

**BONAPARTE RESOURCES INC.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**NINE MONTHS ENDED MAY 31, 2014**

**July 25, 2014**

**THE COMPANY**

Bonaparte Resources Inc. (“the Company”) was incorporated pursuant to the Business Corporations Act (British Columbia) on July 10, 2007. The Company was a Capital Pool Company as defined in the TSX Venture Exchange (“TSX-V”) Policy 2.4. On February 5, 2010 the Company announced the acceptance of its filing statement filed with the TSX – Venture Exchange on January 29, 2010.

During the year ended August 31, 2010, the Company entered into an Option agreement with Atac Resources Ltd., (“Atac”) whereby the Company acquired an option to earn a 50% interest in 90 claims located in the Whitehorse Mining District, Yukon Territory. The Company made the necessary filing statement regarding this Qualifying Transaction. The filing statement was accepted for filing by the TSX – Venture exchange so the Company met its requirement to find a qualifying transaction. See “Continuing Operations.”

The ability of the Company to fund its potential future operations and commitments will be dependent upon the ability of the Company to obtain additional financing.

In conjunction with the closing of the BlackIce transaction the Company completed its de-listing from the TSX Venture Exchange and has commenced trading on the Canadian Securities Exchange (“CSE”).

**FINANCIAL STATEMENTS**

Readers are directed to the condensed interim financial statements of the Company for the nine-months ended May 31, 2014 and the audited financial statements for the year ended August 31, 2013.

**FORWARD-LOOKING STATEMENTS**

This MD & A contains certain statements that may be deemed “forward-looking statements”. All statements in this MD & A, other than statements of historical fact, that address exploration drilling, exploitation activities and events or developments that the Company expects to occur, are forward-looking statements. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “projects”, “potential” and similar expressions, or that events or conditions “will”, “would”,

“may”, “could”, or “should” occur. Information inferred from the interpretation of drilling results and information concerning mineral resource estimates may also be deemed to be forward-looking statements, as it constitutes a prediction of what might be found to be present when and if a project is actually developed. Although the Company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and actual results may differ materially from these forward-looking statements. Factors that could cause the actual results to differ materially from those in forward-looking statements include market prices, exploitation and exploration success, and continued availability of capital and financing as well as general economic, market or business conditions. Investors are cautioned that any such statements are not guarantees of future performance and actual results or developments are based on the beliefs, estimates and opinions of the Company’s management on the date the statements were made.

At this early stage of the Company’s development, forward-looking statements would include any statements regarding the expected exploration programs for the Company’s exploration and evaluation assets, and the expected sources of funding for their acquisition and exploration programme. Undue reliance should not be placed on this forward-looking information because the exploration programs involve a number of risk factors, which would include, but are not limited to discovery of reserves and their estimates, fluctuations in mineral prices and uncertainties as to the availability and cost of financing and changes in the capital markets.

## **FINANCING**

The Company has prepared and the Directors have authorized a Stock Option Plan (the “Plan”) whereby the Company has granted incentive stock options to Directors of the Company. The Plan has been structured to comply with the rules of the TSX-V and accordingly, the aggregate number of shares which may be subject to option at any one time may not exceed 10% of the issued common shares of the Company as of that date including any options which may have been granted earlier, but remain unexercised. These options vested immediately on December 3, 2007 when the Company’s shares were called for trading. The options may not exceed a term of five years.

During the year ended August 31, 2011 the Company adopted an amended stock option plan to comply with certain regulatory and income tax changes. The aggregate number of shares which may be subject to option remain at 10% of the issued common shares and may not exceed a period of 5 years. Vesting periods will be determined at the discretion of the directors and if the optionee ceases to be qualified to receive options from the Company those options expiry immediately.

In February, 2011 the Company granted a further 315,000 options exercisable at a price of \$0.45 per share until February 8, 2016. Of these options 78,750 vested immediately and the remaining balance vested quarterly so that all the options were fully vested at November 8, 2011. In July, 2011, the Company’s CEO and CFO relinquished a total of 80,000 options that had been granted in February, 2011. The Company granted a further 150,000 options to consultants at a price of \$0.30 exercisable until July 30, 2012. The options vest on a quarterly basis and will fully vest on July 20, 2012. Of the resultant 285,000 options a total of 200,000 expired unexercised when the two directors, to whom the options had been granted, resigned from the Board in June, 2012.

In December, 2012 a total of 536,760 options exercisable at a price of \$0.15, originally granted in 2007 as part of the Company’s original capital structure, expired unexercised.

As at May 31, 2014, the Company has 85,000 shares under option and these are exercisable at a weighted average price of \$0.45 per share. If fully exercised, these options will raise \$38,350 in additional funding. These options expire in February, 2016.

On August 30, 2012 the Company completed a private placement of 2,345,000 units at \$0.10 per unit for gross proceeds of \$234,500. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable into one common share of the Company at \$0.15 per share for a period of 24 months. In connection with the private placement, the Company incurred share issuance costs of \$17,673.

After consulting the Company's professional advisors it was decided that the results of the exploration programme's undertaken on the Hopper and Hooch properties did not warrant the expenditure of \$330,000 in property payments due on or before December 31, 2012. The Company and Strategic continued discussions in January, 2013 but did not reach an agreement. Accordingly, the Company received a default notice in late January, 2013 and wrote-off the Hopper and Hooch properties, in part to preserve its cash resources. In this regard the Company incurred a charge to operations in the amount of \$1,613,197.

As at May 31, 2014, the Company has \$51,619 in remaining cash reserves and a working capital deficit of \$74,708. Readers are directed to proposed Transactions and Subsequent Events for further information.

On June 2, 2014, concurrent with the closing of the BlackIce transaction, the Company closed a non-brokered private placement for the issue of 4,000,000 Units at a price of \$0.15 per Unit, raising \$600,000. Each Unit comprised one common share and one-half share purchase warrant. Each whole warrant entitles the holder to acquire one further share at a price of \$0.30 until June 2, 2016. In addition, two Directors of the Company agreed to settle \$97,500 of the Company's indebtedness to them for the issue of 650,000 shares at a deemed price of \$0.15.

## **FINANCIAL PERFORMANCE**

During the nine months ended May 31, 2014, the Company incurred net administrative expenses totalling \$111,186 before interest income of \$51. This resulted in a net and comprehensive loss for the period of \$111,135 (2013 - \$1,613,133). This amounted to a loss per share of \$0.01 per share (2013 - \$0.12) for the nine-month period. The largest expenses for the period were legal, audit and accounting fees of \$45,744, management fees of \$46,143 and listing and filing fees of \$6,774. The largest difference between this period and the comparative period on May 31, 2013 was the write-off of the Hopper and Hooch properties totalling \$1,613,197 during 2013 and the legal and accounting costs related to the proposed BlackIce acquisition in 2014 of \$44,244. The Company has a working capital deficit of \$74,708 as of the end of the quarter.

## **LIQUIDITY AND CAPITAL MANAGEMENT**

Bonaparte has cash and equivalents at the period end of \$51,619 along with recoverable GST in the amount of \$2,142. The current cash is sufficient to meet the Company's current liabilities.

To meet its capital requirements following the BlackIce acquisition the Company does intend to raise further capital in the balance of 2014.

The Company intends to manage its cash resources with the view, wherever possible, to maintain sufficient cash resources to ensure it can meet its ongoing administrative obligations and its property obligations for at least one year. The Company plans to address future cash needs through the issue of shares when required and warranted. Surplus funds are invested in high quality Canadian banks in instruments that allow the Company flexibility in managing its cash resources. As the Company does not operate in any countries other than Canada it is not subject to any foreign exchange risk

## **SUMMARY OF QUARTERLY RESULTS**

The following is selected financial data from the condensed interim financial statements.

	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter
	IFRS	IFRS	IFRS	IFRS
Quarter Ended	'May 31/14	'Feb 28/14	'Nov 30/13	'Aug 31/13
Net income (loss) before discontinued or extraordinary items	\$ (57,025)	\$ (31,277)	\$ (22,833)	\$ (31,674)
Per common share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Net income (loss) for the period	\$ (57,025)	\$ (31,277)	\$ (22,833)	\$ (31,674)
Per common share	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total Assets	\$ 68,051	\$ 78,597	\$ 109,729	\$ 140,448
Long Term Liabilities	Nil	Nil	Nil	Nil
Cash Dividends	Nil	Nil	Nil	Nil

	3 <sup>rd</sup> Quarter	2 <sup>nd</sup> Quarter	1 <sup>st</sup> Quarter	4 <sup>th</sup> Quarter
	IFRS	IFRS	IFRS	IFRS
Quarter Ended	'May 31/13	'Feb 28/13	'Nov 30/12	'Aug 31/12
Net income (loss) before discontinued or extraordinary items	\$ (31,729)	\$ (1,648,004)	\$ (34,726)	\$ (168,354)
Per common share	\$ (0.12)	\$ (0.12)	\$ (0.00)	\$ (0.02)
Net income (loss) for the period	\$ (31,729)	\$ (1,648,004)	\$ (34,726)	\$ (168,354)
Per common share	\$ (0.12)	\$ (0.12)	\$ (0.00)	\$ (0.02)
Total Assets	\$ 158,818	\$ 213,287	\$ 1,850,848	\$ 1,929,814
Long Term Liabilities	Nil	Nil	Nil	Nil
Cash Dividends	Nil	Nil	Nil	Nil

The results of operation for the most recently completed quarter resulted in a loss of \$57,025. The only revenues were \$9 of interest income. The largest expenses were the management fees of \$10,143, accounting and legal expenses of \$38,855 and listing and filing fees of \$3,561.

## **CONTINUING OPERATIONS**

Upon the abandonment of the Hopper and Hooch claims the Company does not have any continuing operations to report. (See Subsequent Events)

## **EXECUTIVE COMPENSATION**

Commencing January 2011, the Board of Directors has agreed to compensate the Company's Chief Executive Officer, Mr T. Randall Saunders, in the amount of \$4,000 per month and its Chief Financial Officer, Mr Robert Jamieson C. A. in the amount of \$2,000 per month for their services to the Company. These payments are made to Mr. Jamieson's wholly owned company Robert Jamieson C. A. Inc., and to Mr. Saunders' wholly owned company Malesa Investments Inc. Pursuant to the proposed BlackIce acquisition Mr. Saunders and Mr. Jamieson have agreed to settle \$97,500 of the indebtedness owed to their wholly owned companies, by the Company, for the issue of shares at a price of \$0.15 per share. This will issue 383,200 shares to Malesa Investments Inc. and 266,800 shares to Robert Jamieson C. A. Inc. or to Mr. Jamieson himself.

The Company also compensates its Officers and Directors through stock options. At present, there are 85,000 stock options outstanding for Directors. The weighted average exercise price is \$0.45 exercisable until February, 2016.

## **CONTRACTUAL OBLIGATIONS**

The Company is contractually obligated to issue up to 85,000 shares pursuant to the exercise of stock options at a price of \$0.45 per share.

Pursuant to the BlackIce acquisition the Company is contractually obligated to pay the bridge loan in the amount of \$100,000 advanced by a third party to BlackIce prior to the closing. On June 2, 2014, pursuant to the closing, the Company repaid the bridge loan from the proceeds of the \$600,000 non-brokered private placement.

## **RISK**

The Company is subject to a number of risk factors due to the nature of its business. The following factors should be considered:

### **New Business**

We have just commenced operating the financial risk management business by the acquisition of the intellectual property rights described above. There is no assurance that our business will be successful. We were previously involved in the mining exploration business, which we have completely abandoned.

*If we do not continue to innovate and provide tools and services that align to regulatory and management expectations, we may not remain competitive, and our revenues and operating results could suffer.*

Our success depends on continued innovation to provide features and services that make our ERA™ solution compliant and relevant for financial institutions. The regulatory environment is continually evolving; as such our competitors are constantly developing innovations in risk data. As a result, we must continue to invest significant resources in research and development in order to continually improve the speed, accuracy and comprehensiveness of our services. If we are unable to continue offering innovative products and services, we may be unable to attract additional clients or retain our current users, which could adversely affect our business, results of operations and financial condition.

The ERA™ comprises of Logical/Physical Data Models that receives information from disparate and proprietary information systems within the financial institution. As origination systems are upgraded to support new regulatory requirements, the ERA™ must be enhanced to maintain a competitive advantage in the industry.

The ERA™ is a co-branded solution with IBM in order to leverage the existing advanced capabilities of IBM PureData and IBM Cognos. As IBM PureData and IBM Cognos capabilities are enhanced, if modifications to the ERA™ are required to leverage these new capabilities, innovations to the ERA™ must be completed to ensure the solution is optimized.

*Competition from existing or new competitors could adversely affect us through the creation of a competitive product that may reduce potential sales.*

Large, established software and/or consulting firms with substantial resources and expertise in developing applications may create inroads into the enterprise risk solutions that would be applicable to markets that are currently our focus. If companies are successful in offering services that directly compete with ours, we could potentially lose sales opportunities, which could have a material adverse effect on our business, results of operations and financial condition.

*We may be unable to maintain and increase brand awareness and preference, which could limit our ability to maintain our current financial performance or achieve additional growth.*

In our international markets we rely on not only our experience and our existing relationships with financial institutions and regulators, but we are also able to leverage the relationships of our partners. Awareness and comprehensiveness are differentiated attributes of our solution that are important aspects of our efforts to attract and expand our sales. Since many of our competitors have more resources than we do, and can spend more advertising their brands and services, we are required to either spend considerable money and other resources to preserve and increase our brand awareness, or continue to leverage our partner relationships. Should the competition for enterprise-wide risk solutions increase significantly, we may not be able to successfully maintain our industry leading position, or further enhance the strength of our solution. If we are unable to maintain or enhance our market position / awareness cost effectively, our business, results of operations and financial condition could be adversely affected.

*Competition from other solution companies could result in a decrease in the number of implementations and financial institutions using the ERA™ and a decrease in our financial performance.*

While currently there are minimum direct competitors with comparable solutions, we operate in a highly competitive industry. Many of our potential competitors, have existed longer and have larger customer bases and significantly greater financial, marketing, personnel resources. Some of these competitors may be able to devote significantly greater resources to eventually develop a solution as a competitor to the ERA™.

*Increased competition could result in reduced operating margins and loss of market share. There can be no assurance that we will be able to compete successfully against current and future competitors or that competition will not have a material adverse effect on our business, results of operations and financial condition.*

Depending on future development undertaken by competitors, and if we do not continue to enhance the functionality of the ERA™, it could result in a decrease in the number of financial institutions expressing interest in our solution. .

*Our failure to manage growth effectively could harm our ability to attract and retain key personnel and adversely impact our operating results.*

Our culture is important to us. As we grow, however, we may have difficulty maintaining our culture or adapting it sufficiently to meet the needs of our operations. Failure to maintain our culture could negatively impact our operations and business results.

Such expansion increases the complexity of our business and places a significant strain on our management, operations, technical performance, financial resources and internal control over financial reporting functions.

There can be no assurance that we will be able to manage our expansion effectively. Our current and planned personnel, systems, procedures and controls may not be adequate to support and effectively manage our future operations, especially as we employ personnel in multiple geographic locations. We may not be able to hire, train, retain, motivate and manage required personnel, which may limit our growth, damage our reputation and negatively affect our financial performance and harm our business.

*We are dependent on the investment and project requirements of the financial industry and declines in spending generally could impact the demand for our services.*

Our financial prospects are significantly dependent the financial industry and the evolving regulatory requirements they are required to adhere to. While it is unlikely that a reduction in project investment would impact our potential sales, a reduction in risk projects could have a material and negative impact on our business and results of operations.

*We rely on the performance of highly skilled personnel, including senior management and our technology professionals, and if we are unable to retain or motivate key personnel or hire, retain and motivate qualified personnel, our business would be harmed.*

We believe our success has depended, and continues to depend, on the efforts and talents of our senior management and our highly skilled team members, including our software engineers. Our future success depends on our continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. The loss of any of our senior management or key employees could materially adversely affect our ability to build on the efforts they have undertaken and to execute our business plan, and we may not be able to find adequate replacements. We cannot ensure that we will be able to retain the services of any members of our senior management or other key employees. We do not maintain any key person life insurance policies.

Competition for well-qualified employees in all aspects of our business, including risk management, software engineers and other technology professionals is intense. Our continued ability to compete effectively depends on our ability to attract new employees and to retain and motivate existing employees.

If we do not succeed in attracting well-qualified employees or retaining and motivating existing employees, our business would be adversely affected.

*Acquisitions and investments could result in operating difficulties, dilution and other harmful consequences.*

While we have not acquired any company, we expect to continue to evaluate and enter into discussions regarding a wide array of potential strategic transactions. Any transactions that we enter into could be material to our financial condition and results of operations. The process of integrating an acquired company, business or technology may create unforeseen operating difficulties and expenditures. The areas where we face risks include:

- Diversion of management time and focus from operating our business to acquisition integration challenges;
- Implementation or remediation of controls, procedures and policies at the acquired company;
- Coordination of product, engineering and sales and marketing functions;
- Retention of employees from the businesses we acquire;
- Liability for activities of the acquired company before the acquisition; and
- In the case of foreign acquisitions, the need to integrate operations across different cultures and languages and to address the particular economic, currency, political and regulatory risks associated with specific countries.

Our failure to address these risks or other problems encountered in connection with future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

*The requirements of being a public company may strain our resources and distract our management, which could make it difficult to manage our business, particularly after we are no longer an “emerging growth company”.*

Following the completion of this offering, we will be required to comply with various regulatory and reporting requirements. Complying with these reporting and other regulatory requirements will be time-consuming and will result in increased costs to us and could have a negative effect on our business, results of operations and financial condition.

As a public company, we will be subject to various reporting. These requirements may place a strain on our systems and resources. To maintain and improve the effectiveness of our disclosure controls and procedures, we will need to commit significant resources, hire additional staff and provide additional management oversight. We will be implementing additional procedures and processes for the purpose of addressing the standards and requirements applicable to public companies. Sustaining our growth also will require us to commit additional management, operational and financial resources to identify new professionals to join our firm and to maintain appropriate operational and financial systems to adequately support expansion. These activities may divert management’s attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. We cannot predict or estimate the amount of additional costs we may incur as a result of becoming a public company or the timing of such costs.

*Fluctuations in our financial results make quarterly comparisons and financial forecasting difficult, which could make it difficult to manage our business.*



Our revenues and operating results have varied significantly from quarter to quarter because as our target market experiences long sales-cycles. As our business is changing and evolving, our historical operating results may not be useful in predicting our future operating results. We predict an increase in advertising spending and a deeper integration with our partners will expand our exposure and mitigate this risk.

*Changes in regulatory guidance either country specific or by industry regulators (e.g., BCBS, etc.), could limit our ability to expand and could require us to expend significant resources, including the attention of senior management, to review and comply with such regulations.*

The ERA™ currently adheres to the principles outlined by the Basel Committee of Banking Supervision, and industry best practices. Significant changes in these regulations may require us to incur significant costs and may require us to change our solution to meet these requirements.

In addition, our business strategy involves expansion into regions around the world, many of which have different country specific regulatory environments, tax laws and levels of political stability. Compliance with foreign legal, regulatory or tax requirements will place demands on our time and resources, and we may nonetheless experience unforeseen and potentially adverse legal, regulatory or tax consequences.

*Fluctuations in foreign currency exchange rates affect financial results in CAD dollar terms and could negatively impact our financial results.*

Significant portions of our revenues come from international operations. Revenues generated and expenses incurred are often denominated in local currencies. As a result, our consolidated CAD dollar financial statements are subject to fluctuations due to changes in exchange rates as the financial results of our international transactions are translated from local currencies into CAD dollars.

### **Risks Related to Our Intellectual Property**

*We may not be able to adequately protect our intellectual property, which could harm the value of our brands and adversely affect our business.*

We regard our intellectual property as critical to our success, and we rely on trademark, copyright and patent law, trade secret protection and confidentiality and/or license agreements to protect our proprietary rights. If we are not successful in protecting our intellectual property, it could have a material adverse effect on our business, results of operations and financial condition. Moreover, we rely on intellectual property and technology developed or licensed by third parties, and we may not be able to obtain or continue to obtain licenses and technologies from these third parties at all or on reasonable terms.

Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which our services are provided. The laws of certain countries do not protect proprietary rights to the same extent as the laws of the Canada and, therefore, in certain jurisdictions, we may be unable to protect our proprietary technology adequately against unauthorized third party copying or use, which could adversely affect our competitive position. Also to the extent third parties are obligated to indemnify us for breaches of our intellectual property rights, these third parties may be unable to meet these obligations. Any of these events could have a material adverse effect on our business, results of operations or financial condition.

*Claims by third parties that we infringe their intellectual property rights could result in significant costs and have a material adverse effect on our business, results of operations or financial condition.*

We are currently not subject to any patent infringement claims, and we do not expect to be subject to any. As we grow our business and expand our operations we may be subject to intellectual property claims that may or may not be valid. Resolving intellectual property claims may require us to refocus senior management effort and incur financial expenses. Any of these events could have a material adverse effect on our business, results of operations or financial condition.

*Confidentiality agreements with employees and others may not adequately prevent disclosure of trade secrets and other proprietary information.*

The ERA™ processes and technologies is protected by trade secret laws. In order to protect these technologies and processes, we rely in part on confidentiality agreements with our employees, licensees, independent contractors and other advisors. These agreements may not effectively prevent disclosure of confidential information, including trade secrets, and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. The loss of trade secret protection could make it easier for third parties to compete with our solution by copying functionality. Costly and time-consuming litigation could be necessary to enforce and determine the scope of our proprietary rights, and failure to obtain or maintain trade secret protection could adversely affect our business, revenue, reputation and competitive position.

## **CONFLICTS OF INTEREST**

Certain officers and directors of the Company are officers and/or directors of, or are associated with other natural resource companies that acquire interests in mineral properties. Such associations may give rise to conflicts of interest. The directors are required by law, however, to act honestly and in good faith with a view to the best interests of the Company and the shareholders and to disclose any personal interest which they may have in any material transaction which is proposed to be entered into with the Company and to abstain from voting as a director for the approval of any such transaction.

## **DIRECTORS AND OFFICERS**

T. Randall Saunders	
Robert A. Jamieson	Chief Financial Officer
Muhktar Kalyan	Chief Executive Officer, President and Secretary
Judy Kalyan	
David Taylor	
Mike England	resigned June 2, 2014
Tom McCandless	resigned June 2, 2014

## **RELATED PARTIES**

The Company is also indebted to a private company owned by Mr.Saunders, Malesa Investments Inc., for \$58,345 (2013 - \$42,480) in unpaid management fees and out of pocket expenses plus applicable HST. The Company is also indebted to its CFO, Mr. Robert Jamieson, through his wholly owned company Robert Jamieson C. A. Inc., in the amount of \$40,020 (2013 - \$31,920) for unpaid management fees. (See Executive Compensation).

The Company incurred the following amounts to related parties during the nine-month period in the two most recent years:

	2014 \$	2013 \$
Office, rent and fees – paid to Malesa Investments Inc, the private Company of the Company’s CEO, Mr. T. Randall Saunders	39,118	44,778
Management services paid to the Robert Jamieson C. A. Inc. the Private company for the Company’s CFO Robert Jamieson	16,000	18,000
	<hr/> 54,118	<hr/> 62,778

### **SHARE CAPITAL**

Authorized: An unlimited number of common shares without par value:

Issued:

	<u>Shares</u>	<u>Amount</u> \$
Balance at August 31, 2011	10,668,987	2,205,454
Shares issued for cash at \$0.20 per share	1,100,000	220,000
Private placement at \$0.10 per share	2,345,000	234,500
Share issue costs	-	(21,523)
<b>Balance at August 31, 2012 and 2013 and May 31, 2014</b>	<hr/> 14,113,987	<hr/> 2,683,431
Private placement at \$0.15 per share	4,000,000	600,000
BlackIce Solutions ERA acquisition	43,000,000	6,450,000
Finders Fee at \$0.15 per share	1,000,000	150,000
Share for debt settlement at \$0.15 per share	650,000	97,500
<b>Balance at July 25, 2014</b>	<hr/> 62,763,987	<hr/> 9,980,931

### **Escrowed Shares**

Pursuant to an escrow agreement dated June 2, 2014 and pursuant to the BlackIce ERA acquisition a total of 44,000,000 shares were issued and held in escrow. Upon issuance a total of 4,400,000 shares were released from escrow. As at July 25, 2014 a total of 39,600,000 shares remain in escrow.

## Private Placement

On August 30, 2012, the Company issued 2,345,000 shares by way of private placement, raising \$234,500 at a price of \$0.10 per Unit. Each unit comprised one common share and one share purchase warrant. Each warrant is exercisable into one common share of the capital of the Company at a price of \$0.15 per share for a period of 24 months. The Company incurred \$17,763 in share issue costs related to this private placement.

On June 2, 2014, pursuant to the BlackIce ERA acquisition the Company issued 4,000,000 Units at a price of \$0.15 per Unit. Each Unit consisted of one common share and one-half (1/2) share purchase warrant. One whole warrant entitles the holder to acquire a further share at the price of \$0.30 until June 2, 2016.

## Warrants

Pursuant to a non-brokered private placement 2,345,000 warrants remain to be exercised until August 30, 2014. In addition, pursuant to the non-brokered private placement closed on June 2, 2014 a further 4,000,000 one-half warrants are exercisable into 2,000,000 common shares at a price of \$0.30 per share until June 2, 2016.

The weighted average life of the warrants is 1.38 years and a weighted average exercise price of \$0.19 per share.

## Stock Options

During 2011, the Company's directors approved a new stock option plan (the "Plan") on February 18, 2011. The Plan has been structured to comply with the rules of the TSX-V. The aggregate number of common shares, which may be subject to option at any time, may not exceed 10% of the issued common shares of the Company as of that date including options granted prior to the Plan. Options granted may not exceed a term of five years. All Options vest granted unless otherwise specified by the Board of Directors. If the optionee ceases to be qualified to receive options from the Company those options expire immediately.

On February 18, 2011, the Company granted 315,000 options at a price of \$0.45 per share to Directors and consultants at an exercise price of \$0.40 per share until February 18, 2016. On July 20 2011, Mr Saunders, the CEO and Mr Jamieson, the CFO, each relinquished 40,000 of their options for a total of 80,000 options that had been granted in February, 2011. The Company recognized \$32,987 in stock based compensation for the relinquished options. A further 150,000 options were granted to consultants at a price of \$0.30 in July, 2011. These options vest quarterly and the Company recognized a further \$96,969 in stock based compensation, using the Black Scholes option pricing model. As of May 31, 2014 the weighted average remaining contractual life of the only outstanding and exercisable options was 1.70 years.

	Number of Options	Weighted Average Exercise Price
Balance at September 1, 2010	673,334	0.17
Exercised at \$0.15	(86,574)	0.15
Granted at \$0.45	315,000	0.45
Cancelled at \$0.45	(80,000)	0.45
Granted at \$0.30	150,000	0.30
Balance at August 21, 2011	971,760	0.26
Expired at \$0.45	(200,000)	0.45
Expired at \$0.30	(150,000)	0.30
Balance at August 31, 2012	621,760	0.19
Expired at \$0.15	(536,760)	0.15
Balance at August 31, 2013 and May 31 and July 25, 2014	85,000	0.45

The following table summarizes the outstanding and exercisable options at May 31, 2014:

----- Outstanding Options -----			----- Exercisable Options -----		
Exercise Price (\$)	Weighted Ave. Remaining Life Years	Number of Shares	Weighted Ave. Exercise Price (\$)	Number of Shares	Weighted Ave Exercise Price (\$)
0.45	1.70	85,000	0.45	85,000	0.45

### **Contributed Surplus**

	\$
Balance at September 1, 2010	91,171
Stock based compensation	127,956
Transferred on exercise of agents warrants	(9,902)
Balance at August 31, 2011	209,225
Stock based compensation	6,046
Balance at August 31, 2012 and 2013 and May 31, 2014	215,271

### **OFF-BALANCE SHEET ITEMS**

The Company, effective April 29, 2014 guaranteed the \$100,000 bridge loan made to the Vendors of the ERA and GCD intellectual property. On June 2, 2014, effective at closing (see Subsequent Events)

the Company repaid the \$100,000 bridge loan from the \$600,000 proceeds of the non-brokered private placement.

## **PROPOSED TRANSACTIONS**

On February 13, 2014, the Company announced that it had entered into a binding Letter of Intent with Mr. Mac Kalyan (the “Vendor”) whereby the Company has agreed to acquire all of the Vendors’ interest in source code and risk analysis software called Enterprise Risk Aggregation (“ERA) and Governance Compliance Database (“GCD”). Both ERA and GCD are targeted at financial institutions and the increased reporting that is required for financial institutions following the 2008 – 2009 recession and the adoption of the Basel Accords by most countries. ERA and GCD provides financial institutions with the capability to provide accurate and complete management and regulatory reporting from a single source. GCD will allow financial institutions to assess their adherence to regulatory requirements and for Regulators to assess adherence across financial institutions. The completion of the transactions will occur under the following:

1. The Company will issue 43,000,000 common shares to the Vendor;
2. The Company will settle a maximum of \$95,000 of indebtedness owing to its related parties for common shares at a price of \$0.15 per share;
3. The Company will raise \$600,000 in a Unit financing by way of private placement at a price of \$0.15 per Unit;
4. The Company will arrange to borrow \$100,000 and re-lend this amount to the Vendor in two \$50,000 tranches for working capital purposes. The loans will be due to be repaid on May 1, 2014.

It is the intention of the Company that following completion of the transaction the Company will de-list from the TSX – Venture Exchange and re-list on the Canadian Securities Exchange.

(SEE SUBSEQUENT EVENTS)

## **FINANCIAL INSTRUMENTS**

Fair value estimates of financial instruments are made at a specific point in time, based upon relevant information about financial markets and specific financial instruments. As these estimates are subjective in nature, involving uncertainties and significant judgement, they cannot be determined with precision. Changes in assumptions can significantly affect estimated fair value. The Company may be exposed to the following risks related to financial instruments:

**Credit Risk** – financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents. To minimize the credit risk the Company places these instruments with high credit financial institutions.

**Liquidity Risk** - The Company ensures its holding of cash and cash equivalents is sufficient to meet its short-term obligations and general and administrative expenditures. The Company does not have investments in any asset backed deposits nor does it hold other marketable securities.

**Foreign Exchange Risk** – The Company does not have any foreign exchange currency denominated financial instruments and is not exposed to foreign exchange risk.

Interest Rate Risk – The Company manages its interest rate risk by obtaining the best available commercial deposit interest rates by major Canadian financial institutions.

Market Risk – market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices.

Financial assets measured at fair value on a recurring basis were presented on the Company's statement of financial position as of May 31, 2014 are cash and cash equivalents, measured using quoted prices in active markets for observable instruments (level1), with a balance of \$51,619 as of May 31, 2014.

At May 31, 2014 there are no financial liabilities measured at fair value on a recurring basis presented on the Company's statement of financial position.

At May 31, 2014, the fair value of the Company's financial instruments approximate their carrying values because of the short-term nature of those instruments.

### **SUBSEQUENT EVENT**

Subsequent to the period end, on June 2, 2014, the Company closed the transaction whereby the Company acquired the Enterprise Risk Aggregation ("ERA") and Governance Compliance Database ("GCD") proprietary software and intellectual property from BlackIce Solutions and Technologies Inc., BlackIce Solutions Inc., Mr. Mukhtar Kalyan and Ms. Judy Kalyan (collectively the Vendors") for the following consideration and actions:

- (i) Issued 41,000,000 shares to the Vendors at a deemed price of \$0.15 per share for total consideration of \$6,150,000;
- (ii) Issued a further 2,000,000 shares at a deemed price of \$0.15 per share to a third party for the release and transfer of their interest in the ERA and GCD software and intellectual property;
- (iii) Completed a non-brokered private placement for the issue of 4,000,000 Units at a price of \$0.15 per Unit. Each Unit consists of one common share and one-half (1/2) share purchase warrant. Each whole warrant permits the holder to acquire one whole share for a price of \$0.30 per share until June 2, 2016.
- (iv) Issued 1,000,000 shares at a deemed price of \$0.15 per share and incurred a liability for \$20,000 to two third parties as a finders fee;
- (v) The wholly owned companies for Mr T. Randall Saunders (Malesa Investments Inc.) and the CFO Mr. Robert Jamieson (Robert Jamieson C. A. Inc) entered into debt settlement agreements for the settlement of \$97,500 between them for the issue of 650,000 shares;
- (vi) Repaid the bridging loan to the third party who advanced the loan from the \$600,000 proceeds of the non-brokered private placement;
- (vii) Increased the Board of Directors from 4 to 5 persons and changed the name of the Company from Bonaparte Resources Inc. to BlackIce Enterprise Risk Management Inc.

### **CRITICAL ACCOUNTING ESTIMATES**

The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities at the date of the financial statements and expenses for the years reported. Significant areas requiring the use of management estimates include the determination of impairment or exploration and evaluation

assets and financial instruments, decommissioning liabilities, deferred income tax assets and liabilities and assumptions used in valuing options in share-based payment calculations. Actual results could differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and further periods if the revision affects both the current and future periods.

## **RECENT ACCOUNTING PRONOUNCEMENTS**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, on a going concern basis, which assumes that the Company will be able to continue as a going concern and realize its assets and discharge its liabilities in the normal course of business. The financial statements do not reflect any adjustments that might be necessary if the Company is unable to continue as a going concern.

The policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of July 25, 2014, the date the Board of Directors approved the statements.

### Accounting Standards Issued and Effective

The Company has adopted these standards effective beginning September 1, 2012 and there were no significant impacts on the financial statements.

	<u>Effective</u>
Amendment to IAS 12, Income taxes	January 1, 2012
IAS 1, Presentation of Financial Statements	July 1, 2012

### Standards Issued But Not Yet Adopted

For the purposes of preparing and presenting the Company’s annual financial statements, the Company has adopted all standards and interpretations issued other than those listed below. These standards have not been adopted because they are not effective until subsequent to January 1, 2013. Standards and interpretations issued, but not effective are:

	<u>Effective</u>
IFRS 9 – Financial Instruments	January 1, 2015
IFRS 10 – Consolidated Financial Statements	January 1, 2013
IFRS 11 – Joint Arrangements	January 1, 2013
IFRS 12 – Disclosure of Interests in Other Entities	January 1, 2013
IFRS 13 – Fair Value Measurement	January 1, 2013
IAS 27 – Separate Financial Statements	January 1, 2013
IAS 28 – Investments in Associates and Joint Ventures	January 1, 2013
Amendment to IAS 32, Offsetting Financial Assets and Liabilities	January 1, 2014

The Company believes that, with the exception of IFRS 9, Financial Instruments, the adoption of these revised standards will have no material impact on the condensed interim and annual financial statements.



IFRS 9, Financial Instruments, proposes to replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement standard has three main phases, the first of which provides new guidance to the classification and measurement of financial assets and liabilities. The second part, which is currently an exposure draft, provides guidance for amortized cost and impairment methodology for financial assets. The third part, which is also currently an exposure draft, proposes a revised general hedge accounting model. The Company will evaluate the impact of the change to its annual financial statements based upon the characteristics of the financial instruments anticipated to be outstanding at the time of adoption.

### **VENTURE ISSUER**

The Company is a Venture Issuer as defined by Multi-Lateral Instrument 51-102. It has recently acquired an option agreement in a mineral property. It has begun to capitalize the cost of its mineral property and to defer exploration and development expenses. Readers are directed to the Condensed Interim Statement of Operations, Comprehensive Loss and Deficit and the Schedule of Mineral Properties within the Condensed interim Financial Statements for a complete breakdown of the Company's administrative and exploration expenses.

### **MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgement and have been properly reflected in the accompanying financial statements.

Management maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded and to facilitate the preparation of relevant and timely information.

### **Disclosure Controls and Internal Controls Over Financial Reporting**

The Company's Chief Executive Officer and its Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures and our internal controls over financial reporting. The primary weaknesses in the Company's internal controls is that there is an insufficient number of accounting and approve all payments by the Company and all strategic administration staff to properly segregate certain duties that require segregation in order to have good internal control. Management and the Board of Directors have implemented processes to mitigate the risks arising from this weakness. The Chief Executive Officer and the Chief Financial Officer review and non-routine matters prior to submission to the Board of Directors for its approval. They require to be fully apprised of any material information affecting the Company so that information may be evaluated and discussed and the appropriateness and timing of public releases determined. The Board of Directors reviews and approves the Company's financial reports on a quarterly basis and approves all public disclosures.

The Chief Executive Officer and the Chief Financial Officer, after evaluating the effectiveness of the Company's disclosure controls and procedures as at August 31, 2013, have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company would have been known to them.

