eQube Gaming Limited

Management Discussion and Analysis

For the Three and Six Month Periods Ended August 31, 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 unaudited condensed interim consolidated financial statements and notes thereto for the three month and six month periods ended August 31, 2015 and the audited consolidated financial statements and notes thereto for the year ended February 28, 2015. Our unaudited condensed interim consolidated financial statements and related notes for the three and six month period ended August 31, 2015 are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

We continue to use the same accounting policies and methods as those for the year ended February 28, 2015 unless otherwise indicated. 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 4, Non-IFRS Financial Measures.

This MD&A was prepared by management of the Company, and was approved by the Board of Directors on October 29, 2015.

2. Forward-Looking Statements

The MD&A offers our assessment of the Company's future plans and operations as of October 29, 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 and Uncertainties" in Item 13), 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. 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.

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 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.

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

Additional information regarding the Qualifying Transaction can be found in the audited consolidated financial statements as at and for the year ended February 28, 2015.

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 Ltd. and The Satellite Bingo Network (TSBN) Inc. (“TSBN”). The acquisition includes assets, intellectual property and existing personnel to operate a linked bingo game in the Province of Alberta. The acquisition provides a strategic platform for the Company to expand linked game offerings to current and future customers in other markets which will allow the Company to increase prize liquidity for bingo players. For more detailed disclosure on the acquisition please refer to Note 4 of the condensed interim consolidated financial statements for the three and six months ended August 31, 2015.

The year end of the Company is February 28.

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 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.

4.3 Products and Services

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

The Company earns revenues from the sale and lease of software and hardware, service and support, installations and gaming revenue. The equipment is typically owned directly by the Company or its subsidiaries.

	Three months ended August 31,		Six months ended August 31,	
	2015	2014	**2015**	2014
Hardware and software rentals	**53.6%**	44.9%	**57.8%**	36.4%
Customer support and other services	**31.7%**	43.7%	**32.8%**	32.0%
Game revenue	**12.3%**	0.0%	**6.7%**	0.0%
Hardware and software sales	**2.4%**	11.4%	**2.7%**	31.6%
Total sales, service and other revenue	**100.0%**	100.0%	**100.0%**	100.0%

4.4 Market - The Electronic Bingo Gaming Industry

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

Canada

Gaming in Canada is regulated by the Criminal Code of Canada. The code 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

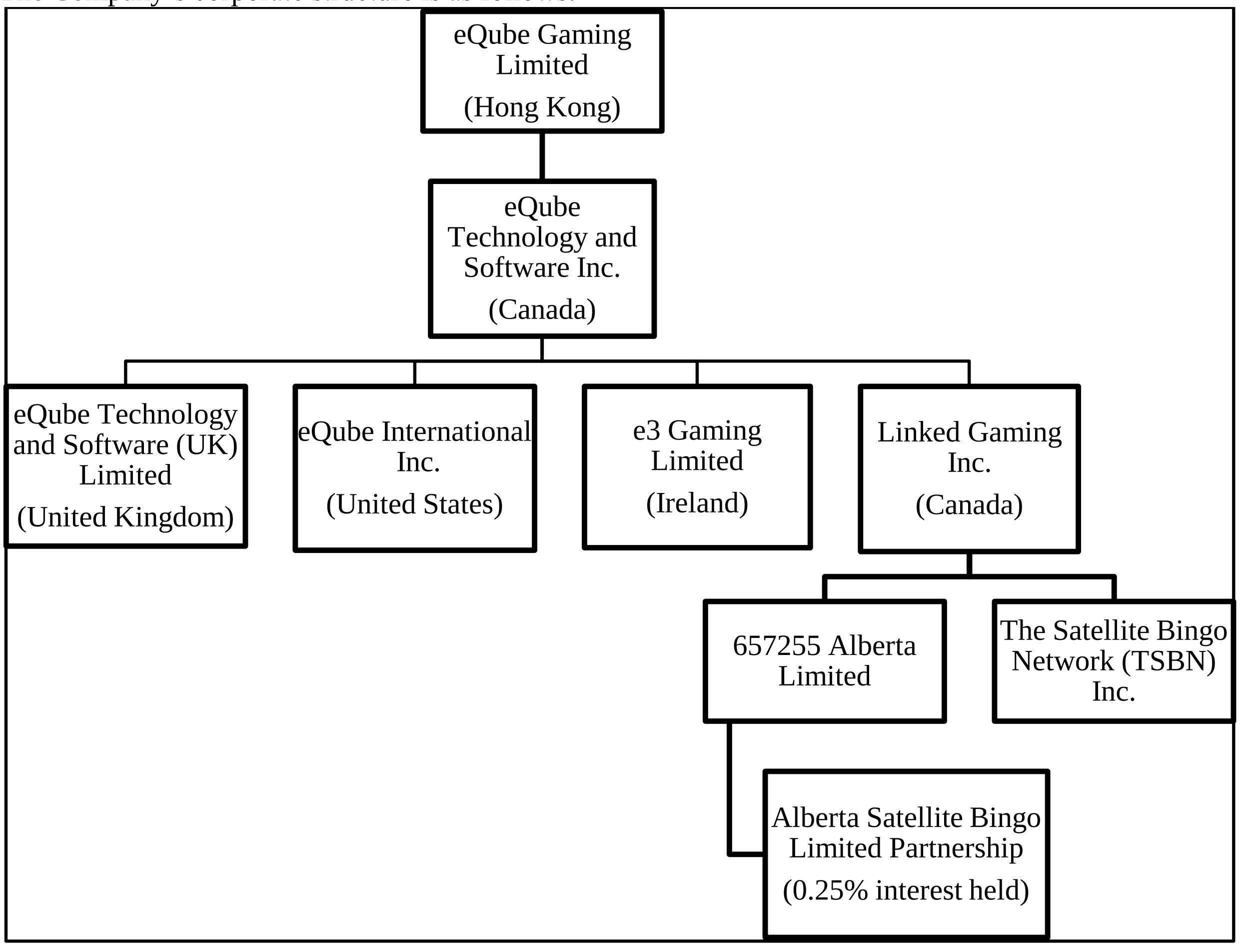
Each American state has its own rules and regulations which govern gaming in their jurisdictions. Each supplier is required to go through a licensing process, which is similar to that of the Canadian jurisdictions.

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.

4.5 Corporate Structure

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.

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 Ltd. owns 0.25% of and is the general partner of Alberta Satellite Bingo Limited Partnership ("Alberta Satellite Bingo LP"). As the general partner, 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 Ltd. manages all aspects of the Alberta Satellite Bingo LP's operations. Through eQube's common ownership of 657255 Alberta Ltd. and TSBN, and 657255 Alberta Ltd.'s operational control over Alberta Satellite Bingo LP, eQube is deemed to control Alberta Satellite Bingo LP and has consolidated the operations accordingly.

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.

5.1. Summary of Quarterly Results

	For the three months ended			
	August 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014
Total revenue	$ 1,306,931	$ 1,109,185	$ 1,031,340	$ 996,134
Net loss and comprehensive loss attributable to the owners of the Company	$ (802,547)	$ (924,978)	$ (1,012,940)	$ (3,172,948)
Loss per share, basic	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.14)
Loss per share, diluted	$ (0.03)	$ (0.03)	$ (0.03)	$ (0.14)

	For the three months ended			
	August 31, 2014	May 31, 2014	February 28, 2014	November 30, 2013
Total revenue	$ 999,565	$ 1,607,782	$ 1,449,847	$ 833,170
Net loss and comprehensive loss attributable to the owners of the Company	$ (934,805)	$ (651,046)	$ (43,490)	$ (705,276)
Loss per share, basic	$ (0.05)	$ (0.04)	$ (0.00)	$ (0.04)
Loss per share, diluted	$ (0.05)	$ (0.04)	$ (0.00)	$ (0.04)

Total Revenue

Total revenue for the three months ended August 31, 2015 is up due to the consolidation of the operations of Alberta Satellite Bingo which contributed $140,752 in revenue. Total revenue for the three months ended May 31, 2015 is up over the prior three quarters due to the addition of new recurring revenue contracts deployed during the quarter. Revenues for the three months ended February 28, 2015 were up from the prior quarter also reflecting incremental new revenues. Revenues for the quarters ended November 30, 2014 and August 31, 2014 were consistent. Revenues for the three months ended May 31, 2014 were higher due to the recognition of one-time hardware sales to new customers of $710,720. For the quarter ended February 28, 2014, the Company recognized $487,500 relating to a software sales 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. Excluding this item, revenue for the quarter was $959,847 and the increase from the prior quarter reflects new customers being added and the rollout of new software and hardware rental contracts.

5.2. Comparison of Results

	Three months ended August 31,		Six months ended August 31,	
	2015	2014	**2015**	2014
Sales, service and other revenue	**$ 1,306,931**	$ 999,565	**$ 2,416,116**	$ 2,607,347
Direct costs	**(416,898)**	(300,766)	**(802,295)**	(1,383,147)
Gross profit	**890,033**	698,799	**1,613,821**	1,224,200
Expenses				
General and administrative expenses	**1,183,192**	977,364	**2,247,433**	1,693,075
Impairment of supplies and components	**19,571**	15,445	**38,605**	30,891
Total expenses	**1,202,763**	992,809	**2,286,038**	1,723,966
Loss before other expenses (income)	**(312,730)**	(294,010)	**(672,217)**	(499,766)
Other expenses (income)				
Finance income	**(5,780)**	(3,481)	**(10,392)**	(6,962)
Finance costs	**153,449**	147,741	**317,353**	257,930
Depreciation and amortization	**465,558**	398,590	**878,670**	780,826
Loss on disposal of property and equipment	**-**	-	**-**	27,145
Loss on write off of intangible assets	**76**	-	**76**	-
Foreign exchange (gain) loss	**(55,995)**	98,364	**(62,908)**	25,982
Total other expenses	**557,308**	641,214	**1,122,799**	1,084,921
Loss before income taxes	**(870,038)**	(935,224)	**(1,795,016)**	(1,584,687)
Current income tax (recovery) expense	**-**	(419)	**-**	1,164
Net loss and comprehensive loss	**$ (870,038)**	$ (934,805)	**$ (1,795,016)**	$ (1,585,851)
Total net loss and comprehensive loss attributable to:				
Owners of the Company	**(802,547)**	(934,805)	**(1,727,525)**	(1,585,851)
Non-controlling interest	**(67,491)**	-	**(67,491)**	-
	$ (870,038)	$ (934,805)	**$ (1,795,016)**	$ (1,585,851)

Sales, Service and Other Revenue

Revenue for the three months ended August 31, 2015 increased $307,366 or 30.7% to $1,306,931 from $999,565 for the three months ended August 31, 2014. During the three months ended August 31, 2015, the Company recognized $140,752 from the consolidation of the newly acquired operations of Alberta Satellite Bingo. New customer contracts in the U.S. and Ireland increased revenue by $91,444 and $73,258 respectively.

For the six months ended August 31, 2015 revenue decreased $191,231 or 7.3% to $2,416,116 from $2,607,347. Excluding hardware sales from the comparison, revenue for the six months ended August 31, 2015 increased by $568,920. New customer contracts in the U.S. and Ireland increased revenue by $350,300 and $142,092 respectively. The newly acquired operations of Alberta Satellite Bingo increased revenue by $140,752. The increases in revenue were offset by a $64,281 decrease in Canadian revenue.

Direct Costs

Direct costs, comprised mainly of cost of goods sold and direct labour expense, increased $116,132 or 38.6% to $416,898 for the three months ended August 31, 2015 from $300,766 compared with the same period in the prior year. As a percentage of revenue, direct costs were 31.9% for the three months ended August 31, 2015 compared with 30.1% for the three months ended August 31, 2014. $55,344 of the increase in direct costs is due to the cost of sales from the operations of Alberta Satellite Bingo. The remainder of the increase is due to operating costs associated with increased business in the U.S. and Ireland.

For the six months ended August 31, 2015 direct costs decreased $580,852 or 42.0% to $802,295 from $1,383,147 for the same period in the prior year. The prior year included $691,684 cost of sales related to one time sales of hardware. The decrease was offset by the increase in direct costs due to increased business in the U.S. and Ireland and $55,344 from the inclusion of the operations of Alberta Satellite Bingo.

Gross Profit

Gross profit increased $191,234 or 27.4% to $890,033 for the three months ended August 31, 2015 from $698,799 for the three months ended August 31, 2014. As a percentage of revenue, gross profit is 68.1% for the three months ended August 31, 2015 compared with 69.9% for the same period in the prior year. Excluding the impact of the operations of Alberta Satellite Bingo, the gross profit for the three months ended August 31, 2015 increased to 69.0% which is similar to the rate for the same period last year.

Gross profit for the six months ended August 31, 2015 increased $389,621 or 31.8% to $1,613,821 from $1,224,200 for the same period in the prior year. As a percentage of revenue, gross profit is 66.8% for the six months ended August 31, 2015 compared to 47.0% for the same period in the prior year. Gross profit on rental revenue and customer service and support is higher than on hardware sales. Excluding the impact of the one time hardware sales in the prior year increases the gross profit to 61.2% of revenue. The remainder of the increase in the gross profit for the six months ended August 31, 2015 is due to increased rental, customer service and support revenue in the U.S. and Ireland.

General and Administrative Expenses

General and administrative expenses increased $205,828 or 21.1% to $1,183,192 for the three months ended August 31, 2015 from $977,364 for the same period in the prior year. The increase is due to increases in compensation and benefits of $154,747, $113,328 in a non-cash expense relating to warrants issued in connection with the Catalyst Agreement, $34,112 in rent expenses, $22,628 in license and registration expenses, $18,341 in marketing expenses, $13,087 in advertising and promotion expenses and $12,817 in freight expenses. Of the expenses noted, the addition of Alberta Satellite Bingo operations on June 19, 2015 accounts for $132,768 of the increase and the remainder related to growth activities. The overall increase was offset by decreases in legal fees of $163,047. Legal fees in the prior year included costs incurred in relation to the Company's Qualifying Transaction.

General and administrative expenses increased by $554,358 or 32.7% to $2,247,433 for the six months ended August 31, 2015 from $1,693,075 for the same period in the prior year. The increase is due to increases in a non-cash expense relating to warrants issued in connection with the Catalyst Agreement of $229,446, compensation and benefits of $254,148, $47,647 in rent expenses, $47,009 in marketing expenses, $41,491 in license and registrations expenses, $23,334 in public company expenses, $23,210 in advertising and promotions expenses, $18,546 in insurance expenses and $15,914 in travel expenses. Of the expenses noted, the addition of Alberta Satellite Bingo operations on June 19, 2015 accounts for $132,768 of the increase with the remainder related to growth activities. This was offset by decreases in legal costs of $148,048 and a net decrease of $1,661 in other expenses.

The increases in general and administrative expenses directly relate to future growth activities of the Company. In order to support growth into the European market, an office was opened in Ireland and additional sales and operations employees were hired. At the head office, additional staff was brought on to facilitate growth into new markets and support the Company's ability to provide timely reporting information. The Company also attended several trade shows to expand eQube's exposure in the marketplace. The Company added a complimentary service line through the acquisition of the operations of Alberta Satellite Bingo, which also has strategic value in terms of potential game deployment and the ability to link players in other markets. 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.

Impairment of Supplies and Components

Impairment of supplies and components increased by $4,126 or 26.7% to $19,571 for the three months ended August 31, 2015 from $15,445 for the same period in the prior year. For the six months ended August 31, 2015 impairment of supplies and components increased by $7,714 or 25.0% to $38,605 from $30,891 for the same period in the prior year. The cost has been a constant U.S dollar amount over the three and six months ended August 31, 2015 and the same periods in the prior year. The increase is a result of the weakening of the Canadian dollar against the U.S dollar.

Loss before other expenses and income

The loss before other expenses and income for the three months ended August 31, 2015 increased by $18,720 or 6.4% to $312,730 from $294,010 for the same period in the prior year. The increase is a result of many factors discussed previously including: a $205,828 net increase in compensation and benefits, rent, license and registration, trade show, advertising and promotion expenses, freight expenses, non-cash expense relating to warrants issued in connection with the Catalyst Agreement and legal fees, $4,126 increase in the impairment of supplies and components which was offset by an increase in gross profit of $191,234.

For the six months ended August 31, 2015 the loss before other expenses and income increased by $172,451 or 34.5% to $672,217 from $499,766 for the same period in the prior year. The increase is a result of many factors discussed previously including: a $554,358 net increase in non-cash expense relating to warrants issued in connection with the Catalyst Agreement, compensation and benefits, rent expenses, trade show expenses, license and registrations expenses, public company expenses, advertising and promotions expenses, insurance expenses, travel expenses and legal fees, $7,714 increase in the impairment of supplies and components which was offset by an increase in gross profit of $389,621.

Finance Income

Finance income for the three months ended August 31, 2015 increased $2,299 or 66.0% to $5,780 from $3,481 in the same period in the prior year. For the six months ended August 31, 2015, finance income increased $3,430 or 49.3% to $10,392 from $6,962 in the same period in the prior year. The increase is due to interest earned from an interest earning bank account.

Finance Costs

Finance costs, consisting of interest on loans and dividends on preferred shares, increased $5,708 or 3.9% for the three months ended August 31, 2015 compared with the same period in the prior year. For the six months ended August 31, 2015, finance costs increased $59,423 or 23.0% compared to the same period in the prior year. Subsequent to August 31, 2014, the Company obtained new financing from shareholders and related parties. This led to the increase in finance costs for the three and six months ended August 31, 2015 when compared to the same periods in the prior year.

Depreciation and Amortization

For the three months ended August 31, 2015, depreciation and amortization expense increased $66,968 or 16.8% to $465,558 from $398,590 in the same period in the prior year. For the six months ended August 31, 2015, depreciation and amortization expense increased $97,844 or 12.5% to $878,670 from $780,826 in the same period in the prior year. The Company purchased and deployed $746,308 of property and equipment during the six months ended August 31, 2015 and $918,038 for the year ended February 28, 2015 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 in the three and six month periods ended August 31, 2015 and in the last fiscal year.

Foreign Exchange Gain or Loss

For the three months ended August 31, 2015, the foreign exchange gain increased by $154,359 or 156.9% to $55,995 from a loss of $98,364 in the same period in the prior year. For the six months ended August 31, 2015, the foreign exchange gain increased by $88,890 or 342.1% to $62,908 from a loss of $25,982 in the same period in the prior year. The increase in the foreign exchange gains is due to the increased net asset value of the foreign subsidiaries which was a result of the weakening of the Canadian dollar against the U.S. dollar and the euro in addition to the increased investments made by the Company in the U.S. and European markets.

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. For the three and six months ended August 31, 2015 the non-controlling interest had a net loss and comprehensive loss of $67,491 attributable to their interest in Alberta Satellite Bingo LP. eQube's share of the operating loss of Alberta Satellite Bingo LP is $169.

Net Loss and Comprehensive Loss Attributable to the Owners of the Company

Net loss and comprehensive loss attributable to the owners of the Company for the three months ended August 31, 2015 was $802,547 compared with $934,805 for the same period in the prior year. The $132,258 or 14.1% decrease in loss is the result of many factors discussed previously including: an increase in gross profit of $191,234, $154,359 increase in foreign exchange gain, net loss and comprehensive loss attributable to non-controlling interest increased by $67,491 and $2,299 increase in finance income. The increases were offset by a $205,828 net increase in compensation and benefits, rent, license and registration, trade show, advertising and promotion expenses, freight expenses, non-cash expense relating to warrants issued in connection with the Catalyst Agreement and legal fees, $66,968 in depreciation and amortization expenses, $5,708 in finance costs and $4,621 in other expenses.

For the six months ended August 31, 2015 the net loss and comprehensive loss attributable to the owners of the Company was $1,727,525 compared with $1,585,851 in the same period in the prior year. The $141,674 or 8.9% increase in the loss is a result of many factors discussed previously including an increase in gross profit of $389,621, $88,890 in foreign exchange gains, $67,491 in the net loss and comprehensive loss attributable to non-controlling interest, $3,430 in finance income and a $20,519 decrease in other expenses. The increases were offset by $554,358 which consisted of a net increase in non-cash expense relating to warrants issued in connection with the Catalyst Agreement, compensation and benefits, rent expenses, trade show expenses, license and registrations expenses, public company expenses, advertising and promotions expenses, insurance expenses, travel expenses and legal fees, $59,423 in finance costs increased and $97,844 in depreciation and amortization costs.

6. Financial Position

	August 31, 2015	February 28, 2015	February 28, 2014
Total assets	$ 6,119,320	$ 7,495,556	$ 7,083,432
Total non-current financial liabilities	$ 3,965,782	$ 3,778,618	$ 2,301,823

Total assets decreased $1,376,236 or 18.4% from February 28, 2015 to August 31, 2015. The net decrease is the result of increases in supplies and components of approximately $20,000, $141,000 in prepaid expenses relating to deposits on equipment, $29,000 in property and equipment, $85,000 in intangible assets offset by reductions of approximately $1,629,000 in cash and $22,000 accounts receivable and accrued receivables. 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.

The increase in non-current financial liabilities between February 28, 2015 and August 31, 2015 is the result of the Company obtaining vendor financing for the purchase of property and equipment and the reclassification of the current portion of the shareholders loans into non-current liabilities. During the first quarter of fiscal 2016 the issuers of the shareholders loans waived and postponed their right to demand principal repayment until March 1, 2017. The increase from February 28, 2014 to 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.

7. Liquidity and Capital Resources

7.1. Cash Flows by Activity

	Three months ended August 31,		**Six months ended August 31,**	
Cash (used in) provided by:	**2015**	2014	**2015**	2014
Cash flows (used in) from operations	**$ (114,946)**	$ (366,796)	**$ (328,660)**	$ (16,594)
Changes in non-cash working capital	**289,747**	538,072	**603,357**	(184,572)
Operating activities	**174,801**	171,276	**274,697**	(201,166)
Financing activities	**(906,025)**	(84,807)	**(1,343,450)**	256,044
Investing activities	**(309,215)**	(99,364)	**(633,631)**	(550,126)
Decrease in cash and cash equivalents	**$ (1,040,439)**	$ (12,895)	**$ (1,702,384)**	$ (495,248)

Operating Activities

Cash flows provided by operating activities are $174,801 for the three months ended August 31, 2015 compared with $171,276 for the same period in the prior year. This change is the result of approximately $252,000 increase in cash from operations which was offset by $248,000 in changes in non-cash working capital. The non-cash working capital changes include decreases in accounts receivable and accrued receivables of approximately $204,000, $282,000 in prepaid expenses offset by increases in supplies and components of $19,000 and $219,000 in accounts payables and accrued liabilities.

For the six months ended August 31, 2015 cash flows provided by operating activities were $274,697 compared to cash used in operating activities of $201,166 for the same period in the prior year. This change is a result of approximately $312,000 increase in cash used in operations which was offset by $788,000 changes in non-cash working capital. The non-cash working capital changes include increases in accounts receivable and accrued receivables of $300,000, $29,000 in supplies and components, $94,000 in accounts payable and accrued liabilities, $748,000 in deferred revenue relating to customer prepayments for the purchase of hardware which was delivered and recognized in May 2014 offset by $383,000 decrease in prepaid expenses.

Financing Activities

Cash used in financing activities was $906,025 for the three months ended August 31, 2015 compared with $84,807 for the same period in the prior year. During the three months ended August 31, 2015, the Company repaid existing loans in the amount of $753,861 and paid interest and dividends of $152,164. This compares to receipt of proceeds from the issuance of ordinary shares of $142,500, proceeds from new loans received of $533,020, repayment of loans and lease obligations of $618,359 and payment of ordinary share issuance costs, interest and dividends of $141,968 for the three months ended August 31, 2014.

For the six months ended August 31, 2015 cash used in financing activities was $1,343,450 compared with cash provided by financing activities of $256,044 for the same period in the prior year. During the six months ended August 31, 2015, the Company repaid existing loans in the amount of $1,078,888, paid interest and dividends of $314,782 and received $50,220 from the exercise of stock options. This compares to the repayment of existing or retired loans of $1,642,527, payment of ordinary share issuance costs, interest and dividends of $250,242, receipt of proceeds from the issuance of ordinary shares of $142,500, proceeds from the issuance of preferred shares of $250,000 and proceeds from new loans of $1,756,313 for the six months ended August 31, 2014.

Investing Activities

Cash flows used in investing activities were $309,215 for the three months ended August 31, 2015 compared with $99,364 for the same period in the prior year. The Company purchased $469,478 in property and equipment, $12,584 in capitalized intangible asset expenditures and $172,847 was received as the net cash in the acquisition of the operations of Alberta Satellite Bingo. This compares to the purchase of property and equipment of $23,696 and $75,668 for the purchase and capitalization of intangible assets in the three months ended August 31, 2014.

For the six months ended August 31, 2015 cash flows used in investing activities were $633,631 compared with $550,126 for the six months ended August 31, 2014. The Company purchased $710,301 in property and equipment, $96,177 for the purchase and capitalization of intangible assets and $172,847 was received as the net cash in the acquisition of the operations of Alberta Satellite Bingo. This compares to the purchase of property and equipment of $471,239 and $78,887 for the purchase and capitalization of intangible assets in the six months ended August 31, 2014.

Timing of purchase of equipment is dependent upon when new customer contracts are entered into and when equipment installations are scheduled.

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 three and six months ended August 31, 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:

	August 31, 2015	February 28, 2015
Demand term loans	**$ 971,681**	$ 1,569,109
Shareholders loans	**395,239**	421,756
Other related loans	**2,075,853**	2,528,226
Obligations under finance lease	**36,007**	-
Preferred shares	**2,060,000**	2,060,000
(Deficiency) equity	**(1,132,512)**	306,179
	$ 4,406,268	$ 6,885,270

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. Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

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 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 August 31, 2015, the Company had cash of $503,626 (February 28, 2015 - $2,132,829), accounts receivable of $563,299 (February 28, 2015 - $381,697), and current portion of accrued receivables of $708,568 (February 28, 2015 - $460,000) for a total of $1,775,493 (February 28, 2015 - $2,974,526). Current and on demand obligations from bank indebtedness, accounts payable and accrued liabilities, interest bearing loans, and dividend paying preferred shares total $2,497,772 (February 28, 2015 - $3,853,015). The deficiency of current assets to cover the Company's short-term obligations will be funded through operations, by obtaining new financing and by managing accounts payable terms.

The Company's contractual obligations at August 31, 2015 summarized by fiscal year were as follows:

	On demand	2016	2017	2018	2019	Thereafter	Total
Bank indebtedness	$ 190,621	$ -	$ -	$ -	$ -	$ -	$ 190,621
Accounts payable and accrued liabilities	-	642,161	78,340	69,440	337,728	-	$ 1,127,669
Demand term loans	975,538	-	-	-	-	-	$ 975,538
Shareholders loans	-	19,764	39,528	395,238	-	-	$ 454,530
Other related loans	-	563,591	1,127,182	602,125	-	-	$ 2,292,898
Obligations under finance lease		3,944	7,887	7,887	7,887	10,610	$ 38,215
Preferred shares	-	102,153	1,956,907	250,671	-	-	$ 2,309,731
Total	$ 1,166,159	$ 1,331,613	$ 3,209,844	$ 1,325,361	$ 345,615	$ 10,610	$ 7,389,202

The Company's contractual obligations at February 28, 2015 summarized by fiscal year were 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 contractual obligations included in the tables above include interest and dividend payments where applicable.

Demand loans are classified as current due to the demand feature associated with each of the loans. Each demand loan has scheduled repayment terms as described in Note 12 of the Company's August 31, 2015 condensed interim consolidated financial statements.

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. Subsequent to February 28, 2015, a waiver of this covenant breach was granted by the lender which is in effect until the next measurement date of February 29, 2016.

The shareholders and other related loans contain demand features. The lenders have waived the demand provisions for not less than 365 days after August 31, 2015.

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 August 31, 2015 under operating lease obligations for the Company's office and warehouse facilities are as follows:

	Edmonton	Las Vegas	Total
Less than one year	$ 71,226	$ 38,196	$ 109,422
Between one and five years	-	-	-
	$ 71,226	$ 38,196	$ 109,422

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

9. Related Party Transactions

a) Shareholders Loans and Other Related Loans

As at August 31, 2015, the Company had $2,471,092 outstanding in shareholders and other related loans (February 28, 2015 - $2,949,982) Additional information regarding these loans can be found in the Company's unaudited condensed interim consolidated financial statements for the three and six months ended August 31, 2015.

On September 17, 2015, the Company entered into a new financing arrangement for a demand term loan in the amount of $500,000 from an entity controlled by a director of the Company. The agreement has a three-year term. The proceeds of this loan were used to purchase equipment for customer deployment. The loan bears interest at 10% per annum with interest only monthly payments for the first three months or until such a time as hardware is deployed and installed in a customer facility, whichever is earlier, at which time both the principal and interest monthly payments will be due. The loan is secured by a first charge over the purchased equipment.

During the three months ended August 31, 2015, interest expense on shareholders and other related loans of $62,818 (2014 - $49,203) was recorded as expense and is included in finance costs. During the six months ended August 31, 2015, interest expense on shareholders and other related loans of $131,203 (2014 - $74,859) 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 August 31,		Six months ended August 31,	
	2015	2014	**2015**	2014
Short-term employee benefits	**$ 94,295**	$ 82,500	**$ 190,409**	$ 165,000
Share-based payments	**1,808**	12,856	**2,712**	18,925
	$ 96,103	$ 95,356	**$ 193,121**	$ 183,925

Stock options granted to board advisors vest when they receive regulatory approval to become directors. Subsequent to August 31, 2015 the last board advisor received regulatory approval and was appointed to the Board of 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.

10. 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, 2015 except as noted below.

a) Basis of consolidation

Due to the acquisition of the operations of Alberta Satellite Bingo, the Company adopted a new accounting policy on business combinations for the recognition and measurement of consideration transferred, assets acquired and liabilities assumed and non-controlling interests.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognized in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognized in profit or loss.

Non-controlling interests are measured at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

b) Game revenue

The acquisition of the operations of Alberta Satellite Bingo and the Irish linked session bingo game resulted in the Company adopting a new accounting policy for the recognition and measurement of game revenue. The Company earns shared revenue from its games for the administration of linked session bingo and other games. Game revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount receivable can be measured reliably.

Recent Accounting Pronouncements Not Yet Effective

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the International Accounting Standards Board ("IASB") or International Financial Reporting Interpretations Committee ("IFRIC") that are not yet effective for the Company have been disclosed in the audited consolidated financial statements as at and for the year ended February 28, 2015. No additional standards, interpretations, amendments and improvements applicable to the Company were issued prior to August 31, 2015.

11. 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 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 and accrued receivables. As at August 31, 2015, the balance of the allowance account for credit losses was $nil (February 28, 2015 - $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 August 31, 2015 and February 28, 2015, by length of time past due, are:

	August 31, 2015	February 28, 2015
1 to 30 days past due	**$ 382,955**	$ 132,108
31 to 60 days past due	**17,210**	41,273
Greater than 60 days past due	**7,213**	-
Total	**$ 407,378**	$ 173,381

As at August 31, 2015, the Company had one customer owing more than $50,000 that accounted for approximately 29% of all the trade accounts receivable owing (February 28, 2015 – three customers owing more than $50,000; approximately 62% 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 totaled 49% of trade accounts receivable (February 28, 2015 – 45%). 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 August 31, 2015, totaled $503,626 (February 28, 2015 - $2,132,829), accounts receivable totaled $563,299 (February 28, 2015 - $381,697), and accrued receivables totaled $1,144,200 (February 28, 2015 - $1,348,670), 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 $1,000 for the three months ended August 31, 2015 (2014 - $nil). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $1,000 for the three months ended August 31, 2015 (2014 - $nil).

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately $3,000 for the six months ended August 31, 2015 (2014 - $nil). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $2,000 for the six months ended August 31, 2015 (2014 - $nil).

Interest Rate Risk

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

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

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately $12,000 for the three months ended August 31, 2015 (2014 - $17,000).

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately $13,000 for the six months ended August 31, 2015 (2014 - $22,000).

12. 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, 2,048,291 stock options outstanding 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, 2015 – 11,623,076) 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.

13. Risks and Uncertainties

For the three and six months ended August 31, 2015, there has been no significant change in our risks and uncertainties from those described in our MD&A for the three months and year ended February 28, 2015. Those risks and uncertainties are herein incorporated by reference.

14. Subsequent Events

The following events occurred subsequent to August 31, 2015:

Related party transactions

On September 17, 2015, the Company entered into a new financing arrangement for a demand term loan in the amount of $500,000 from an entity controlled by a director of the Company. The agreement has a three-year term. The proceeds of this loan were used to purchase equipment for customer deployment. The loan bears interest at 10% per annum with interest only monthly payments for the first three months or until such a time as hardware is deployed and installed in a customer facility, whichever is earlier, at which time both the principal and interest monthly payments will be due. The loan is secured by a first charge over the equipment purchased.

15. Other Information

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