Form 51-102F1

JACKPOT DIGITAL INC.

Management's Discussion & Analysis
Annual Audited Consolidated Financial Statements for the Year ended December 31, 2017

The following discussion and analysis of the financial condition and financial position and results of operations of Jackpot Digital Inc. (the "Company" or "Jackpot") should be read in conjunction with the annual audited consolidated financial statements for the years ended December 31, 2017 and 2016 and the notes thereto.

The consolidated 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 consolidated 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 April 30, 2018.

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 may include, among others, statements regarding future plans, costs, projections, objectives, economic performance, or the assumptions underlying any of the foregoing. In this MD&A, words such as "may", "would", "could", "will", "likely", "seek", "project", "predict", "potential", "should", "might", "hopeful", "objective", "believe", "expect", "anticipate", "intend", "plan", "estimate", "optimistic" and similar words are used to identify forward-looking statements. Forward-looking statements are subject to a variety of significant risks and uncertainties and other factors that could cause actual events or results to differ materially from those expressed or implied. Although management believes that the expectations reflected in such forward-looking statements are based on reasonable assumptions, projections and estimations, there can be no assurance that these assumptions, projections or estimations are accurate. Readers, shareholders and investors are therefore cautioned not to place reliance on any forward-looking statements in this MD&A as the plans, assumptions, intentions, estimations, projections, expectations or factors upon which they are based might vary or might not occur. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and are subject to change after such date. The Company undertakes no obligation to update or revise any forward-looking statements, except in accordance with applicable securities laws.

Overview

Effective June 18, 2015, the Company's name was changed from Las Vegas From Home.com Entertainment Inc. to Jackpot Digital Inc. (the "Company" or "Jackpot"). The Company develops and leases electronic table games to casino operators 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" and on the OTCQB under the trading symbol "JPOTF". A certain number of the Company's warrants trade on the TSX-V under the symbol "JP.WT".

Effective April 20, 2018, the Company consolidated its common shares on the basis of 10 pre-consolidation common shares to 1 post-consolidation common share. All the figures as to the number of common shares, stock options, warrants, prices of issued shares, exercise prices of stock options and warrants, as well as loss per share, in the consolidated financial statements are post-consolidation amounts and the prior year comparatives have been retroactively restated to present the post-consolidation amounts. The new CUSIP number of the Company's common shares is 466391208 and the new CUSIP number of the Company's listed for trading warrants is 466391133.

The financial statements of the Company's wholly-owned subsidiaries, Jackpot Digital (NV), Inc. (incorporated in the USA), and Touche Capital Inc. (incorporated in British Columbia), and the Company's partially-owned subsidiaries 10545856 Canada Inc. (Federally incorporated company) and 37 Capital Inc. ("37 Capital"), are included in the consolidated financial statements from the date that control commenced to the date of disposal or dissolution.

On November 2, 2017, the Company obtained control of 37 Capital and on December 19, 2017, the Company incorporated 10545856 Canada Inc. which subsequently changed its name to Electrium Mining Inc. ("Electrium").

The Company's office is located at Suite 400 – 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*.

Selected Annual Information

Selected annual information from the audited consolidated financial statements for the three years ended December 31, 2017, 2016 and 2015 is shown in the following table:

	2017	2016	2015
Revenues	$ 3,550,720	$ 2,793,483	$ 1,142,178
Expenses	7,184,542	7,697,380	4,481,348
Net loss and Comprehensive Loss	(4,289,315)	(6,158,137)	(3,768,817)

Basic and Diluted Loss per common share	(0.13)	(0.39)	(0.25)
Total Assets	4,779,044	6,361,810	9,739,234
Long term financial obligations	334,474	2,982,264	3,074,011
Cash dividends	Nil	Nil	Nil

For the year ended December 31, 2017, the Company has recorded revenues of $3,550,720 (2016: $2,793,483) (2015: $1,142,178) which includes Electronic gaming tables of $3,564,798 (2016: $2,638,771) (2015: $1,001,337), Licensing revenue of $(14,097) (2016: $152,058) (2015: $135,461) and Other revenue of $19 (2016: $2,654) (2015: $5,380). The Net Loss and Comprehensive Loss for 2017 was $4,289,315 as compared to $6,158,137 in 2016 and as compared to $3,768,817 in 2015.

The Company has never paid any dividends and has no plans to pay any dividends in the future. For the year ended December 31, 2017, the Company's weighted average number of common shares was 31,842,424 as compared to 15,599,655 in 2016 and as compared to 14,981,220 in 2015.

Results of Operations

From April 17-20, 2018, the Company displayed its Jackpot Blitz™ ETG product at the National Indian Gaming Association ("NIGA") Indian Gaming Tradeshow & Convention in Las Vegas, Nevada. The NIGA convention is the largest gathering of tribal leaders and casino executives in the USA. The Company conducted numerous product presentations and sales meetings during the NIGA convention.

On April 5, 2018, the Company submitted its Jackpot Blitz™ ETG platform for approval by the French Ministry of the Interior in partnership with the Company's French sales and technical services partner Mascot SFM ("Mascot"). The Company is currently awaiting confirmation of the testing date for its Jackpot Blitz™ ETG platform by the French Ministry of the Interior. The Company was approved as a licensed manufacturer of electronic gaming equipment in France on June 16, 2017 by the French Ministry of the Interior.

On March 14, 2018, the Company signed a Letter of Intent ("LOI") with Ho-Chunk Gaming Wisconsin Dells ("Ho-Chunk") in Baraboo, Wisconsin formalizing an order for the Company's Jackpot Blitz™ ETG platform and PokerPro ETG platform. The table order is contingent on the Company receiving customary certification from Gaming Laboratories International ("GLI") for the Jackpot Blitz™ ETG. Until the Company obtains GLI certification for Jackpot Blitz™, Ho-Chunk will be installing the Company's PokerPro ETG platform. A Software License and Equipment Lease Agreement is expected to be negotiated and executed between the parties at a later date.

From February 6-8, 2018, the Company displayed its Jackpot Blitz™ ETG product at ICE Totally Gaming ("ICE") in London, U.K. ICE attracts attendees from the gaming industry worldwide. The Company conducted numerous product presentations and sales meetings during ICE.

On February 1, 2018, the Company entered into an exclusive Sales Agency and Support Services Agreement with Mascot SFM ("Mascot"). Mascot will serve as Jackpot's sales and technical services partner across France for the Company's ETG products, Mascot will be providing regulatory approval facilitation, sales, marketing, installation, training, and technical services for future Jackpot Digital clients across France, focussing on the Company's new Jackpot Blitz™ ETG product.

During January 2018 the Company had its applications for renewal of its gaming licences and registration approved by the California Gambling Control Commission, the Arkansas Racing Commission, and the Alcohol and Gaming Commission of Ontario. These renewals enable Jackpot to continue engaging with gaming establishments in California, Arkansas and Ontario to lease the Company's electronic table game ("ETG") products.

As a result of Ontario Gaming GTA LP's acquisition of the OLG Slots at Woodbine Racetrack ("Woodbine") from Ontario Lottery and Gaming, the Company's PokerPro ETGs were removed from operation at Woodbine on January 23, 2018.

On January 5, 2018 the Company signed a Software License and Equipment Lease Agreement (the "Agreement") with the Taormina Hotel & Casino ("Taormina") in San Jose, Costa Rica formalizing an order for the Company's Jackpot Blitz™ Electronic Table Game ("ETG") platform. The Agreement is not contingent on the Company receiving any further customary certification and as such Jackpot will be installing the Jackpot Blitz™ ETG for commercial use.

On December 19, 2017, as part of a contemplated transaction Jackpot caused to incorporate a federally incorporated company "10545856 Canada Inc.", which subsequently changed its name to "Electrium Mining Inc." ("Electrium"). On January 2, 2018, the Company entered into a letter of intent ("LOI") with International Interactive Ventures Inc. of Ramat Gan Israel, and associated companies ("Seller Group") which was subsequently amended on January 23, 2018 and March 5, 2018 (collectively referred to as the "Amended LOI"). Pursuant to the Amended LOI, Electrium is to acquire all of the Seller Group's assets associated with cryptocurrency mining, blockchain technology, software and associated intellectual property (the "Assets"). The parties have agreed to enter into a definitive asset purchase agreement (the "Asset Purchase Agreement"). Upon the closing of the Asset Purchase Agreement and upon the successful independent financing of Electrium, the Company will own 5,000,000 non-restricted shares of Electrium, and the Seller Group's management and operating team will assume the direction of Electrium.
As of the date of this MD&A, the Asset Purchase Agreement has not closed.

During December 2017, the Company signed a Software License and Equipment Lease Agreement (the "Agreement") with Grey Rock Casino in Edmundston, New Brunswick formalizing an order for the Company's Jackpot Blitz™ ETG platform. The Agreement is contingent on the Company receiving customary certification from Gaming Laboratories International ("GLI") for the Jackpot Blitz™ ETG.

During November 2017, the Company has signed a new Software License and Equipment Lease Agreement (the "Agreement") with Carnival Corporation & plc ("Carnival"). The Agreement outlines terms for the replacement, in phases, of the Company's existing PokerPro ETG platform with the Company's next-generation Jackpot Blitz™ ETG on Carnival's ships, subject to certain terms and conditions. Jackpot has already replaced seven (7) PokerPro tables on Carnival ships with Jackpot Blitz™ units to date, and thus far all seven (7) Jackpot Blitz™ tables have gained positive feedback from their guests. In addition to the Company's Jackpot Blitz™ and ProCore ETG platforms, Jackpot Digital currently has more than 60 PokerPro tables in operation on Carnival ships.

During November 2017 the Company signed a Letter of Intent ("LOI") with an entity that has developed a gaming platform powered by blockchain technology in the digital gaming industry. The parties to the LOI have not proceeded any further, as a result of which the LOI has expired.

On October 23, 2017, 37 Capital Inc. ("37 Capital"), a related company to Jackpot by certain common directors, entered into a debt settlement agreement with the Company whereby on November 2, 2017 37 Capital issued 4,249,985 units of 37 Capital to the Company at the price of $0.09 per unit in settlement of 37 Capital's outstanding debt for the total amount of $382,498.65 for shared office rent, office support services and miscellaneous office expenses provided by the Company to 37 Capital from August 1, 2014 up to September 30, 2017. Each unit consists of one common share and one share purchase warrant. Each warrant will be exercisable at a price of $0.12 per share for a period of five years. The securities issued were subject to a hold period which expired on March 3, 2018.

During October 2017, the Company displayed its Jackpot Blitz™ ETG product at the 2017 Global Gaming Expo ("G2E") in Las Vegas, Nevada. G2E is the world's largest international gaming trade show and conference, with gaming professionals from around the world in attendance. The Company conducted numerous product presentations and sales meetings during G2E.

During September 2017, the Company entered into a non-exclusive agreement with an arm's length party to license and distribute the Company's ETGs throughout Asia. The party is an established firm in the Asian gaming market, with connections to numerous casino operating groups in Vietnam, Cambodia, Macau, and other Asian countries.

During August 2017, the Company carried out the 10th Annual Carnival PokerPro Challenge on a Carnival Cruise ship. The poker tournament was played using the Company's PokerPro ETGs. The tournament included 548 poker players, and the Company received a percentage of the revenues generated from the tournament. The winner of the tournament was a resident of Georgia, USA.

During August 2017, the Company entered into an Engagement Agreement with Reinvest Business of California, USA ("Reinvest") to promote the Company and its products.

Also, during August 2017, the Company renewed an Agreement (the "Agreement") with Hudes Communications International of Ontario, Canada (the "Hudes Communications"). Under the Agreement, Hudes Communications conducted public and media relations services on behalf of the Company. The Agreement had a term of two months and was renewed by mutual consent for a further period of two months which expired on December 1, 2017.

Furthermore during August 2017, the Company was informed by the Global Gaming Awards that its Jackpot Blitz™ ETG product was shortlisted for a 2017 Global Gaming Award (the "Award") in the Land-Based Gaming Innovation category. The Company was one of ten companies shortlisted for the Award in this category. Unfortunately, the Company did not win the Award.

During July 2017, the Company entered into a Sales and Service Agreement (the "Agreement") with R2 Gaming, Inc. ("R2") of Burlington, Ontario, Canada, whereby R2 will provide the Company with exclusive sales and technical services across Canada for the Company's ETG products. The Agreement expanded a previously existing arrangement between R2 and the Company.

During June 2017, the Company received confirmation from the French Ministry of the Interior that the Company is now a licensed manufacturer of electronic gaming equipment in France. The Company also received confirmation that the Company's PokerPro ETG product is approved for operation in French gaming establishments.

During June 19 to 21, 2017, the Company unveiled its Jackpot Blitz™ ETG product at the 2017 Canadian Gaming Summit where the Company demonstrated its Jackpot Blitz™ product to owners and operators of casinos, card rooms, and other gaming establishments from across Canada. The Company was a Gold Sponsor of the 2017 Canadian Gaming Summit which was held at the Vancouver Convention Centre in Vancouver, BC.

During May 2017, the Company entered into a Business Development and Consulting Agreement (the "Agreement") with BPR Management, LLC ("BPR") of Las Vegas, Nevada, USA whereby BPR will assist the Company to pursue certain business and financing opportunities. The Agreement is subject to certain terms and conditions.

During May 2017, the Company entered into a Consulting Agreement (the "Agreement") with Twilight Capital Inc. ("Twilight") of Montreal, Quebec whereby Twilight assisted the Company to pursue certain business and financing opportunities.

In respect to the debt owed by Green Arrow Resources Inc. ("Green Arrow") to the Company in the amount of $153,147 for shared office rent, office support services and miscellaneous office expenses up to November 30, 2016 ("Green Arrow's Debt"), during May 2017 Green Arrow issued to Jackpot 2,000,000 common shares at a price of $0.05 per share in settlement of Green Arrow's Debt. Pursuant to Assignment of Debt Agreements between the Company, Green Arrow, Dumont Capital Corp. ("Dumont") and 0787129 BC Ltd. ("0787129"), the Company assigned $53,147 of Green Arrow's Debt to Dumont and 0787129, and 800,000 common shares of Green Arrow to Dumont and 262,949 common shares of Green Arrow to 0787129. As consideration, during May 2017 the Company received cash payments from Dumont and 0787129 totalling the amount of $53,147. Furthermore, during December 2017 the Company disposed the Green Arrow shares for proceeds of $100,000. Green Arrow was formerly related to Jackpot by certain common directors.

As of December 31, 2017, the Company's operations employed 22 people (December 31, 2016: 20 people) consisting of staff and management. As of the date of this MD&A, the Company's operations employ 22 people consisting of staff and management.

During March 2017, the Company terminated its software license agreement with a licensee. As a result of this termination, the Company will refund US $25,000 to the licensee. As of the date of this MD&A, US $5,000 has been refunded.

On June 1, 2016, the Company entered into an agreement with Union Gaming Securities of Las Vegas, Nevada ("Union") for certain advisory services. The agreement with Union was terminated on April 30, 2017.

Effective as of January 31, 2017, Mr. Alan Artunian of Toluca Lake, California has been appointed to the Company's Board of Directors.

Effective as of July 24, 2017, Mr. Adam Fritz of Vancouver, BC has been appointed as the Chief Operating Officer of Jackpot.

On December 15, 2017, 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, 2016 and the Independent Auditor's report thereon; fixed the number of Directors for the ensuing year at five; elected Bedo H. Kalpakian, Jacob H. Kalpakian, Neil Spellman, Gregory T. McFarlane and Alan Artunian as Directors of the Company; re-appointed the Company's Independent 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's audit committee consists of Messrs. Bedo H. Kalpakian (Chairman), Gregory McFarlane and Neil Spellman.

On June 7, 2016, Jackpot entered into a distributor agreement with Integrity Gaming in Oklahoma ("Integrity"). The agreement allows Jackpot to lease ETGs to casino operators in Oklahoma through Integrity Gaming's Oklahoma gaming license. Both Jackpot and Integrity continue to pursue business opportunities to lease Jackpot's ETGs.

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

Wireless Gaming Software and iGaming Platform

Jackpot continues to maintain 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.

Electronic Table Games

The Company is focused on developing and expanding its electronic table games ("ETG"s) business which it acquired from Everi Holdings Inc. ("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 six (6) 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. Effective January 2018, the

Company pays basic rent of $3,968 plus the operational cost and the applicable tax totaling $10,058 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 or product approval.
- The Company typically leases ETGs on a monthly recurring basis to cruise ship companies.
- Carnival Corporation ("Carnival") is the largest operator of the Company's ETGs. The Company is in discussion with other cruise line entities to place Jackpot Blitz™ ETGs on their ships.

North American Casinos

- The North American casino industry is predominantly 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 currently holds approved gaming licences and registrations in North America with the California Gambling Control Commission, the Arkansas Racing Commission, and the Alcohol and Gaming Commission of Ontario.
- The Company typically leases ETGs on a monthly recurring basis to North American casino customers.
- As of the date of this MD&A, the Company's ETGs are available in two casinos in North America, namely Southland Park Racing and Gaming, and Indiana Grand Racing & Casino. The Company is in discussions with numerous other casinos and operators to place Jackpot Blitz™ ETGs at their facilities.

Other Markets

- Markets outside cruise ships and North American casinos are considered on a case-by-case basis, depending on the revenue potential, practicality of deploying and supporting the Company's ETGs in other continents, and other considerations.
- The Company may opt to lease or sell ETGs in other markets.
- The Company has signed Sales/Service and/or Distribution agreements with numerous entities, with these agreements covering sales territories including France (exclusive), Europe (non-exclusive), and Asia (non-exclusive).

Research and Development

The Company's new ETG platform, Jackpot Blitz™, cleared the User Acceptance Testing ("UAT") process with Carnival Cruise Lines during Q3 2017. The Company commenced production of Jackpot Blitz™ ETGs during Q4 2017 to meet demand from current and prospective customers. The Company expects to commence production of a certified Jackpot Blitz™ ETG for the regulated casino industry during the first half of 2018.

The Company has filed a Patent Cooperation Treaty ("PCT") Patent application for the Jackpot Blitz™ ETG platform. The Company also owns a number of United States Patents and Trademarks, acquired in the Transaction with Everi Holdings Inc., certain elements of which apply to the Company's PokerPro, ProCore, and Jackpot Blitz™ ETG products. The Company expects this will further protect the Company's investment in its ETG technology.

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

On June 30, 2015, the Company entered into an asset purchase agreement, as amended on July 31, 2015 and August 6, 2015 (the "Agreement"), with Everi whereby the Company purchased the assets of the PokerTek business unit of Everi, including gaming systems (parts and tables), software, patents and all the licensing contracts with third parties related to the PokerTek business unit (the "Transaction").

Pursuant to the Agreement, the consideration includes 750,000 warrants. Each warrant entitles the holder to purchase 1 common share of the Company for $2.00 over a period of five years starting on August 10, 2015 being the "Closing Date" of the Transaction. The consideration includes "Cash Consideration" of which the amount is contingent on when it is paid:

- US$5,400,000 if paid by September 30, 2015;
- US$6,000,000 if paid by December 31, 2015;
- US$7,500,000 if paid after December 31, 2015.

The Company is required to pay monthly "Adjusted Installment Payments" which is applied against the total Cash Consideration payable to Everi. The Adjusted Installment Payments comprise 60% of monthly PokerTek net revenue less the amount of the "Regulated Credit" for the electronic gaming table regulated licenses. No Adjusted Installment Payment is required when the "Regulated Credit" exceeds 60% of monthly PokerTek net revenue.

The Transaction was recorded in the accounts of the Company at its fair value determined as follows:

Consideration		
Cash	$	9,568,365
Warrants		2,147
	$	9,570,512

Purchase Price Allocation		
Gaming systems – Gaming tables	$	1,526,703
Gaming systems – Parts		956,874
Acquired intangible assets		4,096,915
Fair value of identifiable net assets acquired		6,580,492
Goodwill		2,990,020
Total net assets acquired	$	9,570,512

The balance of goodwill is the difference between the Transaction date fair value of the consideration transferred and the fair values assigned to the identifiable assets acquired. The goodwill balance is expected to be deductible for tax purposes. The goodwill recorded represents intangible assets that do not qualify for separate recognition.

The Company paid $2,669,000 or US$2,000,000 cash consideration and issued 750,000 warrants on the Closing Date. In 2016, the Company increased the payable to Everi by $437,085 with a charge against profit or loss to recognize the change in total Cash Consideration payable to US$7,500,000. In addition, during 2016, the Company paid Everi $738,485 or US$550,000 and during 2017, the Company paid Everi $325,300 or US$250,000. As at December 31, 2017, the Company has a payable to Everi of $4,818,980 or US$3,841,355 (2016 - $5,575,482 or US$4,152,440).

On December 22, 2017, the Company entered into a debt settlement agreement with Everi whereby the Company and Everi have agreed to settle the Company's outstanding debt of US $3,862,105 by making a payment to Everi of US$1,762,105 on or before March 15, 2018, and by reducing the exercise price of the 750,000 warrants from $2.00 per share purchase warrant to $0.50 per share purchase warrant on or before January 22, 2018. The Company obtained the approval of the TSX-V for the reduction of the price of the share purchase warrants to $0.50 per share purchase warrant on January 19, 2018, however, the Company did not make the required payment to settle the outstanding debt by March 15, 2018 and as such, the full balance remains outstanding.

Revenues

For the year ended December 31, 2017, the Company has recorded Other revenues of $19 (December 31, 2016: $2,654), Licensing revenues of $(14,097) (December 31, 2016: $152,058) and Electronic gaming tables of $3,564,798 (December 31, 2016: $2,638,771). The increase in the Company's revenues is mainly due to the recognition of $1,071,782 as a result of receiving a gaming licence for the Company's ETGs in the Province of Ontario, Canada.

Royalty expense

For the year ended December 31, 2017, the Company had royalty expense of $51,535 as compared to royalty expense of $248,626 (December 31, 2016). The decrease in the Company's royalty expense is due to the 2016 Amending Agreements of the 2015 non-convertible secured debentuers.

Licensing fee

For the year ended December 31, 2017, the Company had licensing fee of $78,883 as compared to $204,597 (December 31, 2016). The decrease in the Company's licensing fee is due to the Company not receiving any revenues from some land-based establishments that terminated their agreements with Everi after the acquistion of the assets as the Company did not have the applicable licenses.

Cost of Sales

For the year ended December 31, 2017, the cost of sales was $525,075 as compared to $801,017 (December 31, 2016). The decrease in the Company's cost of sales is mainly due to the decrease of labour costs in respect to the electronic gaming tables.

Gross Profits

For the year ended December 31, 2017, the Company has recorded gross profits of $2,895,227 as compared to gross profits of $1,539,243 during the corresponding period in 2016. The increase in the Company's gross profits is mainly due to the recognition of $1,071,782 as a result of receiving a gaming licence for the Company's ETGs in the Province of Ontario, Canada.

Expenses

For the year ended December 31, 2017, operating and other expenses were $7,184,542 as compared to $7,697,380 during the year ended December 31, 2016. The decrease in operating and other expenses is mainly due to impairment loss on goodwill.

Net Income (Loss) and Comprehensive Income (Loss)

During the year ended December 31, 2017, the Company had a net loss and comprehensive loss of $4,289,315 or $0.13 per share (weighted average) as compared to a net loss and comprehensive loss of $6,158,137 or $0.39 per share (weighted average) during the year ended December 31, 2016. During the year ended December 31, 2017, the Company's weighted average number of common shares was 31,842,424 as compared to 15,599,655 during the year ended December 31, 2016.

Liquidity and Capital Resources

Presently, the Company does not have sufficient funds to continue its operations uninterruptedly. In order for the Company to be efficient, the Company requires new funding so as to be able to meet the Company's operational expenses, pay its liabilities promptly, and expand its operations to increase its revenues. New funding for the Company may or may not be available to the Company. Should the Company's revenues decline or should the Company lose its major customer, then it will be difficult for the Company to raise additional funds.

The Company intends to seek equity and/or debt financing 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 December 31, 2017, the Company's total assets were $4,779,044 as compared to $6,361,810 for the corresponding period in 2016. The Company's total liabilities were

$13,034,351 as compared to $13,569,644 for the corresponding period in 2016. The Company has not paid any dividends and does not plan to pay any dividends in the future.

As at December 31, 2017, the Company had:

- Cash and cash equivalents of $162,239 as compared $15,173 at December 31, 2016.
- Accounts receivable of $269,537 as compared to $364,056 at December 31, 2016.
- Due from related parties of $nil as compared to $122,518 at December 31, 2016.
- Prepaid expenses and deposits of $46,904 as compared to $56,177 at December 31, 2016.
- Deposits for Gaming systems of $571,683 as compared to $nil at December 31, 2016.
- Gaming systems of $1,908,154 as compared to $1,655,972 at December 31, 2016.
- Equipment of $51,078 as compared to $62,359 at December 31, 2016.
- Mineral property interest of $1 as compared to $nil at December 31, 2016.
- Investment of $1 as compared to $nil at December 31, 2016.
- Intangible assets of $1,769,447 as compared to $2,815,855 at December 31, 2016.
- Goodwill of $nil as compared to $1,269,700 at December 31, 2016.

Operating Activities

During the year ended December 31, 2017, the Company used $1,650,475 of cash for operating activities as compared to $1,543,147 cash used for operating activities in the corresponding period of 2016.

Financing Activities

During the year ended December 31, 2017, the Company received $3,274,903 cash from financing activities as compared to $2,143,288 cash from financing activities in the corresponding period of 2016.

Investing Activities

During the year ended December 31, 2017, the Company used cash in investing activities of $1,475,968 as compared to $811,128 of cash used in investing activities during the corresponding period of 2016.

Capitalization

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

During the year ended December 31, 2017, the Company has incurred a net loss and comprehensive loss of $4,289,315 (December 31, 2016: $6,158,137), has limited revenues, and has no assurances that sufficient funding will be available to continue operations for an extended period of time.

During the year ended December 31, 2017 and up to the date of this report, the following transactions have occurred:

On January 20, 2017 the Company completed its rights offering (the "Rights Offering"), and the Company has issued 15,599,655 units ("Units") comprised of 15,599,655 common shares and 15,599,655 transferable share purchase warrants (the "Warrants") to purchase up to an additional 15,599,655 common shares, for total gross proceeds of $1,559,966. Each Warrant entitles the holder to purchase one additional common share at a price of $0.50 for five years until January 20, 2022. Additionally, the stand-by guarantors received bonus warrants entitling them to purchase a total of 3,237,500 common shares of the Company equal to 25% of the total number of Units the stand-by guarantors had agreed to purchase under the stand-by commitments, exercisable at a price of $0.50 per share for a period of five years until January 20, 2022. The share purchase warrants trade on the TSX-V under the trading symbol "JP.WT". Share issuance costs of $130,787 were incurred on the rights offering.

On July 27, 2017 the Company closed a non-brokered private placement financing which was announced in June 2017 with several parties for total gross proceeds of $780,000 and issued 1,560,000 units of the Company at $0.50 per unit. Of the gross proceeds, $702,000 has been allocated to capital stock and $78,000 has been allocated to warrant reserve. Each unit consists of one common share of the Company and one transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.50 until January 20, 2022 (the "Private Placement Warrants"). The Private Placement Warrants have the same terms and conditions as the warrants that were issued by the Company pursuant to the rights offering which completed on January 20, 2017 (the "Rights Offering Warrants"). The share purchase warrants trade on the TSX-V under the trading symbol "JP.WT". The Company issued 100,000 finder's shares fair valued at $50,000 and 40,000 brokers warrants fair valued at $12,867. The broker warrants are exercisable at $0.50 per share for two years. The issued securities were subject to a hold period in accordance with applicable securities laws.

On August 21, 2017, the Company closed the first tranche of the non-brokered private placement financing which was announced on August 10, 2017 with several parties whereby the Company raised gross proceeds of $350,000 and issued 700,000 units of the Company at $0.50 per unit. Of the gross proceeds, $350,000 has been allocated to capital stock and $nil has been allocated to warrant reserve. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.60 per share for a period of 5 years until August 21, 2022. In respect to this first tranche closing, the Company issued a total of 70,000 finder's shares fair valued at $35,000 and 17,500 broker warrants fair valued at $6,713. The broker warrants are exercisable at $0.60 per share for two years. Additional share issuance costs of $9,009 were incurred on this placement. The issued securities were subject to a hold period in accordance with applicable securities laws.

On September 13, 2017 the Company closed the second and final tranche of the non-brokered private placement financing which was announced on August 10, 2017 with several parties whereby the Company raised gross proceeds of $173,000 and issued 346,000 units of the Company at $0.50 per unit. Of the gross proceeds, $173,000 has been allocated to capital stock and $nil has been allocated to warrant reserve. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.60 per share for a period of 5 years until September 13, 2022. In respect to the closing, the Company issued a total of 23,000 finder's shares fair valued at $11,500 and 3,750 broker warrants fair valued at $1,152. The broker warrants are exercisable at $0.60 per share for two years. Additional share issuance costs of $876 were incurred on this placement. All the securities issued in connection with this second and final tranche closing were subject to a hold period in accordance with applicable securities laws.

On November 28, 2017 and December 1, 2017, the Company closed the oversubscribed non-brokered private placement financing in two tranches whereby Jackpot raised gross proceeds of $575,000 and has issued 1,150,000 units of the Company at $0.50 per unit. Of the gross proceeds, $517,500 has been allocated to capital stock and $57,500 has been allocated to warrant reserve. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.60 for a period of 5 years. Of the gross proceeds, $517,500 has been allocated to Capital Stock and $57,500 has been allocated to warrant reserve. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.60 for a period of 5 years. The Company issued 98,000 finder's shares fair valued at $49,000 and 22,000 brokers warrants fair valued at $4,764. The broker warrants are exercisable at $0.60 per share for a period of two years. All the securities that have been issued were subject to a hold period in accordance with applicable securities laws.

The Company has entered into a loan agreement with an arm's length party (the "Lender") for the principal amount of $150,000, has a term of 12 months, bears interest at the rate of 10% per annum payable on a quarterly basis (the "Loan"). Pursuant to the Loan, the Company issued to the Lender 60,000 Bonus Shares. The amount of $137,500 has been recorded as the liability portion of the compound instrument and the amount of $12,500 has been recorded as the equity portion. The securities that have been issued in connection with this loan agreement are subject to a hold period which expires on May 25, 2018.

On January 3, 2018, the Company closed the oversubscribed non-brokered private placement financing which was announced on December 21, 2017 whereby Jackpot raised gross proceeds of $526,775 and has issued 1,053,550 units of the Company at $0.50 per unit. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the Company at the price of $0.60 for a period of 5 years. The Company incurred share issuances costs of $15,600 and issued 45,084 finder's units, 45,084 broker warrants and 31,200 broker options. The broker warrants are exercisable at $0.60 per share for a period of two years. The broker options are exercisable at $0.50 per broker option for two years. Each broker option consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.60 per share for two years. All the securities that have been issued in connection with this private placement are subject to a hold period which expires on May 4, 2018.

On January 24, 2018, the Company closed the non-brokered private placement and issued 389,000 units of the Company at a price of $0.50 per unit for total gross proceeds to the Company of $194,500. Each unit consists of one common share of the Company and one non-transferable share purchase warrant to acquire an additional common share of the

Company at the price of $0.60 for a period of 5 years. The Company incurred share issuances costs of $12,000 and issued 24,000 broker options. The broker options are exercisable at $0.50 per broker option for two years. Each broker option consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.60 per share for two years. All the securities that have been issued in connection with this private placement are subject to a hold period which expires on May 25, 2018.

Warrants

A total of 419 warrants totaling $209 were exercised during the year ended December 31, 2017. During the year ended December 31, 2017, a total of 22,676,406 warrants at an exercise price ranging from $0.50 to $0.60 per share were issued in connection with the rights offering and private placement financings. As at December 31, 2017, there were 30,382,130 warrants outstanding with weighted average price of $0.70 per warrant (December 31, 2016: 13,687,131 with weighted average price of $1.10 per warrant). Subsequent to the year ended December 31, 2017, a total of 3,537,500 warrants exercisable at $1.00 per share expired unexercised and a total of 3,810 warrants exercisable at $0.50 per share were exercised for total proceeds of $1,905.

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 2017 Annual General Meeting of its Shareholders which was held on December 15, 2017. Pursuant to the Company's New 10% Rolling Stock Option Plan the Company grants stock options to employees, directors, officers and consultants. As at December 31, 2017, there were 2,158,672 stock options available for granting under the New 10% Rolling Stock Option Plan (December 31, 2016: 112,966). Subsequent to the year ended December 31, 2017, a total of 3,000 stock options exercisable at $0.50 per share expired unexercised.

There were no stock options exercised during the year ended December 31, 2017.

As at December 31, 2017, there were 1,366,000 stock options outstanding with a weighted average exercise price of $0.60 per share (December 31, 2016: there were 1,447,000 stock options outstanding with a weighted average exercise price of $0.60 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 has issued to the Debentureholders an aggregate of 750,000 bonus warrants, each bonus warrant entitling the Debentureholders to purchase one common share at a price of $2.00 per share for a period of five years. As at December 31, 2017, the amount of $2,854,790 (December 31, 2016 - $2,711,549) has been recorded as the non-convertible secured debentures.

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.

Convertible Secured Debentures 2016

During the year ended December 31, 2016, the Company 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 $0.50 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 600,000 broker warrants to Kingsdale Capital Markets Inc. The broker warrants are exercisable into common shares of the Company at the price of $0.50 per share during the first year and at the price of $1.00 per share during the second year.

As at December 31, 2017, the amount of $1,983,000 (December 31, 2016: $1,916,224) has been recorded as the liability portion of convertible secured debentures and the amount of $101,601 (December 31, 2016: $101,601) has been recorded as the equity portion of convertible secured debentures reserve. As at December 31, 2017, the amount of $17,000 has been repaid towards the principal amount. During the year ended December 31, 2017, the Company paid $222,098 of accrued interest in respect to the convertible secured debentures.

Summary of Quarterly Results

The following are the results for the eight most recent quarterly periods, starting with the three-month quarterly period ended December 31, 2017:

For the Quarterly Periods ended		**December 31, 2017**	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**
Total Revenues	$	625,750	542,566	599,730	1,782,674
Net income (loss) and comprehensive income (loss) for the period	$	(3,103,451)	(659,467)	(803,568)	277,171
Basic and diluted income (loss) per common share	$	(0.09)	(0.02)	(0.03)	0.01

For the Quarterly Periods ended		**December 31, 2016**	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Total Revenues	$	954,240	556,617	585,438	697,188
Net income (loss) and comprehensive income (loss) for the period	$	(4,126,674)	(976,454)	(897,732)	(157,277)
Basic and diluted income (loss) per common share	$	(0.26)	(0.06)	(0.06)	(0.01)

Fourth Quarterly Results (December 31, 2017)

During the three months [fourth quarter] period ended December 31, 2017:

- The Company had a net loss and comprehensive loss of $3,103,451 or $0.09 per share as compared to a net loss and comprehensive loss of $4,126,674 or $0.26 per share in the same three months [fourth quarter] period of 2016.

- The Company's total revenues were $625,750 as compared to total revenues of $954,240 in the same three months [fourth quarter] period of 2016.

- The Company's total operating and other expenses were $3,611,776 as compared to total operating and other expenses of $4,305,818 in the same three months [fourth quarter] period of 2016.

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***

  The Company's business is heavily regulated.

  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, or the Company's inability to obtain, maintain and comply with all applicable and required licenses, permits, and certifications can adversely affect 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 online 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.

- ***Reliance on Major Customer***

  The Company relies heavily on its major customer. In the event that the Company loses its major customer, then it will have an adverse effect on the Company.

- ***Price volatility and liquidity of the Company's securities***

  The market price of the Company's common shares and warrants have 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 and warrants. There is a limited trading market for the Company's common shares and warrants, and the ability of investors to sell their shares and/or warrants or the price at which those shares and/or warrants may be sold cannot be assured.

- ***Growth management***

  If the Company's gaming products gain traction in the market, rapid growth may occur which can 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.

- ***Under Capitalized***

  The Company has outstanding debts, has working capital deficiency, has limited revenues, and has no assurances that sufficient funding will be available to the Company to continue its operations for an extended period of time.

- ***Disruption in Trading***

  Trading in the common shares and warrants 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.

- ***Research and development risk***

  Research and development carries an element of risk because it involves trying new and untested ideas. New or modified products or services may prove to be more difficult or costly to develop than anticipated due to engineering challenges encountered internally or with external vendors. Additionally, delays in commercializing new products and services may lead to a decrease in projected revenue.

  The primary research and development risks for the Company include the following:

a. **Custom large high-performance touchscreen.** The custom touchscreen used in the new product uses a combination of cutting edge hardware and proprietary software techniques that are geared specifically for gesture-based game play. Due to the unique and new nature of this technology, the Company cannot realistically estimate the longevity and reliability of the touchscreen in a 24/7 casino environment. The Company expects to mitigate this risk as it gains more operational experience with the touchscreen and newer technologies become available in the global touchscreen industry.

b. **Product safety testing and certification.** New products must meet Canadian Standards Association (CSA) and/or Underwriters Laboratories (UL) standards to be used in the USA and Canada. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

c. **Electromagnetic compatibility (EMC) testing and certification.** New products must have a Federal Communications Commission (FCC) "Declaration of Conformity" label for it to be used in the USA and Canada. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

d. **Gaming device testing and certification.** New products must undergo both hardware and software testing to be permitted for use in a regulated casino environment. Gaming products must comply with Gaming Labs International (GLI) standards in most gaming jurisdictions in the USA and Canada. Some jurisdictions, such as Ontario, have their own testing standards. Any scheduling issues or abnormal delays experienced by the 3rd party testing company will result in delays for launching the regulated version of the product.

Related Party Transactions

The Company shares office space and certain expenses with 37 Capital, a company related by certain common officers and directors. The Company previously shared certain office space and certain expenses with Green Arrow.

As of December 1, 2016, Green Arrow is no longer required or obligated to pay its proportionate share of the office rent. Please see the details of the settlement agreement of the debt owed by Green Arrow under Results of Operations in this MD&A.

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

Green Arrow was formerly related to the Company by virtue of the fact that Green Arrow's former President and CEO namely Jacob H. Kalpakian, is the President and CEO of the

Company. Furthermore, Neil Spellman is a director of the Company and a former director of Green Arrow.

Amounts payable to directors are for expenses incurred on behalf of the Company and/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.

As at December 31, 2017, the Company has a balance of $nil (2016 - $122,518) due from entities with common directors, net of allowance for doubtful accounts of $nil (2016 - $323,524). The amounts due from related parties are unsecured, due on demand without interest.

During the years ended December 31, 2017 and 2016, the Company incurred the following related party transactions:

		2017		2016
Rent recovered from entities with common directors	$	(28,627)	$	(54,239)
Office and other expenses recovered from entities with common directors	$	(85,661)	$	(142,230)
Interest charged on amounts due to related parties	$	9,420	$	9,726

Key management compensation

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include certain directors and officers. Key management personnel include the CEO and CFO of the Company. The remuneration of key management personnel during the years ended December 31, 2017 and 2016 is as follows:

		2017		2016
Management fees	$	396,000	$	396,000
Short-term benefits		97,619		97,856
Share-based payment		-		84,162
Total key management personnel compensation	$	493,619	$	578,018

During the year ended December 31, 2017, the Company:

(a) Entered into two unsecured loans with a director for the amount $2,500, bearing interest rate of prime plus 1% per annum and due on demand. During the year ended December 31, 2017, the Company fully repaid the loan and accrued interest totaling $2,513.

(b) Entered into 7 unsecured promissory notes with a company owned by a director of the Company for an aggregate amount of $255,500, bearing interest rate of 10% per annum and due on demand. During the year ended December 31, 2017, the Company repaid certain promissory notes and accrued interest totaling $199,555. As at December 31, 2017, the total balance of these outstanding promissory notes and accrued interest is $62,334.

(c) Entered into an unsecured promissory note with a company owned by two directors of the Company for the amount of $9,500, bearing interest rate of 10% per annum and due on demand. During the year ended December 31, 2017, the Company fully repaid the promissory note and accrued interest totaling $9,575.

(d) Entered into two unsecured promissory notes with a family member of two directors of the Company for the amount of $170,000, bearing interest rate of 10% per annum and due on demand. During the year ended December 31, 2017, the Company fully repaid the promissory notes and accrued interest totaling $170,441.

During the year ended December 31, 2016, the Company:

a. Entered into two unsecured loans with a company owned by a director of the Company for the amounts of $300,000 and $20,000, bearing interest rates of 10% and prime plus 1% per annum, respectively, and due on demand. As at December 31, 2016, the total balance of these loans including accrued interest was $322,550. During the year ended December 31, 2017, the Company fully repaid the loans and accrued interest totaling $324,066.

b. Entered into unsecured promissory notes with a family member of two directors of the Company for the total amount of $231,500, bearing interest rate of 10% per annum and due on demand. During the year ended December 31, 2016, the Company repaid the amount of $31,500 and as at December 31, 2016, the total balance of the promissory notes including accrued interest was $207,176. During the year ended December 31, 2017, the Company fully repaid the promissory notes and accrued interest totaling $208,162.

Office Support Services

As of December 1, 2016, Green Arrow is no longer obligated or required to pay the monthly support services to Jackpot. Please see the details of the settlement agreement of the debt owed by Green Arrow under Results of Operations in this MD&A.

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 on April 30, 2019. The Agreement can be terminated by either party. On October 23, 2017, 37 Capital entered into a debt settlement agreement with the Company whereby on November 2, 2017 37 Capital issued 4,249,985 units of 37 Capital to the Company at the price of $0.09 per unit in settlement of 37 Capital's outstanding debt for the total amount of $382,498.65 for shared office rent, office support services and miscellaneous office expenses provided by the Company to 37 Capital from August 1, 2014 up to September 30, 2017. Each unit consists of one common share and one share purchase warrant. Each warrant will be exercisable at a price of $0.12 per share for a period of five years. The securities that have been issued were subject to a hold period which expired on March 3, 2018.

Effective as of December 1, 2016, Green Arrow is no longer required or obligated to pay its proportionate share of the office rent. Please see the details of the settlement agreement of the debt owed by Green Arrow under Results of Operations in this MD&A.

During April 2017, the Company together with 37 Capital have entered into an office lease agreement with an arm's length party (the "Lease"). The Lease has a three-year term with a commencement date of August 1, 2017. Effective January 2018, the basic rent is $10,116 plus the operational costs and the applicable tax totaling $18,830 per month. 37 Capital's share of the office basic rent and operating costs is $28,800 plus applicable taxes per annum. In respect to the Lease, the Company has paid a deposit in the amount of $15,000.

Insider Participation

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 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.

In respect to the non-brokered private placement financing which closed on July 27, 2017, 30 Rock subscribed for 100,000 units of the Company at $0.50 per unit**.**

Financial Instruments and Risk Management

(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, payable to Everi, loans payable, due to related parties, due from related parties, interest payable and refundable subscription approximate their carrying values due to the short-term maturity of these instruments. The non-convertible secured debentures and convertible debentures are classified as Level 3 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, due from related parties and accounts receivable. The Company mitigates its exposure to credit loss associated with cash by placing its cash and cash equivalents in a major financial institution. The Company's cash and cash equivalents as at December 31, 2017, and 2016 are as follows:

	2017	2016
Cash and Cash Equivalents consists of:		
Cash	$ 144,989	$ 1,197
Cheques issued in excess of funds	-	(3,274)
Term deposit	17,250	17,250
	$ 162,239	$ 15,173

As at December 31, 2017, the Company had cashable term deposits of $17,250 (2016 - $17,250) readily convertible into cash, maturing July 31, 2018 with an annual interest rate of 0.60%.

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. As at December 31, 2017, allowances for doubtful accounts for due from related parties is $nil (2016 - $323,524).

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 December 31, 2017, the Company had receivables from one customer representing 67% (2016 - 83%) of total trade receivables. In addition, as at December 31, 2017, allowance for doubtful accounts is $nil (2016 - $40,281) and 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 December 31, 2017, the Company has cash and cash equivalents of $162,239 (2016 -$15,173) available to apply against short-term business requirements and current liabilities of $12,699,877 (2016 - $9,489,925). All of the liabilities presented as accounts payable and accrued liabilities are due within 90 days of December 31, 2017. As at December 31, 2017, all of the Company's debentures are due in fiscal 2018. The Company will be required to raise additional capital in order to fund operations for the next twelve months.

(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 and has significant financial assets and liabilities denominated in US dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. As at December 31, 2017 and 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)	
	2017	**2016**
Cash (cheques issued in excess of on deposit)	$ 42,434	$ (2,969)
Accounts receivable	237,906	316,333
Prepaid	541,124	-
Accounts payable and accrued	(704,426)	(411,486)
Payable to Everi	(4,818,980	(5,575,482)
Non-convertible debentures	(2,854,790	(2,711,549)
Net financial assets (liability)	$ (7,556,732)	$ (8,385,153)

Based upon the above net exposure as at December 31, 2017 and assuming all other variables remain constant, a 4% depreciation or appreciation of the

US dollar relative to the Canadian dollar would result in a change of approximately $302,269 (2016 - $335,406) 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.

As at December 31, 2017, the interest rate on the non-convertible secured debenture, loans payable, and convertible secured debenture balances have fixed interest rates. As such, the Company is exposed to interest rate price risk to the extent of these financial liabilities.

(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.

Transaction with 37 Capital Inc.

On October 23, 2017, the Company and 37 Capital entered into a debt settlement agreement whereby on November 2, 2017 37 Capital issued 4,249,985 units of 37 Capital to the Company as full settlement of the $382,498 balance owed (the "Transaction"). Each 37 Capital unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable at $0.12 per share for a period of 5 years.

As a result of the Transaction, the Company acquired a controlling interest of 65% of 37 Capital's issued and outstanding shares and consolidated the results of 37 Capital from November 2, 2017. The Company recorded the Transaction using the fair value of the receivable, and accordingly recognized loss of debt settlement $702,724.

The fair value of 37 Capital's net liabilities at the date of acquisition were as follows:

Cash	$	1,122
GST receivable		2,964
Mineral property		1
Investment		1
Accounts payable and accrued liabilities		(228,684)
Interest payable		(142,941)
Due to related parties		(104,150)
Loan payable		(103,924)
Convertible debt		(361,024)
Net liabilities	$	(936,635)

The carrying value of the non-controlling interest at November 2, 2017 was as follows:

Proportionate share of identifiable net liabilities of 37 Capital on acquisition	$	(317,765)
Share of post-acquisition loss for period		(6,530)
Balance, December 31, 2017	$	(324,295)

37 Capital holds a 33% interest in the Extra High Claims located in British Columbia. The Extra High Claims expire on December 25, 2019.

In April 2013, 37 Capital entered into an agreement with a Mexican gaming company whereby as at December 31, 2013, 37 Capital invested $800,000 in the Mexican gaming company. As at December 31, 2014, 37 Capital assessed the fair value of its investment in the Mexican gaming company to be $1.

During the year ended December 31, 2016, 37 Capital cancelled subscription agreements of non-brokered private placement totaling $45,000 and refunded $35,000. As at December 31, 2017, $10,000 remains outstanding to be repaid.

Off-balance sheet arrangements

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

Significant Accounting Policies

All of the Company's significant accounting policies and estimates are included in Note 4 of the Company's annual consolidated audited financial statements for the year ended December 31, 2017 and 2016.

Capital Stock

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

Outstanding Share Data	Post-consolidated Common shares	Number of Preferred Shares	Post-consolidated Exercise ($) Price per common share	Expiry Dates
Issued and Outstanding as at April 30, 2018	36,798,174	Nil		N/A
Warrants as at April 30, 2018	850,000 397,143 271,500 1,150,000 40,000 17,500	Nil	$1.00 $1.00 $1.00 $1.00 $0.50 $0.60	February 27, 2019 March 3, 2019 March 9, 2019 April 17, 2019 July 27, 2019 August 21, 2019

	3,750 14,500 7,500 90,168 675,000 75,000 750,000 17,155,427* 3,237,500 700,000 346,000 850,000 300,000 1,053,550 389,000 28,373,538		$0.60 $0.60 $0.60 $0.60 $2.00 $2.00 $0.50 $0.50 $0.50 $0.60 $0.60 $0.60 $0.60 $0.60 $0.60	Sept 13, 2019 Nov 28, 2019 Dec 1, 2019 Jan 3, 2020 August 4, 2020 August 4, 2020 August 10, 2020 January 20, 2022 January 20, 2022 August 21, 2022 Sept 13, 2022 Nov 28, 2022 Dec 1, 2022 Jan 3, 2023 Jan 4, 2023
Compensation Broker Options. Entitles the Holder to purchase one unit at $0.50 per unit. Each Unit shall consist of one common share and one share purchase warrant. Each warrant is exercisable at $0.60 per share for two years.	31,200 24,000 55,200	Nil	$0.50 $0.50	January 3, 2020 January 24, 2020
Stock Options as at April 30, 2018	1,237,000 129,000 1,366,000	Nil	$0.60 $0.50-$0.60	May 14, 2018 Feb 2020 – Feb 2021
Fully Diluted as at April 30, 2018	66,592,912	Nil		

***trading on the TSX.V under "JP.WT"

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's new ETG platform, Jackpot Blitz™, is generating considerable interest from numerous casinos, card rooms, cruise lines, and other gaming establishments from Canada, the United States, and in other markets. The Company has commenced production and installation of Jackpot Blitz™ units for the non-regulated cruise-ship and land-based casino market, to replace existing PokerPro tables with current clients and to fulfill table commitments with new and prospective customers. Furthermore, the Company expects to commence production of a certified Jackpot Blitz™ ETG for the regulated casino industry during the first half of 2018 following customary certification approval by GLI.

The Company continues to optimize its electronic table games business by enhancing processes, training staff, finding cost-effective local and international vendors, and implementing business management software and practices. New business is being generated in key locations with both casino customers and distributors.

With the continued development of the Company's electronic table games business and the positive early results from Jackpot Blitz™ deployments, Management of the Company is hopeful that the Company's revenues shall increase in due course.