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

UNIQUE BROADBAND SYSTEMS, INC.

Three months ended November 30, 2014 and 2013

UNIQUE BROADBAND SYSTEMS, INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
of the Financial Condition and Results of Operations
(In thousands, except per share amounts)
For the three months ended November 30, 2014 and 2013

January 23, 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 months ended November 30, 2014 and 2013.

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 ongoing litigation described under the section entitled "Provisions and contingencies - Contingencies". In particular, there can be no assurance that UBS will not be found liable for payments to certain parties in the course of this litigation nor can there be any assurance that UBS will be able to recover any of the amounts awarded in its counterclaims. The ongoing costs of this litigation could, independently or collectively, have a material adverse effect on the financial condition and solvency of UBS.

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) Change of Director and temporary trading halt

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. Mr. Morrison is a private investor and Chartered Financial Analyst and, according to public records, the Company's largest shareholder. Mr. Morrison brings to the board a wealth of investment experience as well as past Canadian public company board experience.

On January 2, 2015, trading was halted by the NEX during this transition and trading resumed on January 13, 2015.

(b) CCAA proceedings

On July 5, 2011, UBS announced that it and UBS Wireless had 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 February 27, 2015, and Duff & Phelps Canada Limited (the "Monitor") has been appointed as the Monitor of UBS. Further information with respect to the CCAA proceedings can be found on the Monitor's website at www.duffandphelps.com.

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.

On July 13, 2012, the court made an order which postponed the requirement of UBS to hold shareholder meetings until the completion of the CCAA proceeding.

<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 November 30, 2014, there is uncertainty regarding the outcome of certain litigation and 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 months ended November 30, 2014 and 2013 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 November 30, 2014 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 November 30, 2014, of $0.07 and $0.06 respectively, was $1,789 (August 31, 2014 - $0.085 and $0.08 respectively - $2,281).

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

On July 6, 2011, ONEnergy (the "Corporation") issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and senior officers of ONEnergy, and their personal service companies. The claim sought recovery of approximately $20,000, which was paid in 2009 from the net proceeds of approximately $64,000 realized by ONEnergy on the sale of its spectrum license which closed September 11, 2009. Approximately $15,700 was paid to the directors and officers named in the Claim (or their personal service companies), which included a payment of $5,566 to Mr. Gerald McGoey ("Mr. McGoey") and Jolian Investments Limited ("Jolian") (together referred to as the "Jolian Parties").

These payments were not formally disclosed to the market until the Corporation released its 2009 Management Information Circular (the "2009 MIC") on January 19, 2010. The 2009 MIC referred to the payments that were made as Contingent Restructuring Awards (the "CRAs"). The CRAs had two components: a bonus and a payment made to compensate for the decision of the directors and management to cancel options and share appreciation rights ("SAR"). The compensation paid for the cancellation of options and SAR was based on a non-market share value of $0.40 when the share price traded at substantially lower prices. Shareholders protested the payments and inquiries were initiated by the Authorité des Marches Financiers and the Toronto Stock Exchange.

In June of 2010, the former directors and officers authorized the advance of $1,550 to law firms to fund the legal costs they expected to incur defending anticipated shareholder litigation and regulatory proceedings. The Claim also seeks recoveries of these advances.

The former officers and directors named in the Claim resigned from their positions at the Corporation effective July 21, 2010. None of the factual allegations in the Claim has been proven before the Court. The Corporation did not claim against Louis Mitrovich, one of the former directors, because it reached a settlement with him. Mr. Mitrovich paid the Corporation $100 and approximately $78 from the share of advances paid to Mr. Mitrovich's counsel.

Applications for advances

The former officers and directors named in the Claim brought applications and motions seeking further advances of their legal fees and expenses from ONEnergy in order to defend themselves against the Claim. On September 28, 2012, the Court dismissed these proceedings, except with respect to Mr. Dolgonos. The Court required ONEnergy to pay advances to Mr. Dolgonos only, because the Court did not accept that ONEnergy had sufficient evidence at that time to demonstrate that Mr. Dolgonos was an officer or that he participated in the decisions to make the payments that the Claim seeks to recover. The defendants, except Mr. Dolgonos, appealed to the Ontario Court of Appeal. Their appeals were dismissed on July 4, 2013. They were required to pay $58 to ONEnergy toward the costs of the appeal, which amounts were paid. The defendants Mr. Cytrynbaum, First Fiscal Management Ltd., Mr. McGoey and Jolian sought leave to appeal to the Supreme Court of Canada. On February 13, 2014 the Supreme Court of Canada denied leave to appeal, bringing the proceedings for further advances to an end.

Status of the Claim

The defendants delivered Statements of Defense in the spring of 2013. The defendants, other than Mr. Dolgonos and DOL Technologies Inc., also issued Third Party Claims against Stikeman Elliott LLP and one of its lawyers (collectively, "Stikeman Elliott"). Stikeman Elliott delivered Statements of Defense to the third party claims. The parties exchanged Affidavits of Documents in late 2013 and early 2014. Examinations for discovery began in February 2014 and are effectively completed. The parties participated in mediation on July 30 and 31, 2014 with the Honorable George Adams Q.C. The mediation did not result in a settlement. ONEnergy has reported that the court set a schedule for the parties to have completed preparation for trial by the end of December 2014.

Claim against McMillan LLP

ONEnergy also issued a Statement of Claim against McMillan LLP on August 20, 2012 (the "McMillan Claim"). The McMillan Claim seeks recovery of the advances paid in June of 2010 in the amount of $1,550, which were paid to McMillan LLP and other law firms before the former directors and officers resigned on July 21, 2010. ONEnergy has received a defense from McMillan LLP. McMillan participated in the mediation with Mr. Adams and the other defendants in ONEnergy's action against its former officers and directors. The mediation did not result in a settlement.

5. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements for the three months ended November 30, 2014 and 2013 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 months ended November 30, 2014 and 2013, 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 November 30, 2014 include the following:

- UBS recorded a loss before comprehensive loss of $169, compared to a loss before comprehensive loss of $234 for the first quarter of 2013. The variance resulted from, among other things, lower costs associated with the advancement of the CCAA process.
- Fair value of ONEnergy shares currently held by UBS decreased by $492 to $1,789, due to a decrease in ONEnergy's bid prices as at November 30, 2014 to $0.07 and $0.06 per multiple voting share and subordinate voting share respectively, compared to the respective bid prices as at August 31, 2014 of $0.085 and $0.08.
- As at November 30, 2014, UBS held cash and short-term investments totaling $1,915, 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 November 30, 2014	Three months ended November 30, 2013
Compensation	**$ 40**	$ 42
General and administrative	**137**	196
Total operating expenses	**$ 177**	$ 238

Compensation

Compensation expense includes wages, salaries and benefits.

During the three months ended November 30, 2014, the Company expensed $40 in compensation (November 30, 2013 - $42).

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 November 30, 2014	Three months ended November 30, 2013
CCAA expenses	**$ 56**	$ 118
Professional fees	**73**	71
Office and general	**8**	7
Total general and administrative expenses	**$ 137**	$ 196

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 CCAA claims process.

During the three months ended November 30, 2014, CCAA expenses decreased by $62 or 52.5% to $56, mainly due to the timing of the CCAA claims advancement.

Professional fees

Professional fees include mainly corporate legal, audit, accounting, filing fees, and insurance. On July 13, 2012, the court made an order which postponed the requirement of UBS to hold shareholder meetings until the completion of the CCAA proceeding.

Restructuring charges

Restructuring charges includes adjustments and accrued interest on the accrued restructuring awards approved by the then directors in 2009, and enhanced severance accruals.

During the three months ended November 30, 2014, UBS expensed $4 in accrued interest on the awards due to related parties (November 30, 2013 - $4) (refer to the section entitled "Provisions and contingencies – Contingencies – Reeson claims").

Interest and financing charges

For the three months ended November 30, 2014, interest income of $12 was recognized (November 30, 2013 – $8).

Income taxes

As at November 30, 2014, 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 loss before comprehensive loss amounted to $169, or $0.001 per share (basic and diluted), and the loss and comprehensive loss totaled $661, or $0.006 per share (basic and diluted), for the three months ended November 30, 2014.

The loss before comprehensive loss for the comparative three months ended November 30, 2013 totaled $234, or $0.002 per share (basic and diluted), and the income and comprehensive income totaled $43, or $nil per share (basic and diluted).

8. QUARTERLY FINANCIAL RESULTS

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

	Fiscal 2015	Fiscal 2014				Fiscal 2013		
	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 28
Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Operating and restructuring charges/(recovery) before interest, equity interest in ONEnergy's losses, and gain on sale of ONEnergy shares	181	502	(4,163)[1]	235	242	338	797	1,454
Interest income/(loss)	12	5	5	7	8	9	10	2
Equity interest in ONEnergy's losses[2]	-	-	-	-	-	-	-	(123)
Gain on sale of ONEnergy shares[2]	-	-	-	-	-	-	-	447
Income/(loss) before comprehensive income (loss)	(169)	(497)	4,168	(228)	(234)	(329)	(787)	(1,128)
Fair value adjustment in ONEnergy[2]	(492)	708	(645)	(832)	277	-	-	(652)
Income/(loss) and comprehensive income/(loss) for the period	$ (661)	$ 211	$ 3,523	$ (1,060)	$ 43	$ (329)	$ (787)	$ (1,780)
Income (loss) per share from operations – basic and diluted	$(0.001)	$(0.005)	$ 0.041	$(0.002)	$(0.002)	$(0.003)	$(0.008)	$(0.011)
Comprehensive income (loss) per share – basic and diluted	$(0.005)	$ 0.007	$ (0.007)	$(0.008)	$ 0.002	-	-	$(0.006)
Income (loss) per share								
Basic and diluted	$(0.006)	$ 0.002	$ 0.034	$(0.010)	-	$(0.003)	$(0.008)	$(0.017)

(1) Refer to the section entitled "Provisions and contingencies – Contingencies – Jolian claims".

(2) On February 19, 2013, UBS sold 12,430 multiple voting shares and 14,630 subordinate voting shares in ONEnergy for $0.14 per share and, effective February 20, 2013, accounts for ONEnergy using the fair value method.

9. LIQUIDITY AND CAPITAL RESOURCES

UBS held cash and short-term investments of $1,915 as at November 30, 2014, compared to cash and cash equivalents of $2,042 as at August 31, 2014. Cash and cash equivalents, totaling $510 (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 $1,405 (August 31, 2014 - $1,704), include 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 months ended November 30, 2014 was $133, compared to $213 for the three months ended November 30, 2013. The decrease during fiscal 2014 was due primarily to lower costs associated with the advancement of the CCAA claims process, and the timing of payment of accounts payable and accrued liabilities.

There were no financing activities for the three months ended November 30, 2014 or 2013.

Cash provided by investing activities totaled $305 for the three months ended November 30, 2014, due to the redemption of a GIC. This GIC was originally purchased during the first quarter of fiscal 2014 ($300) and $5 in interest was received on redemption.

UBS has incurred operating losses and negative cash flows from operations in recent years and, as at November 30, 2014, there is uncertainty regarding the outcome of certain recent litigation (refer to the section entitled "Provisions and contingencies - Contingencies"). 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").

UBS' 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 November 30, 2014 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 months ended November 30, 2014 and 2013, the weighted average number of shares outstanding was not increased for stock options outstanding as no options were in the money.

As at January 23, 2015, there were no changes to the number of issued and outstanding shares.

11. STOCK BASED COMPENSATION

During the three months ended November 30, 2014, no stock options were granted or expired (November 30, 2013 no stock options were granted and 200 stock options expired).

12. RELATED PARTY TRANSACTIONS

(a) Accrued restructuring liabilities due to related parties

UBS recorded related party transactions as follows:

	Accrued Restructuring Liabilities					
	Balance as at August 31, 2013	**Interest accrued fiscal 2014[4]**	**Jolian enhanced severance reversal 2014**	**Balance as at August 31, 2014**	**Interest accrued fiscal 2015[4]**	**Balance as at November 30, 2014**
Jolian Parties[1]	$ 2,853	$ -	$ (2,853)	**$ -**	$ -	**$ -**
Dolgonos Parties[2]	500	-	-	**500**	-	**500**
Mr. Reeson[3]	521	16	-	**537**	4	**541**
Total	**$ 3,874**	**$ 16**	**$ (2,853)**	**$ 1,037**	**$ 4**	**$ 1,041**

(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) This amount was approved in 2009 by the then directors (refer to the section entitled "Provisions and contingencies – Contingencies – Reeson claim"), and will ultimately be determined in the CCAA claims proceedings.

(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 November 30, 2014, are set out below. Certain of these amounts remain subject to final determination in the ongoing CCAA Claims proceedings.

UBS	Accrued restructuring liabilities						
	Equity accrual	Bonus accrual	Accrued interest	Awards paid	Accrued claims	Awards, interest and accrued claims declined / reversed	Balance as at November 30, 2014
Jolian Parties	$ 600	$1,200	$ 199	$ -	$ 2,853	$ (4,852)	$ -
Dolgonos Parties	330	1,200	125	-	500	(1,655)	500
Mr. Reeson	465	-	76	-	-	-	541
Former UBS directors and CFO – settled	915	1,000	54	(199)	-	(1,770)	-
TOTAL	**$ 2,310**	**$3,400**	**$ 454**	**$ (199)**	**$ 3,353**	**$ (8,277)**	**$ 1,041**

The Company has been successful in reversing $8,277 of accrued restructuring liabilities due to related parties, and related claims, in connection with the original awards granted in fiscal 2009.

(b) CEO termination clause

On January 3, 2012, 2064818 Ontario Inc., which is a corporation controlled by Mr. Dolgonos, acquired additional shares with the effect of increasing the indirect holdings of UBS over which Mr. Dolgonos exercised control and direction to greater than 20%. This triggered a “deemed” termination clause in the current CEO’s employment agreement, triggering a lump sum payment of $200 in lieu of notice of termination and has been recorded in accrued liabilities.

(c) Compensation of key management personnel

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

Key management compensation for the three months ended November 30, 2014 totaled $45 (November 30, 2013 - $47) which includes $26 paid to directors (November 30, 2013 - $26).

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 by UBS, and is subject to the claims process to be determined under CCAA.

(b) Contingencies

(i) Jolian claims

The Company has been successful in defending all claims brought by the Jolian Parties in respect of certain contingent payments approved by the previous directors in 2009, and the claims were dismissed by 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 (recovery) during fiscal 2014.

The Jolian Parties' claim for indemnification was disallowed during the Jolian Trial and the Jolian Parties were ordered to repay UBS the $200 previously advanced to them 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

Former director, Mr. Douglas Reeson ("Mr. Reeson"), served a statement of claim on UBS seeking approximately $465 plus interest in respect of the contingent award approved and allocated to him by the previous directors of UBS during fiscal 2009 (the "Reeson Claims"). Subsequent to the commencement of the CCAA claims process, the Monitor received proofs of claims from Mr. Reeson, totaling $585.

The Reeson Claims continue to be disputed and will be determined in the CCAA claims proceedings.

(iii) Dolgonos Parties claims

On July 6, 2012, the Dolgonos Parties claims of approximately $8,000 were settled for a claim of $500, the payment of which will be determined in the CCAA proceedings.

(iv) CCAA

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 and that all disputed claims are to be determined in the CCAA proceedings.

Reference is made to the website of the Court Appointed Monitor supervising the CCAA proceedings www.duffandphelps.com (see "restructuring cases").

(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.

<u>Credit risk</u>

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	November 30, 2014	August 31, 2014
Currently due	**$ 25**	$ 1,404
Past due by 90 days or less and not impaired	**1,384**	-
Past due by greater than 90 days and not impaired	**200**	200
	$ 1,609	**$ 1,604**

<u>Interest rate risk</u>

The Company had no significant exposure to interest rate risk through its financial instruments as at November 30, 2014 and August 31, 2014.

<u>Liquidity risk</u>

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.