

Poydras Gaming Finance Corp.

Management Discussion and Analysis

For the Three Months Ended March 31, 2016

The following management discussion and analysis (the "**MD&A**"), prepared as of May 27, 2016 should be read together with the unaudited interim consolidated financial statements for the three months ended March 31, 2016 and related notes attached thereto (the "**Interim Financial Statements**"), which are prepared in accordance with International Financial Reporting Standards 34, Interim Financial Reporting ("IAS 34"), using accounting policies consistent with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). The reader should also refer to the audited consolidated financial statements for the year ended December 31, 2015 filed on SEDAR. All amounts are stated in US dollars unless otherwise indicated.

Additional information related to the Company is available for view on SEDAR at www.sedar.com.

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 procure equipment and operating supplies in sufficient quantities and on a timely basis; 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.**

Description of Business

Poydras Gaming Finance Corp. (on consolidated basis the **"Company**" or "**Poydras**") (TSX-V: PYD) is a regional slot route operator, providing capital and gaming machines to casino operators and vendors in the United States. The Company is focused on leasing and distributing slot machines, electronic table games, and casino and bingo equipment and supplies, often in concert with additional capital for related facility development or renovation. A gaming lease is also known in industry parlance as a "placement agreement" or a "placement" and also sometimes called a "route" when it describes gaming machines placed across several locations. The Company's head office address is at Suite 800-789 West Pender Street, Vancouver, British Columbia, V6C 1H2. The registered and records office address is at Suite 1500-1055 West Georgia Street,

P.O. Box 11117, Vancouver, British Columbia, V6E 4N7. Poydras' U.S. headquarters are in Mill Valley, California. The Company is listed on the TSX Venture Exchange ("**TSX.V**") under the symbol "PYD".

Poydras was founded by a team of experienced industry investors and operators, and its various subsidiaries have been in operation for 20 years. On July 20, 2015, Poydras acquired Integrity Gaming, Inc. ("**Integrity Gaming**"), Aurora Gaming, Inc. ("**Aurora Gaming**"), and Integrity Gaming of Kansas, Inc. ("**Kansas**"), (together the "**Integrity Companies**"). Founded in 1997, the Integrity Companies are a leading provider of slot machines to Native American-owned casinos in Oklahoma and Texas. Bolstered by the acquisition of the Integrity Companies, Poydras has become one of the largest independent gaming equipment and bingo supply distributors in the tribal gaming market.

Poydras Gaming Finance Corp. (as a stand-alone entity "**PGFC**") was incorporated under the Business Corporations Act (B.C.) on July 27, 2009 under the name Doca Capital Corp, changed its name to Great Northern Gold Exploration Corporation on October 10, 2012 and to Poydras Gaming Finance Corp. on May 2, 2014.

Slot Route Operations

Poydras' core business is that as a large regional slot route operator and leader in the Tribal gaming market with approximately 2,500 revenue-generating machines across 25 casinos in Oklahoma and Texas. This business is based on a participation-based leasing model that is prevalent in Native American casino gaming markets such as Oklahoma. Under this model, gaming machine suppliers such as Poydras provide casino operators with gaming machines for a share of the revenue generated by those machines. In many cases, Tribal gaming operators enter into machine placement agreements on a long-term basis and with above market revenue shares in exchange for an upfront advance of capital either as a one-time fee or as a loan, which is used to fund renovation or development costs associated with the gaming facility where the machines are placed. From the perspective of the supplier, the advance of funds is an attractive use of capital because it (i) establishes a placement of the gaming machine for substantially all of its useful life, (ii) supports increased returns on the gaming machines by improving the casino facility that is housing the equipment, and (iii) may grant the supplier an option or right of first refusal to supply additional gaming machines. Typical transaction economics generally provide for a two to three year payback of capital against a term of five to seven years. Though currently all contracts held by Poydras are in Oklahoma and Texas, the Company continues to evaluate expansion opportunities into other geographies. Poydras also pursues the acquisition of existing placements or routes of gaming machines currently being operated in casinos and other legal gaming venues, through a 'buyout' of existing direct vendor debt or lease contracts from the machine manufacturer or the acquisition of another route operator's gaming machines and contracts.

One such example of a long-term placement agreement in exchange for an upfront advance of capital is the Company's long-term gaming machine placement agreement with the Tonkawa Tribe of Indians of Oklahoma (the "**Tonkawa Tribe of Oklahoma**"), entered into on February 25, 2015. Under the terms of the agreement, the Company provided 600 Class III gaming machines under a 6-year and 11-month contract and $5.5 million in funding for the renovation of the Native Lights Casino and additional development at the Tonkawa West Casino ("**Tonkawa Placement Fees**").

The Company has distributed gaming machines for a wide range of manufacturers and its current portfolio includes Scientific Games (Bally and WMS), IGT, Aristocrat, Konami, Aruze, Ainsworth, and Cadillac Jack machines.

Casino and Bingo Equipment and Supplies

Poydras' bingo business is comprised primarily of a brick and mortar wholesale business that supplies paper, ink, and related consumables to Tribal and charity bingo operations. The Company also sells bingo products online through its website, BingoShop.com and table game and poker supplies to Tribal casinos through direct sales and to online customers at PokerShop.com.

Acquisition of Integrity Companies

On July 20, 2015, the Company completed the acquisition of a 100% equity interest in the Integrity Companies. The aggregate purchase price (the "**Purchase Price**") for the Integrity Companies was $6,876,599 and consisted of the following:

(i) 38,927,779 common shares of the Company with a deemed value of $5,500,000 at C$0.18 per share, and a fair value on the date of issuance of $2,545,865;

(ii) an earn-out payable estimated at $543,000 (December 31, 2015 - $599,000) payable in 2016 based on certain performance metrics to be achieved by the Integrity Companies. In Q1 2016, the earn-out liability estimate was revised to $Nil, which resulted in a recognition of a $599,000 revaluation adjustment in the consolidated statement of comprehensive income (loss);

(iii) cash consideration of $3,753,890 paid by the Company on July 20, 2015; and

(iv) an increase of purchase price by $33,844 post-closing adjustment due to changes in working capital and assumed liabilities,

Financing Arrangement

On December 9, 2015, Poydras closed a financing transaction with PDS Gaming Corporation for a $3,500,000 loan payable. The loan bears an annual interest rate of 12% and is repayable in monthly blended principal and interest payments over 48 months. The loan is secured by the Company's gaming machine placement agreement with the Tonkawa Tribe of Indians of Oklahoma and all equipment placed by the Company in the Tonkawa casinos. Poydras also agreed to grant to the lender the right to place 42 gaming devices under the Tonkawa contract. The lender provided its own gaming devices and is paying to Poydras an equipment servicing fee.

IP License

On January 29, 2016, the Company entered into the Strategic Alliance Agreement with BitBoss Corporation ("**BitBoss**"), whereby Poydras Gaming will license the proprietary electronic shuffling and dealing system ("**System**") in exchange for cash payments to BitBoss based on gross license IP sales.

Share Capital Consolidation

Subsequent to March 31, 2016, on May 2, 2016, the Company completed a 10 for 1 share capital consolidation.

Overall Performance

The Company's revenue increased by 5% from $3,525,411 in Q4 2015 to $3,690,423 in Q1 2016.

The Company's revenue increased by 462% from $656,088 in Q1 2015 to $3,690,423 in Q1 2016.

Highlights of activities and results of operations during the three months ended March 31, 2016:

- For the quarter ended March 31, 2016, Poydras recorded a net income of $341,262 or $0.00 per share.
- For the quarter ended March 31, 2016, Poydras' Adjusted EBITDA was $2,575,873.
- As at March 31, 2016, Poydras had total assets of $40,092,194 consisting of $6,537,497 of current assets and $33,55,697 on non-current assets.
- As at March 31, 2016, Poydras had total liabilities of $26,847,148 consisting of $18,970,817 of current liabilities and $7,876,331 of non-current liabilities.
- As of March 31, 2016, Poydras had participating interests in approximately 2,491 revenue generating machines.

The Company expects to continue to add to its revenues from both new and existing contracts. The Company is also taking steps to evaluate expansion opportunities into other geographies beyond the Oklahoma and Texas markets.

Key Performance Indicators

Key performance indicators that Poydras uses to manage its business and evaluate its financial results and operating performance include: revenue, revenue per gaming machine, expenses, net income (loss) and Adjusted EBITDA. Poydras evaluates its performance on these metrics by comparing its actual results to management budgets and forecasts.

Non-IFRS Measures

Adjusted EBITDA is a financial measure that does not have a standardized meaning under IFRS. Adjusted EBITDA is defined as earnings before financing costs, income taxes, depreciation, amortization, stock based compensation, unrealized foreign exchange, impairment of loans receivable, gain/loss on settlement of debt, gain/loss on disposal of assets, finance lease receivable reduction, revaluation adjustment of earn-out liability and non-recurring costs. In addition, to arrive at the Adjusted EBITDA, the Company is adjusting its earnings for its 50% share of the above mentioned income/expense and gain/loss categories that are included in the Company's income from equity accounted investees.

During the current quarter, the Company modified its definition of Adjusted EBITDA to exclude from earnings our revaluation adjustment of the Company's earn-out liability to the former shareholders of the Integrity Companies. While this adjustment has been favorable thus far, the Company believes that its impact should be viewed separately from the Company's core business performance and liquidity.

As there is no standardized method of calculating Adjusted EBITDA, it may not be directly comparable with similarly titled measures used by other companies. The Company considers Adjusted EBITDA to be a relevant indicator for measuring trends in performance and its ability to generate funds to service its debt and to meet its future working capital and capital expenditure requirements. Adjusted EBITDA is not a generally accepted earnings measure and should not be considered in isolation or as an alternative to net income (loss), cash flows or other measures of performance prepared in accordance with IFRS.

Adjusted EBITDA and reconciliation to net income (loss) is as follows:

	Q1 2016 ($)	Q4 2015 ($)	Q3 2015 ($)	Q2 2015 ($)	Q1 2015 ($)
Net Income (loss)	341,262	(981,101)	1,103,411	(1,530,182)	(1,504,323)
Adjustments:					
Depreciation of equipment	888,132	805,699	646,155	217,264	217,262
Amortization of placement fees	443,148	489,094	335,878	190,661	72,355
Amortization of intangible assets	216,061	166,509	227,384	73,533	73,533
Income tax expense (recovery)	131,960	287,400	(2,302,033)	-	-
Finance lease receivable reduction	448,599	338,603	170,572	185,350	49,624
Financing costs	748,145	399,945	771,334	444,342	386,643
Foreign exchange (gain) loss	(411,798)	276,851	504,594	(84,444)	660,554
Impairment of loan receivable	-	120,714	-	250,000	-
Loss (gain) on settlement of debt	-	-	(261,407)	-	-
Loss (gain) on disposal of assets	38,947	(214,338)	-	-	-
Revaluation of earn-out liability	(599,000)	-	-	-	-
Stock based compensation	104,720	121,816	169,711	110,646	98,773
A&W JV EBITDA adjustments at 50% interest:					
Depreciation of equipment	184,124	234,576	180,317	-	-
Amortization of placement fees	10,416	10,416	8,417	-	-
Interest expense	26,531	25,437	16,292	-	-
Loss (gain) on disposal of assets	4,626	(1,101)	-	-	-
Adjusted EBITDA	**2,575,873**	**2,080,520**	**1,570,625**	**(142,830)**	**54,421**

Adjusted EBITDA includes:					
Integrity acquisition costs	-	-	96,000	30,000	161,000
Total normalization adjustments	-	-	96,000	30,000	161,000
	2,575,873	2,080,520	1,666,625	(112,830)	215,421

The Company's Adjusted EBITDA increased by $496,353 from $2,080,520 in Q4 2015 to $2,575,873 in Q1 2016. The increase in Adjusted EBITDA is mainly due higher lease revenue in Q1 2016 as a result of the deployment of additional revenue generating machines during the quarter.

The Company's Adjusted EBITDA increased by $509,895 from $1,570,625 in Q3 2015 to $2,080,520 in Q4 2015. The increase in Adjusted EBITDA was due to higher lease revenue in Q4 as a result of full 3 months of revenue generated by Integrity Companies acquired on July 20, 2015 and generating revenue from a new casino that opened in November 2015 with 150 Poydras' owned machines.

The Company's Adjusted EBITDA increased by $1,713,455 from negative ($142,830) in Q2 2015 to $1,570,625 in Q3 2015. The increase in Adjusted EBITDA is due to the significant increase in lease revenue in Q3 as a result of acquisition of the Integrity Companies on July 20, 2015 and a full 3 months of revenue from machines placed at Tonkawa casinos. Q3 2015 Adjusted EBITDA was negatively impacted by approximately $96,000 of legal, audit and consulting costs incurred in connection with the acquisition of the Integrity Companies.

The Company's Adjusted EBITDA decreased by $197,251 from $54,421 in Q1 2015 to negative ($142,830) in Q2 2015. The decrease in Adjusted EBITDA included the recording in Q2 2015 management and employees bonus accruals totaling $344,000 (Q1 2015 - $Nil), a portion of which was contingent upon closing of the acquisition of the Integrity Companies. Q2 2015 Adjusted EBITDA was also negatively impacted by approximately $30,000 of legal, audit and consulting costs incurred in connection with the acquisition of the Integrity Companies.

Results of Operations

Quarter ended March 31, 2016 ("Q1 2016") compared with the quarter ended March 31, 2015 ("Q1 2015")

Net income for Q1 2016 was $341,262 or $0.00 per share compared to $1,504,323 net loss or $0.01 loss per share in Q1 2015. The major significant variances include increase in depreciation expense on property and equipment, salaries and benefits, office and administration expenses, amortization of intangible assets, accretion and interest expenses on financing loan payable, which were offset by increased revenue, foreign exchange gain, decrease in professional fees and revaluation of earn-out liability. Based on the 10:1 share capital consolidation completed on May 2, 2016, the company would have earned $0.01 per share in net income for the quarter.

Significant differences between Q1 2016 and Q1 2015 results of operations are as follows:

Revenue

Q1 2016 leasing revenue was $3,020,919 (2015 Q1 - $656,088). The increase in revenue was mainly due to generating leasing revenue from an average of 2,471 gaming machines in Q1 2016 as compared to an average of 341 gaming machines in Q1 2015. The increase in the number of machines is mainly due to the acquisition of Integrity Companies on July 20, 2015 with its interest in approximately 1,600 revenue generating machines. The Company also generated revenues from bingo sales of $669,504 (2014 - $Nil).

Income from Equity Accounted Investees

Income from equity-accounted investees was $337,558 (2015 Q1 - $Nil). This revenue represents the Company's 50% share of net income from the operations of A&W JV.

Operating Expenses

Operating expenses for Q1 2016 were $1,612,314 (Q1 2015 - $450,063). The increase in expenses is related to the increase in revenue and increase in the number of gaming machines to be serviced and depreciated. Major components of the operating costs were advertising and promotion of $26,775 (Q1 2015 - $Nil), bad debt expense recovery of $10,925 (Q1 2015 - $Nil), depreciation of gaming machines of $888,132 (Q1 2015 - $217,262), amortization of equipment placement fees of $443,148 (Q1 2015 - $72,355), equipment service fees and replacement parts of $164,583 (Q1 2015 - $117,928), gaming commission fees of $30,749 (Q1 2015 - $20,558) and travel of $69,852 (Q1 2015 - $21,960).

General and Administrative Expenses

General and administrative expenses for Q1 2016 were $1,520,701 (Q1 2015 - $594,764). The increase in expenses was mainly due to (i) an increase in operations from the date of acquisition of Integrity Companies on July 20, 2015, (ii) an increase in expenses incurred to maintain an ongoing growth in operations and public disclosure obligations, which was offset by a decrease in professional fees which had been high in Q1 2015 due to the acquisition of Integrity Companies, and (iii) an increase in salaries and benefits due to increase of number of employees. Major components of general and administrative costs were consulting expenses of $71,967 (Q1 2015 - $29,168), investor relations expenses of $25,682 (Q1 2015 - $48,418), salaries and benefits of $1,006,617 (Q1 2015 - $172,529), office and administration of $245,294 (Q1 2015 - $28,710), professional fees of $43,385 (Q1 2015 - $207,444), stock based compensation of $104,720 (2015 Q1 - $98,773) and listing, filing and transfer agent fees of $23,036 (Q1 2015 - $9,722).

Amortization of Intangible Assets

Amortization of intangible assets for Q1 2016 was $216,061 (Q1 2015 - $73,533). The Company recorded intangible assets on May 9, 2014 and on July 20, 2015 as a result of the acquisitions of Windy Hill and Integrity Companies, respectively.

Financing Costs

Financing costs for Q1 2016 were $748,145 (Q1 2015 - $386,643). The increase in financing costs was mainly due to the accretion of convertible debentures and interest expense on equipment loans. Accretion expense is realized as the Company's debentures approach maturity. Interest expense increased due to an increase in equipment loans payable. Significant components of the financing costs were: accretion expense on convertible debentures of $361,881 (Q1 2015 - $300,200), accretion expense on promissory notes payable of $30,467 (Q1 2015 - $47,944); accretion expense on financing loan payable of $140,339 (Q1 2015 - $Nil); interest expense of $200,898 (Q1 2015 - $4,652); and financing costs of $14,560 (Q1 2015 - $33,847).

Foreign Exchange Gain/Loss

Foreign exchange gain for Q1 2016 was $411,798 (Q1 2015 loss – $660,554). The foreign exchange gain is an unrealized gain recorded by PGFC on translation of the USD denominated $7,732,000 convertible debentures into PGFC's Canadian dollar functional currency.

Revaluation of Earn-out Liability

Revaluation of earn-out liability for Q1 2016 was $599,000 (Q1 2015 - $Nil). As of March 31, 2016, the Company finalized and adjusted its earn-out liability from $599,000 as of December 31, 2015 to $Nil as of March 31, 2016, resulting in a $599,000 revaluation adjustment.

Deferred Income Taxes

The Company recorded a deferred income tax expense for Q1 2016 of $131,960 (Q1 2015 - $Nil) related to the adjustment to deferred income tax liabilities.

Summary of Quarterly Results

The table below summarizes selected unaudited financial data for the Company's last eight quarters. The following information is expressed in USD and is derived from the Company's financial information prepared in accordance with International Accounting Standards 34, Interim Financial Reporting, using accounting policies consistent with IFRS:

	Quarter Ended Mar 31, 2016	Quarter Ended Dec 31, 2015	Quarter Ended Sep 30, 2015	Quarter Ended Jun 30, 2015	Quarter Ended Mar 31, 2015	Quarter Ended Dec 31, 2014	Quarter Ended Sep 30, 2014	Quarter Ended June 30, 2014
Total revenue [1]	3,690,423	3,525,411	3,067,616	910,465	656,088	545,098	543,495	386,540
Wavg # machines [1]	2,471	2,330	1,982	574	341	279	271	201
Net income (loss) [2]	341,262	(981,101)	1,103,411	(1,530,182)	(1,504,323)	(1,394,003)	(1,302,155)	(8,229,857)
Comprehensive income (loss) [3]	(95,754)	(695,899)	1,603,193	(1,672,301)	(867,071)	(1,141,783)	(981,343)	(8,442,418)
Basic and diluted loss per share [4]	0.00	(0.00)	0.00	(0.01)	(0.01)	(0.01)	(0.01)	(0.09)

[1] Increase in revenue between quarters is directly related to the increase in the weighted average number ("**Wavg #**") of gaming machines generating revenue in each quarter. The Company's revenue is also subject to seasonal fluctuation.

[2] Increase in net loss from Q4 2014 to Q1 2015 is mainly due to increase in foreign exchange loss. Q2 2015 net loss was similar to net loss in Q1 2015, as increase in revenue and reduction of foreign exchange loss was offset by a $250,000 impairment write-down of a loan receivable and a $344,000 bonus to management and employees, a portion of which was contingent upon closing of the acquisition of the Integrity Companies. Q3 2015 net income significantly increased compared with Q2 2015 net loss mainly due to increase in revenue in Q3 2015 as a result of acquisition of Integrity Companies and recognition of deferred income tax recovery of $2,302,033. Significant decrease in net income from Q3 2015 to Q4 2015 is mainly due recognition of differed income tax expense of $287,400 in Q4 2015 as compared to a $2,302,033 deferred income tax recovery recognized in Q3 2015. Q1 2016 net income increase compared with Q4 2015 net loss is mainly due to recognition of revaluation adjustment of earn-out liability and foreign exchange gain.

[3] Changes in comprehensive loss reflect the changes in net loss for each quarter plus the impact of foreign currency translation from Canadian functional currency to USD presentation currency of PGFC and PSFC.

[4] Basic and diluted 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. Q2 2014 loss per share increased due to the significant increase in net loss for the quarter, which was offset by the increase in the number of shares outstanding due to RTO transaction and concurrent business acquisitions on May 9, 2014.

Liquidity and Capital Resources

To date, the Company has financed its operations through debt, equity and internally generated cash flows from leasing revenue.

Recent Financing

On December 9, 2015, Poydras closed a financing loan agreement for $3,500,000. The loan bears an annual interest rate of 12% and is repayable in monthly blended principal and interest payments over 48 months.

Cash

As of March 31, 2016, Poydras had cash of $2,450,463, compared with $2,275,174 of cash on December 31, 2015. The increase in cash is mainly due to collecting more cash from the customers.

Cash Used in / Generated from Operating Activities

Cash generated from operating activities during the three months ended March 31, 2016 was $1,166,307, compared with $505,995 of cash used in operating activities during the three months ended March 31, 2015.

Cash generated from operating activities during the three months ended March 31, 2016 consisted of (i) $930,576 of cash generated from operating, general and administrative, regulatory compliance and professional fees, net of cash collected from customers and (ii) $235,731 in increased cash due to increased non-cash current working capital.

Cash spent on operating activities during the three months ended March 31, 2015 consisted of (i) $251,130 of cash used in operating, general and administrative, regulatory compliance and professional fees, net of cash collected from customers and (ii) $254,865 cash decrease due to increase in non-cash current working capital.

Cash Used in / Generated from Investing Activities

Cash generated from investing activities during the three months ended March 31, 2016 was $608,224, compared with $1,082,996 of cash used in investing activities during the three months ended March 31, 2015. Cash generated from investing activities during the three months ended March 31, 2016 included acquisitions of $52,060 in new gaming equipment, receiving $29,391 pursuant to financing loans receivable agreements, receiving $448,599 under the finance lease receivable, receiving $232,294 of cash distributions from A&W joint venture, and investing $50,000 to acquire an IP license from BitBoss.

Cash used in investing activities during the three months ended March 31, 2015 included spending $1,027,434 on Tonkawa placement fees, investing $3,288 on acquisitions of gaming equipment, and advancing $52,274 pursuant to financing loans receivable agreements.

Cash Used in / Generated from Financing Activities

Cash used in financing activities during the three months ended March 31, 2016 was $1,574,024 compared with $342,502 of cash used in financing activities during the three months ended March 31, 2015. Cash used in financing activities during the three months ended March 31, 2016 included principal repayments of $1,396,247 on equipment loans and $141,484 on promissory notes payable, as well as $36,293 spent on the private placement completed in April 2015 and short-form prospectus offering in July 2015.

Cash used in financing activities during the three months ended March 31, 2015 included principal repayment of $179,919 on equipment loans and $162,583 on promissory notes payable.

Working Capital

At March 31, 2016, Poydras had a working capital deficiency of $12,433,320 compared with $5,911,363 working capital balance as of December 31, 2015. The decrease in working capital is mainly due to considering convertible debentures payable as current liabilities at March 31, 2016. On December 9, 2015, Poydras completed a $3,500,000 loan financing to address the Company's immediate working capital shortfall in addition to funding additional growth.

Previous Financings - Use of Proceeds

Financing	Purpose of the Financing	Actual Use of Proceeds
December 9, 2015 loan financing of $3,500,000	For general working capital purposes and to fund additional growth	As of March 31, 2016, the Company used approximately $1,225,000 to settle its payables and loans payable, and the remaining $2,275,000 was held to fund future operations

Liquidity Outlook

Poydras' cash position is highly dependent on the ability of its investments to generate revenue and the Company's ability to enter into new revenue-generating investments in the gaming industry. On July 20, 2015, the Company paid $3,753,890 in cash as partial consideration for the acquisition of Integrity Companies. As of the date of this MD&A, the Company paid $5,500,000 of Tonkawa Placement Fees and acquired through a combination of cash and leasing a total 600 machines placed at Tonkawa casinos. The Company continues to place additional machines in various casino facilities in Oklahoma. These new placements are expected to positively impact the Company's revenue and operating cash flow in 2016. The Company is also actively considering a number of other opportunities, including significant expansions of placements with its current

customers. However, definitive investment decisions have not yet been made with respect to any new opportunities.

The Company's common shares are puttable by the holders at any time for fair value under certain limiting conditions. This can result in unforeseen liquidity constraints on the Company if the shareholders decide to redeem their shares.

Poydras' objective when managing capital is to maximize returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. Poydras is not subject to externally imposed capital requirements. In managing the Company's capital structure, Poydras' management reviews monthly or quarterly financial information and provides regular reports to the board of directors.

On December 9, 2015, Poydras closed a $3,500,000 loan financing to provide working capital shortfall in addition to funding additional growth.

The condensed interim consolidated financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company experienced significant losses since inception, has a working capital deficiency and was late with monthly loan repayments of certain loans. These circumstances have resulted in a material uncertainty about whether the Company will be able to obtain alternative financing required for repayment of the bank borrowings and meet its other obligations as they become due. This material uncertainty may cast significant doubt about the ability of the Company to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate profits, positive cash flows from operations, and to obtain additional funding from loans and other financing arrangements which the Company is in the process of arranging. However, there can be no assurance that these activities will be successful. The Company's condensed interim consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate. If the going concern basis was not appropriate for these condensed interim consolidated financial statements, then adjustments would be necessary to the carrying values and classification of assets and liabilities, and such adjustments could be material.

Off-Balance Sheet Arrangements

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

Transactions between Related Parties

As of March 31, 2016, the Company's related parties and key management personnel consists of the Company's directors and executive officers.

Name / Personal Corporation	Relationship	Nature of Transaction
Peter Macy	Director and CEO	Management salaries, RSUs and stock based compensation
Daniel Davila	Director and President	Management salaries, RSUs and stock based compensation
Matthew Dickson	EVP Operations and Corporate Secretary; also a director, officer, and significant shareholder of BitBoss	Management salaries, RSUs and stock based compensation
Adam Kniec	CFO	Management fees, RSUs and stock based compensation
Prakash Hariharan	Director	Stock based compensation
Robert Miodunski	Director	Stock based compensation
Kim Oishi	Director	Stock based compensation

Name / Personal Corporation	Relationship	Nature of Transaction
David Danziger	Director	Stock based compensation

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 March 31, 2016, the Company's key management personnel consist of the Company's directors and senior management (Chief Executive Officer, President and Chief Financial Officer). Poydras incurred fees and expenses in the normal course of operations in connection with the key management personnel. Details are as follows:

Nature of Transactions		March 31, 2016		March 31, 2015
Management salaries and bonuses	$	303,090	$	129,718
Stock based compensation - options		47,864		98,773
Stock based compensation - RSUs		41,015		-
	$	391,969	$	228,491

(a) During the three months ended March 31, 2016, the Company recorded $303,090 (March 31, 2015 - $129,718) of management salaries and bonuses for the Company's directors and officers.

(b) As of March 31, 2016, included in accounts payable and accrued liabilities is $371,401 (December 31, 2015 - $272,000) of accrued management bonus payable.

(c) Commitments

The Company signed four employment agreements with the Company's senior management for an initial term of between 3 and 5 years. Employment terms include the following commitments:

(i) basic annual compensation of between $150,000 and $250,000;
(ii) annual bonus equal to a minimum of 40% and a maximum of 75% of the basic annual compensation, subject to successfully achieving certain goals established by Company;
(iii) in case of termination of the employment agreement by the Company without cause the employee is entitled to receive a severance payment equal to two times basic annual compensation plus two times minimum annual bonus and all unvested stock options will vest immediately.

The above transactions occurred in the normal course of operations, and are measured at the amount of consideration established and agreed to by the related parties.

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 consolidated 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. Critical estimates include, among others, the useful life and recoverability of property and equipment, the valuation of deferred income tax assets, the classification of leases, amortization of placement fees, the recoverable amount of the investment in A&W JV, and the valuation of intangible assets and goodwill.

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. Critical accounting policies which involve judgments or assessments made by management include accounting for the acquisition of Poydras Gaming LLC and Integrity Companies, accounting for leases from equipment manufacturers and leases to casinos as well as determination of the going concern assumption.

The recoverable amounts of CGUs and individual assets have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions the Company uses in estimating future cash flows for recoverable amounts are anticipated residual value of equipment, expected financing revenue from leasing of the equipment and future operating and financing costs. Changes to these assumptions will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

Impairment of Assets

The recoverable amount of the gaming equipment have been determined based on the higher of fair value less costs to sell or value-in-use calculations. The key assumptions Poydras uses in estimating future cash flows for recoverable amounts are anticipated residual value of equipment, estimated useful life of equipment, expected financing revenue from leasing of the equipment and future operating and financing costs. Changes to these assumptions will affect the recoverable amount of the gaming equipment and may then require a material adjustment to their related carrying value.

Impairment of Loans receivable

The key assumptions the Company uses in estimating future cash flows for recoverable amounts of the loans receivable are anticipated residual value of machines, estimated useful life of the machines and the expected financing revenue generated from the machines. Changes to these assumptions will affect the recoverable amount of loans receivables and may require a material adjustment to their related carrying value.

Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectation of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives weight to evidence that can be objectively verified.

Recent Accounting Pronouncements

The Company has not adopted any new and revised standard during the period ended March 31, 2016.

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. There were no new accounting pronouncements relevant to the Company's operations issued subsequent to December 31, 2015.

Financial Instruments and Other Instruments

As of March 31, 2016, Poydras' financial instruments consist of cash, accounts receivable, loans receivable, accounts payable, loans payable, promissory notes payable and convertible debentures payable. The carrying values of cash, accounts receivable and accounts payable and earn-out payable approximate their respective carrying values due to their short-term maturities. The fair value of the loan receivable, loans payable, promissory notes payable and convertible debentures approximate their carrying values as at March 31, 2016 because the underlying market rate did not change significantly.

Poydras' risk exposures and the impact on Poydras' financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. During any financial quarter, a small number of customers account for a significant percentage of Poydras' revenue. As a result of its customer concentration, Poydras is subject to credit risk if one or more customers fail to make payments. The Company is continuously monitoring credit quality of loans, finance leases and other receivables and impairment losses are recorded when there is objective evidence that recorded amounts are not fully recoverable.

Liquidity risk

Liquidity risk is the risk that Poydras will not be able to meet its financial obligations as they become due.

The Company's common shares are puttable by the holders at any time for fair value, under certain limited conditions. This can result in unforeseen liquidity constraints on the Company if the shareholders decide to redeem their shares.

Poydras manages liquidity risk through ongoing management and forecasting of cash flows, budgeting, and financings of equity and debt. Cash flow forecasting is performed to monitor cash requirements and inform capital management decisions. Such forecasting takes into account current and potential returns on investments and Poydras' business expansion expectations.

Poydras' approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due (refer to the going concern risk disclosed in the Liquidity Outlook section of this MD&A). As of March 31, 2016, Poydras had cash of $2,450,463 which was insufficient to settle current liabilities of $18,970,817. However, the Company is expecting its revenue to continue to increase as a result of the acquisition of Integrity Companies, full implementation of the Company's machine placement with the Tonkawa Tribe of Oklahoma and other projects.

The following table summarizes amounts and maturity dates of the Company's contractual obligations as of March 31, 2016:

	2016 $	2017 $	2018 $	2019 $	Total $
Accounts payable and accrued liabilities	2,623,153	-	-	-	2,623,153
Equipment loans payable *	7,603,544	5,616,632	2,242,636	1,472,499	16,935,311
Promissory notes payable *	487,749	325,167	-	-	812,916
Convertible debentures *	637,890	7,944,630	-	-	8,582,520
Office and warehouse leases	45,675	21,200	13,500	-	80,375
	11,398,011	13,907,629	2,256,136	1,472,499	29,034,275

* Including future interest expense repayments

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

Interest rate risk

As of March 31, 2016, Poydras had (i) a number of equipment loans payable totaling $14,830,758 with maturities between payable on demand and December 9, 2019 and with fixed annual interest rates of between 0% and 12%, (ii) convertible debentures payable with a face value of $7,050,723 bearing an annual interest rate of 11% and (iii) promissory notes payable with principal and accrued interest of $737,972 bearing a 10% interest rate and repayable in 11 equal quarterly payments of $162,583 commencing on November 30, 2014 and ending on May 31, 2017. Poydras also has loan receivable with a carrying value of $36,809 bearing an annual interest rate of 4%.

New loan agreements may be entered into in the future or existing loans may be renewed at new interest rates, therefore Poydras is subject to interest rate risk.

Foreign currency risk

Poydras' operations are located in the United States and in Canada; therefore Poydras is exposed to foreign currency risk. Additionally, the number of common shares that potentially would be issued upon conversion of the convertible debentures depends on the Canadian/USD foreign exchange rate which is used to translate the Company stock price from Canadian to US dollars.

Price risk

Equity price risk is defined as the potential adverse impact on a company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Poydras is exposed to price risk with respect to equity prices due to impact of its stock price on the valuation of the convertible debenture conversion feature. The higher the stock price above the C$0.33 conversion price, the higher the fair value of the conversion feature and the corresponding loss that would be recognized through profit and loss.

Outstanding Share Data

The following table summarizes the maximum number of common shares potentially outstanding as at March 31, 2016 and as of the date of this MD&A if all outstanding debentures were converted to common shares:

	Pre-consolidation basis 10:1		**Post-consolidation basis 10:1 ***	
	As of March 31, 2016	**As of date of this MD&A**	**As of March 31, 2016**	**As of date of this MD&A**
Common shares	345,489,260	345,489,260	34,548,926	34,548,926
Convertible debentures convertible into common shares	30,377,388	30,414,876	3,037,739	3,041,488
Share purchase options	15,800,000	20,000,000	1,580,000	2,000,000
Share purchase warrants	6,387,940	3,286,380	638,794	328,638
Restricted Share Units	10,000,000	18,800,000	1,000,000	1,880,000
Fully diluted	408,054,588	417,990,516	40,805,459	41,799,052

* On May 2, 2016, the Company completed a share capital consolidation on 10:1 basis. Unless otherwise indicated, all references in this MD&A to the Company's securities are on pre-consolidation basis.

Subsequent Events

a) Share Capital Consolidation

Subsequent to March 31, 2016, on May 2, 2016, the Company completed a 10 for 1 share capital consolidation. Unless otherwise indicated, all information disclosed in these condensed interim consolidated financial statements is on pre-consolidation basis.

b) Stock Options

On May 4, 2016, the Company granted 4,200,000 (420,000 post-consolidation) stock options to its directors and employees. These stock options can be exercised at the price of C$0.048 (C$0.48 post-consolidation) per share until May 4, 2021.

c) RSUs

On April 26, 2016, the Company granted 8,800,000 (880,000 post-consolidation) RSUs to its directors, officers and employees. These RSUs vest at the later of (a) April 30, 2017 and (b) the date upon which the Company achieves Adjusted EBITDA in excess of U$14,000,000 for any four consecutive quarters. Unvested RSUs will expire on April 30, 2019. The Company has the option to settle the RSUs upon vesting in either common shares of the Company or in cash.

Risks and Uncertainties

Details of the risks and uncertainties related to the Company's business are set out in the Company's Short Form Prospectus dated June 24, 2015 under the heading "Risk Factors" which is available on www.SEDAR.com.

Corporate Directory

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Robert Miodunski – Director
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David Danziger – Director
Adam Kniec - CFO
Matthew Dickson - Executive Vice President of Operations & Corporate Secretary

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Prakash Hariharan
Robert Miodunski

Compensation Committee
Robert Miodunski (Chairman)
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