QUANTUM INTERNATIONAL INCOME CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2016

GENERAL

The following Management Discussion and Analysis ("MD&A") should be read in conjunction with the condensed interim consolidated financial statements (the "Financial Statements") and the notes contained therein of Quantum International Income Corp (the "Company" or "Quantum") for the three and nine months ended November 30, 2015 and 2016.

The unaudited condensed interim consolidated financial statements are prepared by management and reported in U.S. dollars, in accordance with International Accounting Standard "IAS" 34, "Interim Financial Reporting" as issued by the International Accounting Standards Board ("IASB"). The unaudited condensed interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's 2016 audited consolidated financial statements and the notes thereto, and the 2016 MD&A filed with Canadian regulatory agencies. The documents are available at www.sedar.com.

This MD&A was prepared effective January 30, 2017

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FORWARD LOOKING INFORMATION

Certain statements contained in this MD&A constitute forward-looking statements and forward-looking information (collectively, "Forward-Looking Statements") and Quantum cautions investors about important factors that could cause Quantum's actual results to differ materially from those expressed, implied or projected in any Forward-Looking Statements included in this MD&A. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "will likely result", "are expected to", "expects", "will continue", "is anticipated", "anticipates", "may", "could", "believes", "estimates", "intends", "plans", "forecast", "projection" and "outlook") are not historical facts and may be Forward-Looking Statements that involve projections, estimates, assumptions, known and unknown risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in such Forward-Looking Statements or otherwise materially inaccurate. No assurance can be given that these expectations or assumptions will prove to be correct and such Forward-Looking Statements included in this MD&A should not be unduly relied upon. These Forward-Looking Statements speak only as of management's beliefs and expectations as of the date of this MD&A. In addition, this MD&A may contain Forward-Looking Statements drawn from or attributed to third party sources. Accordingly, any such statements are qualified in their entirety by reference to the information discussed throughout this MD&A.

In particular, this MD&A contains Forward-Looking Statements regarding anticipated future financial, structural, growth and operating performance of Quantum, including as it pertains to the operations detailed in this MD&A and the deployment of capital into new acquisitions.

Actual results may differ materially due to a number of risks and uncertainties faced by Quantum, including, but not limited to: general economic and business conditions; global financial conditions; the failure of Quantum to identify future acquisition targets; third parties honouring their contractual obligations with Quantum and its subsidiaries; relationships with operating and/or joint venture partners; inaccuracy, incompleteness or omissions in any of the financial and other information upon which management bases its analysis of potential acquisitions; the failure to realize the anticipated benefits of Quantum's current and future acquisitions; factors relating to the healthcare industry, including reliance on third-party payors for revenue; licensing, certification and accreditation risk; healthcare regulatory requirements; dependence on physician relationships; litigation, professional liability claims; insurance coverage limitations and uninsured risks; dependence on key personnel at the Quantum and operations level; competition from other healthcare providers; factors relating to the media content generation and distribution industry, including ability to deliver services in a timely manner; changes in technology, consumer markets or demand for media services; changes in federal, provincial and foreign content laws and regulations; dependence on third party content producers; competition for, among other things, capital, equipment and skilled personnel; the inability to generate sufficient cash flow from operations to meet future obligations; the inability to obtain required debt and/or equity financing for future acquisitions on suitable terms; competition for acquisition targets; seasonality and fluctuations in results; and limited diversification of Quantum's business industries, structures and operations.

Quantum cautions that the list and description of Forward-Looking Statements, risks, assumptions and uncertainties set out above is not exhaustive. Quantum will update the Forward-Looking Statements as required by securities law. All Forward-Looking Statements contained in this MD&A are qualified by these cautionary statements.

Unless otherwise specified in this MD&A, information contained in this MD&A is current as of the date of this MD&A. Unless otherwise specified, all dollar amounts herein refer to U.S. dollars. Additional information on these and other factors that could affect the operations or financial results of Quantum and its subsidiaries are included in disclosure documents filed by Quantum with the securities regulatory authorities, available under Quantum's profile on SEDAR at www.sedar.com.

BUSINESS OVERVIEW

Quantum International Income Corp. ("Quantum" or the "Company") intends to seek opportunities to acquire and grow businesses in order to generate stable distributions for its shareholders, along with capital appreciation. The Company will seek to acquire operating businesses with a proven track record, an opportunity for growth and whose management wishes to continue to operate the business going forward. The Company's investment approach will be to grow through the acquisition of "platform" businesses that are consistent with its business strategy and acquisition criteria and then to continue to build revenues and earnings within these businesses. Potential acquisition targets may be private or public companies in a variety of industries, including US Healthcare, thereby allowing for diversification. Acquisition of all or a majority of the ownership of each such business is preferred. Value will be created by seeking out high growth, high margin opportunities where the acquired businesses can maintain and develop the deep knowledge, expertise and understanding of their customers' needs required to deliver superior service and command higher pricing and margins than the competition.

RECENT DEVELOPMENTS

Additions to Management Team

On November 11, 2016, the Company announced several additions to its management team.

Mr. Ryan Bouskill was appointed to the position of Chief Financial Officer ("CFO"), replacing the Company's current CFO. Mr. Bouskill has over ten years of experience in public and private accounting and is a graduate of the University of Western Ontario. Mr. Bouskill currently holds the Chartered Professional Accountant (Canada) designation.

The Company also hired Mr. Hassan Ijaz to the position of Controller of the Company and Lucky Bucks, LLC. Mr. Ijaz has served in different public accounting roles in his career. Mr. Ijaz currently holds the Chartered Professional Accountant (Canada) and Certified Public Accountant (United States) designations.

Finally, the Company hired Stephanie Lippa to provide administrative and office management services at the Company's Toronto office.

The Company announced a grant of stock options pursuant to the stock option plan of the Company, whereby the Company granted stock options to Mr. Ijaz (250,000) and Mr. Manu Sekhri (3,347,180). Each of the stock options granted entitle the holder to purchase one common share of the Corporation at a price of $0.09 until November 11, 2021.

Acquisition –Lucky Bucks, LLC "LBI"

On October 24, 2016, the Company announced that that it closed (1) an acquisition by one of the Company's wholly-owned subsidiaries (the "Acquisition") of a controlling interest (51%) in the business of Lucky Bucks, LLC, (2) the advancement to a wholly-owned subsidiary of the Company by an affiliate of Trive Capital (the "Lender") of US$11,000,000 pursuant to a first lien senior secured loan (the "Loan") to fund the Acquisition, and (3) the private placement of 21,942,522 common shares of the Company to the Lender for gross proceeds of US$1,500,000 (the "Equity Investment"). In connection with the Loan, the Lender also agreed to make available up to US$20,000,000 of additional financing for future acquisitions by the Company that are approved by the Lender.

The Loan was issued with an 8% original issue discount, bears interest at a fixed rate of 16% per annum and matures on April 21, 2019.The Loan is secured by first priority mortgage liens and first priority security interests in all of the tangible and intangible assets of Southern Star Gaming, LLC and the Company, including the equity interest in Lucky Bucks, LLC the Company will acquire pursuant to the acquisition, but excluding the surgery center assets of Centers for Special Surgery, LLC (a subsidiary of the Corporation), as well as all permits and contracts with the State of Georgia and all owner/operator gaming machine contracts.

The total purchase price for the Acquisition was $13,500,000. On the closing of the Acquisition, the Corporation paid the vendor $10,000,000 in cash and issued the vendor 43,885,045 common shares of the Corporation. The remaining $500,000 of the purchase price is payable to the vendor in cash at the end of the first year following the closing of the Acquisition. In connection with Acquisition, the Corporation paid James Boyden a fee of $100,000 by issuing him 1,116,071 common shares of the Corporation.

Expected Benefits of the Acquisition

- Provides for the acquisition of a leading operator of electronic gaming machines in the Georgia market
- Allows for immediate scale in revenue and adjusted EBITDA
- Creates the leading acquisition platform in the Georgia market
- Anticipated by management to be immediately accretive to cash flow and earnings per share

Divestiture of a controlling interest in MME

On October 17, 2016, Multi Media Entertainment Inc. ("MME") agreed to buy back the Company's 400 Class B common shares. The Company received a promissory note of one hundred and fifty thousand dollars (CAD $150,000). The promissory note bears an annual interest rate of twelve percent (12%) accrued daily and compounded annually. There is a general security agreement providing for a first charge and secured interest on all assets of MME. The Company received 120 warrants of MME with an expiry date of August 17, 2018.

Stock Option Grant

On August 31, 2016, the Company announced the grant of 3,246,540 options to the Directors, CEO and an employee. The options vest immediately at issuance. Each of the stock options granted entitle the holder to purchase one common share of the Company at a price of $0.06 until August 26, 2021.

Cease trade order

On July 5, 2016 trading in the Company's shares was halted by the TSX Venture Exchange pursuant to a Cease Trade Order issued by the Ontario Securities Commission. The cease trade order was issued due to the non-filing of the Company's audited annual financial statements and other related documents on June 27, 2016. Those required documents were filed by the Company on July 15, 2016.

On July 21, 2016, the Ontario Securities Commission revoked this cease trade order.

Amendments to the exercise price of certain outstanding stock options

On June 15, 2016, the Company announced that it completed amendments to the exercise price of 3,400,000 stock options granted to Manu Sekhri, CEO from $0.42 CDN per common share to $0.05 CDN per common share.

Note Facility Drawdown

On March 16, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., completed a drawdown under its previously announced credit facility in the principal amount of $110,000 CDN.

In connection with this drawdown, the Borrower paid finders and agents a cash commission equal to $11,000 CDN, of which $8,250 CDN was paid in common shares of the Company valued at $0.05 CDN per Common Share, as well as broker warrants to acquire 220,000 common shares of the Company at a price of $0.05 CDN per common share at any time during the 12 months following the date of issuance of such broker warrants.

On April 25, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., completed a drawdown under its previously announced credit facility in the principal amount of $110,000 CDN.

In connection with this drawdown, the Borrower expects to pay finders and agents a cash commission equal to $11,000 CDN, of which $8,250 CDN is expected to be paid in common shares of the Company valued at $0.05 CDN per Common Share, as well as broker warrants to acquire 220,000 common shares of the Company at a price of $0.05 CDN per common share at any time during the 12 months following the date of issuance of such broker warrants.

On May 17, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., completed a drawdown under its previously announced credit facility in the principal amount of $110,000 CDN.

In connection with this drawdown, the Borrower expects to pay finders and agents a cash commission equal to $11,000 CDN, of which $8,250 CDN is expected to be paid in common shares of the Company valued at $0.05 CDN per Common Share, as well as broker warrants to acquire 220,000 common shares of the Company at a price of $0.05 CDN per common share at any time during the 12 months following the date of issuance of such broker warrants.

On June 15, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., completed a drawdown under its previously announced credit facility in the principal amount of $110,000 CDN.

In connection with this drawdown, the Borrower expects to pay finders and agency cash commission equal to 11,000 CDN, of which $8,250 CDN is expected to be paid in common shares of the Company value at $0.05 CDN per Common Share, as well as broker warrants to acquire 220,000 common shares of the Company at a price of $0.05 CDN per common share at any time during the 12 months following the date of issuance of such broker warrants.

On July 15, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., completed a drawdown under its previously announced credit facility in the principal amount of $110,000 CDN.

In connection with this drawdown, the Borrower expects to pay finders and agency cash commission equal to 11,000 CDN, of which $8,250 CDN is expected to be paid in common shares of the Company value at $0.05 CDN per Common Share, as well as broker warrants to acquire 220,000 common shares of the Company at a price of $0.05 CDN per common share at any time during the 12 months following the date of issuance of such broker warrants.

On August 19, 2016, the Company's wholly-owned subsidiary Quantum US Healthcare Corp., has completed a drawdown under its previously announced credit facility in the principal amount of $429,240.

In connection with this drawdown, the Borrower expects to pay finders fees equal to $42,924 in cash, as well as broker warrants to acquire 858,480 common shares of the Company at a price of $0.05 per common share at any time during the 12 months following the date of issuance of such broker warrants.

Appointment of new director

On March 16, 2016, Mr. Peter Shippen joined the Board of Directors of the Company.

Assignment of option

On March 16, 2016, the Board of Directors approved a transaction concerning the Company's irrevocable option to acquire, for no additional consideration, 9,000,000 common shares of the Company from affiliates of DGAT Partners, LLC. In order to provide meaningful incentives to senior management, the Board of Directors has approved the assignment by the Company of the Anesthesia Option to Mr. Sekhri. As a condition to the assignment, Mr. Sekhri has agreed to pay to the Company a price of $0.05 CDN per common share acquired by Mr. Sekhri upon any exercise of the Anesthesia Option. The assignment of the Anesthesia Option has been approved by a majority of shareholders of the Company (other than Mr. Sekhri) by way of written consent.

On April 18, 2016, Toronto Stock Exchange approved the assignment by the Company to an entity controlled by Mr. Sekhri of an outstanding option to acquire 9,000,000 common shares of the Company.

Resignation of a director

On April 1, 2016, Douglas Stuve resigned from the Board of Directors of the Company.

Consulting Agreement

On April 1, 2016, the Company entered into a new consulting agreement with an entity controlled by Mr. Sekhri. Prior thereto, Mr. Sekhri had been working for the company on an "at will" basis and without a contractual relationship. The consulting agreement provides for the continuation of compensation currently being paid to Mr. Sekhri, with the potential for an increase thereto as well as certain incentive payments in the event Mr. Sekhri is able to grow the business of the Company significantly.

FINANCIAL REVIEW

INCOME STATEMENT

	Three months ended November 30, 2016 $	Three months ended November 30, 2015 $	Nine months ended November 30, 2016 $	Nine months ended November 30, 2015 $
Revenue				
COAM revenue	1,514,489	-	1,514,489	-
Net licensing revenue	32,323	39,037	72,741	52,873
	1,546,812	39,037	1,587,230	52,873
Operating and other expenses				
General and administrative expenses	(3,560,235)	(3,257,603)	(5,481,598)	(7,281,888)
Finance costs	(359,910)	(91,786)	(423,042)	(147,980)
Gain (loss) on foreign exchange	-	24	(20,318)	58,248
Gain on sale of subsidiary	227,648	-	227,648	-
	(3,692,497)	(3,349,365)	(5,697,310)	(7,371,620)
LOSS FROM CONTINUING OPERATIONS BEFORE TAXES	(2,145,685)	(3,310,328)	(4,110,080)	(7,318,747)
Income taxes				
Current	-	-	-	-
NET LOSS FROM CONTINUING OPERATIONS	(2,145,685)	(3,310,328)	(4,110,080)	(7,318,747)
Net gain (loss) from discontinued operations	384,530	(1,571,176)	(193,373)	(3,334,896)
NET LOSS	(1,761,155)	(4,881,504)	(4,303,453)	(10,653,643)
Attributable to:				
Owners	(2,300,503)	(4,794,003)	(4,840,521)	(10,384,784)
Non-controlling interest	539,348	(87,501)	537,068	(268,859)
	(1,761,155)	(4,881,504)	(4,303,453)	(10,653,643)
Other comprehensive loss				
Foreign currency translation reserve	-	(1,254)	-	(9,182)
NET LOSS AND COMPREHENSIVE LOSS	(1,761,155)	(4,882,758)	(4,303,453)	(10,662,825)
Attributable to:				
Owners	(2,300,503)	(4,795,235)	(4,840,521)	(10,406,672)
Non-controlling interest	539,348	(87,523)	537,068	(256,153)
	(1,761,155)	(4,882,758)	(4,303,453)	(10,662,825)
Earnings (loss) per share attributable to owners				
Basic and diluted	(0.02)	(0.06)	(0.05)	(0.14)
Weighted average common shares issued and outstanding	125,865,528	85,624,333	93,431,999	74,613,390

Revenue

Revenue was $1,546,812 and $1,587,230 for the three and nine month period ended November 30, 2016 and $39,037 and $52,873 for the three and nine month period ended November 30, 2015. Revenue generated in the current period was primarily attributable to LBI.

General & administrative expenses

	Three months ended		Nine months ended	
	November 30, 2016	**November 30, 2015**	**November 30, 2016**	**November 30, 2015**
	$	**$**	**$**	**$**
Professional and advisory fees	2,415,922	1,590,958	3,697,606	2,158,738
Consulting fees	263,946	135,677	236,775	519,371
Management relocation	-	-	-	49,059
Regulatory and filing fees	12,746	20,750	75,143	84,485
Salaries and benefits	112,274	170,803	149,849	567,751
Depreciation and amortization	317,210	89,049	319,546	302,206
General administrative expenses	105,898	188,373	287,191	657,006
Impairment of assets	-	1,061,993	-	2,656,820
Bad debt	45,000	-	6,000	-
Stock based compensation	287,239	-	709,488	286,452
	3,560,235	3,257,603	5,481,598	7,281,888

General & administrative expenses for the three months ended November 30, 2016 increased compared to prior three month period. The increase is mainly attributable to the legal, consulting and acquisition costs relating to the LBI acquisition. Also the depreciation and amortization increased due to the property and equipment acquired through the Acquisition.

General & administrative expense for the nine months ended November 30, 2016 decreased compared to prior nine month period. The decrease is primarily related to no impairment charges being incurred in the nine months ended November 30, 2016 and a decrease in corporate overhead.

Finance costs

The Company incurred finance costs of $359,910 and $423,042 for the three and nine months ended November 30, 2016 and $91,786 and $147,980 for the three and nine months ended November 30, 2015. The increase in finance cost is mainly attributable to the interest paid on the loan from Trive Capital (see recent developments section above).

Net Loss

As a result of the foregoing factors, the net loss for the three and nine months ended November 30, 2016 was $1,761,155 and $4,303,453 and $4,881,504 and $10,653,643 for the three and nine months ended November 30, 2015.

Net gain (loss) attributable to non-controlling interest for the three and nine months ended November 30, 2016 was $539,348 and $537,068 and ($87,501) and ($268,859) for the three and nine months ended November 30, 2015.

Other Comprehensive Income

Other comprehensive loss for the three and nine months ended November 30, 2016 was $nil and $nil and $1,254 and $9,182 for the three and nine months ended November 30, 2015.

Net Comprehensive Loss

Net comprehensive loss for the three and nine months ended November 30, 2016 was $1,761,155 and $4,303,453 and $4,882,758 and $10,662,825 for three and six month ended August 31, 2015.

Net comprehensive income (loss) attributable to non-controlling interest for the three and nine months ended November 30, 2016 was $539,348 and $537,068 and $(87,523) and ($256,153) for the three and six months ended November 30, 2015.

CASH FLOW

CASH FLOW FROM (USED IN)	November 30, 2016 $	November 30, 2015 $
Operating activities	(1,693,570)	(3,319,593)
Investing activities	(10,715,011)	(1,263,636)
Financing activities	13,476,324	4,173,002
Increase (decrease) in cash and cash equivalents	1,067,743	(410,227)

Cash flows used in operating activities during the nine months ended November 30, 2016 were primarily for the payment of operating and corporate expenses.

Cash flow used in investing activities includes the amount the Company spent on the LBI acquisition and property and equipment acquisitions.

Cash flows from financing activities includes the proceeds from loan payable, proceeds from long-term debt and the issuance of common shares.

Net cash generated during the nine months ended November 30, 2016 was $1,067,743 with foreign exchange impact on cash of a gain of $nil as compared to cash spent of $410,227 and foreign exchange impact on cash of a loss of $21,888 for the same period in the prior year.

LIQUIDITY AND CAPITAL RESOURCES

The Company's objective when managing liquidity and capital resources is to ensure that it has sufficient liquidity to support its financial obligations and fund its operating and strategic objectives.

The Company intends to continue to invest in the coin operated amusement machine space in Georgia, as well as private or public companies in a variety of other industries thereby allowing for diversification.

Working capital

Working capital as at November 30, 2016 was negative $3,823,649, compared to negative working capital of $2,075,896 as at February 29, 2016. The decrease in working capital is primarily due to drawdowns on the credit facility and incurring additional professional fees in relation to the LBI acquisition. The current working capital requirements consist of transaction related payables and trade payables. The Company will need to rely on its profitability and its ability to raise funds from capital markets to be able to meet its obligations.

Share Capital

The Company paid a finder's fee in relation to the drawdowns on of the credit facility agreement on March 16, 2016, April 25, 2016, May 17, 2016, June 15, 2016, July 15, 2016 and August 19, 2016. The finder's fee included cash commission of $43,516, 825,000 common shares valued at $15,531 and 1,958,480 warrants valued at $19,585. The fair value of the warrants was charged to contributed surplus.

On March 16, 2016, the Company entered into an agreement with Merrill Corporation pursuant to which Merrill has agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 123,446 common shares of the Company, representing an implied price of $0.05 CDN per common share.

On April 1, 2016, the Company entered into separate shares for debt arrangements with Roy L. Booth, former Chief Financial Officer of the Company. Mr. Booth agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 164,000 common shares of the Company, representing an implied price of $0.05 CDN per common share.

On April 1, 2016, the Company entered into separate shares for debt arrangements with Richardson GMP Limited. Richardson GMP Limited agreed to accept, in full satisfaction of an outstanding liability of the Company, an issuance of 781,621 common shares of the Company, representing an implied price of $0.05 CDN per common share.

In October 2016, the Company issued 21,942,522 common shares at $0.07 to the lender for the Loan mentioned in recent developments. Also, the Company issued 43,885,045 common shares at $0.07 as a part of consideration for the LBI acquisition.

In October 2016, the Company paid James Boyden a consulting fee of $100,000 by issuing 1,116,070 common shares of the Company representing an implied price of CAD $0.09 CDN per common share.

Capital management

As the Company continues to assess and seek to acquire interests in additional businesses, the Company may continue to rely on capital markets to support continued growth.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the period ended November 30, 2016.

SELECT QUARTERLY INFORMATION (UNAUDITED)

	Quarter Ended November, 30, 2014 $	Quarter Ended February 28, 2015 $	Quarter Ended May 31, 2015 $	Quarter Ended August 31, 2015 $	Quarter Ended November 30, 2015 $	Quarter Ended February 29, 2016 $	Quarter Ended May 31, 2016 $	Quarter Ended August 31, 2016	Quarter Ended November 30, 2016
Net loss	(1,088,550)	(1,165,330)	(867,095)	(4,859,095)	(4,881,504)	(1,399,577)	(954,636)	(1,587,662)	(1,761,155)
Basic and diluted loss per share	(0.02)	(0.01)	(0.01)	(0.06)	(0.06)	(0.02)	(0.01)	(0.02)	(0.02)
Total assets	5,591,316	4,763,059	6,315,449	6,637,708	3,776,136	3,440,625	3,124,530	3,418,451	20,624,539

Total long term liabilities	Nil	42,701	37,481	30,817	28,954	23,061	17,461	11,752	11,116,805
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

SEGMENTED INFORMATION

Management has identified four reportable business segments. Each of these reporting segments are managed separately and their results are based on internal management information that is regularly reviewed by the chief operating decision maker.

The Company's reportable business segments are:
- Lucky Bucks HoldCo, LLC ("LB")
- Southern Star Gaming, LLC ("SSG")
- Multiple Media Entertainment Inc. ("MME")
- Other, including head office expenses and office of the CEO ("Quantum")

Three Months Ended November 30, 2016

	Quantum	SSG	LB	MME	Discontinued Operations	Total
	$	$	$	$	$	$
COAM revenue	-	-	1,514,489	-	-	1,514,489
Net licensing revenue	-	-	-	32,323	-	32,323
Operating expenses	(2,176,447)	(996,293)	(380,235)	(7,260)		(3,560,235)
Net gain (loss) from operations	(2,176,447)	(996,293)	1,134,254	25,063	-	(2,013,423)
Gain on sale of subsidiary	-	-	-	227,648	-	227,648
Interest and finance charges	(120,769)	(239,141)	-	-	-	(359,910)
Ner income (loss) from continuing operations	(2,297,216)	(1,235,434)	1,134,254	252,711	-	(2,145,685)
Net income from discontinued operations	-	-	-	-	384,530	384,530
Net income (loss)	(2,297,216)	(1,235,434)	1,134,254	252,711	384,530	(1,761,155)

Three Months Ended November 30, 2015

	Quantum	MME	Discontinued Operations	Total
	$	$	$	$
Net licensing revenue	-	39,037	-	39,037
Management Fees	-	-	-	-
Operating expenses	(2,955,308)	(302,295)	-	(3,257,603)
Net loss from operations	(2,955,308)	(263,258)		(3,218,566)
Interest and finance charges	(91,786)	-	-	(91,786)
Gain on foreign exchange	24	-	-	24
Net loss from continuing operations	(3,047,070)	(263,258)	-	(3,310,328)
Net loss from discontinued operations	-	-	(1,571,176)	(1,571,176)
Net loss	(3,047,070)	(263,258)	(1,571,176)	(4,881,504)

	Quantum	SSG	LB	MME	Discontinued Operations	Total
	Nine Months Ended November 31, 2016					
	$	$	$	$	$	$
COAM revenue	-	-	1,514,489	-	-	1,514,489
Net licensing revenue	-	-	-	72,741	-	72,741
Operating expenses	(4,050,553)	(996,293)	(380,235)	(54,517)	-	(5,481,598)
Net loss from operations	(4,050,553)	(996,293)	1,134,254	18,224	-	(3,894,368)
Gain on sale of subsidiary				227,648		227,648
Interest and finance charges	(183,901)	(239,141)	-	-	-	(423,042)
Loss on foreign exchange	(20,318)	-	-	-	-	(20,318)
Net income (loss) from continuing operations	(4,254,772)	(1,235,434)	1,134,254	245,872	-	(4,110,080)
Net loss from discontinued operations	-	-	-	-	(193,373)	(193,373)
Net income (loss)	(4,254,772)	(1,235,434)	1,134,254	245,872	(193,373)	(4,303,453)

	Quantum	MME	Discontinued Operations	Total
	Nine Months Ended November 30, 2015			
	$	$	$	$
Net licensing revenue	-	52,873	-	52,873
Operating expenses	(6,383,705)	(898,183)	-	(7,281,888)
Net loss from operations	(6,383,705)	(845,310)	-	(7,229,015)
Interest and finance charges	(147,980)	-	-	(147,980)
Gain on foreign exchange	58,248	-	-	58,248
Loss from continuing operations	(6,473,437)	(845,310)	-	(7,318,747)
Net loss from discontinued operations	-		(3,334,896)	(3,334,896)
Net loss	(6,473,437)	(845,310)	(3,334,896)	(10,653,643)

RELATED PARTY TRANSACTIONS

Key management personnel of the Company include the Chief Executive Officer, the President, Chief Financial Officer and all members of the Board of Directors.

Key management personnel compensation:

	Three months ended		Nine months ended	
	November 30, 2016	**November 30, 2015**	**November 30, 2016**	**November 30, 2015**
	$	**$**	**$**	**$**
Management fees paid to corporations controlled by officers	-	133,360	(27,171)	424,694
Management relocation	-	-	-	76,010
Salaries and short term benefits	-	61,574	-	153,596
Director fees	5,000	25,275	15,000	67,364
Share based compensation	255,490	-	677,738	286,451
Consulting fees	327,967	-	514,922	-

Included in accounts payable and other liabilities is $26,671 (February 28, 2016 - $81,298) due to related parties as of November 30, 2016 for management fees paid to corporations controlled by officers and directors fees.

During the three and nine month period ended November 30, 2016, the Company paid consulting fees of $263,946 and $349,739 to a corporation controlled by a director and officer of the Company (November 30, 2015 - $nil). These services were incurred in the normal course of operations. All services were made on terms equivalent to those that prevail with arm's length transactions. As at November 30, 2016, Ascendant Group Holdings Inc. was owed $nil (February 28, 2016 – $59,439).

During the three and nine month period ended November 30, 2016, the Company paid consulting fees of $64,031 and $165,183 (November 30, 2015 – $nil) to an accounting firm of which the prior CFO is the managing partner. These services were incurred in the normal course of operations for general accounting and financial reporting matters. All services were made on terms equivalent to those that prevail with arm's length transactions. As at November 30, 2016, Forbes Andersen LLP was owed $150,000 (February 28, 2016 – $19,712).

During the three and nine month period ended November 30, 2016, the Company paid rent of $33,636 and $98,805 (three and six month ended November 30, 2015 in the amount of $33,317 and $90,679) to a corporation controlled by a director and officer of the Company.

During the period ended November 30, 2016, the Company settled a debt owing to the prior CEO for $7,484. The original debt was $34,655 and the gain on settling the debt is recorded in management fees paid to corporations controlled by officers of the Company.

During the period ended November 30, 2016, the Company assigned the option to acquire 9,000,000 common shares of the Company, to an entity controlled by a director and officer of the Company. The option is valued at the estimated fair value of $135,000 and is recorded under share based compensation.

SUBSEQUENT EVENTS

Change of Auditors

On December 19, 2016, Mazars Harel Drouin, LLP resigned as the auditor of the Company. The audit Committee and the Board of Directors accepted the resignation of the auditors. The Company appointed Collins Barrow Toronto LLP as its new auditors as of December 19, 2016. The Audit Committee and the Board of Directors approved the appointment.

Exchange of certain notes to common shares

On January 25, 2016, the Company announced that holders representing $1,254,240 of principal amount of Notes payable of Quantum US Healthcare Corp., a wholly-owned subsidiary of the Company, have exchanged their Notes for a total of 25,084,800 common shares of the Company pursuant to the terms mentioned in Note 8. The accrued interest of $119,972 on the Principal Amount has also become payable, and, pursuant to the Facility Agreement, the Company has elected to pay this amount through the issuance to the Note Holders of 1,499,650 additional common shares of the Company at a deemed issue price of $0.08 per Interest Share.

Two Additional Acquisitions

On January 30, 2016, the Company announced that it entered into separate letter agreements with Triple 7's Amusement LLC and Lucky Star Amusement ("Lucky Star" and together with Triple 7, the "Targets"), in each case, date January 17, 2017 pursuant to which the Company, or its designated affiliate, will acquire 100% of the businesses of the Targets, which are each highly profitable digital skill-based gaming terminal operators based in the U.S. State of Georgia. Lucky Star and Triple 7 assemble, distribute, own and operate over 110 skill-based digital gaming terminals in over 20 locations and over 130 skill-based digital gaming terminals in over 25 locations throughout Georgia, respectively. Both Lucky Star and Triple 7 terminals are fully licensed and governed by the Georgia State Lottery and offer players a variety of skill-based coin-operated amusement machines.

Completion of the Acquisitions is subject to a number of conditions, including but not limited to the negotiation and execution of separate definitive purchase and sale agreements (each, a "**PSA**") between the Corporation and the Vendors, and the completion of due diligence of each of the Targets to the Corporation's satisfaction in its sole discretion. Each PSA will contain provisions customary for transactions of this nature, including payment of purchase price, transaction structure, representations, warranties, covenants, closing conditions, indemnities and non-competition provisions in favour of the applicable Target. The Corporation currently expects that it (or its designated affiliate) will acquire 100% of the assets of each of the Targets, but the definitive structure for the Acquisitions to be set out in the PSAs is subject to change based on relevant corporate, tax, regulatory or securities law considerations.

The purchase price for the acquisition of the Triple 7 assets is expected to be US$5.73M. The purchase price for the acquisition of the Lucky Star assets is expected to be US$2.26M. While a portion of each such purchase price is expected to be satisfied through the issue to the vendors of common shares of the Corporation, the Corporation does not expect any such issuance of common shares to result in the creation of a new Insider (as such term is defined in the policies of the TSXV) of the Corporation.

The Corporation expects to finance the cash portion of the purchase price of the Acquisitions with the previously announced available financing of up to US$20,000,000 from Trive Capital.

OUTSTANDING SHARE DATA

	February 28, 2015	February 29, 2016	January 30, 2017
Common shares outstanding	48,522,733	86,036,733	181,874,437
Warrants outstanding	19,611,494	6,345,994	8,770,480
Share options outstanding	500,000	8,025,000	9,943,720
Total	68,634,227	100,407,727	200,588,637

On March 16, 2016, the Company repurchased 3,400,000 of options from Grant White (former CEO).

The Company issued 1,958,480 warrants for draw downs on the credit facility during the nine month period ended November 30, 2016.

In October 2016, in connection with the loan, the company issued lender warrants to purchase 1,500,000 common shares of the company

There are warrants to purchase common shares as at January 30, 2017 are as follows:

Number of warrants	Excerise price(CAD)		Expiry
4,762,000	$	0.65	28-Jul-17
550,000	$	0.05	18-Feb-07
220,000	$	0.05	21-Mar-17
220,000	$	0.05	28-Apr-17
220,000	$	0.05	20-May-17
220,000	$	0.05	20-Jun-17
220,000	$	0.05	26-Jul-17
858,480	$	0.05	29-Aug-17
1,500,000	$	0.13	21-Apr-19
8,770,480			

Authorized share capital: An unlimited number of common shares without nominal or par value.

RISK FACTORS

Risks related to the businesses and industries of the Company

General economic conditions

The Company's subsidiaries operate in the U.S. healthcare market, Canadian Media industry and the digital skilled-based gaming operator in Georgia. The profitability of the Company is therefore dependent on favorable economic conditions to prevail in both countries for its successful operations. Decrease of employment rates in the U.S. could significantly impact potential patient population and thus can negatively impact our business.

Business risks related to operating healthcare facilities

The Company is subject to general business risks inherent in the operation of healthcare facilities, notably changes in payor mix, changes in physician and patient preference of elective surgery, changes in reimbursement by third-party payors, increases in labor costs and other operating costs, competition from or the oversupply of other similar surgical facilities, disease outbreaks and control risks, the imposition of increased taxes or new taxes, capital expenditure requirements. Moreover, there is no assurance that the performance expected to be achieved at CSS-Essex will be achieved. Any one of, or a combination of, these factors may adversely affect our business, results of operations and financial condition.

Business risks related to operating in the digital skilled-based gaming space

The Company is subject to general business risks inherent in the operation of digital skilled-based gaming terminal locations, notably contract renewal risk, changes in regulation, competition from other operators, capital expenditure requirements, etc. Moreover, there is no assurance that the performance expected to be achieved at LBI will be achieved. Any one of, or a combination of, these factors may adversely affect our business, results of operations and financial condition.

Fluctuations in revenues and payor mix

The Company's business is significantly affected by variability of payments from third-party payors, including private insurers and government healthcare programs. We are dependent on private, and governmental third-party sources of payment for the procedures performed at CSS-Essex. Our success may depend in part on our ability to attract privately insured patients. The Medicare and Medicaid programs are subject to statutory and regulatory changes, possible retroactive and prospective rate adjustments, administrative rulings, freezes and funding reductions, all of which may adversely affect our revenues and results of operations.

Net patient revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and is recognized upon performance of the patient service. In determining net patient revenue, management periodically reviews and evaluates historical payment data, payor mix and current economic conditions and adjusts, as required, the estimated collections as a percentage of gross billings in subsequent periods based on final settlements and collections. Management continues to monitor historical collections and market conditions to manage and report the effects of a change in estimates.

The Company's digital skill-based gaming terminal business is not significantly affected by variability of payments from third-party payors. The revenue cycle is highly regulated by the Georgia Lottery Corporation and the Company can monitor it's weekly cash receipts to the Georgia COAM portal.

Key personnel

Our success depends, in part, on our ability to attract and retain quality physicians. There can be no assurance that we can continue to attract high quality physicians, facility staff and technical staff to our facilities. There can be no assurances that our current physicians will continue to practice at our facilities at their current levels, if at all. An inability to attract and retain physicians may adversely affect our business, results of operations and financial condition.

Our success also depends on the efforts and abilities of our management, as well as our ability to attract additional qualified personnel to manage operations and future growth. Also, at this time, we do not maintain any key employee life insurance policies on any management personnel or partners, but may do so in the future. The loss of a member of management, other key employee, partners or other physicians who use our facilities could have an adverse effect on our business, operating results and financial condition.

The Company's success is largely dependent upon retaining key personnel engaged in the digital skilled-based gaming terminal business. An inability to retain key employees may adversely affect our business, results of operations and financial condition.

Regulatory risks

ASC's operating in the U.S. are subject to numerous federal, state and local laws, rules and regulations. Regulations that may have the most significant effect on our business are: Licensure and Accreditation Healthcare facilities are subject to professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements imposed by Medicare, Medicaid, state licensing authorities, voluntary accrediting organizations and third-party private payors. Receipt and renewal of such licenses, certifications and accreditations are often based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative compliance actions by the ASCs that could be burdensome and expensive. We believe that the Company's ASC is currently in material compliance with all applicable licensing, certification and accreditation requirements. However, the applicable standards may change in the future. There can be no assurance that the ASC will be able to maintain all necessary licenses or certifications in good standing or that it will not be required to incur substantial costs in doing so. The failure to maintain all necessary licenses, certifications and accreditations in good standing, or the expenditure of substantial funds to maintain them, could have an adverse effect on our business, results of operations and financial condition. Professional nurses and technical staff must also be licensed under state law. There can be no assurance that any particular physician, nurse or technical staff member who has medical staff privileges at the ASC will not have his or her license suspended or revoked by the governing body. If a license is suspended or revoked such physician, nurse or technical staff member may not be able to perform surgical procedures at the Company's ASC, which may have an adverse effect on our operations and business.

LBI's operation in the U.S. is subject to state rules and regulations as monitored by the Georgia Lottery Corporation. In April 2013, the Georgia Lottery Corporation statutorily assumed the regulatory duties of compliance and enforcement of Class A and Class B Coin Operated Amusement Machines (COAMs) in Georgia. The COAM Division of the GLC oversees these duties. Strict licensing standards, financial responsibilities, and connection/communication protocols are governed by GLC rules and state law. Awareness and education are the two most important fundamentals for a COAM license holder in today's industry. We believe that LBI is currently in material compliance with all applicable licensing, financial responsibilities and connection/communication protocols. There can be no assurance that LBI will be able to maintain all necessary licenses or certifications in good standing or that it will not be required to incur substantial costs in doing so. The failure to maintain all necessary licenses, certifications and accreditations in good standing, or the expenditure of substantial funds to maintain them, could have an adverse effect on our business, results of operations and financial condition.

Anti-Kickback Statute

The United States Medicare/Medicaid Fraud and Abuse Anti-kickback Statute (the "Anti-Kickback Statute") prohibits "knowingly or willfully" paying money or providing remuneration of any sort in exchange for federally funded referrals. We believe that the business operations of the Company are structured to substantially comply with applicable anti-kickback laws.

False Claims Legislation

Under the United States Criminal False Claims Act, individuals or entities that knowingly file false or fraudulent claims that are payable by the Medicare or Medicaid programs are subject to both criminal and civil liability. While the Company's ASC have a compliance program and policies to create a corporate culture of compliance with these laws, failure to comply could result in monetary penalties (up to three times the amount of damages), fines and/or imprisonment, which could have an adverse effect on our business, results of operations and financial condition.

HIPAA

The Company's ASC is subject to the Health Insurance Portability and Accountability Act ("HIPAA"), which mandates industry standards for the exchange of protected health information, including electronic health information. While we believe that we have implemented privacy and security systems to bring us into material compliance with HIPAA, we cannot ensure that the business associates to whom we provide information will comply with HIPAA standards. In addition, because Congress continues to amend HIPAA to keep pace with evolving recordkeeping technologies, we cannot guarantee compliance with future amendments. If we, for whatever reasons, fail to comply with the standards, or any state statute that governs an individual's right to privacy that are not pre-empted by HIPAA, we could be subject to criminal penalties and civil sanctions, which could have an adverse effect on our business, financial condition and results of operations.

Patient Protection and Affordable Care Act

The Company's ASC may be affected by the Patient Protection and Affordable Care Act ("PPACA"), which began taking effect June, 21, 2010. The impact on the Company's ASC remains uncertain. By mandating that residents obtain minimum levels of health insurance coverage, the PPACA has expanded the overall number of insured patients. However, it remains to be seen whether the cost born by employers of providing insurance coverage will result in a shift away from the types of policies that have historically provided the coverage that the Company has relied upon in the past. Further, the impact that value-based purchasing initiatives could have on the Company's revenues remains unclear. The Company continues to review the potential impact of PPACA's provisions on its business as the out of-network reimbursement under the policies issued by the state exchange might be substantially lower than those by the employer-sponsored polices.

Acquisition strategy and concentration risk

The Company currently operates a single ASC, CSS-Essex. Therefore, all of the risks are currently concentrated in a single facility. In order to diversify the exposure to the risks, the Company will have to execute on its strategy of growth through acquisition in various geographic markets in the U.S.

Future growth depends on the ability to locate and secure financially attractive targets that meet the acquisition strategy of the Company, as well as the ability of accessing funds through capital markets to finance the transaction. Failure to identify suitable acquisition targets and negotiate attractive consideration and acceptable financing terms my adversely affect the Company's performance.

The Company currently owns an interest in one digital skill-based gaming business (LBI). Therefore, all of the risks are currently concentrated in a single business. LBI's owns terminals installed in various locations across the state of Georgia so the risks are diversified. The Company will continue to execute on its aggressive growth strategy through acquisitions in the Georgia digital skill-based gaming space. Failure to identify suitable acquisition targets and negotiate attractive consideration and acceptable financing terms may adversely affect the Company's performance.

Professional liability claims

As a healthcare provider, CSS-Essex is subject to professional liability claims both directly and vicariously through the malpractice of members of our medical staff. As a healthcare facility, CSS-Essex has direct responsibility and legal liability for the standard of care provided in its facility by its staff. The ASC has legal responsibility for the physical environment and appropriate operation of equipment used during surgical procedures. In addition, CSS-Essex has vicarious liability for the negligence of its credentialed medical staff under circumstances where it either knew or should have known of a problem leading to a patient injury. Although the ASC neither controls the practice of medicine by physicians nor have responsibility for compliance with certain regulatory and other requirements directly applicable to physicians and their services, the Company may still become subject to medical malpractice claims under various legal theories. Claims of this nature, if successful, could result in damage awards to the claimants in excess of the limits of available insurance coverage.