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

UNIQUE BROADBAND SYSTEMS, INC.

For the three and six months ended February 29, 2016 and February 28, 2015

April 21, 2016

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 29, 2016 and February 28, 2015.

The Company's consolidated 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, substantially overhauls accounting requirements related to hedging and introduces a new credit loss impairment model. 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 "Contingencies". In particular, there can be no assurance that UBS will be able to recover any of the amounts awarded it in the litigation.

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 "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) Rights Offering

On February 25, 2016, the Company issued rights ("Right" or "Rights") of its Common Shares in connection with a previously announced rights offering (the "Rights Offering") to eligible shareholders for maximum gross proceeds to the Company of $504.

The Rights Offering was made to residents in all of the provinces of Canada. Under the Rights Offering, the Company issued one Right for every issued and outstanding eligible Common Share to shareholders of record at the close of business on February 25, 2016 (the "Record Date"). There were 100,793,472 outstanding eligible Common Shares on the Record Date. Each registered shareholder of eligible Common Shares on the Record Date received one Right for each Common Share held by such shareholder. Two Rights plus the sum of $0.01 entitled the Rights holder to subscribe for one Common Share.

Eligible shareholders were entitled to subscribe for additional Common Shares, subject to certain limitations as set out in the Company's Rights Offering Circular which was filed on www.sedar.com, together with a Rights Offering Notice, on February 25, 2016.

Rights Offering Results

The issued Rights expired on March 25, 2016 and the Rights Offering was fully subscribed on closing. Details, excluding share issuance costs, are as follows:

Common Shares	**#**	**$**
Balance, as at February 25, 2016 (Record Date)	102,747,854	$58,139
Issuance of shares for cash:		
Basic subscription	27,368,867	274
Additional subscription	23,027,869	230
Balance, as at April 4, 2016	153,144,590	$58,643

(b) CCAA proceedings

On July 5, 2011, the Company commenced proceedings under the *Companies' Creditors Arrangement Act* ("CCAA") and KSV Advisory Inc. (the "Monitor") acted as the Monitor. Detailed information with respect to the CCAA proceedings can be found on their website at www.ksvadvisory.com.

On February 26, 2015, the Court ordered the termination of proceedings by way of filing a certificate (the "Termination Certificate"), upon the satisfaction of certain conditions (the "February 26 Order"). The Company successfully determined all of the claims of its creditors and, on December 22, 2015, settled all rendered professional fees and expenses, of the Monitor, its counsel and the Company's counsel, in connection with the CCAA proceedings.

In accordance with the February 26 Order, a Termination Certificate was filed on December 23, 2015 and the CCAA proceedings were terminated.

(c) Cancellation of credit card

On November 15, 2015, the Company's credit card was cancelled, reducing restricted cash to nil (August 31, 2015 - $50).

The Company

Unique Broadband Systems, Inc. is a publicly listed Canadian company, trading on the NEX, which is a separate board of the TSX Venture Exchange, under the symbol UBS.H. The UBS head office is located in Toronto, Ontario.

<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 some doubt about UBS' use of the going concern assumption as a result of the settlement of the Company's CCAA proceedings.

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 about 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 29, 2016 and February 28, 2015 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

The Company's operating strategy is to preserve its cash, monitor its investment in ONEnergy Inc. ("ONEnergy"), and explore opportunities to maximize shareholder value.

Investment in ONEnergy

(a) Carrying value of ONEnergy

As at August 31, 2015, the Company held 2,553,000 common shares in ONEnergy (TSXV: OEG).

During the first quarter of fiscal 2016, UBS sold 6,500 shares in ONEnergy and, as at February 29, 2016, the economic and voting interest of ONEnergy was 10.6%.

The value of the Company's shares of ONEnergy as at February 29, 2016, based on the bid price of its common shares of $0.40, was $1,019 (August 31, 2015 – $0.80; $2,043).

The Company accounts for its investment using the fair value method, and this asset is classified as Available For Sale ("AFS").

(b) ONEnergy Claims and Proposed Settlement

ONEnergy filed claims on July 6, 2011 against certain former directors and officers in connection with the payment of approximately $15,700 of "restructuring awards," paid to these directors and officers from the net proceeds of approximately $64,000 realized by ONEnergy on the sale of its spectrum license in 2009.

On October 14, 2015, ONEnergy announced that it had, subject to Court approval, reached a conditional settlement (the "Proposed Settlement") with Michael Cytrynbaum and his family company First Fiscal Management Ltd., Jason Redman, Scott Colbran, Stuart Smith, Alex Dolgonos and his company DOL Technologies Inc., as well as former legal advisor Stikeman Elliott LLP.

The Proposed Settlement did not include ONEnergy's former CEO Gerald McGoey and his personal service company Jolian Investments Limited, together referred to as the Jolian Parties.

ONEnergy also issued a Statement of Claim against McMillan LLP on August 20, 2012, seeking recovery of $1,550 in advances paid in June 2010 to McMillan LLP and other law firms on behalf of the former directors and officers. On November 18, 2015, ONEnergy reached a conditional settlement that was contingent on the Court approval of the Proposed Settlement.

On March 1, 2016, the Ontario Superior Court of Justice released a decision approving the Proposed Settlement by which ONEnergy will recover, along with the McMillan Settlement, a total of $7,175.

The claims against the Jolian Parties are limited to their proportionate and several liabilities. ONEnergy continues to pursue this claim.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three and six months ended February 29, 2016 and February 28, 2015 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 29, 2016 and February 28, 2015, 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, 2015.

7. RESULTS OF OPERATIONS

Highlights of the results for the three months ended February 29, 2016 include the following:

- UBS recorded a loss before comprehensive loss of $164, compared to income before comprehensive income of $232 for the three months ended February 28, 2015.
- As at February 29, 2016, UBS held cash of $139, compared to cash of $341 as at August 31, 2015.

Operating expense (recovery)

	Three months ended		Six months ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
Compensation	**$ 45**	$ 42	**$ 89**	$ 82
General and administrative	**120**	216	**208**	353
Restructuring	**-**	(485)	**-**	(481)
Total operating expense (recovery)	**$ 165**	$ (227)	**$ 297**	$ (46)

Compensation

Compensation expense includes wages, salaries, benefits, and, from time to time, termination payments.

During the three and six months ended February 29, 2016, the Company expensed $45 and $89 in compensation respectively (February 28, 2015 - $42 and $82).

General and administrative expense

General and administrative expense includes costs associated with the CCAA claims process which terminated on December 23, 2015, 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 is set out below:

	Three months ended		Six months ended	
	February 29, 2016	February 28, 2015	**February 29, 2016**	February 28, 2015
CCAA expenses	**$ 23**	$ 156	**$ 50**	$ 212
Professional fees	**93**	54	**151**	127
Office and general	**4**	6	**7**	14
Total general and administrative expenses	**$ 120**	$ 216	**$ 208**	$ 353

CCAA expenses

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 advancement of the CCAA claims process which terminated on December 23, 2015.

During the three and six months ended February 29, 2016, CCAA expenses totaled $23 and $50 respectively, representing a decrease of 85.3% and 76.4% over expenses incurred during the three and six months ended February 28, 2015 respectively. Lower expenses during fiscal 2016 were due to the termination of CCAA proceedings.

Professional fees

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

During the three and six months ended February 29, 2016, the Company recorded $93 and $151 in professional fees, compared to $54 and $127 respectively during the comparative periods of fiscal 2015. Higher fees during the quarter ended February 29, 2016 were due mainly to costs associated with the Rights Offering.

Restructuring

Restructuring expenses included adjustments and accrued interest on the accrued restructuring awards approved in 2009 by former directors.

There were no restructuring expenses recorded during Fiscal 2016.

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.

On February 26, 2015, the Company settled all claims brought by a former director ("Former Director"), which resulted in the reversal of a contingent award approved by the previous directors in 2009 in the amount of $465, accrued interest of $80, and recovery of $60 from the remaining $116 advanced during fiscal 2010 to a professional firm on the Former Director's behalf. $50 was reimbursed by the Former Director to the Company, $10 was applied against expenses incurred from the Company's former legal counsel, and the balance of $56 was expensed to restructuring during the quarter ended February 28, 2015.

Interest and financing charges

For the three and six months ended February 29, 2016, interest income of $1 and $2 respectively was earned (February 28, 2015 - $5 and $17 respectively).

Income taxes

As at February 29, 2016, UBS had $18,530 in non-capital income tax losses with expiry dates between 2027 and 2035, SRED pool carryforwards of $11,545, capital loss carryforwards of $23,294, and non-tax deductible reserves of $384.

Loss and comprehensive loss

The loss before comprehensive loss for the three and six months ended February 29, 2016 amounted to $164 and $298, or $0.002 and $0.003 per share (basic and diluted) respectively, and the loss and comprehensive loss totaled $228 and $1,315, or $0.002 and $0.013 per share (basic and diluted) respectively.

The income before comprehensive income (loss) for the three and six months ended February 28, 2015 amounted to $232 and $63 or $0.002 and $0.001 (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). The loss and comprehensive loss for the six months ended February 28, 2015 totaled $181 or $0.002 per share (basic and diluted).

8. QUARTERLY FINANCIAL RESULTS

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

	Fiscal 2016		Fiscal 2015				Fiscal 2014	
	Feb 29	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating and restructuring (expense) / recovery before interest	(165)	(132)	(416)	(266)	227[1]	(181)	(502)	4,163[2]
Interest income	1	1	1	3	5	12	5	5
Loss on sale of ONEnergy shares	-	(3)	(106)	-	-	-	-	-
Income/(loss) before comprehensive income (loss)	(164)	(134)	(521)	(263)	232	(169)	(497)	4,168
Fair value adjustment in ONEnergy[3]	(64)	(953)	(321)	598	248	(492)	708	(645)
Income/(loss) and comprehensive income/(loss) for the period	$ (228)	$(1,087)	$ (842)	$ 335	$ 480	$ (661)	$ 211	$ 3,523
Income (loss) per share from operations – basic and diluted	$(0.002)	$(0.001)	$(0.005)	$(0.003)	$0.002	$(0.001)	$(0.005)	$ 0.041
Comprehensive income (loss) per share – basic and diluted	$(0.000)	$(0.010)	$(0.003)	$ 0.006	$0.002	$(0.005)	$ 0.007	$(0.007)
Income (loss) per share								
Basic and diluted	$(0.002)	$(0.011)	$(0.008)	$ 0.003	$0.004	$(0.006)	$ 0.002	$ 0.034

(1) Refer to the section entitled "Restructuring".
(2) Refer to the section entitled "Contingencies – Jolian claims".
(3) The Company accounts for its investment in ONEnergy using the fair value method.

9. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash of $139 as at February 29, 2016, compared to $341 as at August 31, 2015. Cash consists of all bank balances and, from time to time, highly liquid short-term guaranteed investment certificates ("GIC") and bankers' acceptances with original maturities of less than 90 days.

Cash used in operating activities for the three and six months ended February 29, 2016 was $100 and $207 respectively, compared to $483 and $616 for the three and six months ended February 28, 2015 respectively. The decrease, during fiscal 2016, of $383 and $409 respectively for the three and six month comparative periods, was due primarily to lower operating costs and the termination of the CCAA proceedings.

There were no financing activities for the three and six months ended February 29, 2016 or February 28, 2015.

Cash provided by investing activities totaled $51 and $5 respectively for the three and six months ended February 29, 2016, due to the reclassification of restricted cash during the first quarter 2016 of $50, the maturity of a $50 GIC and interest received totaling $1 during the second quarter 2016, and $5 received from the sale of ONEnergy shares (refer to the section entitled "Investment in ONEnergy").

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 – Rights Offering").

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 29, 2016 and August 31, 2015, UBS had 102,747,854 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 29, 2016 and February 28, 2015, the weighted average number of shares outstanding was not increased as no options were issued or outstanding.

As at April 21, 2016, the number of issued and outstanding shares increased by 50,396,736 to 153,144,590 (refer to the section entitled "Overview – Significant current events – Rights Offering").

11. STOCK BASED COMPENSATION

As at February 29, 2016 and August 31, 2015, no stock options were issued or outstanding.

During the three and six months ended February 28, 2015, no stock options were granted or expired. During fiscal 2015, 3,000,000 stock options were recognized as expired.

12. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

The Company's key management personnel includes 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 29, 2016 totaled $43 and $86 (February 28, 2015 - $45 and $90) respectively, which included $17 and $35 for director fees (February 28, 2015 - $24 and $50) respectively.

13. CONTINGENCIES

Jolian claims

The Company was 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 Company was awarded costs, for both the trial heard in February and March 2013 ("Jolian Trial") and the appeal and cross-appeal heard on June 17, 2014, totaling $1,384.

The Jolian Parties' claim for indemnification was disallowed during the Jolian Trial and was upheld on appeal. The Jolian Parties were ordered to repay UBS the $200 legal retainer advanced to their counsel, pursuant to a disgorgement order.

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

The Company believes that it will recover the amount of $1,584 from the Jolian Parties.

However, there may be costs incurred to collect the debt and risk in amount and timing of the cash flows. The Company has, therefore, made an estimate at this time of this impact in the amount of $400. If the amount is fully recovered, the difference between the proceeds and the carrying value will be credited to net income. To collect the amount of $1,584, it is anticipated that there will be legal costs for collection. The amount of ultimate net cash flows from the recovery could vary, according to amount, timing and related costs, as the process of collection unfolds.

CCAA

On July 5, 2011, the Company commenced proceedings under CCAA and KSV Advisory Inc. acted as the Monitor. Detailed information with respect to the CCAA proceedings can be found on their website at www.ksvadvisory.com.

On February 26, 2015, the Court ordered the termination of proceedings by way of filing a Termination Certificate, upon the satisfaction of certain conditions. The Company successfully determined all of the claims of its creditors and, on December 22, 2015, settled all rendered professional fees and expenses, of the Monitor, its counsel and the Company's counsel, in connection with the CCAA proceedings.

In accordance with the February 26 Order, a Termination Certificate was filed on December 23, 2015 and the CCAA protection was terminated.

Other

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

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's overall strategy with respect to management of capital is to provide the financial capacity and flexibility in order to preserve its ability to meet its strategic objectives and financial obligations and continue as a going concern. This is effected by offsetting less liquid strategic investment holdings with low-risk highly-liquid cash accounts and, from time to time, short-term deposits.

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 liquid 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 on unused capital and allowing flexibility in holding longer term strategic investments.

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 relates to the management of cash.

Interest rate risk

The Company had no significant exposure to interest rate risk through its financial instruments as at February 29, 2016 and August 31, 2015.

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 and accrued liabilities.

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 and Officers

Henry J. Kloepper (Chairman of the Board and Interim Chief Financial Officer)

Daniel S. Marks (Interim Chief Executive Officer)

Riadh Zine

Auditors

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Common shares

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