Contagious GAMING

CONTAGIOUS GAMING INC.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED SEPTEMBER 30, 2015

The following management discussion and analysis ("**MD&A**") provides a review of the Contagious Gaming Inc.'s (the "Company" or "Contagious Gaming") results of operations, financial condition and cash flows for the three and six months ended September 30, 2015. This MD&A has been prepared with an effective date of November 30, 2015 and should be read in conjunction with the information contained in the Company's unaudited condensed consolidated interim financial statements and related notes for the three and six months ended September 30, 2015, which were prepared in accordance with International Financial Reporting Standards (**"IFRS"**) as issued by the International Accounting Standards Board ("**IASB**"). The audited consolidated financial statements and additional information regarding the business of the Company are available at www.sedar.com.

For reporting purposes, the Company prepares consolidated financial statements in Canadian dollars. Unless otherwise indicated, all dollar ("**$**") amounts in this MD&A are expressed in Canadian dollars. References to "**GBP**" or "**£**" are to Pounds Sterling and references to "**USD**" are to U.S. dollars.

All references to we, our, us and Contagious Gaming refer to the Company, together with its consolidated operations controlled by it and its predecessors.

All references to management refer to the directors, senior officers and other officers of Contagious Gaming, unless otherwise stated. The Company's audit committee has reviewed this document and, prior to its release, the Contagious Gaming board of directors (Board of Directors) approved it, on the audit committee's recommendation.

Description of Business

The Company 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 is listed on the TSX Venture Exchange (**"TSX.V"**) under the symbol "CNS".

Recent Highlights

Proposed acquisition of Long Standing Sportsbook Software Provider Digitote

On May 21, 2015, the Company entered into a letter of intent, and on October 19, 2015, the Company signed definitive share purchase agreements to acquire all of the issued and outstanding common shares of Digitote Limited and Digitote Software GmbH Deutschland (together "**Digitote**"), herein referred as the "**Acquisition**".

As consideration for the Acquisition, the Company agreed to pay the following:

a) 8,008,000 common shares of Contagious at a deemed price of $0.50 per share for a total deemed value of $4,004,000, and

b) Up to €2,200,000 (approximately $3,289,000) in a vendor take-back ("**VTB**") to be paid over 4.5 years from the date of acquisition. VTB will be based on Digitote's 1 x EBITDA results over the period of 4 years following the date of Acquisition, to a maximum of €2,200,000. Payment of the VTB will be immediately accelerated in the event the Company closes an equity offering for gross proceeds of at least $5,000,000.

Digitote is a developer and provider of commercial-grade sports betting and horse racing technology, hardware, and support services to operators across Europe. Digitote is being acquired free of any long term debt and shall be delivered with positive working capital. The closing of the Acquisition is expected to take place in December 2015.

Extension of Development Contract with Major Publisher

In July 2015, the Company signed an extension to one of its third-party development contracts with a major social gaming content publisher. The extension of the contract is for one year for approximately $1 million of services to be provided by the Company.

Signing of Deal with Microgaming to Distribute Goal Time

In August 2015, the Company entered into a non-exclusive worldwide distribution agreement with Microgaming Networks ("**Microgaming**") to integrate Goal Time into its Quickfire gaming platform (the "**Distribution Agreement**"). The Distribution Agreement enables Contagious Gaming to expand Goal Time into new territories and benefit from Quickfire's extensive portfolio of over 300 brands. The Distribution Agreement provides Microgaming's Quickfire customers with access to Goal Time, the world's first in-play, pari-mutuel, sports betting platform.

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 globally. Our strategy is also to grow our business through strategic acquisitions which are accretive, provide additional cash flow and synergistic opportunities.

The online gaming industry is large and growing and offers significant and diverse opportunity for market participants. It is forecasted that the value of the global online gaming market will be approximately €28 billion by 2015, representing a compound annual growth rate (**"CAGR"**) of more than 9% from 2012 (Source: *H2 Gambling Capital*). This does not consider additional opportunities being opened up in the United States, which represents a potentially significant opportunity for the industry.

Today the global online sports betting market is highly fragmented, with a large number of privately owned companies in addition to a few publicly-listed operators. According to H2 Gambling Capital, the online sports betting market was estimated to be worth €4.0bn in gross gaming revenue (**'GGR"**) in 2013, an increase of 5.7% on the prior year. This growth is forecast to continue, with the market worth an estimated €5.8bn by 2018, a CAGR of 8.4%.

Digital lottery in the United States is in its infancy and we are among the first entrants in the supply of digital instant lottery (**"eInstants"**) in this jurisdiction. The US is the world's largest lottery market worth over US$64.0bn (Source: La Fleur's)

Selected Financial Information

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, 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 2015 $	**June 30 2015 $**
Revenue	**215,844**	**209,398**
Net loss for the period	**(972,336)**	**(1,181,092)**
Financing costs	12,342	11,698
Interest income	(4,254)	(6,087)
Deferred income tax recovery	(242,627)	(37,233)
Amortization of intangible assets	545,140	520,193
Depreciation of equipment	4,417	5,079
EBITDA Loss	**(657,318)**	**(687,442)**
Stock based compensation	134,415	140,720
Acquisition costs	66,540	43,225
Adjusted EBITDA	**(456,363)**	**(503,497)**
Adjusted EBITDA per Share – basic and diluted	**(0.01)**	**(0.01)**
Net loss for the period	**(972,336)**	**(1,181,092)**
Stock based compensation	134,415	140,720
Stock based marketing compensation	-	-
Transaction costs	-	-
Acquisition costs	66,540	43,225
Adjusted Earnings (Loss)	**(771,381)**	**(997,147)**
Adjusted Earnings (Loss) per Share – basic and diluted	**(0.01)**	**(0.01)**

The Company generated $215,844 of revenue for the three months ended September 30, 2015 compared with $209,398 for the quarter ended June 30, 2015.

Adjusted EBITDA loss for the three months ended September 30, 2015 was $456,363 compared with $503,497 Adjusted EBITDA loss for the quarter ended June 30, 2015. The decrease in the Adjusted EBITDA loss for September 30, 2015 quarter is primarily due to decrease in direct costs and in loss from settlement of debt.

The Adjusted Earnings (Loss) amounted to a loss of $771,381 or $0.01 loss per share for the three months ended September 30, 2015 compared with a loss of $997,147 or $0.01 loss per share for the quarter ended June 30, 2015. The decrease in Adjusted Loss for the quarter ended September 30, 2015 is mainly due to recording recovery of deferred income taxes to recognize additional deferred tax assets that are available to offset deferred income tax liability.

Discussion of Operations

	Three Months Ended September 30		Six Months Ended September 30	
	2015	2014	2015	2014
Revenue	215,844	294,063	425,242	617,910
Expenses				
Direct development costs	96,854	112,715	225,361	246,263
Operating	40,301	69,420	82,360	109,209
General and administrative	586,415	179,266	1,144,079	299,611
Amortization of intangible assets	545,140	52,997	1,065,333	67,613
Depreciation of equipment	4,417	962	9,496	1,328
Financing costs	12,342	190,226	24,040	241,437
Foreign exchange loss	10,923	-	8,507	-
RTO public listing	-	2,776,724	-	2,776,724
Stock based compensation	134,415	294,654	275,135	294,654
Transaction costs	-	900,000	-	900,000
Loss (gain) on settlement of debt	-	(43,762)	24,219	(43,762)
Deferred income tax (recovery)	(242,627)	-	(279,860)	-

For the six month period ended September 30, 2015, Contagious recorded a net loss of $2,153,428 compared with a net loss of $4,275,167 for the comparative period. The decrease in net loss is mainly due to (i) RTO public listing costs of $2,776,724 and (ii) transaction costs of $900,000, all of which were incurred during the quarter ended September 30, 2014 and were non-cash.

For the quarter ended September 30, 2015, Contagious recorded a net loss of $972,336 compared with a net loss of $4,239,139 for the comparative quarter ended September 30, 2014. The decrease in net loss is mainly due to (i) RTO public listing costs of $2,776,724 and (ii) transaction costs of $900,000, all of which were incurred during the quarter ended September 30, 2014 and were non-cash.

Revenue – The decrease in revenue for the quarter ended September 30, 2015 is a result of securing fewer software development contracts.

Direct development costs – The decrease in direct development costs for the quarter ended September 30, 2015 is relative to the decrease in revenue.

Operating expenses – The decrease in operating costs is due to reduction in revenue.

General and administrative expenses – The increase in general and administrative costs is mainly due to increase in professional fees, consulting, management, and business development. The increase in these costs is due to increase in regulatory compliance costs that Telos did not have until completion of the RTO with Contagious Gaming on September 19, 2014.

Amortization of intangible assets – The increase in amortization of intangible assets is due to commencing amortization of Telos' iLottery costs on July 20, 2014 and BOMA platform costs commencing on September 19, 2014 (date of acquisition of Contagious Sports).

Financing costs – Current quarter decrease in financing costs is due to repayment of operating loans subsequent to completion of equity financing on September 24, 2014.

Stock based compensation – Current period stock based compensation was recorded on stock options vested during the period.

Loss (gain) on settlement of debt – Loss (gain) on settlement of debt was recorded upon settlement of certain receivables of Telos Entertainment and Contagious Sports.

Deferred income tax (recovery) – recovery of deferred income taxes was recorded to recognize additional deferred income tax assets that are available to offset deferred income tax liability.

Summary of Quarterly Results

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

	Sep 30 2015 $	June 30 2015 $	March 31 2015 $	Dec 31 2014 $	Sep 30 2014 $	June 30 2014 $	March 31 2014 $	Dec 31 2013 $
Revenue (i)	215,844	209,398	189,946	357,099	294,063	323,847	496,677	131,718
Net loss (ii)	(972,336)	(1,181,092)	(1,577,029)	(1,891,775)	(4,239,139)	(36,029)	(35,755)	(319,225)
Net loss per share (iii)(iv)	(0.01)	(0.02)	(0.02)	(0.05)	(0.21)	(0.00)	(0.00)	(0.02)
Weighted average # of shares (iii)	73,849,479	73,849,479	73,849,479	35,619,493	20,383,372	17,500,000	13,812,500	13,812,500

(i) Revenue fluctuates based on the Company's ability to secure software development contracts.

(ii) Net loss for the quarter ended September 30, 2015 includes significant non-cash expenses such as amortization of intellectual property of $545,140 and stock based compensation of $134,415. Net loss for the quarter ended June 30, 2015 reflects amortization of intellectual property of $520,193 and stock based compensation of $140,720. Net loss for the quarter ended March 31, 2015 reflects amortization of intellectual property of $521,998, stock based compensation of $251,439 and stock based marketing compensation of $131,177.

Increase in net loss for the quarter ended September 30, 2014 is 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. Decrease in net loss for the quarter ended December 31, 2014 compared with the quarter ended September 30, 2014 is due to not having RTO and transaction costs that were recorded upon closing of the RTO and concurrent business acquisition during quarter ended September 30, 2014. Decrease of net loss from the quarter ended December 31, 2014 to the quarter ended March 31, 2015 is primarily due to recording in December 2014 quarter stock based marketing compensation of $680,006 which includes $473,109 fair value of common shares issued to Trinity Mirror and $206,897 fair value of Trinity Mirror warrants, compared with only $131,177 of stock based marketing recorded in March 31, 2015 quarter. Decrease in net loss from the quarter ended March 31, 2015 to the quarter ended June 30, 2015 is due to not having stock based marketing expense in June 30, 2015 quarter and due to allocating annual regulatory compliance costs evenly over four quarters of fiscal year 2016 rather than accruing them in the fourth quarter. Decrease in net loss for the quarter ended September 30, 2015 is due to recording recovery of deferred income taxes to recognize additional deferred tax assets that are available to offset deferred income tax liability.

(iii) Net loss per share fluctuates from period to period and is impacted by the amount of loss incurred and the number of weighted average number of common shares outstanding. Net loss per share for the quarter ended September 30, 2014 was significantly higher compared with the other periods due to incurring non-cash and non-recurring RTO costs as described above.

(iv) 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.

Financial Condition, Liquidity and Capital Resources

	September 30, 2015 $	March 31, 2015 $
Cash	1,650,533	2,641,989
Other current assets	378,449	504,598
Non-current assets	9,973,131	10,667,134
Current liabilities	981,174	1,031,854
Non-current liabilities	1,131,101	1,358,914
Current working capital	1,047,808	2,114,733

Assets – The decrease in cash of $991,456 since March 31, 2015 primarily relates to paying for regulatory compliance and general and administrative costs.

The decrease in other current assets of $126,149 since March 31, 2015 primarily relates to a decrease in prepaid expenses.

The decrease in non-current assets since March 31, 2015 primarily relates to amortization of intellectual property of $1,065,333.

Liabilities – The decrease in current liabilities since March 31, 2015 is due to making payments against accounts payable and reduction in deferred revenue.

The decrease in non-current liabilities since March 31, 2015 is primarily due to recognizing recovery of deferred income taxes.

Working Capital – The decrease in the current working capital is mainly due to incurring general, administrative and regulatory compliance costs. The Company's current working capital and expected revenue from software development contracts are sufficient to support its expected general administrative and corporate operating requirements for the next twelve months.

Financing of Operations and Recent Financing – To date, Contagious has financed its operations through software development revenue, debt, equity and government incentives. 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. As of September 30, 2015, approximately $3,913,000 of net proceeds was spent on settlement of liabilities of acquired subsidiaries, operations, regulatory compliance, general and administrative costs and Chelbis, Digitote and Sportech acquisition due diligence costs.

Liquidity Risk and Contractual Obligations – 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.

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 the proposed acquisition of Digitote, 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.

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

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at September 30, 2015 and as of the date of this MD&A if all outstanding debentures were converted to common shares:

	As of September 30, 2015	As of the date of this MD&A
Common shares	73,849,479	73,849,479
Share purchase options	4,100,000	4,100,000
Share purchase warrants	5,155,907	5,155,907
Convertible notes	300,000	300,000
Fully diluted	83,405,386	83,405,386

Subsequent Event

The Company was in discussions with Sportech PLC ("**Sportech**") on a possible business combination. On November 6, 2015, the Company decided not to make an offer for Sportech at this time as the parties are unable to agree on terms of an acquisition of 100% of the issued and outstanding shares of Sportech.

Off-Balance Sheet Arrangements

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

Related Party Transactions and Balances

For details please refer to Note 8 of the September 30, 2015 financial statements.

Future Changes in Significant Accounting Policies

For details please refer to Note 3 of the September 30, 2015 financial statements.

Financial Instruments and Other Instruments

For details please refer to Note 14 of the September 30, 2015 financial statements.

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. dated June 27, 2014 under the heading "Risk Factors" and have not significantly changed as of the date of this MD&A

Commitments and Contingencies

For details please refer to Note 11 of the September 30, 2015 financial statements.

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, stock based compensation, stock based marketing compensation, transaction costs and acquisition 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 net income (loss) 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 net income (loss) for (i) financing costs related to extinguished debt, (ii) stock based compensation, (iii) stock based marketing compensation, (iv) RTO public listing, (v) transaction costs and (vi) 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.

During the current quarter, the Company modified its definition of Adjusted EBITDA by adjusting its earnings by acquisition related costs. Acquisition costs include professional fees, travel, due diligence and other costs incurred in the process of identifying and investigating acquisition targets and negotiating acquisition contracts. Acquisition costs are not considered to be the Company's normal operating costs, therefore the Company believes that to measure the Company's core business performance and liquidity it is important to include this adjustment in determination of Adjusted EBITDA.

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 these measures do 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.

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.**

CORPORATE DIRECTORY

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Exchange - TSX-V

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