Management's Discussion and Analysis of Financial Condition and Results of Operations of

UNIQUE BROADBAND SYSTEMS, INC.

Three and six months ended February 28, 2015 and 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
(In thousands, except per share amounts)
For the three and six months ended February 28, 2015 and 2014

April 24, 2015

1. INTRODUCTION

This management's discussion and analysis ("MD&A") of financial condition and result of operations of Unique Broadband Systems, Inc. ("UBS" or "the Company") is supplementary to, and should be read in conjunction with, the Company's unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2015 and 2014.

The Company's unaudited condensed consolidated interim financial statements and the notes thereto have been prepared on the basis of accounting principles applicable to a going concern. This assumes that the Company will operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Accordingly, they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, other than in the normal course of business and at amounts different from those in the financial statements.

Unless specifically stated, the references to "UBS" or "the Company" include the legal entity Unique Broadband Systems, Inc. and its wholly-owned subsidiary, UBS Wireless Services Inc. ("UBS Wireless").

2. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective under International Financial Reporting Standards ("IFRS"), and determined that the following may have an impact on the Company:

The IASB published IFRS 9, *"Financial instruments"* ("IFRS 9"), which replaces IAS 39 Financial instruments: Recognition and measurement. IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. The Company is in the process of determining the impact on its financial statements.

3. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This MD&A includes forward-looking statements and information concerning expected future events, the future performance of the Company, its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to the Company's objectives and strategies to achieve those objectives, as well as statements with respect to its beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words.

These forward-looking statements and information are based on current expectations. The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control.

New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company. Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments, (iv) business integrations and internal reorganizations, (v) process risks, (vi) health and safety, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) other risk factors related to the Company's historic business, and (x) risk factors related to the Company's future operations.

More specifically, UBS faces risks and uncertainties in connection with the outcome of litigation described under the section entitled "Provisions and contingencies - Contingencies". In particular, there can be no assurance that UBS will be able to recover any of the amounts awarded in its counterclaims.

For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see the sections entitled "Overview – Significant current events" and "Provisions and contingencies" below.

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

4. OVERVIEW

Significant current events

(a) Settlement with former director Douglas Reeson

On February 26, 2015, the Company settled all claims brought by former director, Mr. Douglas Reeson ("Mr. Reeson"), which resulted in the reversal of a contingent payment approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80.

Accrued board fees of $11 were reversed during the quarter ended February 28, 2015.

The parties reached a settlement regarding the $116 advanced to a professional firm on Mr. Reeson's behalf during fiscal 2010 by the former board of directors. $15 was paid to UBS by Mr. Reeson on February 27, 2015, with $35 to be paid on or before April 30, 2015, $10 was reallocated to accrued liabilities, and the balance of $56 was expensed to restructuring charges (recovery) during the quarter ended February 28, 2015.

(b) CCAA update and meeting of shareholders

On July 5, 2011, the Company commenced proceedings under the *Companies' Creditors Arrangement Act* (the "CCAA"). The court has made an order staying all proceedings against UBS and its directors until May 15, 2015, and Duff & Phelps Canada Limited (the "Monitor") has been appointed as the Monitor of UBS.

UBS has now successfully determined all of the claims of its creditors within the CCAA proceedings. Pursuant to a court order dated February 26, 2015, UBS is, amongst other things, authorized and directed to call a meeting of shareholders for May 4, 2015, at which time shareholders will be asked to elect a new board of directors. The order also authorizes and directs UBS, on or before May 4, 2015, to pay claims of approximately $1,042.

It is expected that UBS will emerge from CCAA on or before May 15, 2015 in accordance with the February 26, 2015 Court Order.

Further information with respect to the CCAA proceedings, including the court order of February 26, 2015 in its entirety, can be found on the Monitor's website at www.duffandphelps.com.

Refer to the Company's website at www.uniquebroadband.com for further details regarding the upcoming meeting of shareholders.

(c) Change of Director

Effective December 31, 2014, Mr. Robert Ulicki resigned as a director of the Company, and Mr. Victor Wells assumed the role of Chairman of the Board.

On January 7, 2015 the board of directors appointed Mr. Robert J. Morrison as a director, filling the vacancy on the board.

The Company

Unique Broadband Systems, Inc. is a publicly listed Canadian company, trading on the NEX under the symbol UBS.H.

The UBS head office is located in Toronto, Ontario and currently has one employee.

<u>Going concern</u>

The going concern basis of presentation assumes that UBS will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. There is significant doubt about UBS' use of the going concern assumption because, as at February 28, 2015, the Company remains under the protection of CCAA (refer to the section entitled "Provisions and contingencies"). UBS may need to raise cash and/or monetize assets, and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt UBS' use of the going concern assumption.

Notwithstanding the above, the Company's unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2015 and 2014 have been prepared on a going concern basis and do not include any adjustments to the carrying values and classification of assets and liabilities and reported revenue and expenses that would be necessary if the going concern basis was not appropriate. Such adjustments could be material.

Strategy

UBS' operating strategy is to advance the CCAA claims process as expeditiously as possible, preserve its cash, and monitor its investment in ONEnergy Inc. ("ONEnergy").

Investment in ONEnergy

(a) Carrying value of ONEnergy

As at February 28, 2015 and August 31, 2014, the Company held 12,434 multiple voting shares and 15,291 subordinate voting shares in ONEnergy and accounts for its investment using the fair value method. This asset is classified as Available For Sale ("AFS").

On November 18, 2014, ONEnergy announced the acquisition of the assets of 2289274 Ontario Limited, operating as Avacos Clean Energy ("AVACOS"), for $1,726. The purchase consideration was satisfied by the issuance of 10,966 multiple voting shares and 15,425 subordinate voting shares which decreased the Company's holdings to an 11.7% economic interest and a 11.2% voting interest in ONEnergy.

The Company's share of ONEnergy's market capitalization, based on the bid prices of its 12,434 multiple voting shares (TSXV: OEG) and 15,291 subordinate voting shares (TSXV: OEG.A), as at February 28, 2015, of $0.09 and $0.06 respectively, was $2,037 (August 31, 2014 - $0.085 and $0.08 respectively - $2,281).

(b) ONEnergy’s Claim seeking recovery of damages from former officers and directors

The board of directors and management team of ONEnergy continue to vigorously pursue claims against certain of ONEnergy’s former directors and officers in connection with the payment of approximately $15.7-million of "restructuring awards," paid to the directors and officers from the net proceeds of approximately $64-million realized by ONEnergy on the sale of its spectrum license in 2009.

As part of ongoing efforts to resolve this litigation, all parties involved participated in a mediation process on July 30 and 31, 2014, which was led by the Honorable George Adams Q.C.as mediator. The mediation did not result in a settlement offer acceptable to ONEnergy. A pre-trial took place on October 1, 2014.

The court set a schedule for the parties to complete preparation for trial by the end of December 2014. On February 2, 2015 the Court scheduled the action for a six-week trial beginning November 9, 2015.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three and six months ended February 28, 2015 and 2014 include the accounts of UBS’ wholly owned subsidiary, UBS Wireless. All significant intercompany balances and transactions have been eliminated upon consolidation.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management’s discussion and analysis of operating results and financial condition are made with reference to the Company’s unaudited condensed consolidated interim financial statements and notes thereto for the three and six months ended February 28, 2015 and 2014, which have been prepared in accordance with IFRS. The Company’s significant accounting policies are summarized in detail in note 2 of the Company’s consolidated annual financial statements for the year ended August 31, 2014.

7. RESULTS OF OPERATIONS

Highlights of the results for the three months ended February 28, 2015 include the following:

- On February 26, 2015, UBS settled all claims brought by Mr. Reeson which resulted in a reversal of $485 to restructuring charges (recovery) and a reversal of $11 to general and administrative expense.
- UBS recorded income before comprehensive income of $232, compared to loss before comprehensive loss of $228 for the second quarter of fiscal 2014.
- Fair value of ONEnergy shares held by UBS increased by $248 during the quarter ended February 28, 2015 to $2,037, due to an increase in ONEnergy’s bid prices as at February 28, 2015 to $0.09 and $0.06 per multiple voting share and subordinate voting share respectively (November 30, 2014 - $0.07 and $0.06 respectively).
- As at February 28, 2015, UBS held cash and short-term investments totaling $1,437, compared to $2,042 as at August 31, 2014. The decrease was due primarily to the settlement of accounts payable.

Operating expenses

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
Compensation	**$ 42**	$ 43	**$ 82**	$ 85
General and administrative	**216**	188	**353**	384
Restructuring charges (recovery)	**(485)**	4	**(481)**	8
Total operating expense (recovery)	**$ (227)**	$ 235	**$ (46)**	$ 477

Compensation

Compensation expense includes wages, salaries and benefits.

During the three and six months ended February 28, 2015, the Company expensed $42 and $82 in compensation (February 28, 2014 - $43 and $85).

General and administrative

General and administrative expenses include costs associated with the CCAA claims process, professional fees, board of director fees, general occupancy and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

	Three months ended February 28,		Six months ended February 28,	
	2015	2014	**2015**	2014
CCAA expenses	**$ 156**	$ 124	**$ 212**	$ 242
Recovery of legal expenses from insurance provider	**-**	(27)	**-**	(27)
Professional fees	**54**	80	**127**	151
Office and general	**6**	11	**14**	18
Total general and administrative expenses	**$ 216**	$ 188	**$ 353**	$ 384

<u>CCAA expenses</u>

CCAA expenses mainly include the fees of the Monitor and its corporate legal counsel, the Company's CCAA legal counsel, and costs arising from the CCAA claims process.

<u>Recovery of legal expenses from insurance provider</u>

During the quarter ended February 28, 2014, the Company recovered $27 from its insurance provider, in connection with costs arising from defending the claims brought by Mr. Alex Dolgonos, 2064818 Ontario Inc., 6138241 Canada Inc. and DOL Technologies Inc. (the "Dolgonos Parties"), and continues to seek further recovery from its insurance provider.

Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees, and insurance.

Lower costs during fiscal 2015 were due mainly to the reversal of $11 in board fees resulting from the settlement with Mr. Reeson (refer to the section entitled “Provisions and contingencies – Contingencies – Reeson claims”), and the Company’s transfer to the NEX during fiscal 2014.

Restructuring charges (recovery)

Restructuring charges (recovery) includes adjustments and accrued interest on the accrued restructuring awards approved by the then directors in 2009.

During the three and six months ended February 28, 2015, UBS expensed $4 and $8 in accrued interest on the awards due to related parties respectively (February 28, 2014 - $4 and $8).

On February 26, 2015, the Company settled all claims brought by Mr. Reeson, which resulted in an expense of $56 for legal costs, fully offset by the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80, to restructuring charges (recovery) during the quarter ended February 28, 2015 (refer to the section entitled “Provisions and contingencies – Contngencies – Reeson claims”).

Interest and financing charges

For the three and six months ended February 28, 2015, interest income of $5 and $17 respectively was recognized (February 28, 2014 – $7 and $15 respectively).

Income taxes

As at February 28, 2015, UBS had $17,476 in non-capital income tax losses with expiry dates between 2015 and 2034, SRED pool carryforwards of $11,545, capital loss carryforwards of $23,400, and non-tax deductible reserves of $1,475.

Income (loss) and comprehensive income (loss)

The income before comprehensive income (loss) amounted to $232 and $63, or $0.002 and $0.001 per share (basic and diluted) respectively for the three and six months ended February 28, 2015 (February 28, 2014 – loss before comprehensive loss of $228 and $462 or $0.002 and $0.004 per share (basic and diluted) respectively).

The income and comprehensive income for the three months ended February 28, 2015 amounted to $480 or $0.004 per share (basic and diluted) (February 28, 2014 – loss and comprehensive loss of $1,060 or $0.010). The loss and comprehensive loss for the six months ended February 28, 2015 totaled $181 or $0.002 per share (basic and diluted) (February 28, 2014 - $1,017 and $0.010).

8. QUARTERLY FINANCIAL RESULTS

The table below sets out financial information for the past eight quarters:

	Fiscal 2015		Fiscal 2014				Fiscal 2013	
	Feb 28	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating and restructuring (expense) / recovery before interest	227[1]	(181)	(502)	4,163[2]	(235)	(242)	(338)	(797)
Interest income/(loss)	5	12	5	5	7	8	9	10
Equity interest in ONEnergy's losses[2]	-	-	-	-	-	-	-	-
Gain on sale of ONEnergy shares[2]	-	-	-	-	-	-	-	-
Income/(loss) before comprehensive income (loss)	232	(169)	(497)	4,168	(228)	(234)	(329)	(787)
Fair value adjustment in ONEnergy[2]	248	(492)	708	(645)	(832)	277	-	-
Income/(loss) and comprehensive income/(loss) for the period	$ 480	$ (661)	$ 211	$ 3,523	$ (1,060)	$ 43	$ (329)	$ (787)
Income (loss) per share from operations – basic and diluted	$0.002	$(0.001)	$(0.005)	$ 0.041	$(0.002)	$(0.002)	$(0.003)	$(0.008)
Comprehensive income (loss) per share – basic and diluted	$0.002	$(0.005)	$ 0.007	$ (0.007)	$(0.008)	$ 0.002	-	-
Income (loss) per share								
Basic and diluted	$0.004	$(0.006)	$ 0.002	$ 0.034	$(0.010)	-	$(0.003)	$(0.008)

(1) Refer to the section entitled “Provisions and contingencies – Contingencies – Reeson claims”.
(2) Refer to the section entitled “Provisions and contingencies – Contingencies – Jolian claims”.

9. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash and short-term investments of $1,437 as at February 28, 2015, compared to cash and cash equivalents of $2,042 as at August 31, 2014. Cash and cash equivalents, totaling $227 (August 31, 2014 - $338) consist of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates and bankers’ acceptances with original maturities of less than 90 days. Short-term investments, totaling $1,210 (August 31, 2014 - $1,704), included 90-day cashable guaranteed investment certificates (“GICs”) with original maturities of one year from the purchase date. The GICs currently bear interest at an effective interest rate of 1.35% and are fully redeemable at any time by the Company, at its discretion.

Cash used in operating activities for the three and six months ended February 28, 2015 was $483 and $616 respectively, compared to $444 and $656 for the three and six months ended February 28, 2014. The variances were due primarily to the timing of payment of accounts payable and accrued liabilities.

There were no financing activities for the three or six months ended February 28, 2015 or 2013.

Cash provided by investing activities totaled $200 and $505 for the three and six months ended February 28, 2015, respectively, due to the redemption of GICs. $5 in interest was received on redemption during the first quarter of fiscal 2015.

UBS has incurred operating losses and negative cash flows from operations in recent years. UBS may need to raise cash and/or reduce its outstanding commitments in order to meet the needs of its existing operations and commitments, giving rise to doubt about UBS’ use of the going concern assumption (refer to the section entitled “Overview – The company – Going concern”). The Company’s approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its current liabilities when due.

10. SHARE CAPITAL

As at February 28, 2015 and August 31, 2014, UBS had 102,748 common shares and no Class-A non-voting shares issued and outstanding.

In determining diluted loss per share for the three and six months ended February 28, 2015 and 2014, the weighted average number of shares outstanding was not increased for stock options outstanding as no options were in the money.

As at April 24, 2015, there were no changes to the number of issued and outstanding shares.

11. STOCK BASED COMPENSATION

During the three and six months ended February 28, 2015, no stock options were granted or expired (February 28, 2014 no stock options were granted and 200 stock options expired).

12. RELATED PARTY TRANSACTIONS

(a) Accrued restructuring liabilities due to related parties

The following table summarizes the accrued restructuring liabilities due to related parties:

	Accrued restructuring liabilities due to related parties						
	Balance as at September 1, 2013	**Interest accrued fiscal 2014[4]**	**Jolian enhanced severance reversal 2014**	**Balance as at August 31, 2014**	**Interest accrued fiscal 2015[4]**	**Awards and interest reversed fiscal 2015**	**Balance as at February 28, 2015**
Jolian Parties[1]	$ 2,853	$ -	$ (2,853)	**$ -**	$ -	$ -	**$ -**
Dolgonos Parties[2]	500	-	-	**500**	-	-	**500**
Mr. Reeson[3]	521	16	-	**537**	8	(545)	**-**
Total	**$ 3,874**	**$ 16**	**$ (2,853)**	**$ 1,037**	**$ 8**	**$ (545)**	**$ 500**

(1) During fiscal 2014, UBS was granted leave to appeal the judgment of the Honourable Madam Justice Mesbur released on May 21, 2013, in which she found that, pursuant to its management services agreement with UBS (the "Jolian MSA"), Jolian was entitled to an enhanced severance as a result of the termination of its contract with UBS, which the Company calculated to be approximately $2,853. The appeal was heard on June 17, 2014 and the Court of Appeal of Ontario released its decision on July 10, 2014, granting the Company's appeal. The Court of Appeal upheld the Trial Judge's findings that Mr. McGoey breached his fiduciary duties owed to the Company and shareholders and held that under the correct interpretation of the Jolian MSA, Jolian is not entitled to receive any enhanced severance as a result of Mr. McGoey's wrongful conduct, as it constituted "cause" under the Jolian MSA. The enhanced severance accrual was reversed during fiscal 2014.

(2) Refer to the section entitled "Provisions and contingencies – Contingencies – Dolgonos Parties claims".

(3) Refer to the section entitled "Provisions and contingencies – Contingencies – Reeson claim".

(4) The interest on accrued restructuring liabilities due to related parties was charged to restructuring charges.

Details of the accrued restructuring awards granted in fiscal 2009, as at February 28, 2015, are as follows:

UBS	Accrued restructuring liabilities						
	Equity accrual	Bonus accrual	Accrued interest	Awards paid	Accrued claims	Awards, interest and accrued claims declined / reversed	Balance as at February 28, 2015
Jolian Parties	$ 600	$1,200	$ 199	$ -	$ 2,853	$ (4,852)	$ -
Dolgonos Parties	330	1,200	125	-	500	(1,655)	500
Mr. Reeson	465	-	80	-	-	(545)	-
Former UBS directors and CFO – settled	915	1,000	54	(199)	-	(1,770)	-
TOTAL	**$ 2,310**	**$3,400**	**$ 458**	**$ (199)**	**$ 3,353**	**$ (8,822)**	**$ 500**

The Company has been successful in reversing $8,822 of accrued restructuring liabilities due to related parties, and related claims, in connection with the original awards granted in fiscal 2009.

The $500 payable to the Dolgonos Parties is payable by UBS on or before May 4, 2015, in accordance with the February 26, 2015 court order.

(b) CEO termination clause

In accordance with the CEO's employment contract, and as a result of a deemed change of control, $200 will be paid by UBS on or before May 4, 2015, in accordance with the February 26, 2015 court order.

(c) Compensation of key management personnel

The Company's key management personnel included members of the executive team and the board of directors of the Company and its wholly owned subsidiaries.

Key management compensation for the three and six months ended February 28, 2015 totaled $45 and $90 respectively (February 28, 2014 - $49 and $97) which includes $24 and $50 respectively paid to directors (February 28, 2014 - $27 and $53).

13. PROVISIONS AND CONTINGENCIES

(a) Provisions

Leased premises

On May 24, 2011, UBS settled the action that was brought against UBS in respect of certain repairs to premises under a lease entered into by UBS in 1999. Under the terms of the settlement, $150 remains payable and, in accordance with the February 26, 2015 court order, will be paid by UBS on or before May 4, 2015.

(b) Contingencies

(i) Jolian claims

The Company has been successful in defending, at trial and on appeal, all claims brought by the Jolian Parties in respect of certain contingent awards approved by the previous directors in 2009 and claims for enhanced severance. The Superior Court of Ontario released its decision on May 21, 2013 and the Ontario Court of Appeal on July 10, 2014.

The Company was awarded costs for both the Jolian Trial heard in February and March 2013 and the appeal and cross-appeal heard on June 17, 2014. Costs of the appeal were set at $60 and costs of the Jolian Trial were determined on a substantial indemnity scale to be $1,324. Costs were recorded as a receivable owed by the Jolian Parties and offset to general and administrative expense during fiscal 2014.

The Jolian Parties' claim for indemnification was disallowed during the Jolian Trial, which decision was upheld on appeal, and the Jolian Parties were ordered to repay UBS the $200 legal retainer advanced to their counsel in the nature of indemnification.

Accordingly, the total owed to UBS by the Jolian Parties is $1,584. The Company is seeking recovery of the cost awards and disgorgement and has recorded the amounts in accounts receivable and other receivables.

(ii) Reeson claims

On February 26, 2015, the Company settled all claims brought by former director, Mr. Douglas Reeson, which resulted in the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, and accrued interest of $80, to restructuring charges (recovery).

Accrued board fees of $11 were reversed during the quarter ended February 28, 2015 to general and administrative expenses.

The parties reached a settlement regarding the $116 advanced to a professional firm on Mr. Reeson's behalf during fiscal 2010 by the former board of directors. $15 was paid to UBS by Mr. Reeson on February 27, 2015, $35 is to be paid on or before April 30, 2015, $10 was reallocated to accrued liabilities, and the balance of $56 was expensed to restructuring charges (recovery) during the quarter ended February 28, 2015.

(iii) Dolgonos Parties claims

On July 6, 2012, the Dolgonos Parties claims of approximately $8,000 were settled for a claim of $500, payable by UBS on or before May 4, 2015, in accordance with the February 26, 2015 court order.

(iv) <u>CCAA</u>

On July 5, 2011, the Ontario Superior Court made an Order under the CCAA and a subsequent Order on August 4, 2011 which, amongst other things, provided for a comprehensive stay of proceedings against UBS.

UBS has now successfully determined all of the claims of its creditors within the CCAA proceedings. Pursuant to a court order dated February 26, 2015, UBS is, amongst other things, authorized and directed to call a meeting of shareholders for May 4, 2015, at which time shareholders will be asked to elect a new board of directors. The order also authorizes and directs UBS, on or before May 4, 2015, to pay claims of approximately $1,042.

It is expected that UBS will emerge from CCAA on or before May 15, 2015 in accordance with the February 26, 2015 Court Order.

(v) In the normal course of its operations, the Company may be subject to other litigation and claims.

(vi) The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

14. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company determines capital to include shareholders’ equity. While the Company remains under CCAA, the Company’s overall strategy with respect to management of capital is to hold low-risk highly-liquid cash accounts and short-term investments.

The Company currently does not use other sources of financing that require fixed payments of interest and principal due to the lack of cash flow from current operations and is not subject to any externally imposed capital requirements.

The Company invests its capital in short-term investments to obtain adequate cash returns. The investment decision is based on cash management to ensure working capital is available to meet the Company’s short-term obligations while maximizing liquidity and returns of unused capital.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee, under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its obligations. The Company's maximum exposure to credit risk, at the end of the reporting period under its financial instruments, is summarized as follows:

Accounts and other receivables	February 28, 2015	August 31, 2014
Currently due	**$ 78**	$ 1,404
Past due by greater than 90 days and not impaired	**1,584**	200
	$ 1,662	**$ 1,604**

Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at February 28, 2015 and August 31, 2014.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with financial liabilities. The Company has a planning and budgeting process in place by which it anticipates and determines the funds required to support normal operation requirements. The Company coordinates this planning and budgeting process with its financing activities through the capital management process described in the section entitled "Operating risks and uncertainties – Management of capital", in normal circumstances.

The Company's financial liabilities are comprised of its accounts payable, accrued liabilities, and accrued restructuring liabilities due to related parties the contractual maturities of which are not determinable because it depends on the outcome of the CCAA claims process.

Other price risk

The Company is exposed to other price risk on its investment in equities quoted in an active market since changes in market prices could result in changes in the fair value of the investment.

15. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com.

UNIQUE BROADBAND SYSTEMS, INC.
Shareholder Information

Board of Directors

Robert J. Morrison
Kenneth Taylor
Victor Wells (Chairman of the Board and Acting Chief Financial Officer)

Officer

Grant McCutcheon
Chief Executive Officer

Auditors

Grant Thornton LLP
Royal Bank Plaza
19th Floor, South Tower
200 Bay Street
Toronto, Ontario
M5J 2P9

Shareholder inquiries

UBS Investor Relations
PO Box 10, Station Main
Keswick, Ontario
L4P 3E1
email: irinfo@uniquebroadband.com

Transfer agent

Equity Transfer & Trust Company
200 University Avenue, Suite 400
Toronto, Ontario
M5H 4H1
Tel: (416) 361-0152
Fax: (416) 361-0470
email: irinfo@equitytransfer.com

Common shares

The common shares of the Company are listed on the NEX under the symbol UBS.H.