BLACKICE ENTERPRISE RISK MANAGEMENT INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2016

KPMG LLP
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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, 2016 and August 31, 2015, the statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for the years ended August 31, 2016 and August 31, 2015, 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, 2016 and August 31, 2015, and its financial performance and its cash flows for the years ended August 31, 2016 and August 31, 2015 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. has a working capital and a shareholders' deficiency as at August 31, 2016, and incurred losses and had negative cash flows from operations during the years ended August 31, 2016 and August 31, 2015. These conditions, along with other matters set forth in Note 1, indicate 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 23, 2016

BLACKICE ENTERPRISE RISK MANAGEMENT INC.
STATEMENTS OF FINANCIAL POSITION
AS AT AUGUST 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	August 31, 2016	2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 8,185	$ 4,966
Accounts receivable		90,254	-
GST receivable		48,470	28,932
Prepaid expenses		2,310	2,310
		149,219	36,208
EQUIPMENT	6	2,243	3,205
INTANGIBLE ASSETS	7	393,190	475,457
		$ 544,652	$ 514,870
Liabilities and Shareholders' Equity			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		$ 197,351	$ 315,612
Related parties payable	5	576,492	433,743
Loan payable	8	9,000	9,000
Notes payable	5	-	186,750
		782,843	945,105
SHAREHOLDERS' EQUITY (DEFICIENCY)			
Share capital	9	2,745,076	1,808,502
Contributed surplus	9	495,500	495,500
Deficit		(3,478,767)	(2,734,237)
		(238,191)	(430,235)
		$ 544,652	$ 514,870
NATURE OF BUSINESS AND GOING CONCERN	1		
SUBSEQUENT EVENTS	13		

APPROVED BY THE DIRECTORS ON DECEMBER 23, 2016:

"DAVID TAYLOR" Director

“JUDY KALYAN" Director

BLACKICE ENTERPRISE RISK MANAGEMENT INC.
STATEMENTS OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED AUGUST 31, 2016 AND 2015
(Expressed in Canadian Dollars)

	Note	Years ended August 31, 2016	2015
Revenue		$ 282,755	$ -
Less: Cost of revenue		(416,959)	-
Amortization of intangible assets	7	(88,267)	-
Gross profit (loss)		(222,471)	-
Operating expenses			
Advertising		-	12,981
Amortization of equipment	6	962	1,374
Bank charges and interest		2,956	1,314
Consulting fees	5	120,000	295,236
Investor relations	5	65,550	42,893
Listing and filing		28,263	78,731
Management fees	5	135,000	120,000
Office and miscellaneous		36,256	42,227
Professional fees		45,842	116,042
Promotion and travel		31,791	162,751
Rent		40,433	58,346
Salaries and wages	5	-	35,715
Share based compensation	9	-	421,175
		507,053	1,388,785
Loss before other item		729,524	1,388,785
Other items			
Gain on settlement of debt	5	(7,674)	-
Interest income		-	(463)
Loss before taxes		721,850	1,388,322
Income taxes	10	22,680	-
Net loss and comprehensive loss		$ 744,530	$ 1,388,322
Basic and diluted loss per share		$ 0.01	$ 0.02
Weighted average number of shares oustanding			
Basic and diluted		77,065,990	65,662,069

BLACKICE ENTERPRISE RISK MANAGEMENT INC.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEAR ENDED AUGUST 31, 2016 and 2015
(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)
Share issuance on settlement of debt	9	8,488,888	500,000	-	-	500,000
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	330,164	-	-	330,164
Net loss for the year		-	-	-	(744,530)	(744,530)
Balance as at August 31, 2016		84,880,875	$ 2,745,076	$ 495,500	$ (3,478,767)	$ (238,191)

BLACKICE ENTERPRISE RISK MANAGEMENT INC.
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2016 and 2015
(Expressed in Canadian Dollars)

	Note		Years ended August 31, 2016		2015
OPERATING ACTIVITIES					
Net loss		$	(744,530)	$	(1,388,322)
Items not involving cash					
Amortization			89,229		1,374
Share based compensation			-		421,175
Gain on settlement of debt	5		(7,674)		-
			(662,975)		(965,773)
Changes in non-cash working capital items					
Accounts reveivable			(90,254)		-
Goods and services tax related			(19,538)		288,751
Prepaid expenses			-		10,239
Accounts payable and accrued liabilities			(33,262)		200,237
Advances (repayments) from (to) related parties			413,924		429,016
CASH USED IN OPERATING ACTIVITIES			(392,105)		(37,530)
INVESTING ACTIVITIES					
Purchase of computer equipment			-		(2,470)
Development of intangible assets			(6,000)		(280,312)
CASH USED IN INVESTING ACTIVITIES			(6,000)		(282,782)
FINANCING ACTIVITIES					
Repayment of promissory notes and loans			-		(295,750)
Proceeds from issuance of loan and notes payable			-		184,000
Cash received from share subscriptions			-		-
Cash received from share issuance, net of related costs			401,324		302,470
CASH PROVIDED FROM FINANCING ACTIVITIES			401,324		190,720
CHANGE IN CASH AND CASH EQUIVALENTS			3,219		(129,592)
CASH AND CASH EQUIVALENTS, BEGINNING			4,966		134,558
CASH AND CASH EQUIVALENTS, ENDING		$	8,185	$	4,966
SUPPLEMENTAL INFORMATION AND NON-CASH TRANSACTIONS					
Common shares issued on settlement of debt (Note 9)		$	535,250	$	-
Interest paid		$	-	$	-
Income taxes paid		$	22,680	$	-

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.

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 August 31, 2016, the Company had a working capital deficiency of $633,624, and for the year then ended, the Company incurred a net loss of $744,530 and had negative cash flows from operations of $427,355. The Company has funded ongoing operations primarily from proceeds of loans and advances from related parties and the issuance of common shares. In the 2016 fiscal year, the Company commenced the initial sale of its Enterprise Risk Aggregation (ERATM) solution to a bank in Vietnam to enable the bank to comply with Basel reporting requirements and recorded revenues of $282,755. The Company plans to 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 2017. During the 2016 fiscal year, the Company settled debt of $507,674 by way of issuance of 8,488,888 common shares of the Company (note 5) and also issued a total of 9,328,000 common shares and 5,750,500 warrants for net proceeds of $436,574 (note 9) in two separate private placements. The Company plans to raise further funds by way of equity issuance or related party loans in fiscal 2017 (note 13). 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 23, 2016.

3. 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 which is determined using a Black-Scholes option pricing model that requires the estimation of certain assumptions which are disclosed in note 9(d). 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 to effectively operate the Company and continue as a going concern involves judgement. See note 1.

(ii) Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(iii) Intangible assets

On the initial recognition of the intangible assets, judgement is used to determine the accounting policy choice to capitalize the development costs, which consist primarily of developer wages and other operating costs directly attributable to preparing the asset for use. Development costs incurred in the internal generation of the intangible assets are capitalized from the point from which the requirements of IAS 38, Intangible assets have been met. This assessment requires management to exercise judgment with regards to determining when the intangible asset is technically feasible, the Company's intention to complete the intangible asset, as well as those estimates and judgments required in determining whether the intangible asset will result in future economic benefit to the Company. Capitalized development costs are subject to depreciation when they are available for use. The intangible asset is considered available for use upon the commencement of the implementation Company's first sales installation.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Amortization is recognized on a straight-line basis over the estimated useful lives of 5 years.

Equipment

Equipment is 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%

Revenue

Revenue is recognized at fair value of the consideration received or receivable less discounts, rebates 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; and
(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments

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 and receivables 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Non-derivative financial assets (continued)

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.

For certain categories of financial assets, such as amounts receivable, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

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.

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 parties 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.

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.

Current taxes

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2016, 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.

4. 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, 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, 2016:

(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.

4. FUTURE CHANGES IN ACCOUNTING STANDARDS (continued)

(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)

5. RELATED PARTY 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:

	Years ended August 31, 2016	2015
Transactions		
Management fees:		
Chief Executive Officer ("CEO") and a company controlled by CEO	$ 135,000	$ 120,000
	$ 135,000	$ 120,000
Costs of revenues, development costs and salaries and wages:		
Chief Information Officer ("CIO")	$ -	$ 70,551
Chief Technology Officer ("CTO")	58,963	57,830
	$ 58,963	$ 128,381
Investor relations and consulting fees:		
David Taylor, Director	$ 120,000	$ 120,000
Dale Paruk, Director	60,000	-
	$ 180,000	$ 120,000
Share based compensation:		
CEO	$ -	$ 84,235
CTO	-	24,775
Members of the Board of Directors	-	49,550
	$ -	$ 158,560
Settlement of debt for shares		
CEO	$ 250,000	$ -
David Taylor, Director	120,000	-
Dale Paruk, Director	50,000	-
	$ 420,000	$ -

Of the development costs and salaries and wages paid to related parties, $52,963 (2015 - $35,715) is included in cost of revenues and salaries and wages on the statement of comprehensive loss, and $6,000 (2015 - $92,666) is included in intangible assets. There was no share based compensation included in intangible assets in 2016 (2015 - $74,325).

(Expressed in Canadian Dollars)

5. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	Years ended August 31, 2016	2015
Balances		
Due to (from) related parties		
CEO and a company controlled by the CEO	$ 378,792	$ 291,543
CTO and a company controlled by the CTO	51,150	15,900
David Taylor, Director	130,000	120,000
Dale Paruk, Director	16,550	-
Other	-	6,300
	$ 576,492	$ 427,443
Notes payable		
Promissory Notes payable to companies controlled by the CEO	$ -	$ 11,750
Note payable to CEO	-	175,000
	$ -	$ 186,750

Pursuant to a promissory note dated May 11, 2015, the CEO advanced $175,000 to the Company for working capital purposes. Amounts due to related parties and notes payable to related parties are non-interest bearing.

During the current fiscal year, the Company issued 8,488,888 common shares in settlement of debt of $507,674, of which 6,888,888 common shares were issued to related parties in settlement of debt of $420,000 (Note 9(b)).

6. EQUIPMENT

	Computer Equipment
Cost	
Balance, August 31, 2014	$ 2,231
Additions	2,470
Balance, August 31, 2015	4,701
Additions	-
Balance, August 31, 2016	$ 4,701
Accumulated amortization	
Balance, August 31, 2014	$ 122
Additions	1,374
Balance, August 31, 2015	1,496
Additions	962
Balance, August 31, 2016	$ 2,458
Net book value	
August 31, 2015	$ 3,205
August 31, 2016	$ 2,243

(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 financial institution.

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

		Intangible Assets
Cost		
Balance, August 31, 2014	$	120,820
Development costs capitalized:		
Consulting fees		160,423
Salaries and wages		119,889
Share based compensation		74,325
Balance, August 31, 2015		475,457
Development costs capitalized:		
Consulting fees		6,000
Balance, August 31, 2016	$	481,457
Accumulated amortization		
Balance, August 31, 2014	$	-
Additions		-
Balance, August 31, 2015		-
Additions		88,267
Balance, August 31, 2016	$	88,267
Net book value		
Balance, August 31, 2015	$	475,457
Balance, August 31, 2016	$	393,190

8. LOAN PAYABLE

The Company's loan payable is to an individual lender. The loan is unsecured and was due on August 31, 2016 at an annual interest rate of 8% and remains outstanding as at December 23, 2016.

(Expressed in Canadian Dollars)

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		330,164
Balance as at August 31, 2016	84,880,875	$	2,745,076

On December 29, 2014, the Company closed a private placement of 4,300,000 Units at $0.08 per Unit for gross proceeds 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 common 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 $500,000 in settlement of debt of $507,674.

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 common share until February 12, 2018.

On April 11, 2016, the Company completed a non-brokered private placement of 7,155,000 Units at $0.05 per Unit for gross proceeds of $357,750. Each unit consisted 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 common share until April 11, 2018. The Company also incurred net issue costs of $27,586.

Of the two private placements, $35,250 in proceeds was received by way of services provided as consideration.

c) Escrowed Shares

Pursuant to an escrow agreement dated June 2, 2014, 44,000,000 common shares issued are subject to escrow restrictions. 6,600,000 common shares are released from escrow in six-month intervals. As at August 31, 2016, a total of 13,200,000 common shares remain in escrow.

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

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.

During the year ended August 31, 2015, the Company granted 5,000,000 options exercisable at $0.10 per common 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:

Market price of shares	0.10
Risk free interest rate	0.5
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	5,000,000	$	0.10	$	9.62	$	0.10
Balance, August 31, 2015		5,085,000			$	8.95	$	0.11
Expired		(385,000)						
Balance, August 31, 2016		4,700,000	$	0.10	$	8.61	$	0.10

(Expressed in Canadian Dollars)

9. SHARE CAPITAL (continued)

e) Warrants

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
Expired		(2,000,000)	$	0.30
Balance, August 31, 2016		10,050,500	$	0.12

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

Warrants outstanding	Exercise price	Remaining contractual life (years)	Expiry date
4,300,000	$0.15	0.33	December 29, 2016
2,173,000	$0.10	1.45	February 12, 2018
3,577,500	$0.10	1.61	April 11, 2018

10. 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:

	2016	2015
Combined statutory tax rate	26.00%	26.00%
Income tax recovery at statutory rate	$ 187,681	$ 360,964
Effect of the following:		
Non-deductible stock-based compensation	-	(109,506)
Deferred tax assets not recognized	(187,681)	(251,458)
Income taxes paid in Vietnam	22,680	-
	$ 22,680	$ -
Current income tax expense	$ 22,680	$ -
Deferred income tax recovery	$ -	$ -

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

	2016	2015
Non-capital loss carry forward	$ 125,179	$ 123,619
Intangible assets	(125,179)	(123,619)
Net deferred tax assets	$ -	$ -

10. INCOME TAXES (continued)

As at August 31, 2016, deferred tax assets were not recognized related to temporary differences associated with loss carry forwards of approximately $2,100,000 and share issuance costs of approximately $100,000.

The Company has Canadian non-capital loss carry-forwards of approximately $2,200,000 available for offset against future taxable income of which $300,000 expire in 2034, $1,300,000 expire in 2035, and $600,000 expire in 2036. 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.

11. 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).

12. FINANCIAL INSTRUMENTS AND RISK

Fair values

The Company's financial instruments include cash and cash equivalents, receivables, related parties payables, accounts payable, loan 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, 2016, the Company does not recognize any financial assets or liabilities at their fair value.

12. FINANCIAL INSTRUMENTS AND RISK (continued)

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash and cash equivalents and accounts receivable. To minimize the credit risk, the Company places these instruments with financial institutions. The carrying value of cash and cash equivalents, accounts receivable and GST receivable is the Company's maximum exposure to credit risk as at August 31, 2016. During the year ended August 31, 2016, the Company entered into an agreement for sale of its ERA™ solutions for which is based in US dollars. Payments under this agreement is based on certain milestones and the Company is exposed to foreign exchange risk. The Company has not entered into any foreign exchange forward arrangements with any counterparties. No amounts have been recognized as an allowance for doubtful amounts as at August 31, 2016.

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

13. SUBSEQUENT EVENTS

a) On November 8, 2016, the Company granted incentive stock options to directors, officers and consultants, to purchase up to 2,000,000 common shares at $0.05 per common share for a five-year period

b) On November 9, 2016, the Company announced that it completed a private placement by issuing 2,800,000 Units at $0.05 per Unit for gross proceeds of $140,000 comprising of $90,000 cash and $50,000 in consideration of services provided by a related party. Each Unit consisted of one common share of the Company and one-half common share purchase warrant. Each whole warrant will entitle the holder thereof to purchase one additional common share at a price of $0.10 cents per common share for a period of two years from the closing date. A finder's fee of $1,000 was paid in connection with the private placement.

c) On December 2, 2016, 6,600,000 common shares were released from escrow pursuant to the escrow agreement dated June 2, 2014 (note 9(c)).

d) On December 20, 2016, the Company announced it had completed a private placement by issuing 6,860,000 Units at $0.05 per Unit for gross proceeds of $343,000. Each Unit consisted of one common share of the Company and one-half non-transferable common share purchase warrant. Each whole warrant entitles the holder thereof to purchase one additional share at a price of $0.10 per common share for a period of two years. A finder's fee of $32,800 was paid in connection with the private placement.