BLACKICE ENTERPRISE RISK MANAGEMENT INC.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2016

(UNAUDITED)

Management's Comments on Unaudited Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements of BlackIce Enterprise Risk Management Inc. as at and for the three and nine months ended May 31, 2016 have been prepared by management and approved by the Board of Directors of the Company. These financial statements have not been reviewed by the Company's external auditors.

STATEMENTS OF FINANCIAL POSITION

STATEMENTS OF COMPREHENSIVE LOSS

STATEMENTS OF CHANGES IN EQUITY

STATEMENTS OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

AS AT MAY 31, 2016 AND AUGUST 31, 2015

(Expressed in Canadian Dollars)

	Note	February 29 2016 (Note 1)	August 31, 2015 (Note 1)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 122,275	$ 4,966
GST receivable		37,001	28,932
Prepaid expenses		2,310	2,310
Other current assets	4	70,884	-
		232,470	36,208
PROPERTY AND EQUIPMENT	6	2,484	3,205
INTANGIBLE ASSETS	7	556,900	475,457
		$ 791,854	$ 514,870
Liabilities and Shareholders' Equity			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 172,840	$ 315,612
Related party payable	5	416,573	433,743
Loan payable	8	9,000	9,000
Notes payable	5	-	186,750
		598,413	945,105
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	2,747,032	1,808,502
Contributed surplus	9	495,500	495,500
Deficit		(3,049,091)	(2,734,237)
		193,441	(430,235)
		$ 791,854	$ 514,870

NATURE OF BUSINESS AND GOING CONCERN	1
SUBSEQUENT EVENTS	12

APPROVED BY THE DIRECTORS ON JULY 29, 2016:

"DAVID TAYLOR" Director

"JUDY KALYAN" Director

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

CONDENSED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2016 AND 2015

(Expressed in Canadian Dollars)

	Note	Three months ended May 31, 2016 (Note 1)	Three months ended May 31, 2015 (Note 1)	Nine months ended May 31, 2016 (Note 1)	Nine months ended May 31, 2015 (Note 1)
Revenue		$ 18,051	$ -	$ 240,706	$ -
Less: Cost of revenue		57,811	-	202,811	-
Gross margin		(39,760)	-	37,895	-
Operating expenses					
Advertising		-	-	-	3,743
Amortization		240	196	721	588
Bank charges and interest		1,163	247	2,337	916
Consulting fees	5	30,000	18,273	90,000	60,923
Investor relations		15,250	-	40,250	17,893
Listing and filing		13,236	21,287	23,257	42,189
Management fees	5	30,000	30,000	90,000	90,000
Office and miscellaneous		4,573	5,013	11,947	22,700
Professional fees		12,102	65,828	21,196	110,776
Promotion and travel		10,326	79,372	35,678	141,872
Rent		26,132	12,100	40,037	41,950
Salaries and wages	5	-	-	-	22,576
Share based compensation	9	-	495,500	-	495,500
		143,022	727,816	355,423	1,051,626
Loss before other item		182,782	727,816	317,528	1,051,626
Other items					
Gain on settlement of debt	5	-	-	(2,674)	-
Interest income		-	-	-	(463)
Net loss (income) and comprehensive loss (income)		$ 182,782	$ 727,816	$ 314,854	$ 1,051,163
Basic and diluted loss per share		$ 0.00	$ 0.01	$ 0.00	$ 0.02
Weighted average number of shares oustanding					
Basic and diluted		81,692,234	67,063,987	74,442,014	65,189,628

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

(Expressed in Canadian Dollars)

	Note	Common Shares	Amount	Contributed Surplus	Deficit	Total
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	9	4,300,000	302,470	-	-	302,470
Share options issued	9	-	-	495,500	-	495,500
Net loss for the year		-	-	-	(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)
Shares issued on private placement, net of issuance costs (February 2016)	9	2,173,000	106,410	-	-	106,410
Shares issued on private placement, net of issuance costs (April 2016)	9	7,155,000	332,120	-	-	332,120
Share issuance on settlement of debt	9	8,488,888	500,000	-	-	500,000
Net loss for the period		-	-	-	(314,854)	(314,854)
Balance as at May 31, 2016		84,880,875	$ 2,747,032	$ 495,500	$(3,049,091)	$ 193,441

BLACKICE ENTERPRISE RISK MANAGEMENT INC.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE THREE AND NINE MONTHS ENDED MAY 31, 2016 AND 2015

(Expressed in Canadian Dollars)

	Note	Three months ended May 31, 2016	Three months ended May 31, 2015	Nine months ended May 31, 2016	Nine months ended May 31, 2015
OPERATING ACTIVITIES					
Net loss		$ (182,782)	$ (200,397)	$ (314,854)	$ (323,347)
Items not involving cash					
Amortization		240	196	721	392
Gain on settlement of debt	5	2,674	-	-	-
		(179,868)	(200,201)	(314,133)	(322,955)
Changes in non-cash working capital items					
Goods and services tax related		(2,643)	(5,115)	(8,069)	(307)
Prepaid expenses		-	3,413	-	7,038
Other current assets		19,118	-	(70,884)	-
Accounts payable and accrued liabilities		(5,266)	(10,084)	(142,772)	(20,081)
CASH USED IN OPERATING ACTIVITIES		(168,659)	(211,987)	(535,858)	(336,305)
INVESTING ACTIVITIES					
Purchase of computer equipment		-	-	-	(504)
Development of intangible assets		(56,000)	(99,086)	(81,443)	(170,532)
CASH USED IN INVESTING ACTIVITIES		(56,000)	(99,086)	(81,443)	(171,036)
FINANCING ACTIVITIES					
Advances (repayments) from (to) related parties		13,100	15,117	(203,920)	80,947
Settlement of debt with shares	5	-	-	500,000	-
Cash received from share issuance, net of related costs		332,120	302,470	438,530	302,470
CASH PROVIDED FROM FINANCING ACTIVITIES		345,220	317,587	734,610	383,417
CHANGE IN CASH AND CASH EQUIVALENTS		120,561	6,514	117,309	(123,924)
CASH AND CASH EQUIVALENTS, BEGINNING		1,714	4,120	4,966	134,558
CASH AND CASH EQUIVALENTS, ENDING		$ 122,275	$ 10,634	$ 122,275	$ 10,634
SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS					
Interest expense		$ 180	$ -	$ 540	$ -
Income taxes paid		$ -	$ -	$ -	$ -

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.

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. As at May 31, 2016, the Company had a working capital deficiency of $365,943, and for the nine months then ended, had a net loss of $314,854 and had negative cash flows from operations of $535,858. The Company has funded ongoing operations primarily from proceeds of loans and advances from related parties and the issuance of shares. In the current fiscal year, the Company announced the initial sale of its Enterprise Risk Aggregation (ERA™) solution to a bank in Vietnam to enable the bank to comply with Basel reporting requirements and recorded revenues of $240,706 in the current fiscal year. 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. During the current fiscal year, the Company settled debt of $502,674 by way of issuance of 8,488,888 common shares of the Company (note 8) and also issued a total of 9,328,000 common shares and 5,750,000 warrants for net proceeds of $438,530 (note 9) in two separate private placements. 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board. They do not include all of the information required for annual financial statements and should be read in conjunction with the Company's audited financial statements for the year ended August 31, 2015.

The policies applied in these condensed interim financial statements are based on International Financial Reporting Standards ("IFRS") effective as of May 31, 2016. During the current period, the Company announced the initial sale of its Enterprise Risk Aggregation (ERA™) solution to a bank in Vietnam. In addition to the accounting policies disclosed in the Company's audited financial statements for the year ended August 31, 2015, the Company has adopted the following accounting policy on sales revenue in the current fiscal year:

Revenue

Revenue is recognized at fair value of the consideration received or receivable less discount, rebate and consumption taxes.

Contract Revenue is recognized on a percentage of completion basis and when all of the following conditions are satisfied;

(a) total contract revenue can be measured reliably
(b) it is probable that the economic benefits associated with the contract will flow to the entity
(c) both the contract costs to complete the contract and the stage of contract completion at the end of the reporting period can be measured reliably
(d) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

Except for contract revenue, revenue is recognized when the risks and rewards of ownership of the goods transfers from the Company to the customer at the time of shipment, customer receipt, or upon customer approval depending on the terms of sale.

The condensed interim financial statements of the Company for three months and nine months ended May 31, 2016 were approved and authorized for issue by the Board of Directors on July 29, 2016.

3. FUTURE CHANGES IN ACCOUNTING STANDARDS

A number of new standards, and amendments to standards and interpretations, are not yet effective for the nine months ended May 31, 2016, 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:

3. FUTURE CHANGES IN ACCOUNTING STANDARDS (continued)

(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)

4. OTHER CURRENT ASSETS

Revenue of $240,700 (2015 - nil) relating to installation contracts been included in revenue for the current fiscal year to date. The amounts recognized in the statement of financial position relate to installation contracts in progress as at May 31, 2016. The amounts are calculated as the net amounts of costs incurred plus recognized profits, less recognized losses and progress billings.

5. 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:

	Nine months ended, May 31, 2016	Nine months ended, May 31, 2015
Transactions		
Management fees:		
Chief Executive Officer ("CEO")	$ 90,000	$ 90,000
	$ 90,000	$ 90,000
Salaries and wages:		
Chief Information Officer ("CIO")	$ -	$ 44,151
Chief Technology Officer ("CTO")	58,963	34,647
	$ 58,963	$ 78,798
Consulting fees:		
A member of the Board of Directors	$ 90,000	$ -
	$ 90,000	$ -
Share based compensation:		
CEO	$ -	$ 44,595
Former CEO	-	39,640
CTO	-	24,775
Members of the Board of Directors	-	49,550
	$ -	$ 158,560

Of the salaries and wages paid to related parties, $nil (2015 - $22,075) is included in salaries and wages or cost of services on the statement of comprehensive loss, and $58,963 (2015 - $56,723) is included in intangible assets.

(Expressed in Canadian Dollars)

5. RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

		May 31, 2016		August 31, 2015
Balances				
Due to (from) related parties				
CEO	$	192,143	$	206,913
A company controlled by the former CEO		84,630		84,630
CTO and a company controlled by the CTO		39,800		15,900
A company controlled by the former CFO		-		6,300
A member of the Board of Directors		100,000		120,000
	$	416,573	$	433,743
Notes payable				
Promissory Notes payable to the Vendors	$	-	$	11,750
Note payable to CEO		-		175,000
	$	-	$	186,750

During the current fiscal year, the Company issued 8,488,888 common shares in settlement of debt of $502,674, of which 5,888,888 common shares were issued to related parties in settlement of debt of $370,000 (Note 9).

6. PROPERTY AND EQUIPMENT

		Computer Equipment
Cost		
Balance, August 31, 2014	$	2,231
Additions		2,470
Balance, August 31, 2015		4,701
Additions		-
Balance, May 31, 2016	$	4,701
Accumulated amortization		
Balance, August 31, 2014	$	122
Additions		1,374
Balance, August 31, 2015		1,496
Additions		721
Balance, May 31, 2016	$	2,217
Net book value		
August 31, 2015	$	3,205
May 31, 2016	$	2,484

(Expressed in Canadian Dollars)

7. 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, 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
Development costs capitalized:		
Consulting fees		81,443
Balance, May 31, 2016	$	556,900

8. 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.

9. 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:

	Number of Shares		Amount
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
Shares issued on settlement of debt	8,488,888		500,000
Shares issued on private placement, net of share issuance costs - February 12, 2016	2,173,000		106,410
Shares issued on private placement, net of share issuance costs - April 11, 2016	7,155,000		332,120
Balance as at May 31, 2016	84,880,875	$	2,747,032

9. 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.

On December 4, 2015, the Company issued 8,488,888 common shares with total value of $5,000,000 in settlement of debt of $502,674.

On February 12, 2016, the Company completed a non-brokered private placement of 2,173,000 units at $0.05 per unit for gross proceeds of $108,650 with a finders fee of $2,240, with each unit consisting of one common share and one share purchase warrant. Each warrant is exercisable to purchase one common share at $0.10 per share until February 12, 2018.

On April 15, 2016, the Company completed a previously announced non-brokered private placement of 7,155,000 Units at $0.05 per unit for gross proceeds of $357,750. Each unit consists of one common share and one-half share purchase warrant. Each whole warrant is exercisable to acquire an additional common share at $0.10 per share until April 11, 2018. The Company also incurred net issuing costs of $25,630.

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 May 31, 2016, a total of 19,800,000 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.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

d) Stock Options (continued)

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 $74,250 was included in intangible assets. The fair value of the options was 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:

Market price of shares	0.10
Risk free interest rate	0.50%
Expected life (in years)	10
Expected volatility	165%
Expected dividend yield	0%

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, August 31, 2014		85,000	$ 0.45	0.19	$ 0.45
Issued April 10, 2015	April 10, 2025	4,700,000	$ 0.10	9.62	$ 0.10
Issued April 10, 2015	July 11, 2016	300,000	$ 0.10	0.86	$ 0.10
Balance, August 31, 2015		5,085,000		8.95	$ 0.11
Expired February 8, 2016		(85,000)			
Balance, May 31, 2016		5,000,000	$ 0.10	8.34	$ 0.10

e) Warrants

The Company was deemed to issue 2,345,000 warrants as previously granted by Bonaparte upon the completion of the Acquisition. The fair value of the warrants 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%

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

e) Warrants (continued)

In connection with the private placements announced on February 12, 2016 and April 15, 2016, the Company issued 2,173,000 and 3,577,500 warrants respectively. The fair value of the warrants 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	0.45%
Expected life (in years)	2.00
Expected volatility	150%
Expected dividend yield	0.0%

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

	Expiry date	Number	Exercise price
Balance, August 31, 2014	June 2, 2016	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
Issued on private placement	February 12, 2018	2,173,000	$0.10
Issued on private placement	April 11, 2018	3,577,500	$0.10
Balance, May 31, 2016		12,050,500	$0.15

The following table summarizes the share purchase warrants outstanding and exercisable as at May 31, 2016:

Warrants outstanding	Exercise price	Remaining contractual life (years)	Expiry date
2,000,000	$0.30	0.01	June 2, 2016
4,300,000	$0.15	0.58	December 29, 2016
2,173,000	$0.10	1.70	February 12, 2018
3,577,500	$0.10	1.86	April 11, 2018

10. 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).

11. 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 May 31, 2016, 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 May 31, 2016.

During the nine months ended May 31, 2016, the Company entered into agreements for sale of its ERATM solutions for which are based in US dollars. Future payments under these agreements are based on certain milestones and the Company will be exposed to foreign exchange risk. The Company has not entered into any foreign exchange forward arrangements with any counterparties.

The Company is not exposed to significant interest rate risk or other market risks at this time.

12. SUBSEQUENT EVENTS

a) On June 2, 2016, 2,000,000 warrants with an exercise price of $0.30 expired without exercise.

b) On June 2, 2016, 6,600,000 shares were released from escrow (Note 9c). A total of 13,200,000 shares remain in escrow as at the date of this report.

c) On July 11, 2016, 300,000 options with an exercise price of $0.10 expired without exercise.