Form 51-102F1

JACKPOT DIGITAL INC.

Management's Discussion & Analysis
Condensed Consolidated Interim Unaudited Financial Statements
for the nine months ended September 30, 2016

The following discussion and analysis of the financial condition and financial position and results of operations of Jackpot Digital Inc. (formerly Las Vegas From Home.com Entertainment Inc. (the "Company" or "Jackpot") for the nine months ended September 30, 2016 should be read in conjunction with the condensed consolidated interim unaudited financial statements and notes thereto for the nine months ended September 30, 2016 and 2015 and the annual audited consolidated financial statements and notes thereto for the years ended December 31, 2015 and 2014. The condensed interim consolidated unaudited financial statements and notes thereto for the nine months ended September 30, 2016 and 2015 have not been reviewed by the Company's Auditor.

The condensed consolidated interim unaudited financial statements, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company's condensed consolidated interim unaudited financial statements are expressed in Canadian (CDN) Dollars which is the Company's functional currency. All amounts in this MD&A are in CDN dollars unless otherwise stated.

The following information is prepared as at November 29, 2016.

Forward-Looking Statements

Certain statements contained herein are "forward-looking" and are based on the opinions and estimates of management, or on opinions and estimates provided to and accepted by management. Forward-looking statements are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Readers are therefore cautioned not to place reliance on any forward-looking statement.

Overview

Effective July 18, 2015, the Company's name has been changed to Jackpot Digital Inc. The Company is a developer and provider of electronic table games (ETGs), and is also a software developer and provider for online and mobile gaming platforms. The Company's common shares trade on the TSX Venture Exchange ("TSX-V") under the symbol "JP. Furthermore, the Company's common shares trade in Germany on both the Frankfurt and Berlin Exchanges under the trading symbol "LVH", and are quoted in the USA on the OTC Pink tier of the OTC markets under the trading symbol "JPOTF".

The Company's office is located at Suite 300 – 570 Granville Street, Vancouver, British Columbia, Canada, V6C 3P1 and the Company's warehouse is located at 4664 Lougheed Hwy, Unit W030, Burnaby, British Columbia, Canada, V5C 5T5. The Company's registered office is at Suite 1500, 1055 West Georgia Street, PO Box 11117 Royal Centre, Vancouver, British Columbia, Canada, V6E 4N7.

The Company's Registrar and Transfer Agent is Computershare Investor Services Inc. located at 510 Burrard Street, Vancouver, BC, Canada, V6C 3B9.

The Company is a reporting issuer in the Provinces of British Columbia and Alberta and files all public documents on www.sedar.com.

On October 14, 2015, the Company caused to incorporate a subsidiary in the State of Nevada, USA under the name of Jackpot Digital (NV), Inc.

Results of Operations

As of September 30, 2016, the Company's operations employed 19 people (September 30, 2015: 19 people) consisting of staff and management.

On June 1, 2016, the Company entered into an agreement with Union Gaming Securities of Las Vegas, Nevada ("Union") whereby Union will provide certain advisory services. Union is a boutique investment bank and advisory firm focused exclusively on the gaming industry. Founded in 2009, it has offices in Hong Kong, Las Vegas, Macau and New York. The services to be provided by Union are, but not limited to, identifying table unit placement opportunities globally via third party licensing, identifying and contacting potential parties for joint venture opportunities, addressing capital structure and other customary financial advisory services.

On December 2, 2015, at the Annual General Meeting of the Company's shareholders which was held in Vancouver, BC, the shareholders received the Audited Consolidated Financial Statements for the fiscal year ended December 31, 2014 and the Auditor's report thereon; fixed the number of Directors for the ensuing year at four; elected Bedo H. Kalpakian, Jacob H. Kalpakian, Neil Spellman and Gregory T. McFarlane as Directors of the Company; re-appointed the Company's Auditor, Smythe LLP, Chartered Professional Accountants, for the ensuing year and authorized the Directors to fix the remuneration to be paid to the Auditor and re-approved the Company's 10% Rolling Stock Option Plan.

The Company is presently not a party to any legal proceedings whatsoever.

Wireless Gaming Software and iGaming Platform

Jackpot continues to maintain and develop its wireless gaming software which consists of Texas Hold'em and tournaments, various casino table games and 16 slot games, that can be played on smart phones, tablets and personal computers through any modern web browser.

Carnival Corporation is the largest operator of the Company's wireless gaming software. As of September 30, 2016, the wireless gaming software is available on seven of Carnival's cruise ships. As part of the agreement, Jackpot will share revenues earned from the software.

The Derby Draft fantasy sports site (previously Derby Tournaments) was launched on June 19, 2015 by Jackpot for play money operations, and on August 3, 2015 for real money operations, using Jackpot's iGaming Platform. Derby Draft is a horse racing contest website and mobile app, where players select real horses and compete with other players around the world. The Company partnered with The Woodham Group Inc. ("Woodham") on July 13, 2015, to assist with the marketing and operations of the site. Due to changes in applicable laws for fantasy sports betting, the Company sold Derby Draft to Woodham on June 9, 2016, for a maximum fee of Cdn $150,000 which shall be based on revenue sharing.

Electronic Table Games

The Company is focused on operating and expanding its electronic table games (ETGs) business which it acquired from Everi in August 2015.

On November 16, 2015, the Company entered into a Lease Agreement with an arm's length party for approximately 7,936 square feet of premises in Burnaby, BC for an interim term of 6 (six) months commencing on December 1, 2015 (the "Company's warehouse"). The Lease Agreement has been extended to May 31, 2019. The Company's warehouse is used for the purpose of storing, cleaning, assembling, refurbishing, manufacturing, testing, configuring, packing and shipping the Company's ETGs. The Company has paid a security deposit of $8,930 in respect to this Lease Agreement. The Company pays basic rent of $3,968 plus the operational cost and the applicable tax totalling $9,420 per month.

The Company categorizes its ETG customers in three markets: cruise ships, North American casinos and other markets.

Cruise Ships

- The cruise ship industry operates their casinos while they are in international waters, and therefore, they do not require their gaming equipment vendors to attain any form of gaming license.
- The Company typically leases ETGs on a monthly recurring basis to cruise ship companies.
- Carnival Corporation is the largest operator of the Company's ETGs. As of September 30, 2016, the Company's ETGs are available on 65 of Carnival Corporation's cruise ships.

North American Casinos

- The North American casino industry is predominantly in most cases regulated at the state/provincial level as individual jurisdictions. Additionally, some states have native American tribal jurisdictions. Every jurisdiction approves the gaming equipment used in their casinos, usually in the form of a gaming license. Therefore, the Company must attain gaming licenses directly or through a distributor to expand its ETG business in North America.
- The Company typically leases ETGs on a monthly recurring basis to North American casino customers.
- On June 7, 2016, Jackpot entered a distributor agreement with Integrity Gaming in Oklahoma. The agreement allows Jackpot to lease ETGs to casino operators in Oklahoma through Integrity Gaming's Oklahoma gaming license. Jackpot attended the Oklahoma Indian Gaming Association (OIGA) trade show with Integrity Gaming booth to market the tables.
- On May 19, 2016, two of the Company's ETGs went into operation at the River Casino in New Hampshire, after gaining product approval by the Racing and Charitable Gaming Division of New Hampshire.
- During Q3 2016, the Company received an Arkansas Gaming License from the Arkansas Racing Commission for the manufacturing and distribution of Electronic Games of Skill. This development enables Jackpot to directly engage with Arkansas' two Racinos, Oaklawn Racing and Gaming (http://www.oaklawn.com) and Southland Racing and Gaming (http://www.southlandpark.com), both of which are currently operating the Company's PokerPro Poker rooms exclusively on their casino floors.
- The Company also has applications in process or under review with several other jurisdictions.

Other Markets

- Markets outside cruise ships and North American casinos are considered on a case-by-case basis, depending on the practicality of deploying and supporting the Company's ETGs in other continents.
- The Company may lease or opt to sell ETGs in other markets.
- On March 1, 2016, Jackpot signed a distribution agreement with CasinoFlex in Bulgaria. CasinoFlex will sell and support the Company's ETGs in Europe.

Transaction with Everi Holdings Inc. (formerly MultiMedia Games, Inc.) ("Everi")

On June 30, 2015 the Company entered into an Asset Purchase Agreement with Everi whereby the Company agreed to purchase from Everi the assets of the PokerTek business unit of Everi, including domain names, inventory, marketing materials, patents, software, trade dress, trademarks, and the assignment to the Company of all licensing contracts with third parties related to the Pokertek business unit. On July 31, 2015 and August 6, 2015, the Company and Everi entered into amendment agreements to the June 30, 2015 agreement (collectively referred to as the "APA") which essentially amended the upfront payment due to Everi from US $2,250,000 to US $2,000,000 and extended the closing date of the transaction.

Pursuant to the APA, on August 10, 2015 the Company closed the Transaction. The consideration payable to Everi is US$5,400,000 of which US$2,000,000 was paid on the closing of the Transaction, and the Company has issued 7,500,000 share purchase warrants exercisable at $0.20 per warrant share for a period of five years. The agreement has late fee penalties which may increase the consideration payable up to US$7,500,000. On April 29, 2016, the amount of US $500,000 has been paid to Everi as the adjusted installment payment towards the balance payable to Everi. As at September 30, 2016, the Company has a balance payable to Everi of US$3,987,778 if all late penalties are assessed and paid.

The following table summarizes the net cash flow adjusting for the required adjusted instalment payment related to the electronic table gaming project since acquisition (in CDN):

	August 2015 to December 2015	January 2016 to September 2016	Total
Revenue from Electronic gaming table project	$ 1,001,337	$ 1,696,261	$ 2,697,598
Deduct:			
Royalty expense to 87 Capital and 30 Rock	$ (253,439)	$ (232,073)	$ (485,512)
Licensing fee charged by Everi	$ (108,463)	$ (165,883)	$ (274,346)
Salary for development, warehouse and support teams	$ (459,440)	$ (964,882)	$ (1,424,322)
Adjusted cash flow from Electronic gaming table project	$ 179,995	$ 333,423	$ 513,418
Adjusted instalment payment made to Everi in April 2016			$ (627,400)
Net cash flow reflecting adjusted instalment payment to Everi			$ (113,982)
Payment required under adjusted instalment payment schedule for the period ended December 31, 2015			$ 683,957
Payment required under adjusted instalment payment schedule for the nine months ended September 30, 2016			$ 839,958
Total adjusted instalment payment due as at September 30, 2016			$ 1,523,915
Adjusted instalment payment made in April 2016			$ (627,400)
Total adjusted instalment payment due as at September 30, 2016			$ 896,515

On November 5, 2015, the Company entered into an Engagement Letter with RWE Growth Partners, Inc. ("RWE") whereby RWE has prepared and completed a formal Purchase Price Allocation Report for the Company regarding the fair value of the tangible assets and identifiable intangible assets that the Company acquired from Everi pursuant to the APA on August 10, 2015.

Non-Convertible Secured Debentures 2015

On August 4, 2015, the Company issued two non-convertible secured debentures ("Debentures") for an aggregate principal amount of US$2,500,000, of which the principal amount of US $2,250,000 was advanced to the Company by 87 Capital Corporation ("87 Capital"), an arm's length party, and the principal amount of US$250,000 was advanced to the Company by 30 Rock Management Inc. ("30 Rock"), a corporation owned by the Company's President & CEO (collectively referred to as the

"Debentureholders"). The Company has issued to the Debentureholders an aggregate of 7,500,000 bonus warrants, each bonus warrant entitling the Debentureholders to purchase one common share at a price of $0.20 per share for a period of five years. As at September 30, 2016, the amount of $2,562,800 has been recorded under Non-Convertible Debentures (Liability portion).

The principal terms of the Debentures are as follows:

- the Company has the right to prepay all or part of the outstanding principal amounts of the Debentures together with accrued interest at any time, without any penalty, prior to the maturity date.

- from time-to-time, as prepayment of the principal amount and accrued interest owing under the Debentures, the Company will pay the Debentureholders approximately 37% of the net proceeds received by the Company from the issuance of any equity securities of the Company.

- the Debentures are secured by a charge over all of the Company's assets.

- the Debentures will mature three years from the date of issue and will bear interest at the rate of 10% per annum payable on a quarterly basis.

- the Company will pay 87 Capital 45% of the net revenues from the Company's electronic table business unit (the "87 Capital Royalty") for a period of 5 years (the "Royalty Term"), and the Company will pay 30 Rock 5% of the Net Revenues from the Company's electronic table business unit (the "30 Rock Royalty") during the Royalty Term. The Company's electronic table business unit consists of the assets acquired from Everi under the APA. The Company's electronic table business unit does not include the Company's wireless products.

- in the event that the Company prepays the entire principal amount of the Debentures together with accrued interest at any time up to the first anniversary of the date of issue of the Debentures, the Company will have the right to pay 87 Capital the sum of US $900,000 so that the amount of the 87 Capital Royalty will be capped at US $5,400,000 (the "Capped 87 Capital Royalty"), and the Company will have the right to pay 30 Rock the sum of US $100,000 so that the amount of the 30 Rock Royalty will be capped at US $600,000 (the "Capped 30 Rock Royalty"). In such an event the Capped 87 Capital Royalty shall be payable as follows: 45% of the Net Revenues from the Company's electronic table business unit during the first year of the debenture and thereafter, 6.75% of the Net Revenues from the Company's electronic table business unit until the date that 87 Capital has been paid an aggregate of US $5,400,000 and, the Capped 30 Rock Royalty shall be paid as follows: 5% of the Net Revenues from the Company's electronic table business unit during the first year of the debenture and thereafter, 0.75% of the Net Revenues from the Company's electronic table business unit until the date that 30 Rock has been paid an aggregate of US $600,000.

- within a period of 30 days from the date of issuance of the Debentures, the Company will have the right to prepay the entire principal amount and accrued interest plus an additional US $250,000 to the Debentureholders. In such an event the exercise price of the 7,500,000 bonus warrants issued to the Debentureholders will be repriced to an exercise price of $0.05 cents per common share, and the total Royalties payable to the Debentureholders will be reduced to 2% of the Net Revenues received from the Company's electronic table business unit for the balance of the Royalty Term.

On April 28, 2016 the Company entered into Secured Debenture Amending Agreements with the Debentureholders (the "Amending Agreements") the principal terms of which are as follows:

<u>87 Capital</u>

- In consideration for the payment by the Company to 87 Capital the sum of US$482,500 (paid), the Royalty payable to 87 Capital shall equal 1.8% of the Gross Revenues received from the Company's Electronic Table Business Unit for a period commencing on May 1, 2016 and ending on April 30, 2021;

  AND,

- Until the Company either:
  a) achieves an annualized sales run rate for any fiscal year of at least Cdn $7,000,000 in any quarter of a fiscal year; or
  b) makes a one-time bulk sale of electronic tables in excess of Cdn$5,000,000;

  the Company will pay to 87 Capital as a prepayment of the aggregate amount of principal and/or accrued interest owing 27% of the net proceeds received by the Company from the issuance of any equity securities of the Company from time to time.

<u>30 Rock</u>

- In consideration for the payment by the Company to 30 Rock the sum of US$51,000 (paid), the Royalty payable to 30 Rock shall equal 0.2% of the Gross Revenues received from the Company's Electronic Table Business Unit for a period commencing on May 1, 2016 and ending on April 30, 2021;

  AND,

- Until the Company either:
  a) achieves an annualized sales run rate for any fiscal year of at least Cdn $7,000,000 in any quarter of a fiscal year; or
  b) makes a one-time bulk sale of electronic tables in excess of Cdn$5,000,000;

  the Company will pay to 30 Rock as a prepayment of the aggregate amount of principal and/or accrued interest owing 3% of the net proceeds received by the Company from the issuance of any equity securities of the Company from time to time.

Revenues

For the nine months ended September 30, 2016, the Company has recorded sales revenues of $2,621 (September 30, 2015: $4,257), licensing revenues of $140,361 (September 30, 2015: $97,277) and Electronic gaming tables of $1,696,261 (September 30, 2015: $352,489). The Company's revenues have increased significantly mainly due to the acquistion of the assets of the PokerTek business unit of Everi.

Royalty expense

For the nine months ended September 30, 2016, the Company had royalty expense of $232,073 as a result of the issuance of non-convertible secured debentures during 2015 as compared to $nil during the nine months ended September 30, 2015.

Licensing fee

For the nine months ended September 30, 2016, the Company had licensing fee of $165,883 in respect to the electronic table games business as compared to $nil during the nine months ended September 30, 2015.

Cost of Sales

For the nine months ended September 30, 2016, the cost of sales was $81,188 as compared to $23,060 during the corresponding period in 2015.

Expenses

For the nine months ended September 30, 2016, operating expenses were $3,391,562 as compared to $2,335,151 for the nine months ended September 30, 2015. The items which mainly contributed to the increase in operating expenses were Finance expense, Interest expense and Amortization.

Net Loss and Comprehensive Loss

During the nine months ended September 30, 2016, the Company had a net loss and comprehensive loss of $2,031,463 or $0.01 per share (weighted average) as compared to $1,904,188 or $0.01 per share (weighted average) in the same period of 2015. During the nine months ended September 30, 2016, the Company's weighted average number of common shares was 155,996,550 as compared to 147,728,094 for the same nine months period in 2015.

Liquidity and Capital Resources

The Company intends to seek equity and/or debt financings through private placements and/or public offerings and/or loans. In the past, the Company has been successful in securing equity and debt financings in order to conduct its operations uninterruptedly. While the Company does not give any assurances whatsoever that in the future it will continue being successful in securing equity and/or debt financings in order to conduct its operations uninterruptedly, it is the Company's intention to pursue these methods for future funding of the Company.

As at September 30, 2016, the Company's total assets were $9,029,054 as compared to $7,996,497 for the corresponding period in 2015. The Company's total liabilities were $12,118,569 as compared to $7,348,252 for the corresponding period in 2015. The Company has not paid any dividends and does not plan to pay any dividends in the future.

As at September 30, 2016, the Company had:

- Cash and cash equivalents of $33,063 as compared to $154,413 at September 30, 2015.
- Accounts receivable of $264,875 as compared to $184,808 at September 30, 2015.
- Due from related parties of $400,151 as compared to $212,649 at September 30, 2015.
- Prepaid expenses and deposits of $61,478 as compared to $35,000 at September 30, 2015.
- Gaming systems of $1,413,821 as compared to $775,265 at September 30, 2015.
- Equipment of $61,977 as compared to $36,002 at September 30, 2015.
- Intangible Assets and Goodwill of $6,288,574 as compared to $6,422,771 at September 30, 2015.

Operating Activities

During the nine months ended September 30, 2016, the Company used $2,542,550 of cash for operating activities as compared to $2,206,623 cash provided by operating activities in the corresponding period of 2015.

Financing Activities

During the nine months ended September 30, 2016, the Company received $1,809,099 cash from financing activities as compared to $4,404,050 cash from financing activities in the corresponding period of 2015.

Capitalization

In order for the Company to increase its revenues, the Company must reduce or preferably eliminate its outstanding debts and must dedicate more resources to marketing and promotion of the Company's products and services.

During the nine months ended September 30, 2016, the Company has incurred a net loss and comprehensive loss of $2,031,463 (September 30, 2015: $1,904,188), has limited revenues and resources, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

The Company announced on April 22, 2016 that it has entered into an engagement letter (the "Engagement") with Kingsdale Capital Markets Inc. ("Kingsdale" or the "Agent") to act as the Agent of the Company to raise gross proceeds of $2,000,000 (the "Financing") for the Company through the sale of secured convertible debentures ("Secured Debentures") of the Company. The Company closed the Financing on April 28, 2016 and received net proceeds of $1,753,111. The Secured Debentures have a term of 12 months, bear simple interest at the rate of 12% per annum and are payable on a quarterly basis. The principal amount of the Secured Debentures may be convertible into common shares of the Company at a price of $0.05 per share. In connection with the Financing, the Company has paid a cash commission of $200,000, corporate finance fee of $30,000 plus HST, other expenses of $11,495 plus HST and has issued 6,000,000 broker warrants to Kingsdale. The broker warrants are exercisable into common shares of the Company at the price of $0.05 per share during the first year and at the price of $0.10 per share during the second year.

During the year ended December 31, 2015, the following share transactions occurred:

On February 27, 2015 and March 3, 2015, the Company issued an aggregate of 12,471,429 units of the Company's securities at $0.035 per unit for total gross proceeds to the Company of $436,500 pursuant to the discretionary relief non-brokered private placement financing which was announced on February 25, 2015. Each Unit consists of one common share in the capital of the Company and one share purchase warrant, each warrant will entitle the holder to purchase one common share of the Company at a price of $0.10 per common share for a period of two years from Closing. The first tranche closing consisted of 8,500,000 units and the second tranche closing consisted of 3,971,429 units. All securities issued were subject to a hold period which expired on June 28, 2015 as to the first tranche and on July 4, 2015 as to the second tranche. The Company has paid finder's fees totaling $2,275 to arm's length third parties.

On March 9, 2015 the Company closed the last and final tranche of the discretionary relief non-brokered private placement financing by issuing an aggregate of 2,715,000 units at $0.035 per unit for total gross proceeds to the Company of $95,025. Each Unit consists of one common share in the capital of the Company and one share purchase warrant, each warrant will entitle the holder to purchase one common share of the Company at a price of $0.10 per common share for a period of two years from Closing. All securities issued were subject to a hold period which expired on July 10, 2015.

On April 17, 2015, the Company closed a non-brokered private placement financing and issued 11,500,000 Units of the Company at the price of $0.05 per Unit for total gross proceeds to the Company of $575,000. Each Unit consists of one common share in the capital of the Company and one share purchase warrant, each warrant entitles the holder to purchase one common share of the Company at a price of $0.10 per common share for a period of two years from Closing. The Company has paid finder's fees totaling $11,450 in cash, 170,000 units fair valued at $8,500 and 229,000 share purchase warrants to arm's length third parties. All securities issued were subject to a hold period which expired on August 18, 2015. In respect to this non-brokered private placement financing, a total of 1,000,000 units were subscribed by a private company which is owned by two directors of the Company.

Warrants

There were no warrants exercised during the nine months ended September 30, 2016. As at September 30, 2016, there were 136,871,314 warrants outstanding with a weighted average exercise price of $0.11 per warrant (September 30, 2015: 135,948,042 with a weighted average exercise price of $0.10 per warrant).

Should any warrants be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any warrants will be exercised.

Stock Options

On April 14, 2015, the TSX.V accepted the Company's new rolling stock option plan whereby a maximum of 10% of the issued shares of the Company will be reserved for issuance under the plan ("New 10% Rolling Stock Option Plan"). The New 10% Rolling Stock Option Plan received shareholder approval at the Company's 2015 Annual General Meeting of its Shareholders which was held on December 2, 2015. All previously granted and outstanding stock options under the Company's Amended 2004 Stock Option Plan shall be governed by the provisions of the New 10% Rolling Stock Option Plan. Pursuant to the Company's New 10% Rolling Stock Option Plan the Company grants stock options to employees, directors, officers and consultants. As at September 30, 2016, there were 1,129,655 stock options available for granting under the New 10% Rolling Stock Option Plan (September 30, 2015: 398,905).

As at September 30, 2016, there were 14,470,000 stock options outstanding with a weighted average exercise price of $0.06 per share (September 30, 2015: there were15,200,750 stock options outstanding with a weighted average exercise price of $0.07 per share).

Should any outstanding stock options be exercised by any party, then any funds received by the Company shall be used for general working capital purposes. However, there are no assurances whatsoever that any stock options will be exercised.

Non-Convertible Secured Debentures 2015

On August 4, 2015, the Company issued two non-convertible secured debentures ("Debentures") for an aggregate principal amount of US$2,500,000, of which the principal amount of US $2,250,000 was advanced to the Company by 87 Capital Corporation ("87 Capital"), an arm's length party, and the principal amount of US$250,000 was advanced to the Company by 30 Rock Management Inc. ("30 Rock"), a corporation owned by the Company's President & CEO (collectively referred to as the "Debentureholders"). The Company issued to the Debentureholders an aggregate of 7,500,000 bonus warrants, each bonus warrant entitling the Debentureholders to purchase one common share at a price of $0.20 per share for a period of five years. These Debentures were amended on April 28, 2016. As at September 30, 2016, the amount of $2,562,800 has been recorded under Non-Convertible Debentures (Liability Portion). For details of the principal terms of the Debentures, please refer to the Non-Convertible Secured Debentures 2015 under Results of Operations in this MD&A.

Convertible Secured Debentures 2016

During the nine months ended September 30, 2016, the Company has closed the convertible secured debentures financing which was announced on April 22, 2016 for net proceeds of $1,753,111. The convertible secured debentures have a term of 12 months, bear simple interest at the rate of 12% per annum and are payable on a quarterly basis. The principal amount of the convertible secured debentures may be convertible into common shares of the Company at a price of $0.05 per share. In connection with the convertible secured debentures, the Company has paid a cash commission of $200,000 and a corporate finance fee of $30,000 plus HST and other expenses of $11,495 plus

HST and has issued 6,000,000 broker warrants to Kingsdale Capital Markets Inc. The broker warrants are exercisable into common shares of the Company at the price of $0.05 per share during the first year and at the price of $0.10 per share during the second year.

As at September 30, 2016, the amount of $1,806,195 has been recorded as the liability portion of convertible secured debentures and the amount of $101,601 has been recorded as the equity portion of convertible secured debentures reserve.

Summary of Quarterly Results

The following are the results for the eight most recent quarterly periods, starting with the three month quarterly period ended September 30, 2016:

For the Quarterly Periods ended		**September 30, 2016**	**June 30, 2016**	**March 31, 2016**	**December 31, 2015**
Total Revenues	$	556,617	585,438	697,188	688,155
Net loss and comprehensive loss for the period	$	(976,454)	(897,732)	(157,277)	(1,864,629)
Basic and diluted loss per common share	$	(0.01)	(0.01)	(0.00)	(0.01)

For the Quarterly Periods ended		**September 30, 2015**	**June 30, 2015**	**March 31, 2015**	**December 31, 2014**
Total Revenues	$	400,631	43,592	9,800	11,075
Net loss and comprehensive loss for the period	$	(695,751)	(687,537)	(520,900)	(644,055)
Basic and diluted loss per common share	$	(0.00)	(0.00)	(0.00)	(0.01)

Third Quarterly Results (September 30, 2016)

During the three months [third quarter] period ended September 30, 2016:

- The Company had a net loss and comprehensive loss of $976,454 or $0.01 per share as compared to a net loss and comprehensive loss of $695,751 or $0.00 per share in the same three months [third quarter] period of 2015.
- The Company's total revenues were $556,617 as compared to $400,631 in the same three months [third quarter] period of 2015.
- The Company's total operating expenses were $1,455,119 as compared to $1,073,322 in the same three months [third quarter] period of 2015. The items which mainly contributed to the increase in operating expenses were Finance expense, Interest expense, and Amortization.

Risks related to our Business

The Company, and the Securities of the Company, should be considered a highly speculative investment. The following risk factors should be given special consideration when evaluating an investment in any of the Company's Securities:

General legislative risk

Although management believes that the revenues generated from the Company's gaming products represent lawful business, there is the risk that the legality may be challenged by Canadian or other legal authorities. If the legality is challenged by any legal authority and the challenge is sustained, it may have a material adverse impact on the financial affairs of the Company.

Changes in gaming legislations in any jurisdiction can have a negative impact on the Company's gaming products which can adversely impact the financial affairs of the Company.

Competition

The marketplace for the Company's gaming products are constantly undergoing changes, is intensely competitive and is subject to changes in customer preferences. The Company's products and services compete against those of other companies that have greater financial, marketing, technical and other resources than those of the Company.

Internet and system infrastructure viability

Any changes in the internet's role as the premier computer network information service or any shutdown of internet services by significant internet service providers will have an adverse material impact on the Company's ability to generate revenues. Furthermore, the Company can be severely and adversely affected from power failures, internet slowdowns or failures, software slowdowns or failures or hackings.

Reliance on key personnel

The Company relies heavily on its employees, the loss of any of whom could have an adverse effect on the Company.

Customer loyalty

The Company also relies on its licensees for the operation of the Company's gaming products, the loss of any of which could have an adverse effect on the affairs of the Company.

Payment processing

Changes in policies of companies, financial institutions or banks, that handle credit card transactions and/or other types of financial transactions for on-line gaming, can have an adverse impact on the business and financial affairs of the Company.

Foreign exchange rates

The profitability of the Company can be affected by fluctuations in the exchange rate of the US Dollar in relation to the Canadian Dollar.

Share price volatility and liquidity

The market price of the Company's common shares has experienced considerable volatility and may continue to fluctuate in the future. Factors such as the Company's quarterly and annual results, changes in existing legislation, new legislation, technological changes and general market conditions may adversely affect the market price of the Company's common shares. There is a limited trading market for the Company's common shares and the ability of investors to sell their shares or the price at which those shares may be sold cannot be assured.

Growth management

If the Company's gaming products gain traction in the market, rapid growth may occur which may result in certain strains on the Company.

Dilution

There are a number of outstanding securities and agreements pursuant to which common shares of the Company may be issued in the future. This would result in further dilution to the Company's shareholders.

Revenues and Dividends

While the Company has currently started generating some nominal revenues, the Company has not yet established a long term pattern of consistently generating meaningful revenues. The Company intends to retain its earnings in order to finance growth. Furthermore, the Company has not paid any dividends in the past and does not expect to pay any dividends in the future.

Disruption in Trading

Trading in the common shares of the Company may be halted or suspended or may be subject to cease trade orders at any time and for any reason, including, but not limited to, the failure by the Company to submit documents to the Regulatory Authorities within the required time periods.

Related Party Transactions

The Company shares office space and certain expenses with 37 Capital Inc. ("37 Capital") and Green Arrow Resources Inc. ("Green Arrow"), companies related by certain common officers and directors.

The Company, together with 37 Capital and Green Arrow, have entered into an office lease agreement with an arm's length party (the "Lease"). The Lease has a one year term with a commencement date of August 1, 2014. The office lease agreement was extended until July 31, 2016 and has been further extended for a period of one year until July 31, 2017. Under the Lease, effective as of August 1, 2016, the three companies are required to pay monthly basic rent of $7,193 plus property and operating expenses. In respect to the Lease, the Company has paid a deposit in the amount of $10,000.

37 Capital is related to the Company by virtue of the fact that 37 Capital's CEO and CFO, namely Bedo H. Kalpakian, is the Chairman and CFO of the Company, and the Vice President of 37 Capital namely Jacob H. Kalpakian, is the CEO and President of the Company. Furthermore, Neil Spellman and Gregory T. McFarlane are directors of both the Company and 37 Capital.

Green Arrow is related to the Company by virtue of the fact that Green Arrow's President and CEO namely Jacob H. Kalpakian, is the President and CEO of the Company. Furthermore, Bedo H. Kalpakian and Neil Spellman are directors of both the Company and Green Arrow.

27 Red Capital Inc. ("27 Red") is related to the Company by virtue of the fact that 27 Red's President, CEO, CFO & Secretary namely Jacob H. Kalpakian, is the President & CEO of the Company, and a director of 27 Red namely Bedo H. Kalpakian is the Chairman & CFO of the Company. Furthermore, Neil Spellman is also a director of both 27 Red and the Company.

4 Touchdowns Inc. ("4 Touchdowns") is related to the Company by virtue of the fact that 4 Touchdown's President, CEO, CFO & Secretary namely Jacob H. Kalpakian, is the President & CEO of the Company, and a director of 4 Touchdowns namely Bedo H. Kalpakian is the Chairman & CFO of the Company. Furthermore, Neil Spellman is also a director of both 4 Touchdowns and the Company.

Amounts payable to directors are for expenses incurred on behalf of the Company or for funds that have been lent to the Company and are payable on demand.

On July 1, 2010 the Company entered into an agreement for management services, as amended (the "Agreement") with Kalpakian Bros. of B.C. Ltd. ("Kalpakian Bros."), a private company owned by two directors of the Company. The Company is entitled to receive management services from Kalpakian Bros. at a monthly rate of $33,000 plus applicable taxes. On July 1, 2015, the Agreement has been renewed for a term of five years. Kalpakian Bros. is also entitled to reimbursement for all traveling and other expenses incurred by it in connection with performing its services. If the Agreement is terminated by the Company other than for just cause, or is terminated by Kalpakian Bros. for good reason, then Kalpakian Bros. is entitled to be paid the annual remuneration for the unexpired term of the Agreement and is also entitled to immediate vesting of all unvested stock options. Kalpakian Bros. may terminate the Agreement on giving four months' notice.

Amounts due from (to) related parties are unsecured, are due on demand and consist of the following:

		September 30, 2016		**September 30, 2015**
Entities with common directors	$	400,151	$	212,623
Key management personnel		-		26
	$	400,151	$	212,649

During the nine months ended September 30, the Company completed the following related party transactions:

		2016		**2015**
Rent recovered from entities with common directors	$	42,456	$	44,010
Office and other expenses recovered from entities with common directors	$	110,262	$	110,697
Interest charged on amounts due to related parties	$	2	$	173

During the nine months ended September 30, 2016, the Company has paid management fees totalling $297,000 to a company owned by two directors (September 30, 2015: $297,000).

During September 2016, the Company has issued two promissory notes totalling $165,000 which bear interest at 10% per annum and are payable on demand to a family member related to two directors and officers of the Company. Subsequent to the nine months ended September 30, 2016, the Company issued two additional promissory notes totalling $66,000 which bear interest at 10% per annum and are payable on demand to the same family member.

Effective as of May 1, 2012, the Company has entered into an Agreement for Office Support Services with Green Arrow, whereby Green Arrow is obligated to pay to the Company a monthly sum of $5,000 plus applicable taxes for certain office support services that shall be provided by the Company. The

Agreement expires April 30, 2017. The Agreement can be terminated by either party upon giving three months' written notice.

Effective as of May 1, 2013, the Company has entered into an Agreement for Office Support Services with 37 Capital whereby 37 Capital is obligated to pay to the Company a monthly sum of $7,000 plus applicable taxes for certain office support services that shall be provided by the Company. The Agreement expires April 30, 2017. The Agreement can be terminated by either party upon giving three months' written notice.

The Company, together with 37 Capital and Green Arrow, have entered into an office lease agreement with an arm's length party (the "Lease"). The Lease has a one year term with a commencement date of August 1, 2014 which was extended until July 31, 2016. The Lease has been further extended for another one year period until July 31, 2017. Under the Lease, effective as of August 1, 2016, the three companies are required to pay monthly basic rent of $7,193 plus property and operating expenses. In respect to the Lease, the Company has paid a deposit in the amount of $10,000.

In respect to the Non-Convertible Secured Debentures issued to 30 Rock Management Inc. ("30 Rock"), for further particulars, please see Non-Convertible Secured Debentures 2015 under Results of Operations in this MD&A. The Company is related to 30 Rock by virtue of the fact that 30 Rock is owned by the President and CEO of the Company.

<u>Financial Instruments and Risk Management</u>

(a) Risk management overview

The Company's activities expose it to a variety of financial risks including credit risk, liquidity risk and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. The Company employs risk management strategies and policies to ensure that any exposure to risk is in compliance with the Company's business objectives and risk tolerance levels. While the Board of Directors has the overall responsibility for the Company's risk management framework, the Company's management has the responsibility to administer and monitor these risks.

(b) Fair value of financial instruments

The fair values of cash and cash equivalents, accounts payable and accrued liabilities, trade accounts receivable, loan payable, deferred revenue and due from related parties approximate their carrying values due to the short-term maturity of these instruments. The non-convertible debenture is classified as Level 2 financial instruments.

The significance of inputs used in making fair value measurements are examined and classified according to a fair value hierarchy. The levels of the fair value hierarchy are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
Level 3: Inputs for assets or liabilities that are not based on observable market data.

(c) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The financial instruments that potentially subject the Company to a significant concentration of credit risk consist of cash and cash equivalents and due from related parties. The Company mitigates its exposure to credit loss associated with cash by placing its cash and cash equivalents in a major financial institution. To reduce the credit risk of due from related parties, the Company regularly reviews the collectability of due from related parties to ensure there is no indication that these amounts will not be fully recoverable. To mitigate credit risk on the Company's trade receivables, the Company regularly reviews the collectability of the accounts receivable to ensure there is no indication that these amounts will not be fully recoverable. As at September 30, 2016, allowance for doubtful accounts is $nil (September 30, 2015 - $nil).The Company's accounts receivable are due within 60 days.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meets its financial obligations as they are due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due.

At September 30, 2016, the Company has cash and cash equivalents of $33,063 (September 30, 2015 - $154,413) available to apply against short-term business requirements and current liabilities of $6,392,895 (September 30, 2015 - $4,979,981). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of September 30, 2016.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing return on capital.

(i) Currency risk

The Company is exposed to foreign currency risk, as it holds cash denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk.

The Company is not exposed to significant currency risk on its financial instruments at year-end. The Company's reported earnings include gains/losses on foreign exchange, largely reflecting revaluation of its foreign operations. The future foreign exchange gain or loss would change based on the level of foreign operating activities.

At September 30, 2016, the Company is exposed to currency risk for its US dollar equivalent of financial assets and liabilities denominated in currencies other than Canadian dollars as follows:

	Held in US dollars (stated in Canadian dollars)	
	September 30, 2016	**September 30, 2015**
Cash	$ 15,380	$ 84,839
Account receivable	251,193	-
Account payable	(5,446,048)	(4,537,300)
Non-convertible debenture	(2,562,800)	(2,341,217)

Financial assets (Liabilities)	$ (7,742,275)	$ (6,793,678)

Based upon the above net exposure as at September 30, 2016 and assuming all other variables remain constant, a 13% depreciation or appreciation of the US dollar relative to the Canadian dollar would result approximately $1,006,496 (September 30, 2015 - $883,178) change in the Company's consolidated net loss and comprehensive loss.

(ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. Interest earned on cash and cash equivalents is at nominal interest rates, and therefore the Company does not consider interest rate risk to be significant.

There are variable interest rates on loans payable. As at September 30, 2016, the interest rate on the non-convertible secured debenture balances is fixed at 10% and the interest rate on the convertible secured debenture balances is fixed at 12%. As such, the Company is not exposed to interest rate risk.

(iii) Other price risk

Other price risk is the risk that the fair or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk. The Company is not exposed to significant other price risk.

Off-balance sheet arrangements

The Company does not have any off-balance sheet arrangements.

Significant Accounting Policies

The Company's condensed consolidated interim financial statements for the nine months ended September 30, 2016 and 2015 have been prepared in accordance with IFRS, as issued by the IASB.

All of the Company's significant accounting policies and estimates are included in Note 4 of the Company's condensed consolidated interim financial statements for the nine months ended September 30, 2016 and 2015.

Capital Stock

Authorized share capital: Unlimited number of common shares without par value
Unlimited number of preferred shares without par value

Outstanding Share Data	Number of Common Shares	Number of Preferred Shares	Exercise($) Price per common share	Expiry Dates
Issued and Outstanding as at November 29, 2016	155,996,550	Nil	N/A	N/A
Warrants as at	3,125,000 3,460,000		$0.16 $0.10	October 10, 2017 June 26, 2017

November 29, 2016	7,100,000 797,500 8,570,000 10,149,000 14,010,000 4,150,000 4,801,000 1,748,385 14,375,000 15,000,000 1,500,000 8,500,000 3,971,429 2,715,000 11,899,000 6,750,000 750,000 7,500,000 4,000,000 2,000,000 136,871,314	Nil	$0.10 $0.10 $0.10 $0.10 $0.10 $0.10 $0.10 $0.10 $0.10 $0.10 $0.105 $0.10 $0.10 $0.10 $0.10 $0.20 $0.20 $0.20 $0.05/$0.10 $0.05/$0.10	July 10, 2017 July 17, 2017 July 24, 2017 August 9, 2017 Oct 3, 2017 Oct 22, 2017 Nov 5, 2017 Nov 17, 2017 January 30, 2018 March 25, 2018 May 6, 2017 February 27, 2017 March 3, 2017 March 9, 2017 April 17, 2017 August 4, 2020 August 4, 2020 August 10, 2020 April 28, 2018 April 28, 2018
Stock Options as at November 29, 2016	12,470,000 2,000,000 14,470,000	Nil	$0.06 $0.06	May 14, 2018 September 1, 2017
Fully Diluted as at November 29, 2016	307,337,864	Nil		

Director Approval

The contents of this MD&A and the sending thereof to the Shareholders of the Company have been approved by the Company's Board of Directors.

Outlook

The Company continues to optimize its electronic table games business through enhancing processes, training staff, finding cost-effective local vendors, and implementing business management software. Licensing for several regulated jurisdictions are in progress to retain business and expand market share. New business is being generated in key locations with both customers and distributors.

New electronic table games are being designed and developed to attract new customers and produce more revenue through the development of key features and additional games. This includes features that provide synergy between the electronic table games and the Company's wireless gaming software, as well as side games that can be played before or during a poker session. The new electronic table games will be ready during the first half of 2017.

With the continued efficient operation of the electronic table games business, coupled with the Company's wireless gaming software, Management of the Company is optimistic that the Company's revenues shall increase significantly.