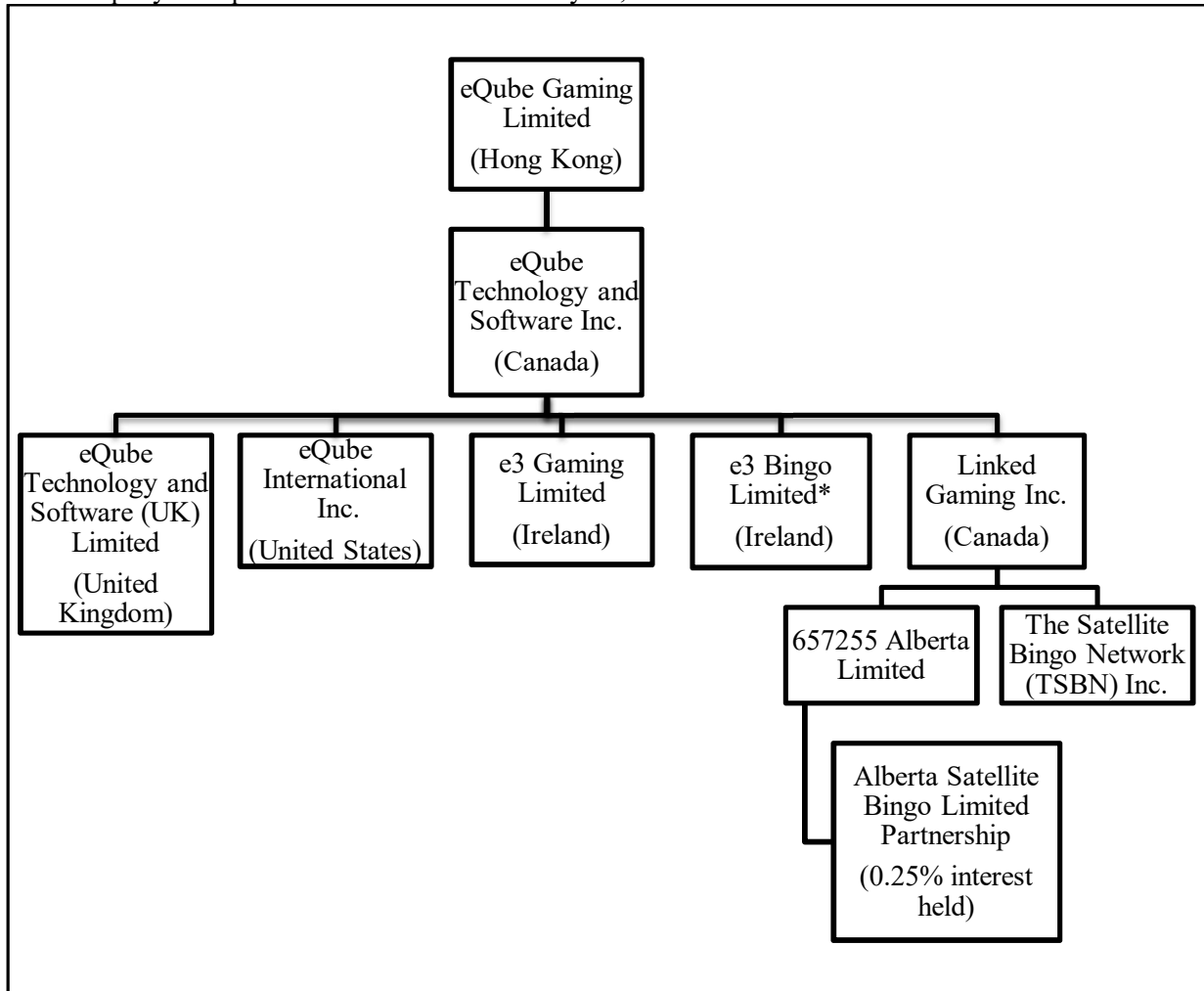
Each U.S. state has its own rules and regulations that govern gaming in their respective jurisdictions. In addition, tribal sites may have their own regulatory framework separate from the state that must be adhered to. Each supplier is required to go through a licensing process, which is similar to that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

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

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

4.5 Corporate Structure

The Company's corporate structure as of February 28, 2018 is as follows:



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

eQube Technology and Software Inc.

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

eQube International Inc.

With its headquarters located in Las Vegas, Nevada, eQube International Inc. services the Company's clients in the U.S. These clients consist of the U.S. Army, tribal organizations, state-run bingo facilities and private bingo operators. eQube International Inc. drives the marketing efforts of the Company as it expands further into the U.S.

eQube Technology and Software (UK) Limited

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

e3 Gaming Limited

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

e3 Bingo Limited ("Rock Bingo")

e3 Bingo Limited, incorporated in Ireland on February 11, 2016, was established to run the operations of Rock Bingo Hall. Rock Bingo is a 1,000 seat bingo hall located in Cork, Ireland. The bingo hall operation provided a strategic platform for the Company to showcase its products and services in the live 'demo' environment of an operational European hall where customers from the UK and mainland Europe could see 'fit for purpose' product in use in a European context, a much more compelling model compared to travelling to view or directly purchasing a "North American" product. On October 31, 2016, the Company sold its equity interest in e3 Bingo Limited to a close family member of the Chief Executive Officer of the Company for €100, which was approved by the TSXV in accordance with its policies. The financial performance of e3 Bingo Limited was disclosed as discontinued operations in the audited consolidated financial statements for the year ended February 28, 2017.

Linked Gaming Inc.

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

657255 Alberta Limited

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

The Satellite Bingo Network (TSBN) Inc. (“TSBN”)

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

Alberta Satellite Bingo Limited Partnership (“Alberta Satellite Bingo LP”)

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

5. Results of Operations

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

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5.1. Summary of Quarterly Results

	For the three months ended			
	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Total revenue from continuing operations	\$ 1,011,817	\$ 1,413,215	\$ 1,623,627	\$ 1,562,782
income attributable to the owners of the Company:				
From continuing operations	\$ (3,206)	\$ 4,280	\$ 4,211	\$ (617,226)
From discontinued operations	\$ -	\$ -	\$ -	\$ -
Basic weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, basic				
From continuing operations	\$ (0.00)	\$ -	\$ -	\$ (0.02)
From discontinued operations	\$ -	\$ -	\$ -	\$ -
Diluted weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, diluted				
From continuing operations	\$ (0.00)	\$ -	\$ -	\$ (0.02)
From discontinued operations	\$ -	\$ -	\$ -	\$ -
	For the three months ended			
	February 28, 2017	November 30, 2016	August 31, 2016	May 31, 2016
Total revenue from continuing operations	\$ 2,636,351	\$ 1,712,078	\$ 1,617,923	\$ 1,425,498
Net (loss) income and comprehensive (loss) income attributable to the owners of the				
From continuing operations	\$ 602,141	\$ (215,741)	\$ (617,226)	\$ (722,869)
From discontinued operations	\$ 3,942	\$ (178,709)	\$ -	\$ 32,946
Basic weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, basic				
From continuing operations	\$ 0.02	\$ (0.01)	\$ (0.02)	\$ (0.02)
From discontinued operations	\$ -	\$ (0.01)	\$ -	\$ -
Diluted weighted average number of shares	30,220,727	30,220,727	30,220,727	30,220,727
(Loss) income per share, diluted				
From continuing operations	\$ 0.02	\$ (0.01)	\$ (0.02)	\$ (0.02)
From discontinued operations	\$ -	\$ (0.01)	\$ -	\$ -

Total Revenue from continuing operations

Total revenue for the three months ended February 28, 2018 has decreased from the prior quarter due to decreases in bingo supplies of \$23,968, gaming revenue of \$11,117, hardware and software rentals of \$126,563 and hardware and software sales of \$841,542, offset by increases of customer support and other services of \$601,792.

Total revenue for the three months ended November 30, 2017 is down from the prior quarter due to decreases of gaming revenue of \$21,977, customer support and other services of \$295,113, hardware and software rentals of \$185,147, offset by increases in bingo supplies of \$9,066 and hardware and software sales of \$282,759.

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Total revenue for the three months ended August 31, 2017 is down from the prior quarter due to decreases of \$279,411, customer support and other services of \$94,415, offset by increases in, hardware and software rentals \$25,142, bingo supplies \$41,257 and hardware and software sales \$313,131.

Total revenue for the three months ended May 31, 2017 is down from the prior quarter due to decreases of \$1,332,505 in hardware and software rentals, \$1,337,257 in contract termination revenue offset by increases in customer support and other services of \$932,339, game revenue \$409,995, hardware sales \$223,071 and Bingo supplies \$30,788.

Total revenue for three months ended February 28, 2017 is up from the prior quarter due to an increase of \$1,376,594 in hardware sales and software sales and an increase of \$1,337,257 due to contract termination revenue offset by a decrease of \$1,012,530 in customer support and other services a \$411,753 decrease in game revenue and \$365,295 in hardware and software sales.

Total revenue for three months ended November 30, 2016 is up from the prior quarter due to an increase of \$353,818 in hardware sales, \$38,395 in customer support and other services offset by a \$27,331 decrease in hardware and software rentals and \$9,619 in game revenue

Total revenue for the three months ended August 31, 2016 was down over the prior quarter due to a \$53,273 decrease in hardware and software rental, \$23,735 in game revenue offset by increases in hardware and software sales of \$8,076 and \$1,249 in customer support and other services.

Total revenue for the three months ended May 31, 2016 was down from the prior quarter due to decreases in customer support and other services of \$19,262, \$12,985 in hardware and software rentals offset by increases in game revenue of \$14,289 and \$1,148 in hardware and software sales.

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5.2. Comparison of Results

	Three months ended February 28,		Year ended November 28,	
	2018	2017	2018	2017
Sales, service and other revenue	\$ 1,011,817	\$ 2,636,351	\$ 5,611,441	\$ 7,130,742
Direct costs	(621,107)	(432,509)	(2,254,999)	(2,069,909)
Gross Profit	390,710	2,203,842	3,356,442	5,060,833
Expenses				
General and administrative expenses	475,510	1,084,947	2,524,404	4,014,559
Income (loss) before other expenses (income)	(84,800)	1,118,895	832,038	1,046,274
Other expenses (income)				
Finance income	(1,225)	(7,679)	(894)	(19,127)
Finance costs	89,624	206,980	530,979	716,795
Depreciation and amortization	214,343	185,886	879,274	1,228,778
Gain on disposal of property and equipment	-	30,596	-	30,546
Impairment of supplies and components	-	56,515	-	56,515
Impairment of property and equipment	-	56,988	-	56,988
Impairment of intangible assets	-	47,627	-	47,627
Foreign exchange loss (gain)	(487,993)	62,740	(53,927)	104,201
Total other expenses (income)	(185,251)	639,653	1,355,432	2,222,323
Loss before income taxes	100,451	479,242	(523,394)	(1,176,049)
Income tax expense (recovery)	103,657	2,539	88,548	(60,178)
Net profit / (loss) and comprehensive loss from continuing operations	\$ (3,206)	\$ 476,703	\$ (611,942)	\$ (1,115,871)
Net profit / (loss) and comprehensive loss from discontinued operations	\$ -	\$ 3,942	\$ -	\$ (44,342)

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Sales, Service and Other Revenue

Revenue for the three months ended February 28, 2018 increased \$1,624,534 or 61.6% to \$1,011,817 from \$2,636,351 for the three months ended February 28, 2017. The decrease is due to decreases of \$1,902,280 in Canadian revenue and of \$623,198 in US revenue offset by an increase in European revenue of \$900,944.

Revenue for the twelve months ended February 28, 2018 increased by \$1,519,301 or 21.3% to \$5,611,441 from \$7,130,742 for the year ended February 28, 2017. The decrease is due to decreases of \$2,055,273 in Canadian revenue and of \$1,627,746 in US revenue, offset by an increase of \$2,163,718 in European revenue.

Direct Costs

Direct costs, comprised mainly of direct labour expense, increased \$188,598 or 43.6% to \$621,107 for the three months ended February 28, 2018 from \$432,509 compared with the same period in the prior year. As a percentage of revenue, direct costs were 61.4% for the three months ended February 28, 2018 compared with 16.4% for the three months ended February 28, 2017. The increase is due to increase in payroll costs of \$183,636, increase in technical support of \$63,986 and an increase in distributor commissions of \$84,252. The increases were offset by decreases in the cost of hardware sold of \$128,186 and repairs of \$15,090.

Gross Profit

Gross profit decreased \$1,813,132 or 68.8% to \$390,710 for the three months ended February 28, 2018 from \$2,203,842 for the three months ended February 28, 2017. As a percentage of revenue, gross profit is 38.6% for the three months ended February 28, 2018 compared with 83.6% for the same period in the prior year.

Gross profit decreased \$1,704,391 or 33.7% to \$3,356,442 for the year ended February 28, 2018 from \$5,060,833 for the year ended February 28, 2017. As a percentage of revenue, gross profit is 59.8% for the year ended February 28, 2018 compared with 71.0% for the same period in the prior year.

General and Administrative Expenses

General and administrative expenses decreased \$609,437 or 56.2% to \$475,510 for the three months ended February 28, 2018 from \$1,084,947 for the same period in the prior year. The decrease is due to \$319,503 reduction in compensation and benefit costs, \$49,663 in professional fees, \$75,296 in advertising and promotion costs, rent of \$44,527, \$2,852 in business taxes and office and other expenses of \$117,596.

General and administrative expenses decreased \$1,490,155 or 37.1% to \$2,524,404 for the year ended February 28, 2018 from \$4,014,559 for the same period in the prior year. The decreases in general and administrative costs directly relate to temporary decreases in resources as the Company positions itself for future growth activities in the European and U.S. markets

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Income Before Other Expenses (loss)

The income before other expenses for the three months ended February 28, 2018 decreased \$1,203,695 or 107.6% to a loss of \$84,800 compared to income of \$1,118,895 for the same period in the prior year. The decrease is a result of factors previously discussed.

For the year ended February 28, 2018 the income before other expenses decreased \$214,236 or 20.5% to \$832,038 from \$1,046,274 for the same period in the prior year. The increase is a result of factors previously discussed.

Finance Income

For the three months ended February 28, 2018 finance income decreased by \$6,454 or 84.0% to \$1,225 from an income of \$7,679 in the same period in the prior year. For the year ended February 28, 2018 finance income decreased by \$18,233 or 95.3% to \$894 from \$19,127 in the same period in the prior year. The finance income decrease for the three and twelve months ended February 28, 2018 is from the complete collection of accrued receivables from a Canadian customer.

Finance Costs

Finance costs, consisting of interest on loans and dividends on preferred shares, decreased by \$117,356 or 56.7% for the three months ended February 28, 2018 compared to the same period in the prior year. The decrease in finance costs were due to the general reduction of debt in the Company due to regular repayments in accordance with the terms of financing.

Depreciation and Amortization

For the three months ended February 28, 2018, depreciation and amortization expense increased \$28,457 or 15.3% to \$214,343 from \$185,886 in the same period in the prior year. For the year ended February 28, 2018, depreciation and amortization expense decreased \$349,504 or 28.4% to \$879,274 from \$1,228,778 in the same period in the prior year. The decrease is due to intangible assets and property and equipment being fully depreciated prior to the three and twelve months ended February 28, 2018.

Foreign Exchange Gain

For the three months ended February 28, 2018, the foreign exchange gain increased \$550,733 or 877.8% to \$487,833 from a loss of \$62,740 for the same period in the prior year. For the year ended February 28, 2018, the foreign exchange gain increased \$158,128 or 151.8% to \$53,927 from a loss of \$104,201 for the same period in the prior year. The gain is due to the weakening of the Canadian dollar against the Euro and against the American dollar.

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

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Net Income and Comprehensive Loss from continuing operations

Net income and comprehensive loss for the three months ended February 28, 2018 was \$3,206 compared with income of \$476,703 for the same period in the prior year. The \$479,909 or 100.7% decrease in the income is the result of many factors discussed previously

Net Loss and Comprehensive Loss from discontinued operations

On October 31, 2016, the Company disposed of its subsidiary, Rock Bingo. The net loss and comprehensive loss from discontinued operations relates to the financial results of Rock Bingo. A net loss of \$44,342 was recognized for the twelve months ended February 28, 2017.

Net Loss and Comprehensive Loss Attributable to Non-Controlling Interest

On June 19, 2015, the Company acquired Alberta Satellite Bingo LP as part of the operations of Alberta Satellite Bingo. The non-controlling interest holds 99.75% of the partnership units. The net income attributable to their interest in Alberta Satellite Bingo LP for the three months ended February 28, 2018 is \$325. The Company's share of the operating loss of Alberta Satellite Bingo LP for the three months ended February 28, 2017 is \$314.

6. Financial Position

	February 28, 2018	February 28, 2017	February 29, 2016	February 28, 2015
Total assets	\$ 4,961,270	\$ 4,729,201	\$ 5,594,215	\$ 7,083,432
Total non-current financial liabilities	\$ 1,647,919	\$ 2,606,298	\$ 2,323,020	\$ 2,301,823

Total assets increased \$232,069 or 4.9% from February 28, 2017 to February 28, 2018. The net increase is the result of a \$460,368 decrease in cash, a \$289,414 decrease in accounts receivable, an \$182,725 decrease in property and equipment, and a \$720,482 decrease in prepaid expenses. The decreases were offset by a \$1,368,529 increase in accrued receivables, a \$369,626 increase in supplies and components, a \$56,740 increase in inventory and a \$90,164 increase in intangible assets.

Total assets decreased \$865,014 or 15.5% from February 29, 2016 to February 28, 2017. The net decrease is the result of decreases of \$1,726,052 in property and equipment, \$480,319 in accrued receivables, and \$106,828 in supplies and components. The decreases were offset by increases in accounts receivable of \$163,563, prepaid expenses and deposits of \$748,273, \$854,249 in cash and \$124,694 in intangible assets.

The decrease in the non-current liabilities from February 28, 2017 to February 28, 2017 of \$1,118,379 is the result of repayments on other related loans of \$154,181, reduction of the long term portion of obligations under finance lease of \$1,205 and the payment on other loans of \$1,365,855. The decrease is offset by an increase of \$402,862 in shareholder loans.

The increase in the non-current liabilities of \$283,278 between February 29, 2016 and February 28, 2017 is the result of proceeds from shareholder loans of \$1,899 and new loans which had a net increase of \$1,365,855 and the Company obtaining waivers from preferred shareholders which resulted in the reclassification of \$660,000 preferred shares from the current to the non-current preferred portion. This was offset by a net decrease in other related loans of \$1,094,254, the mutual cancellation of a vendor financing

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arrangement for gaming hardware that included \$386,856 in non-current liabilities and \$13,366 in repayments of obligations under finance lease.

7. Liquidity and Capital Resources

7.1. Cash Flows by Activity

	Three months ended February 28,		Year ended February 28,	
	2018	2017	2018	2017
Cash flows provided by operations	\$ (435,196)	\$ 992,306	\$ 1,070,204	\$ 1,266,141
Change in non-cash operating working capital	1,286,915	779,475	1,601,244	578,443
Net cash flows provided by operating activities	851,719	1,771,781	2,671,448	1,844,584
Net cash flows (used in) financing activities	(110,414)	(857,036)	(1,479,481)	(311,895)
Net cash flows used in investing activities	(1,154,881)	(239,882)	(1,652,334)	(513,866)
Net (decrease) increase in cash and cash equivalents	\$ (413,576)	\$ (674,863)	\$ (460,368)	\$ 1,018,823

Operating Activities

Cash flows provided by operating activities are \$851,719 for the three months ended February 28, 2018 compared to cash flows provided by operating activities of \$1,771,781 for the same period in the prior year. This change is a result of an increase of accounts receivable of \$49,129, a decrease of accrued receivables of \$11,833, an increase of supplies and components of \$122,895, a decrease of current income taxes of \$32,031, an increase of prepaid expenses and deposits of \$46, an increase of inventory of \$13,978, an increase of accounts payable and accrued liabilities of \$176,976 and an increase of deferred revenue of \$292,427.

Cash flows provided by operating activities are \$2,671,448 for year ended February 28, 2018 compared to cash provided by operating activities of \$1,844,584 for the same period in the prior year. This change is a result of a decrease of accounts receivable of \$289,414, an increase in accrued receivables of \$1,368,529, an increase in supplies and components of \$369,626, an increase in inventory of \$56,740, a decrease in income taxes payable of \$29,675, a decrease in prepaid expenses of \$720,482, an increase in accounts payable of \$2,825,528 and decrease in deferred revenue of \$123,826.

Financing Activities

Cash used by financing activities was \$110,414 for the three months ended February 28, 2018 compared with cash used by financing activities of \$857,036 for the same period in the prior year. During the three months ended February 28, 2018, the company repaid loans in the amount of \$466,151 and paid interest and dividends of \$90,888 offset by proceeds of new shareholder loans of \$452,173.

Cash used by financing activities was \$1,479,481 for the year ended February 28, 2018 compared with cash used by financing activities of \$311,895 for the same period in the prior year. During the year ended February 28, 2018, the company repaid loans in the amount of \$2,004,054 and paid of interest and dividends of \$525,897 offset by proceeds of new shareholder loans of \$1,050,469.

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Investing Activities

Cash flows used in investing activities were \$1,154,881 for the three months ended February 28, 2018 compared with \$239,882 for the same period in the prior year. The Company purchased \$994,322 of property and equipment and capitalized \$169,909 of intangible assets, offset by proceeds received on the sale of property and equipment of \$9,350.

Cash flows used in investing activities were \$1,652,334 for the year ended February 28, 2018 compared with \$513,866 for the same period in the prior year. The Company purchased \$1,341,048 of property and equipment and capitalized \$320,636 of intangible assets.

7.2. Capital Resources

The Company's objectives and policies for managing capital are to safeguard the Company's ability to continue as a going concern, to provide an adequate return to shareholders and to meet external capital requirements on the Company's credit facilities. For the year February 28, 2018, there were no changes in the Company's objectives and policies for capital management other than the changes noted below.

The Company includes the following in the definition of capital:

	February 28, 2018	February 28, 2017
Demand term loans	\$ -	\$ 75,538
Shareholder loans	1,799,738	749,269
Other related loans	168,907	383,078
Other loans	1,460,243	3,183,246
Obligations under finance lease	49,116	40,458
Preferred shares	2,060,000	2,060,000
Deficiency	(3,632,828)	(3,030,961)
	\$ 1,905,176	\$ 3,460,628

To manage the Company's capital requirements, the Company has in place a planning and budgeting process that 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 offerings.

The Company has closed its operating line of credit as of April 21, 2017.

7.3. Liquidity Risk

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

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

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As at February 28, 2018, the Company had cash of \$576,890 (February 28, 2017 - \$1,037,258), accounts receivable of \$411,433 (February 28, 2017 - \$700,847), for a total of \$988,324 (February 28, 2017 - \$1,816,952). Current and on demand obligations from accounts payable and accrued liabilities, current income tax payable, interest bearing loans, and dividend paying preferred shares total \$6,536,639 (February 28, 2017 - \$4,796,050). The deficiency of current assets to cover the Company's short-term obligations will be funded through operations, by new debt financing and by managing accounts payable terms.

The Company's contractual obligations at February 28, 2018 summarized by fiscal year are as follows:

	On demand	2019	2020	2021	2022	Total
Current income tax payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable and accrued liabilities	-	2,618,634	-	-	-	2,618,634
Shareholder loans	160,000	839,738	-	800,000	-	1,799,738
Other related loans	-	168,907	-	-	-	168,907
Other loans	-	1,460,243	-	-	-	1,460,243
Obligation under finance lease	-	21,197	27,919	-	-	49,116
Preferred shares'	-	1,400,000	660,000	-	-	2,060,000
Total	\$ 160,000	\$ 6,508,719	\$ 687,919	\$ 800,000	\$ -	\$ 8,156,638

The Company's contractual obligations at February 28, 2017 summarized by fiscal year were as follows:

	On demand	2018	2019	2020	2021	Total
Current income tax payable	-	29,675	-	-	-	29,675
Accounts payable and accrued liabilities	-	667,539	-	-	-	667,539
Demand term loans	75,538	-	-	-	-	75,538
Shareholder loans	-	395,070	397,137	-	-	792,207
Other related loans	-	2,283,119	1,590,572	-	-	3,873,691
Obligations under finance lease	-	13,411	20,626	7,413	2,559	44,009
Preferred shares	-	1,495,754	672,701	-	-	2,168,455
Total	\$ 75,538	\$ 4,884,568	\$ 2,681,036	\$ 7,413	\$ 2,559	\$ 7,651,114

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

At February 28, 2017, the Company was not in compliance with a lending covenant related to the Company's operating line of credit and demand term loans. The demand loans have been repaid as of February 28, 2018.

The shareholders and other related loans contain demand features. The lenders have waived the demand provisions until March 1, 2019.

8. Off-Balance Sheet Arrangements and Derivative Instruments

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

The minimum payments at February 28, 2018 under operating lease obligations for the Company's office and warehouse facilities are as follows:

	Edmonton	Las Vegas	Total
Less than one year	\$ 36,503	\$ 33,284	\$ 69,787
Between one and five years	6,876	35,801	42,677
	\$ 43,379	\$ 69,085	\$ 112,464

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

9. Related Party Transactions

a) Shareholder Loans and Other Related Loans

Shareholder loans:

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

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

On January 23, 2017, the Company entered into a financing arrangement for a three month demand term loan in the amount of \$200,000 from the COO of the Company. The loan bears interest at 10% per annum with monthly interest only payments and the principal due at the end of the term. The loan was repaid in full on April 18, 2017.

Other related loans:

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

On December 10, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of \$500,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three year term. The loan bears interest at 10% per annum with monthly payments of \$16,134. The amount drawn on the loan at February 28, 2018 was \$168,907 (February 28, 2017 -

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\$323,078) and is included in “other related loans”. The proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.

During the year ended February 28, 2018, interest expense on shareholder and other related loans of \$313,110 (2017 - \$141,083) 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:

	2018	2017
Short-term employee benefits	\$ 508,306	\$ 647,684
Share-based payments	-	531
	\$ 508,306	\$ 648,215

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. Compensation and short-term employee benefits consist of wages and salaries paid or payable to employees, accrued vacation, and other benefits paid or payable within 12 months.

c) Other related party transactions

As at February 28, 2018 accrued receivables includes \$nil (February 28, 2017 - \$46,753) due from an entity controlled by the Chief Executive Officer (“CEO”) of the Company.

Upon financial review of the accrued receivables outstanding with management, an adjustment was made to reverse the figure as costs related to this figure were never recognised. This figure was originally related to the now disposed entity Rock Bingo, which is now controlled by the son of the CEO of the Company.

Included In hardware and software rentals revenue for the year ended February 28, 2018 is \$43,851 (2017 - \$nil) from a company controlled by a close family member of the CEO.

10. Other loans

On March 21, 2016, the Company entered into a financing arrangement for a demand term loan in the amount of \$300,000. The loan has a fifteen-month term. The loan bears interest at 12% per annum from the effective date until June 30, 2016 and 7% for the remainder of the term, with the principal amount due in full at the end of the loan term.

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

During the year ended February 28, 2018, interest expense on other loans of \$244,008 (2017 - \$346,421) was recorded as expense and is included in finance costs.

11. Changes in Accounting Policies Including Initial Adoption

Changes in Accounting Policies

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

Recent Accounting Pronouncements Not Yet Effective

The following pronouncements from the International Accounting Standards Board (“IASB”) are not yet effective and have not been early adopted by the Company. The Company intends to adopt these standards when they become effective.

IFRS 9, *Financial Instruments*, as issued reflects the IASB’s work on the replacement of IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The new standard is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company is currently assessing the impact of this standard on its consolidated financial statements.

12. Financial Instruments and Other Instruments

Fair Value Measurement

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

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

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

The carrying value of the non-current accrued liabilities, the demand term loans, shareholders loans, other related loans, other loans, obligations under finance lease and preferred shares reasonably approximate their fair value. The fair value is a Level 2 measurement and is based on discounted future cash flows using rates

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that reflect observable current market rates for similar instruments with similar terms and conditions. These estimates are subjective in nature as current interest rates are selected from a range of potentially acceptable rates and, accordingly, other fair value estimates are possible.

Credit Risk

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

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

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

The Company regularly reviews the collectability of its accounts receivable and accrued receivables and establishes an allowance account for credit losses based on its best estimate of any potentially uncollectible accounts receivables and accrued receivables. As at February 28, 2018, the balance of the allowance account for credit losses was \$nil (February 28, 2017 - \$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, 2018 and February 28, 2017, by length of time past due, are:

	February 28, 2018	February 28, 2017
1 to 30 days past due	\$ 92,815	\$ 91,014
31 to 60 days past due	1,699	15,736
Greater than 60 days past due	3,780	14,509
Total	\$ 98,294	\$ 121,259

As at February 28, 2018, the Company had one customer owing more than \$50,000 that accounted for approximately 44% of all the trade accounts receivable owing (February 28, 2017 – two customers owing more than \$50,000; approximately 58% of all the trade accounts receivable). As at February 28, 2018, trade accounts receivable associated with customers that each individually exceeded 10% of the Company's sales, service and other revenue totalled 20% of trade accounts receivable (February 28, 2017 – 20%).

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, 2018, totalled \$576,890 (February 28, 2017 - \$1,037,258), accounts receivable totalled \$411,433 (February 28, 2017 - \$700,847), 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 \$3,000 for the year ended February 28, 2018 (2017 - \$9,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately \$3,000 (2017 - \$3,000).

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of February 28, 2018, The Company does not have exposure to any financial instruments that 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 \$nil for the year ended February 28, 2018 (2017 - \$4,500).

13. Disclosure of Outstanding Share Data

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

As at the date of this MD&A, none (February 28, 2017 – 4,107,689) of the issued ordinary shares were held in escrow.

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

14. Risks and Uncertainties

For the three months and year ended February 28, 2018, there has been no significant change in the Company's risks and uncertainties from those described in the MD&A for the three months and year ended February 28, 2018. Those risks and uncertainties are herein incorporated by reference.

15. Other Information

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