eQube Gaming Limited

Management Discussion and Analysis

For the Three and Nine Month Periods Ended November 30, 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 nine month periods ended November 30, 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 nine month periods ended November 30, 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.

This MD&A was prepared by management of the Company, and was approved by the Board of Directors on January 20, 2016.

2. Forward-Looking Statements

The MD&A offers our assessment of the Company's future plans and operations as of January 20, 2016 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 future 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 nine months ended November 30, 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, Georgia 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 and gaming revenue. The equipment is typically owned directly by the Company or its subsidiaries.

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Hardware and software rentals	**55.8%**	58.0%	**57.1%**	42.3%
Customer support and other services	**30.1%**	42.0%	**31.8%**	34.8%
Game revenue	**14.1%**	0.0%	**9.4%**	0.0%
Hardware and software sales	**0.0%**	0.0%	**1.7%**	22.9%
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 or rental of the financial control systems into a bingo location;
- recurring monthly rental of the Company's bingo and social gaming applications and hardware devices in use at each hall;
- ongoing customer support, service and maintenance; and
- professional services.

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

International

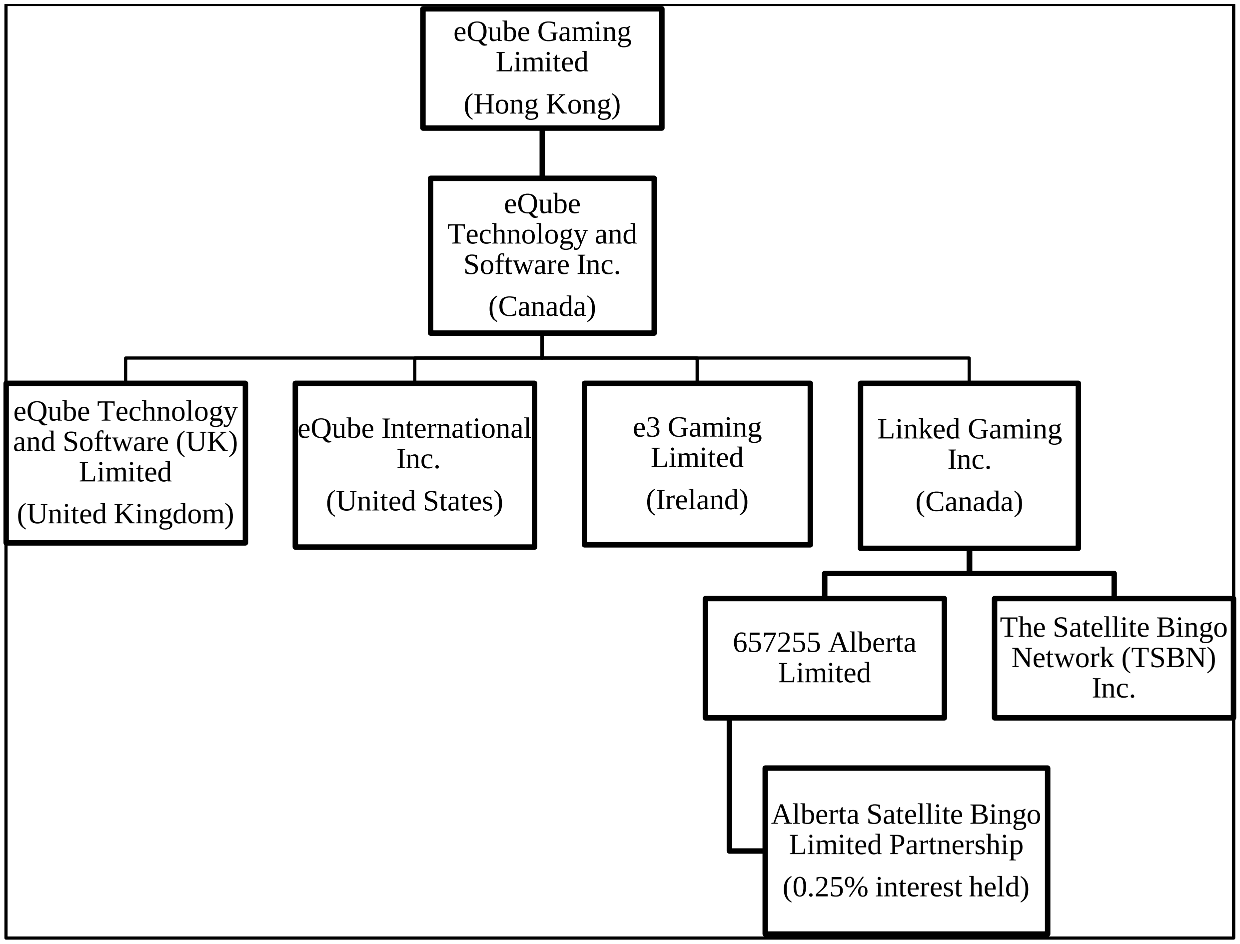
Each American state has its own rules and regulations which govern gaming in their jurisdictions. Each supplier is required to go through a licensing process, which is similar to that of the Canadian jurisdictions.

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, 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 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. 657255 Alberta Ltd. owns 0.25% of 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.

5.1. Summary of Quarterly Results

	For the three months ended			
	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2014
Total revenue	$ 1,397,277	$ 1,306,931	$ 1,109,185	$ 1,031,340
Net loss and comprehensive loss attributable to the owners of the Company	$ (647,505)	$ (802,547)	$ (924,978)	$ (1,012,940)
Loss per share, basic	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.03)
Loss per share, diluted	$ (0.02)	$ (0.03)	$ (0.03)	$ (0.03)

	For the three months ended			
	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
Total revenue	$ 996,134	$ 999,565	$ 1,607,782	$ 1,449,847
Net loss and comprehensive loss attributable to the owners of the Company	$ (3,172,948)	$ (934,805)	$ (651,046)	$ (43,490)
Loss per share, basic	$ (0.14)	$ (0.05)	$ (0.04)	$ (0.00)
Loss per share, diluted	$ 0.14	$ (0.05)	$ (0.04)	$ (0.00)

<u>Total Revenue</u>

Total revenue for the three months ended November 30, 2015 is up over the prior quarters due to the consolidation of Alberta Satellite Bingo which contributed $168,713 in revenue in addition to new recurring revenue contracts that were deployed during the quarter. 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 in one-time revenues 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.

5.2. Comparison of Results

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Sales, service and other revenue	**$ 1,397,277**	$ 996,134	**$ 3,813,393**	$ 3,603,481
Direct costs	**(350,110)**	(407,192)	**(1,152,405)**	(1,790,339)
Gross profit	**1,047,167**	588,942	**2,660,988**	1,813,142
Expenses				
General and administrative expenses	**1,065,685**	1,071,867	**3,313,118**	2,764,942
Impairment of supplies and components	**20,172**	15,446	**58,777**	46,337
Total expenses	**1,085,857**	1,087,313	**3,371,895**	2,811,279
Loss before other expenses	**(38,690)**	(498,371)	**(710,907)**	(998,137)
Other expenses (income)				
Finance income	**(3,481)**	(3,481)	**(13,873)**	(10,443)
Finance costs	**135,445**	168,909	**452,798**	426,839
Depreciation and amortization	**460,128**	414,296	**1,338,798**	1,195,122
Loss on disposal of property and equipment	**-**	8,514	**-**	35,659
Loss on write off of intangible assets	**-**	-	**76**	-
Foreign exchange (gain) loss	**67,378**	(1,153)	**4,470**	24,829
Transaction cost	**-**	2,087,492		2,087,492
Total other expenses	**659,470**	2,674,577	**1,782,269**	3,759,498
Loss before income taxes	**(698,160)**	(3,172,948)	**(2,493,176)**	(4,757,635)
Current income tax expense	**214**	-	**214**	1,164
Net loss and comprehensive loss	**$ (698,374)**	$ (3,172,948)	**$ (2,493,390)**	$ (4,758,799)
Total net loss and comprehensive loss attributable to:				
Owners of the Company	**(647,505)**	(3,172,948)	**(2,375,030)**	(4,758,799)
Non-controlling interest	**(50,869)**	-	**(118,360)**	-
	$ (698,374)	$ (3,172,948)	**$ (2,493,390)**	$ (4,758,799)
Loss per share				
Basic	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)
Diluted	**$ (0.02)**	$ (0.14)	**$ (0.07)**	$ (0.24)

Sales, Service and Other Revenue

Revenue for the three months ended November 30, 2015 increased $401,143 or 40.3% to $1,397,277 from $996,134 for the three months ended November 30, 2014. During the three months ended November 30, 2015, the Company recognized $168,713 from the consolidation of the newly acquired operations of Alberta Satellite Bingo. New customer contracts in the U.S. and Ireland increased revenue by $54,856 and $177,574 respectively.

For the nine months ended November 30, 2015 revenue decreased $209,912 or 5.8% to $3,813,393 from $3,603,481. Excluding hardware sales from the comparison, revenue for the nine months ended November 30, 2015 increased by $920,632. New customer contracts in the U.S. and Ireland increased revenue by $326,351 and $349,609 respectively. The newly acquired operations of Alberta Satellite Bingo increased revenue by $309,465. The increases in revenue in international markets were offset by a $64,793 decrease in revenue from Canadian contracts.

Direct Costs

Direct costs, comprised mainly of cost of goods sold and direct labour expense, decreased $57,082 or 14.0% to $350,110 for the three months ended November 30, 2015 from $407,192 compared with the same period in the prior year. As a percentage of revenue, direct costs were 25.1% for the three months ended November 30, 2015 compared with 30.2% for the three months ended November 30, 2014. The reduction in direct costs is due primarily to a decrease in installation and support costs of $85,444 and $44,330 decrease in payroll costs. The decrease was offset by the inclusion of direct costs from the operations of Alberta Satellite Bingo of $57,274. And an increase in operating costs associated with expanded business in the U.S. and Ireland.

For the nine months ended November 30, 2015 direct costs decreased $637,934 or 35.6% to $1,152,405 from $1,790,339 for the same period in the prior year. The prior year direct costs included $691,684 in hardware costs related to one time sales of hardware. The current year has an $112,696 decrease in installation costs and $79,926 reduction in distributor commissions. The current year decreases were offset by an increase in direct costs due to expanded business in the U.S. and Ireland and $112,618 from the inclusion of the operations of Alberta Satellite Bingo.

Gross Profit

Gross profit increased $458,225 or 77.8%% to $1,047,167 for the three months ended November 30, 2015 from $588,942 for the three months ended November 30, 2014. As a percentage of revenue, gross profit is 74.9% for the three months ended November 30, 2015 compared with 59.1% 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 November 30, 2015 is 70.3%. The remainder of the increase in gross profit is due to decreased payroll and installation and support costs.

Gross profit for the nine months ended November 30, 2015 increased $847,846 or 46.8% to $2,660,988 from $1,813,142 for the same period in the prior year. As a percentage of revenue, gross profit is 69.8% for the nine months ended November 30, 2015 compared to 50.3% 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, gross profit for the nine months ended November 30, 2014 was of 62.0% of revenue. The remainder of the increase in the gross profit for the nine months ended November 30, 2015 is due to increased rental, customer service and support revenues in the U.S. and Ireland.

General and Administrative Expenses

General and administrative expenses decreased $6,182 or 0.6% to $1,065,685 for the three months ended November 30, 2015 from $1,071,867 for the same period in the prior year. The decrease is due to a reduction in compensation and benefits of $155,288 and $158,530 in professional fees. The overall decrease was offset by a $76,455 increase in a non-cash expense relating to warrants issued in connection with the Catalyst Agreement, $145,380 in advertising and promotions, $20,605 in rent expenses, $15,528 in license and registration expenses and $49,668 in office and other expenses. Due to the Qualifying Transaction in the prior year, the prior year's expenses consisted of once off professional fees and share based compensation expenses that were offset in the current year by the acquisition of the operations of Alberta Satellite Bingo and increased international business including market expansion in the U.S. and Ireland.

General and administrative expenses increased by $548,176 or 19.8% to $3,313,118 for the nine months ended November 30, 2015 from $2,764,942 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 $305,901, $88,600 in compensation and benefits, $68,251 in rent expenses, $221,703 in advertising and promotion expenses, $90,868 in office and other expenses, $74,578 in business taxes, insurance and licenses. The increases were offset by a $301,725 reduction in professional fees. Of the expenses noted, the addition of Alberta Satellite Bingo operations contributed to the increase in costs with the remainder related to growth activities which included expansion in new markets in the U.S. and the opening of an office in Ireland to service growing market share there. The decrease in the professional fees is due to once off expenses in the prior year that related to the qualifying transaction.

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 $4,726 or 30.6% to $20,172 for the three months ended November 30, 2015 from $15,446 for the same period in the prior year. For the nine months ended November 30, 2015 impairment of supplies and components increased by $12,440 or 26.8% to $58,777 from $46,337 for the same period in the prior year. Impairment relates to amortization of parts and supplies relating to handheld hardware devices that are nearly fully depreciated. The cost has been a constant U.S dollar amount over the three and nine months ended November 30, 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 November 30, 2015 decreased by $459,681 or 92.2% to $38,690 from $498,371 for the same period in the prior year. The decrease is a result of many factors discussed previously including: an increase in gross profit of $458,225, a $6,182 net decrease in general and administrative expense as explained above, offset by $4,726 increase in the impairment of supplies and components.

For the nine months ended November 30, 2015 the loss before other expenses and income decreased by $287,230 or 28.8% to $710,907 from $998,137 for the same period in the prior year. The increase is a result of many factors discussed previously including: an increase in gross profit of $847,846, a $548,176 net increase in general and administrative expense as discussed above and $12,440 increase in the impairment of supplies and components.

Finance Income

For the three months ended November 30, 2015 there were no changes in the finance income of $3,481 compared to the same period in the prior. For the nine months ended November 30, 2015, finance income increased $3,430 or 32.8% to $13,873 from $10,443 in the same period in the prior year resulting from cash balances in bank accounts throughout the year.

Finance Costs

Finance costs, consisting of interest on loans and dividends on preferred shares, decreased $33,464 or 19.8% for the three months ended November 30, 2015 compared with the same period in the prior year. Principal repayments on the demand term loans and short term debt resulted in less interest being charged in the three months ended November 30, 2015. For the nine months ended November 30, 2015, finance costs increased $25,959 or 6.1% compared to the same period in the prior year. Subsequent to November 30, 2014, the Company obtained new financing from shareholders and related parties. This led to the increase in finance costs for the nine months ended November 30, 2015 when compared to the same periods in the prior year.

Depreciation and Amortization

For the three months ended November 30, 2015, depreciation and amortization expense increased $45,832 or 11.1% to $460,128 from $414,296 in the same period in the prior year. For the nine months ended November 30, 2015, depreciation and amortization expense increased $143,676 or 12.0% to $1,338,798 from $1,195,122 in the same period in the prior year. 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 nine month periods ended November 30, 2015 and in the last fiscal year. The Company purchased and deployed $1,539,794 of property and equipment during the nine months ended November 30, 2015 and $918,038 for the year ended February 28, 2015 to service new and existing customers.

Foreign Exchange Gain or Loss

For the three months ended November 30, 2015, the foreign exchange loss increased by $68,531 to $67,378 from a gain of $1,153 in the same period in the prior year. The increase in the loss was due to the realisation of the foreign exchange portion of the purchase of gaming hardware which is denominated in U.S. dollars.

For the nine months ended November 30, 2015, the foreign exchange loss decreased by $20,359 or 82.0% to $4,470 from a loss of $24,829 in the same period in the prior year. The decrease in the foreign exchange losses 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.

Transaction cost

For the three and nine months ended November 30, 2014 the Company incurred a transaction cost of $2,087,492 that relates to a one-time non-cash cost to incurred to complete the Company's Qualifying Transaction that took place on November 30, 2014.

Net Loss and Comprehensive Loss

Net loss and comprehensive loss for the three months ended November 30, 2015 was $698,374 compared with $3,172,948 for the same period in the prior year. The $2,474,574 or 78.0% decrease in loss is the result of many factors discussed previously including: an increase in gross profit of $458,225, $6,182 decrease in general and administration expenses, $33,464 in finance costs, $8,514 in the loss on disposal of property and equipment, and $2,087,492 in transaction costs. The increases were offset by a $4,726 increase in the impairment of supplies and components, $45,832 increase in depreciation and amortization and $68,531 increase in the foreign exchange loss.

For the nine months ended November 30, 2015 the net loss was $2,493,390 compared with $4,758,799 in the same period in the prior year. The $2,265,409 or 47.6% decrease in the loss is a result of many factors discussed previously including: an increase in gross profit of $847,846, increases of $20,359 in foreign exchange gains, $3,430 in finance income, decreases of $35,659 in loss on the disposal of property and equipment and $2,087,492 in transaction costs. The increases were offset by a $548,176 increase in general and administrative expenses, $12,440 in impairment of supplies and components, $25,959 in finance costs and $143,676 in depreciation and amortization.

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 November 30, 2015 was $647,505 compared with $3,172,948 for the same period in the prior year. The $2,525,443 or 79.6% decrease in loss is the result of many factors discussed previously including: $6,182 decrease in general and administration expenses, $33,464 in finance costs, $8,514 in the loss on disposal of property and equipment, $2,087,492 in transaction costs, an increase in gross profit of $458,225 and $50,869 in the net loss and comprehensive loss attributable to non-controlling interest. The increases were offset by a $4,726 increase in the impairment of supplies and components, $45,832 increase in depreciation and amortization and $68,531 increase in the foreign exchange loss.

For the nine months ended November 30, 2015 the net loss and comprehensive loss attributable to the owners of the Company was $2,375,030 compared with $4,758,799 in the same period in the prior year. The $2,383,769 or 50.1% decrease in the loss is a result of many factors discussed previously including an increase in gross profit of $847,846, $20,359 in foreign exchange gains, $118,360 in the net loss and comprehensive loss attributable to non-controlling interest, $3,430 in finance income, $35,659 decrease in loss on the disposal of property and equipment and $2,087,492 in transaction costs. The increases were offset by a $548,176 increase in general and administrative expenses, $12,440 in impairment of supplies and components, $25,959 in finance costs and $143,676 in depreciation and amortization.

Net loss and Comprehensive Loss Attributable to Non-Controlling Interest

On June 19, 2015 the Company acquired Alberta Satellite Bingo LP as part of the operations of Alberta Satellite Bingo. The non-controlling interest holds 99.75% of the partnership units. The net loss attributable to their interest in Alberta Satellite Bingo LP for the three and nine months ended November 30, 2015 is $50,869 and $118,360 respectively. eQube's share of the operating loss of Alberta Satellite Bingo LP for the three and nine months ended November 30, 2015 is $127 and $297 respectively.

6. Financial Position

	November 30, 2015	February 28, 2015	February 28, 2014
Total assets	$ 5,819,801	$ 7,495,556	$ 7,083,432
Total non-current financial liabilities	$ 4,035,557	$ 3,778,618	$ 2,301,823

Total assets decreased $1,675,755 or 22.4% from February 28, 2015 to November 30, 2015. The net decrease is the result of increases in accounts receivable of $179,000, $407,000 in property and equipment, $114,000 in intangible assets offset by reductions of approximately $2,041,000 in cash, $176,000 in accrued receivables, $8,000 in supplies and components and $151,000 in prepaid expenses. 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 net increase in non-current financial liabilities between February 28, 2015 and November 30, 2015 is the result of the Company obtaining vendor financing for the purchase of gaming hardware 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 which was offset by the repayment of other related loans. 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 November 30,		Nine months ended November 30,	
Cash (used in) provided by:	**2015**	2014	**2015**	2014
Cash flows from (used in) operations	**$ 26,653**	$ (227,957)	**$ (302,007)**	$ (244,551)
Changes in non-cash working capital	**481,863**	(861,516)	**1,085,220**	(1,046,088)
Operating activities	**508,516**	(1,089,473)	**783,213**	(1,290,639)
Financing activities	**89,317**	4,307,400	**(1,254,133)**	4,563,444
Investing activities	**(868,923)**	(42,346)	**(1,502,554)**	(592,472)
Decrease in cash and cash equivalents	**$ (271,090)**	$ 3,175,581	**$ (1,973,474)**	$ 2,680,333

Operating Activities

Cash flows provided by operating activities are $508,516 for the three months ended November 30, 2015 compared to cash used in operating activities of $1,089,473 for the same period in the prior year. This change is the result of an increase of approximately $255,000 in cash from operations and $1,343,000 in non-cash working capital, largely the result of the addition of new contracts. The non-cash working capital changes include increases in supply and components of approximately $9,000, $462,000 in prepaid expenses, and $923,000 in accounts payable and accrued liabilities offset by $18,000 decrease in accounts receivable, $29,000 in accrued receivables and $4,000 in deferred revenue.

For the nine months ended November 30, 2015 cash flows provided by operating activities were $783,213 compared to cash used in operating activities of $1,290,639 for the same period in the prior year. This change is a result of approximately $57,000 decrease in cash used in operations which was offset by $2,131,000 changes in non-cash working capital. The non-cash working capital changes include increases in accrued receivables of $285,000, $38,000 in supplies and components, $79,000 in prepaid expenses, $1,017,000 in accounts payable and accrued liabilities, $744,000 in deferred revenue relating to customer prepayments for the purchase of hardware which was delivered and recognized in May 2014 offset by $32,000 decrease in accounts receivable.

Financing Activities

Cash provided by financing activities was $89,317 for the three months ended November 30, 2015 compared with $4,307,400 for the same period in the prior year. During the three months ended November 30, 2015, the Company repaid existing loans in the amount of $336,524 and paid interest and dividends of $134,159 offset by $560,000 in proceeds from new shareholder and other related loans. This compares to receipt of proceeds from the issuance of ordinary shares of $3,287,500, proceeds from new loans received of $2,053,368, $28,081 proceeds from the exercise of stock options offset by repayment of loans and lease obligations of $573,739 and payment of ordinary share issuance costs, interest and dividends of $487,810 for the three months ended November 30, 2014.

For the nine months ended November 30, 2015 cash used in financing activities was $1,254,133 compared with cash provided by financing activities of $4,563,444 for the same period in the prior year. During the nine months ended November 30, 2015, the Company repaid existing loans in the amount of $1,415,412, paid interest and dividends of $448,941 offset by $50,220 from the exercise of stock options and receipt of $560,000 in proceeds from new shareholder and other related loans. This compares to the repayment of existing or retired loans of $2,216,266, payment of ordinary share issuance costs, interest and dividends of $738,052 offset by receipt of proceeds from the issuance of ordinary shares of $3,430,000, proceeds from the issuance of preferred shares of $250,000, proceeds from the exercise of stock options of $28,081 and proceeds from new loans of $3,809,681 for the nine months ended November 30, 2014.

Investing Activities

Cash flows used in investing activities were $868,923 for the three months ended November 30, 2015 compared with $42,346 for the same period in the prior year. The Company purchased $793,486 in property and equipment and $75,437 in capitalized intangible asset expenditures. This compares to the purchase of property and equipment of $30,258, $17,819 for the purchase and capitalization of intangible assets and cash acquired in the amalgamation of $5,731 for the three months ended November 30, 2014.

For the nine months ended November 30, 2015 cash flows used in investing activities were $1,502,554 compared with $592,472 for the nine months ended November 30, 2014. The Company purchased $1,503,787 in property and equipment, $171,614 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 $501,497, $96,706 for the purchase and capitalization of intangible assets and cash acquired in the amalgamation of $5,731 in the nine months ended November 30, 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 nine months ended November 30, 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:

	November 30, 2015	February 28, 2015
Demand term loans	$ **897,966**	$ 1,569,109
Shareholders loans	**455,239**	421,756
Other related loans	**2,317,484**	2,528,226
Obligations under finance lease	**32,853**	-
Preferred shares	**2,060,000**	2,060,000
(Deficiency) equity	**(1,668,974)**	306,179
	$ **4,094,568**	$ 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 November 30, 2015, the Company had cash of $91,605 (February 28, 2015 - $2,132,829), accounts receivable of $560,671 (February 28, 2015 - $381,697), and current portion of accrued receivables of $733,715 (February 28, 2015 - $460,000) for a total of $1,385,991 (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 $2,184,463 (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 November 30, 2015 summarized by fiscal year were as follows:

	On demand	2016	2017	2018	2019	Thereafter	Total
Bank indebtedness	$ 49,690	$ -	$ -	$ -	$ -	$ -	$ 49,690
Accounts payable and accrued liabilities	-	839,973	78,538	69,615	338,579	-	1,326,705
Demand term loans	900,537	-	-	-	-	-	900,537
Shareholders loans	-	11,382	104,028	395,238	-	-	510,648
Other related loans	-	330,196	1,320,785	795,728	112,935	-	2,559,644
Obligations under finance lease	-	1,891	7,565	7,565	7,565	10,177	34,763
Preferred shares	-	50,794	1,956,907	250,671	-	-	2,258,372
Total	$ 950,227	$ 1,234,236	$ 3,467,823	$ 1,518,817	$ 459,079	$ 10,177	$ 7,640,359

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 November 30, 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 November 30, 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 November 30, 2015 under operating lease obligations for the Company's office and warehouse facilities are as follows:

	Edmonton	Las Vegas	Total
Less than one year	$ 49,858	$ 22,107	$ 71,965
Between one and five years	-	-	-
Total	$ 49,858	$ 22,107	$ 71,965

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

9. Related Party Transactions

a) Shareholders Loans and Other Related Loans

As at November 30, 2015, the Company had $2,772,723 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 nine months ended November 30, 2015.

On September 17, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of $500,000 from an entity controlled by a director of the Company. Each draw under the agreement has a three-year term. The amount drawn on the loan at November 30, 2015 was $475,967 (February 28, 2015 - $nil) and is included in "other related loans". The proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.

On December 7, 2015, the Company entered into a financing arrangement for a demand term loan in the amount of $60,000 from an entity related to 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 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 three months ended November 30, 2015, interest expense on shareholders and other related loans of $67,488 (2014 - $60,575) was recorded as expense and is included in finance costs. During the nine months ended November 30, 2015, interest expense on shareholders and other related loans of $198,691 (2014 - $135,434) was recorded as expense and is included in finance costs.

b) Key Management Compensation

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

	Three months ended November 30,		Nine months ended November 30,	
	2015	2014	**2015**	2014
Short-term employee benefits	**$ 75,876**	$ 88,977	**$ 266,285**	$ 253,977
Share-based payments	**904**	211,332	**3,616**	230,257
	$ 76,780	$ 300,309	**$ 269,901**	$ 484,234

Stock options granted to board advisors vest when they receive regulatory approval to become directors. During the three months ended November 30, 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 November 30, 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 November 30, 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 November 30, 2015 and February 28, 2015, by length of time past due, are:

	November 30, 2015	February 28, 2015
1 to 30 days past due	**$ 395,659**	$ 132,108
31 to 60 days past due	**23,276**	41,273
Total	**$ 418,935**	$ 173,381

As at November 30, 2015, the Company had one customer owing more than $50,000 that accounted for approximately 37% 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 37% 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 November 30, 2015, totaled $91,605 (February 28, 2015 - $2,132,829), accounts receivable totaled $560,671 (February 28, 2015 - $381,697), and accrued receivables totaled $1,172,828 (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 $nil for the three months ended November 30, 2015 (2014 - $1,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $nil for the three months ended November 30, 2015 (2014 - $nil).

A 1% appreciation (depreciation) in the Canadian dollar price of United States dollars would result in gain (loss) of approximately $4,000 for the nine months ended November 30, 2015 (2014 - $1,000). A 1% appreciation (depreciation) in the Canadian dollar price of Euros would result in gain (loss) of approximately $2,000 for the nine months ended November 30, 2015 (2014 - $1,000).

Interest Rate Risk

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

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

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately $9,000 for the three months ended November 30, 2015 (2014 - $16,000).

A 1% decrease (increase) in the bank's prime rate would result in a gain (loss) of approximately $12,000 for the six months ended November 30, 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, 1,950,000 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, 7,748,718 (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 May 4, 2016 and every six months thereafter.

13. Risks and Uncertainties

For the three and nine months ended November 30, 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 November 30, 2015:

Related party transactions

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 related to 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 proceeds of this loan were used to purchase equipment for customer deployment. The loan is secured by a first charge over the purchased equipment.

15. Other Information

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