BLACKICE ENTERPRISE RISK MANAGEMENT INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2015

KPMG LLP
Chartered Professional Accountants
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada

Telephone (604) 691-3000
Fax (604) 691-3031
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of BlackIce Enterprise Risk Management Inc.

We have audited the accompanying financial statements of BlackIce Enterprise Risk Management Inc., which comprise the statement of financial position as at August 31, 2015 and August 31, 2014, the statements of comprehensive loss, changes in equity and cash flows for the year ended August 31, 2015 and the period from June 2, 2014 to August 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BlackIce Enterprise Risk Management Inc. as at August 31, 2015 and August 31, 2014, and its financial performance and its cash flows for the year ended August 31, 2015 and the period from June 2, 2014 to August 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes that BlackIce Enterprise Risk Management Inc. had earned no revenues from operations, incurred losses and had negative cash flows from operations during the year ended August 31, 2015 and the period from June 2, 2014 to August 31, 2014. These conditions, along with other matters set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

KPMG LLP

Chartered Professional Accountants

Vancouver, Canada
December 24, 2015

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

STATEMENTS OF FINANCIAL POSITION

AS AT AUGUST 31, 2015 AND 2014

(Expressed in Canadian Dollars)

	Note		2015		2014 (Note 1)
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		$	4,966	$	134,558
GST receivable	6		28,932		317,683
Prepaid expenses			2,310		12,549
			36,208		464,790
PROPERTY AND EQUIPMENT	8		3,205		2,109
INTANGIBLE ASSETS	9		475,457		120,820
		$	514,870	$	587,719
Liabilities and Shareholders' Equity					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities		$	315,612	$	115,375
Related party payable	7		433,743		4,727
Loan payable	10		9,000		-
Notes payable	6,7		186,750		307,500
			945,105		427,602
SHAREHOLDERS' EQUITY (DEFICIENCY)					
Share capital	11		1,808,502		1,506,032
Contributed surplus	11		495,500		-
Deficit			(2,734,237)		(1,345,915)
			(430,235)		160,117
		$	514,870	$	587,719
NATURE OF BUSINESS AND GOING CONCERN	1				
SUBSEQUENT EVENTS	15				

APPROVED BY THE DIRECTORS ON DECEMBER 24, 2015:

"DAVID TAYLOR" Director

“JUDY KALYAN" Director

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in Canadian Dollars)

	Note		Year ended August 31, 2015		Period from June 2, 2014 to August 31, 2014 (Note 1)
Expenses					
Advertising		$	12,981	$	-
Amortization			1,374		122
Bank charges and interest			1,314		384
Consulting fees			295,236		50,400
Investor relations			17,893		-
Listing and filing			78,731		11,967
Management fees	7		120,000		46,000
Office and miscellaneous			18,989		6,421
Professional fees			141,042		70,252
Promotion and travel			162,751		56,875
Rent			58,346		12,938
Salaries and wages	7		35,715		13,850
Share based compensation	11(d)		421,175		-
Telecommunications			23,238		5,905
Loss before other item			1,388,785		275,114
Other items					
Listing expense on reverse acquisition			-		1,070,801
Interest income			(463)		-
Net loss and comprehensive loss		$	1,388,322	$	1,345,915
Basic and diluted loss per share		$	0.02	$	0.02
Weighted average number of shares oustanding					
Basic and diluted			65,662,069		62,763,987

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)

FOR THE YEAR ENDED AUGUST 31, 2015 AND PERIOD FROM JUNE 2, 2014 TO AUGUST 31, 2014

(Expressed in Canadian Dollars)

	Note	Common Shares	Amount	Contributed Surplus	Deficit	Total
Balance at June 2, 2014			$ -	$ -	$ -	$ -
Recognition of shares held by Bonaparte's shareholders	3	14,113,987	-	-	-	-
Shares issued on reverse acquisition	3	41,000,000	705,699	-	-	705,699
Shares issued to third party on reverse acquisition	3	2,000,000	100,000	-	-	100,000
Shares issued as finders fee on reverse acquisition	3	1,000,000	50,000	-	-	50,000
Shares issued on private placement, net of issuance costs	11	4,000,000	552,833	-	-	552,833
Shares issued for settlement of debt	11	650,000	97,500	-	-	97,500
Net loss for the period		-	-	-	(1,345,915)	(1,345,915)
Balance as at August 31, 2014		62,763,987	1,506,032	-	(1,345,915)	160,117
Shares issued on private placement, net of issuance costs	11	4,300,000	302,470	-	-	302,470
Share options issued	11	-	-	495,500	-	495,500
Net loss for the period		-	-	-	(1,388,322)	(1,388,322)
Balance as at August 31, 2015		67,063,987	$ 1,808,502	$ 495,500	$ (2,734,237)	$ (430,235)

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

STATEMENTS OF CASH FLOWS

(Expressed in Canadian Dollars)

	Note	Year ended August 31, 2015	Period from June 2, 2014 to August 31, 2014 (Note 1)
OPERATING ACTIVITIES			
Net loss		$ (1,388,322)	$ (1,345,915)
Items not involving cash			
Amortization		1,374	122
Share based compensation		421,175	-
Reverse acquisition transaction listing expense		-	1,070,801
		(965,773)	(274,992)
Changes in non-cash working capital items			
Goods and services tax related		288,751	(10,183)
Prepaid expenses		10,239	3,882
Accounts payable and accrued liabilities		200,237	70,982
CASH USED IN OPERATING ACTIVITIES		(466,546)	(210,311)
INVESTING ACTIVITIES			
Purchase of computer equipment		(2,470)	(2,231)
Development of intangible assets		(280,312)	(120,820)
CASH USED IN INVESTING ACTIVITIES		(282,782)	(123,051)
FINANCING ACTIVITIES			
Cash received from reverse acquisition, net of transaction costs		-	31,619
Repayment of promissory notes and loans		(295,750)	(120,000)
Interest paid		-	(1,259)
Proceeds from issuance of loan and notes payable		184,000	-
Advances from related parties		429,016	4,727
Cash received from share issuance, net of related costs		302,470	552,833
CASH PROVIDED FROM FINANCING ACTIVITIES		619,736	467,920
CHANGE IN CASH AND CASH EQUIVALENTS		(129,592)	134,558
CASH AND CASH EQUIVALENTS, BEGINNING		134,558	-
CASH AND CASH EQUIVALENTS, ENDING		$ 4,966	$ 134,558
SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS			
Common shares issued on settlement of debt (Note 7)		$ -	$ 97,500
Equity instruments issued on reverse acquisition		-	855,699
GST receivables received through issuance of notes payable		-	307,500

1. NATURE OF OPERATIONS AND GOING CONCERN

BlackIce Enterprise Risk Management Inc. (the "Company" or "BlackIce") (formerly Bonaparte Resources Inc. "Bonaparte") was incorporated pursuant to the Business Corporations Act (British Columbia) on July 10, 2007. The Company is a software sales and consulting company engaged in the business of providing software solutions and consulting services to financial institutions to meet their regulatory obligations. The head office, address and records office of the Company are located at #604 - 207 W Hastings Street, Vancouver, BC, Canada, V6B 1H7.

On June 2, 2014, Bonaparte completed an Asset Purchase Agreement (the "Agreement") with BlackIce Solutions Inc. ("BISI"), BlackIce Solutions and Technologies Inc. ("BIST"), Judy Kalyan and Mukhtar Kalyan (collectively, the "Vendors"). BISI and BIST were incorporated on April 17, 2014 and April 10, 2014 respectively pursuant to the Business Corporations Act (British Columbia) for the purpose of this transaction and were controlled by Mukhtar Kalyan. Both BISI and BIST had no transactions since incorporation, other than share capital issued. Bonaparte acquired certain intellectual properties by issuing shares which resulted in the Vendors obtaining control of the Company (the "Acquisition"). Accordingly, this transaction has been accounted for as a reverse asset acquisition for accounting purposes, with the Vendors being identified as the accounting acquirer. The results of operations of Bonaparte are included in these financial statements from the date of acquisition (June 2, 2014). The historical costs of the assets were not identifiable or recognized prior to the transaction. As a result, the comparative financial statements are for the period subsequent to the transaction from June 2, 2014 to August 31, 2014.

Concurrent with this transaction, the Company changed its name from Bonaparte Resources Inc. to BlackIce Enterprise Risk Management Inc., and effected a change in directors, management and business. On May 22, 2014, its common shares were delisted from TSX Venture Exchange and on June 4, 2014, the common shares resumed trading on the Canadian Securities Exchange under the symbol "BIS".

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. For the year ended August 31, 2015, the Company earned no revenues from its operations, had a net loss of $1,388,322 and had negative cash flows from operations of $466,546. The Company has funded ongoing operations primarily from proceeds of loans and advances from related parties and the issuance of shares. Subsequent to year-end, the Company announced the initial sale of its Enterprise Risk Aggregation (ERA™) solution to a bank in Vietnam. The Company will continue to develop and expand its Vietnamese market and other markets in Southeast Asia. In order to meet its business objectives and to settle its liabilities as they become due, the Company expects to require additional financing in fiscal 2016. Subsequent to year end, the Company has agreed to settle debt of $534,312 by way of issuance of 8,488,888 common shares of the Company (note 15). The Company plans to raise further funds by way of equity issuance or related party loans in 2016. The Company's continuing operations and its financial success is dependent upon the extent to which it can successfully raise the capital to implement its future plans and ultimately on generating sufficient revenue to attain profitable operations. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements have been prepared on a historical cost basis and are presented in Canadian dollars, which is the Company's functional currency.

The financial statements were authorized for issue by the Board of Directors on December 24, 2015.

3. REVERSE ACQUISITION AND LISTING EXPENSE

On June 2, 2014, the Vendors obtained control of the Company (the "Acquisition") by selling the right and title to intellectual properties and software (the "IP") for the following consideration:

(i) issued 41,000,000 common shares to the Vendors;

(ii) issued 2,000,000 common shares to a third party for a release and transfer of their interest in the IP;

(iii) issued 1,000,000 common shares and $20,000 cash for finder's fees;

As a result of the Acquisition, the Vendors acquired 65% of the outstanding shares of the Company and were deemed to be the acquirer of the Company. For accounting purposes, the Acquisition is not considered to be a business combination as defined in IFRS 3 *Business Combinations* since Bonaparte was inactive prior to the Acquisition and its activities were limited to the management of cash resources and the maintenance of its listing. Accordingly, the Acquisition has been accounted for as a share-based payment transaction in accordance with IFRS 2 *Share-based Payment*.

Since the share and share based consideration allocated to the former shareholders of the Company on closing the Acquisition is considered within the scope of IFRS 2, and the Company cannot identify specifically some or all of the goods or service received in return for the allocation of the shares, options and warrants, the value in excess of the net identifiable assets acquired on closing was expensed in the statement of comprehensive loss as listing expense as the Vendors acquired Bonaparte's public listing as a result of the transaction. The fair value of the consideration was determined based on the fair value of the shares, options and warrants of Bonaparte immediately prior to the Acquisition.

(Expressed in Canadian Dollars)

3. REVERSE ACQUISITION AND LISTING EXPENSE (continued)

The fair value of all the consideration given and charged to listing expense was comprised of:

Share consideration to Vendors	$	705,699
Shares issued to third party		100,000
Shares issued for finder's fee		50,000
Finder's fee paid in cash		20,000
	$	875,699
Identifiable net obligations assumed:		
Cash & cash equivalents	$	51,619
Other assets		16,431
Liabilities		(141,893)
Promissory notes assumed, including accrued interest of $1,259		(101,259)
Loan from Vendors assumed		(20,000)
		(195,102)
Unidentified assets acquired:		
Public listing		1,070,801
Total net identifiable and unidentifiable assets acquired	$	875,699

The fair value of the share consideration paid, including shares issued to third party and shares issued as a finder's fee, of $0.05 per share was based on the market price of the Company's common shares on the TSX Venture Exchange.

On June 5, 2014, the Company fully repaid the promissory notes assumed.

On closing of the Acquisition, the Vendors placed 44,000,000 of the common shares, representing the shares issued in connection with the Acquisition, into escrow. These shares are subject to a 36-month escrow release period from the completion of the Acquisition with 10% released upon completion of the Acquisition and 15% of such escrowed shares released on the 6, 12, 18, 24, 30 and 36 month anniversaries of the completion of the Acquisition.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

Use of estimates and judgements

The preparation of these financial statements requires management to make judgements and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Significant areas requiring the use of management estimates include the recoverability of intangible assets, assumptions used in valuing options in share-based payment calculations including share-based payments issued for the acquisition. Actual outcomes could differ from these judgements and 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 review affects both current and future periods.

Critical accounting judgements are accounting policies that have been identified as being complex or involving subjective judgements or assessments with a significant risk of material adjustment in the next year.

(i) Going concern

The assessment of the Company's ability to execute its strategy effectively operating the Company involves judgement. See note 1.

(ii) Acquisition of assets

The accounting for the Acquisition as a reverse asset acquisition involves significant judgement. See note 3.

Cash and cash equivalents

Cash and cash equivalents, when applicable, include cash on account, demand deposits and money market investments with maturities from the date of acquisition of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant changes in fair value.

Intangible assets and research and development costs

The Company is engaged in research and development activities and has internally generated intangible assets. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses. Research costs are expensed as incurred. Development costs are capitalized if all of the following can be demonstrated:

- Technical feasibility of completing the intangible asset so that it will be available for use or sale;
- Intention to complete the intangible asset and use or sell it;
- Ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- Ability to measure reliably the expenditures attributable to the intangible asset during its development.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment are stated at cost, which includes the acquisition price and any direct costs to bring the asset into productive use, less accumulated amortization.

The declining balance method is used to amortize the cost, net of any estimated residual value, over the estimated useful lives of the assets as follows:

Office equipment	20%
Computer software	30%

Financial instruments

(i) Non-derivative financial assets

The Company initially recognizes loans and receivables and deposits on the date that they originate. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risk and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Company's cash and cash equivalents are classified as loans and receivables.

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss when the financial asset is held for trading or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if: (i) it has been acquired principally for the purpose of selling in the near future; (ii) it is a part of an identified portfolio of financial instruments that the Company manages and has an actual pattern of short-term profit taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets classified as fair value through profit or loss are stated at fair value with any gain or loss recognized in profit or loss. The net gain or loss recognized incorporates any dividend or interest earned on the financial asset. The Company has no financial assets that are classified as fair value through profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(i) Non-derivative financial assets (continued)

Held-to-maturity investments

Held-to-maturity investments are recognized on a trade-date basis and are initially measured at fair value, including transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest rate method. The Company does not have any financial assets classified as held-to-maturity investments.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. They are initially measured at fair value. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognized in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognized, the cumulative gain or loss in other comprehensive income is transferred to profit or loss. The Company does not have any financial assets classified as available-for sale.

Impairment of financial assets

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income or loss are reclassified to profit or loss in the period. Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been impacted. For marketable securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below their cost is considered to be objective evidence of impairment.

For all other financial assets objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

For certain categories of financial assets, such as amounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. The carrying amount of financial assets is reduced by the impairment loss directly for all financial assets with the exception of amounts receivable, where the carrying amount is reduced through the use of an allowance account. When an amount receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available-for-sale equity securities, impairment losses previously recognized through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in equity.

Non-derivative financial liabilities

The Company initially recognizes debt securities issued and subordinated liabilities on the date that they originate. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortized cost using the effective interest method. The Company has classified its accounts payable, related party payable, loan payable and notes payable and amounts due to related parties as other financial liabilities.

Share-based payments

The Company applies the fair value method, under the graded vesting assumption, using the Black Scholes option pricing model to determine the fair value of stock based payments of all awards that are direct awards of stock, that call for settlement of cash or other assets or are stock appreciation rights that call for settlement by the issuance of equity instruments. Compensation expense is recognized over applicable vesting period with a corresponding increase in contributed surplus. When the options are exercised, the exercise price proceeds together with the amount initially recorded in contributed surplus are credited to share capital.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is not recognized. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

Share issuance costs

Direct costs relating to the issuance of shares are charged directly to equity. Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred financing costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred financing costs related to financing transactions that are not completed are charged to expenses.

Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. As at August 31, 2015, no provisions have been recorded by the Company.

Basic and diluted loss per share

Basic and diluted loss per share is computed by dividing the net loss for the year available to common shareholders (numerator) by the weighted average number of common shares outstanding during the year (denominator). The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive. Loss per share information does not include the effect of any potential common shares, as their effect would be anti-dilutive.

5. FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended August 31, 2015, and have not been applied in preparing these financial statements. The following standards and interpretations applicable to the Company have been issued by the IASB and the IFRIC effective for annual periods beginning on or after September 1, 2015:

(i) IAS 16 – *Property, Plant and Equipment* and IAS 38 – *Intangible Assets*

In May 2014, the IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. This standard is effective for the Company for annual periods beginning on September 1, 2016.

(ii) IFRS 9 – *Financial Instruments*

IFRS 9 includes requirements for recognition and measurement, derecognition and hedge accounting. IFRS 9 was originally issued on November 2009, reissued in October 2010, and then amended in November 2013. The IASB is adding to the standard as it completes the various phases of its comprehensive project on financial instruments, and so it will eventually form a complete replacement for IAS 39 Financial Instruments: Recognition and Measurement.

In July 2014, the IASB published the final version of IFRS 9 bringing together the classification and measurement, impairment and hedge accounting phases of the IASB project to replace IAS 39. This version adds a new expected loss impairment model and limited amendments to classification and measurement of financial assets. IFRS 9 is effective for the Company for annual periods beginning on September 1, 2018.

(iii) IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for the Company for annual periods beginning on September 1, 2018. Earlier application is permitted. IFRS 15 will replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers, and SIC 31 Revenue – Barter Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized.

The new standard applies to contracts with customers. It does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other IFRSs.

The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on September 1, 2018.

None of the above standards are expected to affect the existing financial statements but may affect the accounting for future transactions.

(Expressed in Canadian Dollars)

6. GST RECEIVABLE AND NOTES PAYABLE

Pursuant to the terms of the Acquisition Agreement (Note 3), the Company is responsible to pay the GST applicable to the transfer of the intellectual property. The GST was paid by the Vendors and the Company provided the Vendors promissory notes for the full amount of GST, in the amount of $307,500. The promissory notes are to be repaid to the Vendors upon receiving the GST refund. The promissory notes are payable on demand and bear no interest for the first 3 months and thereafter interest at 8% per annum, repayable upon receiving the GST refund. A partial GST refund of $295,750 was received by the Company and the proceeds were used to repay the Vendors. The remaining balance of $11,750 is outstanding pending the registration of a new GST number by one of the Vendors in order to be processed by the CRA.

7. RELATED PARTIES TRANSACTIONS AND BALANCES

Key Management Compensation

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Company's executive officers and members of the Board of Directors. Key management compensation consisted of the following:

	Year ended August 31, 2015	Period from June 2, 2014 to August 31, 2014
Transactions		
Management fees:		
Chief Executive Officer ("CEO")	$ 20,000	$ -
Former CEO	-	40,000
A company controlled by the former CEO	100,000	-
A company controlled by the former Chief Financial Officer ("CFO")	-	6,000
	$ 120,000	$ 46,000
Salaries and wages:		
Chief Information Officer ("CIO")	$ 70,551	$ 19,620
Chief Technology Officer ("CTO")	57,830	10,386
	$ 128,381	$ 30,006
Consulting fees:		
A member of the Board of Directors	$ 120,000	$ -
An individual related to the CEO and CIO	-	2,493
	$ 120,000	$ 2,493
Share based compensation:		
CEO	$ 44,595	$ -
Former CEO	39,640	-
CTO	24,775	-
Members of the Board of Directors	49,550	-
	$ 158,560	$ -

(Expressed in Canadian Dollars)

7. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Of the salaries and wages paid to related parties, $35,715 (2014 - $13,850) is included in salaries and wages on the statement of comprehensive loss, and $92,666 (2014 - $16,156) is included in intangible assets. Additionally, $74,325 in share based compensation has been included in intangible assets.

	Notes	As at August 31, 2015	Period from June 2, 2014 to August 31, 2014
Balances			
Due to (from) related parties			
CEO		$ 206,913	$ 3,047
A company controlled by the former CEO		84,630	(4,620)
CTO		15,900	-
A company controlled by the former CFO		6,300	6,300
A member of the Board of Directors		120,000	-
		$ 433,743	$ 4,727
Notes payable			
Promissory Notes payable to the Vendors	6	$ 11,750	$ 307,500
Note payable to CEO	7	175,000	-
		$ 186,750	$ 307,500

Prior to the Acquisition, amounts due to the former Bonaporte CEO and former CFO were $57,480 and $40,020 respectively. These amounts were settled by issuing a total of 650,000 common shares in the period from June 2, 2014 to August 31, 2014.

Pursuant to a promissory note dated May 11, 2015, the CEO advanced $175,000 to the Company for working capital purposes. The note was due on December 10, 2015, is unsecured, non-interest bearing and remains outstanding.

(Expressed in Canadian Dollars)

8. PROPERTY AND EQUIPMENT

		Computer Equipment
Cost		
Balance, June 2, 2014	$	-
Additions		2,231
Balance, August 31, 2014		2,231
Additions		2,470
Balance, August 31, 2015	$	4,701
Accumulated amortization		
Balance, June 2, 2014	$	-
Additions		122
Balance, August 31, 2014		122
Additions		1,374
Balance, August 31, 2015	$	1,496
Net book value		
August 31, 2014	$	2,109
August 31, 2015	$	3,205

9. INTANGIBLE ASSETS

The Company's intangible assets consist of intellectual property associated with the Company's ERA™ (Enterprise Risk Aggregation) software solution, an enterprise wide Risk Management application solution for financial institutions and GCD™ (Governance & Compliance Database), an application that allows financial institutions to assess adherence to Minimum Regulatory Requirements or to requirements specific to the institution.

The Company's intangible asset carrying balance is as follows:

Balance, June 2, 2014	$	-
Development costs capitalized		
Consulting fees		67,863
Salaries and wages		52,957
Balance as at August 31, 2014		120,820
Development costs capitalized		
Consulting fees		160,423
Salaries and wages		119,889
Share based compensation		74,325
Balance as at August 31, 2015	$	475,457

(Expressed in Canadian Dollars)

10. LOAN PAYABLE

The Company's loan payable is to an individual lender. The loan is unsecured and is due on August 31, 2016 at an annual interest rate of 8%. The loan is repayable earlier with interest and without penalty.

11. SHARE CAPITAL

a) Authorized:

An unlimited number of common shares without par value.

An unlimited number of preferred shares without par value

b) Shares Issued and outstanding:

On June 2, 2014, the Company acquired certain intellectual property pursuant to a reverse asset acquisition. The Company's share capital prior to the reverse asset acquisition as follows:

	Number of Shares	$
Balance at August 31, 2012 and 2013 and at June 2, 2014	14,113,987	$2,638,431

On June 2, 2014, the Company issued 43,000,000 shares to acquire the intellectual property. The fair value of the share consideration was determined based on the fair value of the shares, options, and warrant of Bonaparte immediately prior to the Acquisition.

Accounting of the share capital of the Company is as follows:

	Note	Number of Shares	Amount
Bonaparte - Balance as at June 2, 2014		14,113,987	$ -
Shares issued to Vendors upon Acquisition	3	41,000,000	705,699
Shares issued to third party upon Acquisition	3	2,000,000	100,000
Shares issued as finders fees upon Acquisition	3	1,000,000	50,000
Shares issued on private placement, net of share issuance costs		4,000,000	552,833
Shares issued for debts	3 & 7	650,000	97,500
Balance as at August 31, 2014		62,763,987	1,506,032
Shares issued on private placement, net of share issuance costs		4,300,000	302,470
Balance as at August 31, 2015		67,063,987	$1,808,502

On June 3, 2014, the Company closed a private placement of 4,000,000 Units at $0.15 per Unit for gross consideration of $600,000. Each Unit comprised one common share and one-half share purchase warrant entitling the holder to one full warrant to purchase another common share for a period of 2 years at $0.30 per share. Share issue costs of $47,167 were incurred. The Company also settled debts totalling $97,500 (note 7).

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

b) Shares Issued and outstanding (continued)

On December 29, 2014, the Company closed a private placement of 4,300,000 Units at $0.08 per Unit for gross consideration of $344,000. Each Unit comprised one common share and one share purchase warrant entitling the holder to purchase one common share for a period of 2 years at $0.15 per share. Share issue costs of $41,530 were incurred.

c) Escrowed Shares

Pursuant to an escrow agreement dated June 2, 2014, 44,000,000 shares issued pursuant to the Acquisition are subject to escrow restrictions. Upon completion of the transaction 4,400,000 shares were released from escrow with the balance to be released in six-month intervals at 15% per release. As at August 31, 2015, a total of 26,400,000 shares remain in escrow.

d) Stock Options

The Company grants incentive stock options as permitted by the Company's Stock Option plan ("the Plan") approved by the shareholders of the Company. The aggregate number of common 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 options granted prior to the adoption of the Plan. Options granted may not exceed a term of five years. If the optionee ceases to be qualified to receive options from the Company those options expire immediately. All options vest when granted unless otherwise specified by the Board of Directors.

The Company was deemed to issue 85,000 options previously granted by Bonaparte upon the completion of the Acquisition (see also Note 3). The fair value of the options was determined to be immaterial. During the year ended August 31, 2015, the Company granted 5,000,000 options exercisable at $0.10 per share for a period of 10 years and recognized stock based compensation of $495,500 of which $74,325 was included in intangible assets. The fair value of the options were determined using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following assumptions were used for the calculation:

	Year ended August 31, 2015	Period ended June 2, 2014 to August 31, 2014
Market price of shares	0.10	0.05
Risk free interest rate	0.5	0.997%
Expected life (in years)	10	1.69
Expected volatility	165%	150%
Expected dividend yield	0%	0.0%

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

d) Stock Options (continued)

Information regarding the Company's outstanding share purchase options is summarized below:

	Options outstanding and exercisable				
	Expiry date	Number	Exercise price	Weighted average life remaining	Weighted average exercise price
Balance, June 2, 2014	-	-	-	-	-
Options deemed to be issued on Acquisition	February 8, 2016	85,000	$0.45	1.44	$ 0.45
Balance, August 31, 2014		85,000	0.45	1.44	0.45
Issued April 10, 2015	April 10, 2025	5,000,000	0.10	9.87	0.10
Balance, August 31, 2015		5,085,000		9.72	$ 0.11

e) Warrants

The Company was deemed to issue 2,345,000 warrants as previously granted by Bonaparte upon the completion of the Acquisition (see also Note 3). The fair value of the options was determined to be immaterial using the Black-Scholes option pricing model, which requires management to make estimates that are subjective and may not be representative of the actual results. Changes in assumptions can materially affect estimates of fair value. The following assumptions were used for the calculation:

Market price of shares	0.05
Risk free interest rate	1.021%
Expected life (in years)	0.25
Expected volatility	150%
Expected dividend yield	0.0%

Information regarding the Company's outstanding warrants is summarized below:

	Expiry date	Number	Exercise price
Balance, June 2, 2014	-	-	$ -
Warrants deemed to be issued on Acquisition	August 31, 2014	2,345,000	0.10
Expired		(2,345,000)	(0.10)
Issued on private placement	June 2, 2016	2,000,000	0.30
Balance, August 31, 2014		2,000,000	0.30
Issued on private placement	December 29, 2016	4,300,000	0.15
Balance, August 31, 2015		6,300,000	$0.20

(Expressed in Canadian Dollars)

11. SHARE CAPITAL (continued)

e) Warrants (continued)

The following table summarizes the share purchase warrants outstanding and exercisable as at August 31, 2015:

Warrants outstanding	Exercise price	Remaining contractual life (years)	Expiry date
2,000,000	$0.30	0.76	June 2, 2016
4,300,000	$0.15	1.33	December 29, 2016

12. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	2015	2014
Combined statutory tax rate	26.00%	26.00%
Income tax recovery at statutory rate	$ 360,964	$ 349,938
Effect of the following:		
Non-deductible listing expense on reverse acquisition	-	(278,409)
Non-deductible stock-based compensation	(109,506)	-
Deferred tax assets not recognized	(251,458)	(71,529)
Deferred income tax recovery	$ -	$ -

Net deferred tax assets (liabilities) recognized are as follows:

	2014	2013
Non-capital loss carry forward	$ 123,619	$ -
Intangible assets	(123,619)	-
Net deferred tax assets	$ -	$ -

As at August 31, 2015, deferred tax assets were not recognized related to temporary differences associated with loss carry forwards of $1,072,792 and share issuance costs of $61,524.

The Company has Canadian non-capital loss carry-forwards of $1,548,249 available for offset against future taxable income of which $284,425 expire in 2034 and $1,263,824 expire in 2035. Deferred tax assets have not been recognized in respect of these items because there is no objective evidence that it is more likely than not that the Company will generate sufficient taxable income to utilize tax losses and other deductible items. Should the Company demonstrate an ability to earn sufficient taxable income in the future, some deferred tax benefit may be recognized.

In assessing the likelihood of realization of deferred tax assets, management considers whether it is probable that some portion of all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The amount of the deferred tax asset considered realizable could change materially in the near term based on future taxable income the carry forward period.

13. CAPITAL MANAGEMENT

The Company manages its capital structure in order to ensure sufficient resources are available to meet operational requirements and safeguard its ability to continue as a going concern. There are no externally imposed capital requirements on the Company. Management considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the operation of the Company. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator (see also note 1).

14. FINANCIAL INSTRUMENTS AND RISK

Fair values

The Company's financial instruments include cash and cash equivalents, due from related parties, accounts payable and Notes payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The Company classifies its fair value measurements in accordance with an established hierarchy that prioritizes the inputs in valuation techniques used to measure fair value as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
Level 3 – Inputs that are not based on observable market date.

As at August 31, 2015, the Company does not recognize any financial assets or liabilities at their fair value.

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 financial institutions. The carrying value of cash and cash equivalents and GST receivable is the Company's maximum exposure to credit risk as at August 31, 2014.

As at August 31, 2015, the Company is not exposed to significant foreign exchange risk, interest rate risk or other market risks.

15. SUBSEQUENT EVENTS

a) On December 2, 2015, 6,600,000 common shares were released from escrow pursuant to the Agreement.

b) Subsequent to August 31, 2015, the Company received cash of $62,000 in exchange for subscription receipts where by the subscribers agreed to subscribe to shares at a price of $0.05 per unit consisting of one common share and one half of a warrant to purchase one common share.

c) Subsequent to August 31, 2015, the Company entered into agreements to issue 8,488,888 common shares in settlement of debt of $534,312, of which 3,488,888 common shares are to be issued to related parties in settlement of debt of $250,000.