CONTAGIOUS GAMING INC.
(formerly Kingsman Resources Inc.)

FORM 51-102F1
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2014

The following management discussion and analysis ("**MD&A**"), prepared as of November 28, 2014 should be read together with Contagious Gaming Inc.'s consolidated financial statements as at September 30, 2014 and related notes attached thereto, which are prepared in accordance with the International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). All amounts are stated in Canadian dollars unless otherwise indicated.

Description of Business

Contagious Gaming Inc. (on consolidated basis "**the Company**" or "**Contagious**") is in the business of developing of software solutions for regulated gaming and lottery markets. The Company is currently focused on deploying its first-to-market lottery-style sports betting platform in the United Kingdom and its proprietary digital instant lottery content in United States and other international jurisdictions. The Company's head office address is at 281 Wedgewood Drive, Oakville, Ontario, L6J 4R6. The registered and records office address is at Suite 1500-1055 West Georgia Street, P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. The Company is listed on the TSX Venture Exchange ("TSX.V") under the symbol "CNS".

Contagious Gaming Inc. (as a stand-alone entity "**Contagious Gaming**") was incorporated under the name Braddick Resources Ltd. pursuant to The Company Act (British Columbia) on October 14, 1993. On July 8, 2002, Contagious Gaming changed its name to Kingsman Resources Inc. and on September 17, 2014 it changed its name to Contagious Gaming Inc.

On September 19, 2014, Contagious Gaming acquired a 100% ownership in Telos Entertainment Inc. ("**Telos**") via a reverse takeover transaction ("**RTO**") and Contagious Sports Inc. (**Contagious Sports**").

Concurrently with the RTO on September 19, 2014, Contagious completed a brokered equity financing and tranche 1 of a non-brokered equity financing for gross proceeds of $5,152,800 and 850,000 respectively. On September 26, 2014, Contagious completed tranche 2 of the non-brokered equity financing for gross proceeds of $118,000, for an aggregate gross proceeds of $6,120,800.

Outlook

Our corporate growth strategy consists of continuing to progress on the launch of Goal Time through our existing partnerships and to pursue additional distribution relationships for the platform. We are also focused on the launch of our digital lottery content in the U.S. and continue to seek opportunities to distribute into additional markets. Our strategy is also to grow our business through strategic acquisitions which are accretive, provide additional cash flow and synergistic opportunities.

Overall Performance

Overview

During the six months ended September 30, 2014, Contagious experienced a net loss of $4,275,167 compared with a net loss of $1,484,174 during the comparative six months ended September 30, 2013. The most significant factors driving Contagious' 2014 loss are (i) reverse takeover public listing costs of $2,776,724 (which is a non-cash and non-recurring expense), (ii) transaction costs of $900,000 (which is a non-cash and non-recurring expense), and (iii) the $294,654 stock based compensation. Reverse takeover public listing costs arise from the excess of the consideration paid for the RTO acquisition of Contagious Gaming (comprising the fair value of common shares in Contagious Gaming allocated to the existing shareholders in Contagious Gaming in the RTO accounting and the fair values of Contagious Gaming's options and warrants assumed by Telos upon the RTO) and the fair value of shares issued as a finder's fee related to the RTO acquisition, over the fair values of the assets and liabilities of Contagious Gaming as of the date of the completion of the RTO.

Contagious expects to generate most of its revenues from revenue share agreements related to the licensing of its proprietary gaming portfolio in the United States and other foreign markets and from revenue to be generated by its Goaltime sports betting platform operating in the UK. Currently most of the Company's revenue is generated from software development for third parties.

Highlights of Contagious' activities during the six month period ended September 30, 2014 and recent events:

- For the three month period ended September 30, 2014, Contagious recorded a net loss of $4,239,139 or $0.21 loss per share. This net loss includes $294,063 of software development revenue, $112,715 of direct development costs and $4,420,487 of net expenses;

- For the six month period ended September 30, 2014, Contagious recorded a net loss of $4,275,167 or $0.25 loss per share. This net loss included $617,910 of software development revenue, $246,263 of direct development costs and $4,646,814 of net expenses;

- As at September 30, 2014, the Company had total assets of $15,978,976 consisting of cash and cash equivalents of $4,337,044, receivables of $502,174, prepaid expenses of $198,018, accrued revenue of $36,223, property and equipment of $18,696, intangible assets of $9,765,140, due from related parties of $75,485 and goodwill of $1,045,836; and

- As at September 30, 2014, the Company had total liabilities of $2,662,917 consisting of $1,637,742 of current liabilities and $1,025,175 of non-current liabilities;

Key Performance Indicators

Key performance indicators that Contagious uses to manage its business and evaluate its financial results and operating performance include: overall income, expenses, net income (loss), Adjusted EBITDA, Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share. The Company evaluates its performance on these metrics by comparing its actual results to management budgets and forecasts.

Sources of Revenue and Expenses

Software Development Revenue

Revenue is generated from the development of content for mobile and online video game.

Direct Development Costs

Direct development costs consist of expense related to the development of software, consulting fees and sub contracts. The Company expects its software development costs to increase as revenues from development activities are expected to increase and also in connection with ongoing software development of its own intellectual property.

Operating Expenses

Operating expenses consist of marketing and commissions associated with the generation of income. The Company expects its software development costs to increase as its development and licensing business grows.

General and Administrative Expenses

General and administrative expenses primarily consist of office and administrative expenses, management fees, professional fees and regulatory compliance. The Company expects its general and administrative expenses to increase in connection with its expected growth and also in connection with reporting and continuous disclosure obligations associated with becoming a public company upon completion of the RTO on September 19, 2014.

Financing Costs

Financing costs consist of financing fees and interest on short term loans arranged to finance development of intangible assets and ongoing operations

Non-IFRS Financial Measures

The following non-IFRS definitions are used in this MD&A because management believes that they provide useful information regarding our ongoing operations. Readers are cautioned that the definitions are not recognized measures under IFRS, do not have standardized meanings prescribed by IFRS, and should not be construed to be alternatives to revenues and net loss and comprehensive loss for the period determined in accordance with IFRS or as indicators of performance, liquidity or cash flows. Our method of calculating these measures may differ from the method used by other entities and accordingly our measures may not be comparable to similarly titled measures used by other entities or in other jurisdictions.

- Adjusted EBITDA as defined by the Company means earnings before interest and financing costs (net of interest income), income taxes, amortization, depreciation, RTO public listing, share-based compensation and transaction costs. Management believes that Adjusted EBITDA is a useful measure because it provides information to management about the operating and financial performance of the Company and its ability to generate operating cash flow to fund future working capital needs, service outstanding debt and fund future capital expenditures.

- Adjusted Earnings (Loss), as defined by the Company, means Adjusted EBITDA plus or minus items of note that management may reasonably quantify and that it believes will provide the reader with a better understanding of the Company's underlying business performance. For the purposes of the Company's current quarter MD&A, Adjusted Earnings (Loss) is calculated by adjusting Adjusted EBITDA for acquisition related costs. Management believes that Adjusted Earnings (Loss) is an important indicator of the issuer's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt, and fund future capital expenditures and uses the metric for this purpose. Adjusted Earnings (Loss) is also used by investors and analysts for the purpose of valuing an issuer.

- Adjusted Earnings (Loss) per Share, as defined by the Company, means Adjusted Earnings (Loss) divided by the weighted average number of shares outstanding for the period. Management believes that Adjusted Earnings (Loss) is an important indicator of the issuer's ability to generate liquidity through operating cash flow to fund future working capital needs, service outstanding debt, and fund future capital expenditures and uses the metric for this purpose. Adjusted Earnings (Loss) per Share is also used by investors and analysts for the purpose of valuing an issuer.

The intent of Adjusted EBITDA, Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share is to provide additional useful information to investors and analysts and the measure does not have any standardized meaning under IFRS. Adjusted EBITDA, Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share should therefore not be considered in isolation or used in substitute for measures of performance prepared in accordance with IFRS. Other issuers may calculate Adjusted EBITDA, Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share differently.

A reconciliation of the adjusted measures noted above is included in the "Discussion of Operations" section of this MD&A.

Discussion of Operations

Adjusted EBITDA and Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share

The following table highlights key operating results for the current and comparative quarters and shows a reconciliation of Contagious' reported results to adjusted non-IFRS measures. For definitions of Adjusted EBITDA and Adjusted Earnings (Loss) and Adjusted Earnings (Loss) per Share please refer to the "Non-IFRS Financial Measures" section of this MD&A.

	Three Months Ended	
	September 30, 2014 $	September 30, 2013 $
Revenue	**294,063**	**79,408**
Net loss for the period	**(4,239,139)**	**(1,328,653)**
Financing costs	190,226	138,793
Interest income	(986)	-
Amortization of intangible assets	52,997	-
Depreciation of equipment	962	591
RTO public listing	2,776,724	-
Stock based compensation	294,654	-
Transaction costs	900,000	1,025,000
Adjusted EBITDA	**(24,562)**	**(164,269)**
Acquisition related legal costs	24,903	-
Adjusted Earnings (Loss)	**341**	**(164,269)**
Adjusted Earnings (Loss) per Share – basic and diluted	**0.000**	**(0.012)**

The Company generated $294,063 of revenue for the quarter ended September 30, 2014 compared with $79,408 for the comparative quarter ended September 30, 2013. Adjusted EBITDA for the quarter ended September 30, 2014 amounted to a loss of $24,562 compared to a loss of $164,269 for the quarter ended September 30, 2013 primarily due to costs associated with the Company's go-public transaction. When Adjusted EBITDA is adjusted for additional acquisition related expenses, Adjusted Earnings (Loss) amounted to $341 income or $0.000 income per share for the quarter ended September 30, 2014 and $164,269 loss or $0.012 loss per share for the quarter ended September 30, 2013.

Six month period ended September 30, 2014 compared with six month period ended September 30, 2013

For the six month period ended September 30, 2014, Contagious recorded a net loss of $4,275,167 compared with a net loss of $1,484,174 for the comparative period. The increase in net loss is mainly due to RTO public listing costs of $2,776,724, transaction costs of $900,000 and stock based compensation expense of $294,654, all of which are non-cash and the RTO public listing costs are non-recurring.

Revenue

During the six month period ended September 30, 2014 development revenue increased to $617,910 from $136,835 of revenue generated in the comparative period. Current period revenue increased as a result of entering into bigger software development contracts.

Expenses

Direct Development Costs

Direct development costs during the six months ended September 30, 2014 were $246,263 compared with $66,359 of development costs incurred in the comparative period. The increase in direct development costs is relative to the increase in revenue.

Operating Expenses

During the six months ended September 30, 2014, operating expenses increased to $109,209 from $54,195 in the period ended September 30, 2013. The increase is due to the increased marketing expense and commissions paid for third party development work due to increased revenues.

General and Administrative Expenses

During the six months ended September 30, 2014, general and administrative expense increased to $299,611 from $247,635 in the period ended September 30, 2013. The increase is mainly due to incurring additional professional fees and regulatory compliance costs.

Amortization of intangible assets

During the six months ended September 30, 2014, amortization of intangible assets was $67,613 compared with $Nil recorded in the comparative period. The increase is due to commencing amortization of Telos' iLotty costs on July 20, 2014 and BOMA platform costs commencing on September 19, 2014 (date of acquisition of Contagious Sports).

Financing Costs

Financing costs increased to $241,437 from $226,863 incurred during the comparative period. The increase is due to incurring additional financing fees related to loan arrangements.

RTO public listing

During the current period, the Company recorded $2,776,724 of reverse takeover public listing costs. These costs are non-cash and non-recurring. RTO public listing costs arise from the excess of the consideration paid for the RTO acquisition of Contagious Gaming (comprising of $1,908,560 fair value of common shares in Contagious Gaming allocated to the existing shareholders in Contagious Gaming in the RTO accounting and the fair values of Contagious Gaming's options of $87,000 and warrants of $472,000 assumed by Telos upon the RTO) and the $350,000 fair value of shares issued as a finder's fee related to the RTO acquisition, over the $40,836 fair values of the assets and liabilities of Contagious Gaming as of the date of the completion of the RTO. There were no such costs incurred during the comparative period.

Stock based compensation

Current period stock based compensation expense was $294,654, which was recorded on the stock options granted to the Company's directors, officers, employees and consultants on September 19, 2014. Telos did not grant stock options prior to September 19, 2014, therefore there were no such costs recorded in the comparative period.

Transactions costs

Current period transaction costs of $900,000 consist of fair value of shares issued as finder's fee and an assignment fee in connection with the acquisition of Contagious Sports. During the comparative period, the Company recorded $1,025,000 of transaction costs representing shares issued and cash paid in connection with Telos' efforts to arrange an acquisition of a publically trading company.

Gain on settlement of debt

Gain on settlement of debt of $43,762 (2013 - $Nil) was recorded upon settlement of certain payables of Contagious Sports.

Quarter ended September 30, 2014 compared with quarter ended September 30, 2013

For the quarter ended September 30, 2014, Contagious recorded a net loss of $4,239,139 compared with a net loss of $1,328,653 for the comparative quarter. The increase in net loss is mainly due to RTO public listing costs of $2,776,724, transaction costs of $900,000 and stock based compensation expense of $294,654, all of which are non-cash and the RTO public listing costs are non-recurring.

Revenue

During the quarter ended September 30, 2014, total revenue was $294,063, $259,931 of which came from content development revenues from third parties, $33,143 from royalty revenue and $989 in interest revenue. During the comparative quarter ended September 30, 2013, total revenue was $79,408, $78,027 of which came from content development from third parties and $1,381 came from advertising revenue. Current quarter revenue increased compared with the prior year as a result of entering into more software development contracts.

Expenses

Direct Development Costs

Direct development costs mainly consist of salaries and subcontracting fees. Direct development costs during the quarter ended September 30, 2014 were $112,715 as compared to $36,021 of costs incurred in 2013. The increase in direct development cost is consistent with the increase in revenues.

Operating Expenses

Operating expenses incurred during the quarter ended September 30, 2014 were $69,420, consisting primarily of $20,070 of marketing expenses, $23,317 of business development and $26,033 of commission expenses. Operating expenses incurred in 2013 were $26,194. Increase in operating costs is consistent with the increase in revenue.

General and Administrative Expenses

General and administrative expenses incurred during the quarter ended September 30, 2014 were $179,266, and consisted primarily of professional fees of $94,522, management fees of 22,931, and office and administrative expense of $61,813, General and administrative expenses incurred in 2013 were $181,462 and consisted primarily of professional fees of $110,704, office and administrative expense of $38,743, and management fee of $32,015.

Amortization of intangible assets

Current quarter amortization of intangible assets was $67,613 compared with $Nil recorded in the comparative period. The increase is due to commencing amortization of Telos' iLotty costs on July 20, 2014 and BOMA platform costs commencing on September 19, 2014 (date of acquisition of Contagious Sports).

Financing Costs

Financing costs incurred during the quarter ended September 30, 2014 were $190,226 compared to $138,793 for quarter ended September 30, 2013. The increase is due to paying a $70,000 financing bonus on a loan that was not repaid by July 2, 2014 due to delays with completion of the RTO and the concurrent equity financing.

RTO public listing

During the current period, the Company recorded $2,776,724 of reverse takeover public listing costs. These costs are non-cash and non-recurring RTO public listing costs arise from the excess of the consideration paid for the RTO acquisition of Contagious Gaming (comprising of $1,908,560 fair value of common shares in Contagious Gaming allocated to the existing shareholders in Contagious Gaming in the RTO accounting and the fair values of Contagious Gaming's options of $87,000 and warrants of $472,000 assumed by Telos upon the RTO) and the $350,000 fair value of shares issued as a finder's fee related to the RTO acquisition, over the $40,836 fair values of the assets and liabilities of Contagious Gaming as of the date of the completion of the RTO. There were no such costs incurred during the comparative period.

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Transactions costs

Current period transaction costs of $900,000 consist of fair value of shares issued as finder's fee and an assignment fee in connection with the acquisition of Contagious Sports. During the comparative period, the Company recorded $1,025,000 of transaction costs representing shares issued and cash paid in connection with Telos' efforts to arrange an acquisition of a publically trading company.

Gain on settlement of debt

Gain on settlement of debt of $43,762 (2013 - $Nil) was recorded upon settlement of certain payables of Contagious Sports.

Summary of Quarterly Results

The following is a summary of the results from the eight previously completed financial quarters

	Sep 30 2014 $	**June 30 2014 $**	**March 31 2014 $**	**Dec 31 2013 $**	**Sep 30 2013 $**	**Jun 30 2013 $**	**Mar 31 2013 $**	**Dec 31 2012 $**
Revenue	294,063	323,847	496,677	131,718	75,893	60,942	68,044	215,486
Net income (loss) (i)	(4,239,139)	(36,028)	(35,755)	(319,225)	(1,328,972)	(155,201)	(184,952)	(173,141)
Net income (loss) per share (ii)(iii)	(0.21)	(0.00)	(0.00)	(0.02)	(0.10)	(0.01)	(0.01)	(0.01)
Weighted average # of shares (ii)(iii)	20,383,372	17,500,000	13,812,500	13,812,500	13,812,500	13,812,500	13,812,500	13,812,500

(i) Net loss for the quarter ended September 30, 2014 is high due to $2,776,724 of RTO public listing costs, $900,000 of transaction costs related to the acquisition of Contagious Sports and $294,654 of stock based compensation. Net loss for the quarter ended September 30, 2013 is high due to incurring $1,025,000 of advisory and consulting costs in relation to the Telos' efforts to acquire a publically trading company.

(ii) Loss per share for the quarter ended September 30, 2014 and September 30, 2013 are high due to large net loss for the quarter.

(iii) On September 19, 2014, Contagious Gaming completed a reverse takeover transaction with Telos. For the period in which a reverse acquisition occurs, the weighted-average number of common shares outstanding is calculated as the weighted average of:

- for the period from the beginning of the reporting period to the RTO date: the weighted average number of common shares of Telos (accounting acquirer) outstanding during that period multiplied by the exchange ratio established in the acquisition agreement (1:2), and

- for the period from the RTO date to the end of the reporting period: the actual number of common shares of Contagious Gaming (legal acquirer) outstanding during that period.

Liquidity and Capital Resources

To date, Contagious has financed its operations through software development revenue, debt, equity and government assistance.

Recent Financing

In September 2014, the Company raised $6,120,800 of gross proceeds through brokered and non-brokered equity financings, less $557,088 of share issuance costs, for net proceeds of $5,563,712.

Working Capital

At September 30, 2014, The Company had working capital of $3,435,717, compared with a working capital deficiency of $1,277,590 as of March 31, 2014. The increase in the current working capital is mainly due to completion of the equity financings for gross proceeds of $6,120,800, which was offset by incurring costs related to the equity offering and the RTO transactions. The Company's current working capital is insufficient to support its expected general administrative and corporate operating requirements on an ongoing basis for the next twelve months.

Cash

As of September 30, 2014, The Company had cash of $4,337,044 compared with $16,806 of cash as of March 31, 2014. The increase in cash position is mainly due to completion of the equity financings for gross proceeds of $6,120,800, which was offset by incurring costs related to the equity offering and the RTO transactions and repayment of loans and payables.

Liquidity Outlook

The Company's cash position is highly dependent on the ability of its intellectual property to generate revenue and the ability of the Company to enter into new revenue-generating agreements in the gaming industry. The Company's management is actively considering a number of opportunities, including third party software development and other distribution agreements.

The Company's objective when managing capital is to maximize returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is not subject to externally imposed capital requirements.

Upon completion of the RTO on September 19, 2014, completion of the acquisition of Contagious Sports and completion of the concurrent equity financings, the Company significantly improved its cash and working capital position providing resources for further expansion of operations.

This outlook is based on the Company's current financial position and is subject to change.

Off-Balance Sheet Arrangements

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

Transactions between Related Parties

a) Amounts Due From (To) Related Parties

		September 30, 2014		March 31, 2014
Due from related parties:				
Due from Telos Productions Inc. (i)	$	-	$	250
Due from Telos International (i)		75,485		44,985
Due from Director (ii)		-		22,982
	$	75,485	$	68,217
Due to related party:				
Due to Telos Media Inc. (i)	$	-	$	44
	$	-	$	44

(i) Telos Entertainment Inc. is related to Telos Productions Inc., Telos Media Inc. and Telos International Inc. As these companies are controlled by a common director and shareholder. The amounts receivable and payable are non-interest bearing, unsecured and are due on demand. All parties have indicated that they do not intend to request repayment of these loans within the next 12 months, as a result they have been classified as a non-current assets and liabilities in these financial statements.

(ii) The amount due from director was receivable from Sean Yeomans, the Company's Director and President. This amount was unsecured and non-interest bearing.

(iii) During the current period, the Company paid $360,000 of legal fees to McMillan LLP, a law firm in which Desmond Balakrishnan, the Company's director, is a partner. These legal costs were incurred by Contagious Gaming prior to completion of the RTO and as such were eliminated from the consolidated results of operations.

b) Intercompany Charges for Shared Costs

Costs for shared labour and office common expenses were incurred by Telos International Inc., a related party under common control, and charged to Telos as follows:

	Six Month ended			
		September 30, 2014		September 30, 2013
Operating expenses	$	-	$	7,770
General and administrative expenses	$	-	$	133,368

c) Compensation of Key Management Personnel

Key management personnel are those persons that have authority and responsibility for planning, directing and controlling the activities of the Company, directly and indirectly. As of September 30, 2014, the Company's key management personnel consist of the Company's directors and senior management (Chief Executive Officer, President, Corporate Secretary and Chief Financial Officer). The Company incurred fees and expenses in the normal course of operations in connection with the key management and directors. Details are as follows:

Nature of Transactions		Six Months Ended September 30, 2014		Six Months Ended September 30, 2013
Management fees and salaries	$	33,431	$	43,316
Director's fees		2,167		-
Stock based compensation		211,546		-
Dividend		-		120,102
	$	247,144	$	163,418

Critical Accounting Estimates and Use of Judgment

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported years.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Change in critical accounting estimates and assumptions made by management may result in material adjustments to the carrying amount of assets and liabilities within the next financial year.
The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments.

Revenue recognition

The recognition of software development revenues using the percentage of completion method is subject to estimation. Management applies judgment in estimating payroll costs per project in assessing the extent of progress toward completion of on-going software development projects. The use of the percentage-of-completion method is itself based on the assumption that there is an insignificant risk that customer acceptance is not obtained. The Company also makes assessments, based on prior experience of the extent to which future milestone receipts represent a probable future economic benefit to the Company. The complexity of the estimation process and issues related to the assumptions, risks and uncertainties inherent with the application of the revenue recognition policies affect the amounts reported in each period. If different assumptions were used it is possible that different amounts would be reported in the accounts.

Carrying value of property and equipment

Property and equipment are depreciated over their estimated useful economic lives which are based upon management's estimates of the length of time that the assets will generate revenue, which is periodically reviewed for appropriateness. Changes to these estimates can result in variations in the amounts charged for depreciation and in the assets' carrying amounts.

Allowance for doubtful accounts

The Company performs on-going evaluations of its accounts receivable and will determine based on historical collection and relationship with customers, and aging of accounts receivables whether an allowance should be booked for its outstanding balance. A certain degree is estimation is required in determining the credit worthiness and collectability of accounts receivable balances.

Development phase of internally generated intangible assets

The classification of internally generated intangible assets into the research and development phase is subject to judgment. Management estimates the payroll costs associated with the development of the Company's online gaming platform by reference to the time spent by software development and animation employee that directly contribute to the advancement of the platform.

Impairment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and are subject to judgment. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

Deferred taxes

The recognition of deferred tax assets is based on forecasts of future taxable income. The measurement of future taxable income for the purposes of determining whether or not to recognize deferred tax assets depends on many factors, including the Company's ability to generate such profits and the implementation of effective tax planning strategies. The occurrence or non-occurrence of such events in the future may lead to significant changes in the measurement of deferred tax assets.

Future Changes in Significant Accounting Policies

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective. The Company has not early adopted any of these standards.

IFRS 9 – Financial Instruments – IFRS 9 (2014) addresses classification and measurement of financial assets and liabilities, inducing impairment of financial assets, and hedge accounting. Under this standard, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The accounting model for financial liabilities is largely unchanged from IAS 39 except for the presentation of the impact of own credit risk on financial liabilities designated at fair value through profit or loss. The new general hedge accounting principles under IFRS 9 are aimed to align hedge accounting more closely with risk management. This new standard does not fundamentally change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however it is expected to provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

IFRS 9 is mandatorily effective for annual periods beginning on or after January 1, 2018. The Company is in process of evaluating the impact of IFRS 9 on the Company's financial statements.

IFRS 15 – Revenue from Contracts with Customers – On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for fiscal years ending on or after December 31, 2017 and is available for early adoption.

The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on April 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

Financial Instruments and Other Instruments

The Company financial instruments consist of cash, accounts receivable, due from related parties, accounts payable and accrued liabilities, loans payable and convertible note payable. The carrying values of cash, accounts receivable, due from related parties, accounts payable and accrued liabilities approximate their respective carrying values due to their short-term maturities. The fair value of the loan payable and convertible note payable approximate their carrying values as at the current quarter end because the underlying market rate did not change significantly.

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Company is exposed to credit risk from credit sales. The Company provides credit to its customers in the normal course of its operations and credit sales represent a significant portion of the Company's sales activities. The Company does not obtain collateral or security to support trade receivables but mitigates this risk by granting credit only to financially reliable customers. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

As of September 30, 2014, there were receivables from one customer (March 31, 2014 - three) representing 82% (March 31, 2014 - 70%) of total accounts receivable. During the six months ended September 30, 2014, sales to one customer (2013 - two) accounted for 79% (2013 - 99%) of total revenue. The failure of a large customer would have a significant effect on the Company.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to this risk mainly with respect to ensuring the sufficiency of funds for working capital and commitments. The Company monitors the maturity dates of existing accounts payables and accrued liabilities, loans payable, and commitments to mitigate this risk.

The following table outlines the remaining contractual maturities for the Company's financial liabilities:

	2015 $	2016 $	2017 $	2017 $	Total $
Accounts payable	1,379,892	-	-	-	1,379,892
Office lease	14,010	4,670	-	-	18,680
Loans payable	61,300	-	-	-	61,300
Convertible note payable	12,000	24,000	24,000	312,000	372,000
	1,467,202	28,670	24,000	312,000	1,831,872

Currency risk

Currency risk is the risk to the Company's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Company is exposed to foreign currency fluctuation due to the nature of transactions and different function and reporting currencies. The Company's main operations are conducted in Canada using Canadian dollars and in the UK using British Pound Sterling. The Company is generating some revenue in United States Dollars. Due to the short-term nature of these transactions, the exposure to currency risk is insignificant.

Contagious Sports' functional currency is British Pound Sterling, but the Company's reporting currency is Canadian dollar and the resulting in exchange differences are reported as accumulated other comprehensive income (loss), which is presented as a separate component of equity.

Risks and Uncertainties

Details of the risks and uncertainties related to the Company’s business are set out in the Information Circular of Contagious Gaming Inc. (formerly Kingsman Resources Inc.) dated June 27, 2014 under the heading “Risk Factors”.

Commitments and Contingencies

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a) On September 23, 2013, Telos has entered into an advisory agreement with Gulfstream Capital Corp. (“Gulfstream”), for Gulfstream to acts as financial advisors for Telos in connection with Telos intention to complete an RTO with a publicly trading company. Following the completion of the RTO, Telos agreed to retain Gulfstream as its financial and capital markets advisor for a period of 18 months. Commencing on September 19, 2014, Gulfstream is receiving advisory fees of $6,000 per month.

b) The Company is disputing requests for payments from certain service providers. The Company believes these claims are without merit and is not anticipating any material liability associated with these claims.

Subsequent Events

a) Trinity Mirror Agreement

On September 25, 2014, the Company and its subsidiary, Contagious Sports have entered into an amending agreement (the “**Amending Agreement**”) to its existing Partnership Service Agreement entered into on November 1, 2013 (the “**Service Agreement**”) with Trinity Mirror Shared Services Limited, a subsidiary of Trinity Mirror PLC (“**Trinity Mirror**”) to restructure the warrants and option granted to Trinity Mirror in connection with the Service Agreement. In addition, as part of the previously announced $6,002,800 equity financing completed on September 19, 2014, Trinity Mirror subscribed for 625,000 common shares of Contagious Gaming at a price of $0.40 per share for gross proceeds of $250,000.

The Company and Trinity Mirror have agreed to the following transactions:

1. Cancellation of existing warrants that Trinity Mirror held in Contagious Sports;
2. Issuance by Trinity Mirror to Contagious Gaming a credit of £600,000 which may be allocated by Contagious Gaming at any time within 24 months towards marketing from Trinity Mirror for Contagious Sports’ web and mobile pools betting application;
3. Trinity Mirror releases Contagious Sports from indebtedness (if any) for past advertising services performed by Trinity Mirror for Contagious Sports under the previous Service Agreement;
4. Contagious Gaming to enter into a Supplemental Agreement with Trinity Mirror pursuant to which Contagious Gaming will agree to be made a party to and guarantee the obligations of Contagious Sports under the current Partner Services Agreement between Trinity Mirror and Contagious Sports; and
5. Contagious Gaming to issue the following share purchase warrants to Trinity Mirror:

   (i) 965,528 common shares,

   (ii) 1,839,100 escrowed common shares, with 25% of such shares being released for each £150,000 of advertising performed under the £600,000 credit described above, and

(iii) warrants to acquire an aggregate of up to 2,716,667 common shares of the Company as follows:

Number of Warrants	Exercise Price	Exercisable From	Expiry Date
1,250,000	$0.80	05-Nov-14	29-Feb-16
800,000	$1.25	01-Mar-16	31-Aug-17
666,667	$1.50	01-Sep-17	28-Feb-18
2,716,667			

Pursuant to the warrant instrument, Contagious Gaming is entitled to accelerate the expiry of the Trinity Mirror Warrants to the date that is ten business days following the date a notice is provided by the Company to Trinity Mirror in the event that the volume weighted average trading price of Contagious Gaming common shares on the TSX Venture Exchange is equal to or greater than:

- $1.00 for any period of twenty trading days after September 25, 2014 for 1,250,000 warrants exercisable at $0.80
- $1.5625 for any period of twenty trading days after March 31, 2016 for 800,000 warrants exercisable at $0.125
- $1.875 for any period of twenty trading days after September 1, 2017 for 666,667 warrants exercisable at $1.50

This transaction was subject to the TSX-V approval, which was obtained on November 5, 2014. All securities of the Company to be issued to Trinity Mirror as described above were issued on November 5, 2014.

b) Stock Options

On November 18, 2014, the Company granted 92,593 stock options for consulting services. These stock options were exercisable at $0.43 per share on or before February 18, 2015. They were exercised in full on November 27, 2014.

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at September 30, 2014 and as of the date of this MD&A if all outstanding debentures were converted to common shares:

	As of September 30, 2014	As of the date of this MD&A
Common shares	70,952,258	73,849,479
Share purchase options	4,162,500	4,100,000
Share purchase warrants	2,439,240	5,155,907
Convertible notes	300,000	300,000
Fully diluted	77,853,998	83,405,386

Forward Looking Statements

Certain information included in this discussion may constitute forward-looking statements. Readers are cautioned not to put undue reliance on forward-looking statements. These statements relate to future events or the Company’s future performance, business prospects or opportunities. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. These forward-looking statements include statements regarding the timing and amount of estimated future cash flows, capital expenditures, currency fluctuations and the requirements of future capital. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Company believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements contained into this report should not be unduly relied upon. These statements speak only as of the date of this report. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this report. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about:

- general business and economic conditions;
- the availability and reasonable terms to finance the Company;
- the ability to deliver compelling content, products and services in a highly competitive market; and
- the ability to attract and retain skilled staff

These forward-looking statements involve risks and uncertainties relating to, among other things, uninsured risks, regulatory changes, defects in title, availability of materials and equipment, timeliness of government approvals, actual performance of facilities, equipment and processes relative to specifications and expectations and unanticipated impacts on operations. Actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, the risk factors hereinabove. Additional risk factors are described in more detail hereinafter. **Investors should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. The Company cautions that the foregoing list of important factors is not exhaustive. Investors and others who base themselves on the Company's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. The forward-looking statements contained in this report are expressly qualified by this cautionary statement.**