BlackIce Enterprise Risk Management Inc.
Management's Discussion and Analysis
For the year ended August 31, 2016
Dated: December 23, 2016

The following Management's Discussion and Analysis ("MD&A") is prepared as at December 23, 2016 in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's Audited Financial Statements for the years ended August 31, 2016 and 2015 and accompanying notes. These documents, along with additional information about the Company, are available at www.blackiceinc.com and www.sedar.com.

BlackIce Enterprise Risk Management Inc. (formerly Bonaparte Resources Inc.) (the "Company") was incorporated pursuant to the Business Corporations Act (British Columbia) on July 10, 2007, as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 under the name Bonaparte Capital Corp. The Company maintains an office at #604 - 207 W Hastings Street, Vancouver, BC, Canada, V6B 1H7. The Company currently trades on the Canadian Securities Exchange ("CSE") under the symbol "BIS".

Statements included in this MD&A that do not relate to present or historical conditions are forward-looking statements. Forward-looking statements are projections in respect of future events or the Company's future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intend", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", or "continue", or the negative of these terms or other comparable terminology.

Forward-looking statements in this MD&A include statements with respect to: the ability of the Company to develop its existing or acquire new software solutions; whether any software solutions developed or acquired will be embraced by its potential customers; expected future growth of the risk management and analysis market; and statements regarding estimated capital requirements and use of proceeds. These statements are only predictions and involve known and unknown risks and uncertainties, including the risks in the section entitled "Risk Factors" in this MD&A and the Company's Listing Statement, and other factors which may cause the Company's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it cannot guarantee future results, levels of activity or performance. Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of such factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

All dollar figures are stated in Canadian dollars unless otherwise indicated.

Business Overview

The Company provides software solutions and consulting services to be marketed to financial institutions to meet their regulatory obligations. The Company currently has two technology based Intellectual Property (IP) applications/solutions to assist financial institutions with compliance with their regulatory obligations - Enterprise Risk Aggregation ("ERA™"); and Governance Compliance Database ("GCD™"). ERA™ provides regulatory capital, economic capital and stress testing capital calculators for wholesale credit risk and retail credit risk. GCD™ solution provides financial institutions with a central repository of all regulatory, country specific regulatory and best practice directives cross-referenced to the relevant Measures of Success and sample artifacts necessary to achieve compliance. Both ERA™ and GCD™ solutions are to be marketed to the financial institution customers and the Company will provide installation and maintenance for an annual charge. There is no assurance that the risk analysis business will become profitable.

The Company previously completed the interface and upgrading of the ERA™ and GCD™ solutions and also completed a proof of concept test implementation of its products at Vietcom Bank, the second largest financial institution in Vietnam. The successful test implementation serves as a reference case for the Company in its initial key marketing area of South East Asia, where interest in the solutions has been expressed.

In October 2015, the Company announced the sale of its Enterprise Risk Aggregation (ERA™) solution to the Vietnam International Commercial Joint-Stock Bank ("VIB"). The Company completed its implementation of the ERA™ solution at VIB in the current year to achieve State Bank of Vietnam (SBV) Basel compliance. The Company has implemented a comprehensive version of ERA™ at VIB including regulatory and economic capital calculators, regulatory and management reporting, and stress-testing. The Company has partnered with HPT Vietnam Corporation (HPT), a local systems integrator, and IBM for this project. VIB has received a bundled solution with BlackIce ERA™ and IBM's Cognos™ and Infosphere™ products as part of the implementation.

In addition to completing the installation at VIB, the Company continues to develop and expand its Vietnamese market and other markets in Southeast Asia.

ERA™ is considered the new generation in enterprise risk data solutions that leverages the IBM Pure Data System for Analytics (IBM's integrated system that is optimized for Big-Data analysis allowing large complex databases to be analyzed in seconds) and IBM Cognos reporting (Cognos is IBM's line of business intelligence and performance management product). ERA™ provides financial institutions with the capability to provide accurate and complete management and regulatory reporting from a single source to meet the global requirement of the Basel Committee on Banking Supervision ("BCBS" - a committee of Banking supervisory authorities that frames standards and guidelines for banks to adhere to for better governance) demands on Risk Data Aggregation and Risk Reporting.

The ERA™ is built to provide an open solution platform to financial institutions that facilitates the necessary reporting and analytical calculations out-of-the-box for all current regulatory requirements, as well as any future and ad-hoc regulatory requirements. ERA™ is also designed to enable the institutions to enhance or integrate their existing in-house or third-party solutions. IBM Pure Data and BlackIce data models, calculators, and report structures allow execution of enterprise-wide capital calculations and produce reports on a timely basis.

The business requirements supported by the ERA™ solution include, but are not limited to:

- BCBS mandated risk data aggregation principles (2016)
- Full Credit and Trading life cycles
- Basel II/III and Dodd Frank Compliance
- Board & Management – strategic decision making around all risk exposure and alignment with Risk Appetite.
- Global Initiative (GLEI) – awareness that all future financial risk mitigation is dependent on the ability for all global institutions to be able to succinctly identify each other and their cross risk exposures.

The ERA™ Solution architecture outlines the nine tiers of functionality required to meet the necessary business requirements:

1. Data Sources – All potential source systems for data are supported and accommodated.
2. Extraction – Data is extracted from potentially diverse and disparate sources in an efficient and timely manner, ensuring complete auditability and traceability back to original source systems.
3. Enterprise Data Store - The ERA™ data models are a repository that maintains all data at the most granular detail level across the entire enterprise.
4. Transformation and Calculation – The openness of the data warehouse allows the carrying out of various calculations by specialist risk applications (ERA, external vendor or bank developed).
5. Data Marts – The detail level data in the data warehouse facilitates easy aggregation of data for reporting and analysis.
6. Reporting – The ERA™ Solution provides a full suite of 125+ Regulatory and Management reports.

Although IBM provides an excellent opportunity to leverage the Company's products via co-branding, ERA™ is database agnostic and as such it is expected that it can be used on virtually any database platform.

The GCD™ is a unique product that aims to enable regulators and commercial banks to comply with Basel regulations through an efficient and organized approach. The solution is an application that allows financial institutions to assess adherence to Minimum Requirements for Basel, Dodd Frank, and the Volcker Rule (which separates investment banking, private equity and hedge fund trading from banks' consumer lending arms) and for Regulators to assess adherence across financial institutions. GCD™ is intended to facilitate the capture of regulatory compliance information to meet regulatory and Board and senior management responsibilities.

GCD™ is expected to provide financial institutions with a central repository of all country specific regulatory and best practice directives cross-referenced to the relevant Measures of Success and sample Artifacts (e.g., documents, policies, processes, etc.) necessary to achieve compliance. The solution also facilitates the creation and evaluation of a number of risk measurement constructs, with corresponding metrics, necessary to fulfill compliance and governance mandates.

The Company has also commenced a new initiative to enhance the BlackIce Enterprise Stress-Testing (BEST™) solution to become the state-of-the-art stress-testing platform that leverages cognitive computing for institutions of all sizes globally. The Company's BEST solution will be re-engineered from the ground-up, offering a full end-to-end stress-testing suite, leveraging emerging machine-learning and cognitive computing platforms to automate, learn and enhance the stress-testing process. Our aim is to develop a cognitive platform that is able to automate the statistical modeling of credit and default, enabling future applications beyond stress-testing alone.

Market Overview

There is a global market for financial risk analysis, as more countries require their financial institutions to meet regulatory and reporting requirements. In addition, there are international norms and standards for financial institutions which conduct international trade. Today, financial institutions and regulators are under increasing pressure and obligation to understand the complexity of the BCBS and other guidance and to ensure the risk management environment meets not only these expectations but also that of the Board.

In the current global banking environment and considering the complexity of financial institutions, the primary challenge faced by most institutions is their inability to aggregate, link, consolidate and subsequently report all risk exposures across their institution. This complexity affects both Regulatory and Management Reporting across Basel Asset Classes, but also includes other considerations such as stress testing, governance, Global Legal Enterprise Identifier, and concentration risk. The challenge for institutions is to perform this reporting across all business lines and portfolios, ensuring accuracy, integrity, comprehensiveness and completeness of data in a timely manner.

While both the Governance Compliance Database and the Enterprise Risk Aggregation Solution can be implemented in any financial institution, the identification of a target market (i.e., client) is driven by four factors:

1. Complexity of the financial institution's technology;
2. Approximate asset size of the institution;
3. Sophistication / maturity of the financial sector within the country; and
4. Alignment of the institution with the BCBS guidance.

Based on these factors the Company's initial focus is on financial institutions within ASEAN and North Asia as Basel guidance is published by the regulator and implementation time lines are being planned. There are over 450 banks in ASEAN and 1,000 in China that provide immediate opportunities.

There is a demand from banks in developing markets who have a firm obligation to comply with the BCBS regulations on Credit Risk and who can also utilize the analytics from the framework to significantly improve their own financial management of their operations as they grow in their local economies and who may want to expand internationally.

In addition to the opportunities in ASEAN/North Asia, there is also a very strong demand from the smaller second and third tier banks operating in other developing markets, especially in Eastern Europe (360 Banks), Central Europe (840 banks) and Russia/Ukraine (1,200 banks). All of these must comply with BCBS regulations by 2019 and they will have to scrutinize their credit risk as they expand, but very few of these banks, have the internal resources or competence to conduct this themselves. The Company provides a packaged solution for this, allowing the banks to concentrate their resources on expanding their business.

The US also provides a significant market opportunity for the Company. There are almost 7,000 banks in the US, most of which are small community based banks. They also have to comply with the BCBS regulations and face challenges on managing their credit risk, but they lack the internal resources to manage this, so our packaged solutions will also be marketed to these banks in the future. The need for institutions to comply with the BCBS guidance will expedite project identification globally.

Discussions are underway within Vietnam and several other Asian markets for new installations. A new cloud-based SaaS (Software as a Service) Stress-Testing product is under development to address the US market regional banks in 2017.

Selected Annual Financial Information

The table below sets out certain selected financial information regarding the operations of the Company for the periods indicated. Since the Company's acquisition of the technology assets were accounted for as a reverse assets acquisition for accounting purposes, with the vendors being identified as the accounting acquirer, the results of operations of the Company are included in these financial statements from the date of acquisition. The historical costs of the acquired assets were not identifiable or recognized prior to the acquisition. As a result, comparative figures do not exist prior to June 2, 2014 and the comparable financial information presented are for the period subsequent to the acquisition from June 2, 2014 to August 31, 2014. The selected financial information has been prepared in accordance with IFRS and should be read in conjunction with the Company's financial statements and related notes:

	Year ended August 31, 2016	Year ended August 31, 2015	Period from June 2, 2014 to August 31, 2014
Revenue	$ 282,755	$ -	$ -
Net loss and comprehensive loss	$ 744,530	$ 1,388,322	$ 1,345,915
Loss per share	$ 0.01	$ 0.02	$ 0.02
Total assets	$ 544,652	$ 514,870	$ 587,719

Prior to the current fiscal year, the Company was primarily a development stage company and had not recorded any revenues. The Company successfully completed its first sale and implementation of its ERA™ solution in Vietnam in 2016 and recorded $282,755 in sales revenue, hence reducing its net loss from the prior year where it also recorded share based compensation expense of $421,175. The Company's net loss for 2015 increased only slightly compared to the prior period due to the Company recording a non-recurring charge of $1,070,801 relating to a listing expense on reverse acquisition in the prior. Factoring this out, the net loss for 2015 would have increased $1,113,208 over the prior period. The prior period from June 2, 2014 to August 31, 2014 spanned only approximately three months, and accordingly expenses in 2015 were significantly higher.

The Company's asset base continues to consist predominately of intangible assets associated with the Company's intellectual property. With the sale of its first software solution installation in 2016, the Company's assets also included $90,254 in accounts receivable resulting from its sales. In the period from June 3, 2014 to August 31, 2014, a large amount of the Company's asset base relates to GST receivable, which was offset by corresponding notes payable to the Vendors.

The Company has not declared any dividends since its incorporation, and does not anticipate paying cash dividends in the foreseeable future on its common shares, but intends to retain future earnings to finance internal growth, acquisitions and development of its business. Any future determination to pay cash dividends will be at the discretion of the board of directors of the Company and will depend upon the Company's financial condition, results of operations, capital requirements and such other factors as the board of directors of deems relevant.

Selected Quarterly Financial Information

A summary of results for the last eight quarters follows:

	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	$ 42,049	$ 18,051	$ 222,655	$ -	$ -	$ -	$ -	$ -
Net loss	$ 429,676	$ 182,782	$ 27,637	$ 104,435	$ 337,159	$ 727,816	$ 200,397	$ 122,950
Loss per share	$ 0.01	$ 0.00	$ 0.00	$ 0.00	$ 0.01	$ 0.01	$ 0.00	$ 0.00

Due to rounding, the figures for the Company's loss per share may not add up to the amount disclosed in the Company's consolidated financial statements.

The Company has begun recording revenues since the second quarter of fiscal 2016 with the initial sale and installation of its software solutions. For the current quarter, the Company completed implementation of this sale and recorded revenues of $42,049. For the three months ended August 31, 2016, the Company recorded a net loss of $429,676 compared to a net loss of $337,159 in the same period in fiscal 2015, largely as a result of recognition of additional development costs as cost of revenue and amortization of its IP. Quarterly results will continue to fluctuate dependent on activities associated with implementation of the Company's sales of its software solutions and marketing and promotional activities of its products.

Results of Operations

The Company successfully completed its first sale and implementation of its ERA™ solution in Vietnam in 2016. The Company is also intensifying its sales and marketing activities including training and rolling out ERA™ and GCD™ with its technical partner, IBM.

The Company continues to meet the IFRS requirements for the deferral of development expenses and has capitalized $481,457 in development costs to date which includes payments to employees andconsultants, as well as related share compensation expense from options issued to those personnel. With the commercialization of its products, the Company has also begun amortization of its intangible assets.

The Company's carrying value of the intangible assets are as follow:

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
Amortization		(88,267)
Balance, August 31, 2016	$	393,190

Three months ended August 31, 2016

During the current quarter, the Company recorded a net loss of $429,676 ($0.01 net loss per share) compared to $337,159 ($0.01 net loss per share) in the same period in fiscal 2015. The Company recorded revenues of $42,029 in the current quarter with a negative gross margin of $260,316 from recognition of additional development costs and amortization of IP for the implementation completion of the initial sale of its ERA™ solution to VIB. No revenues were recorded in the same period in 2015. The Company also recorded an additional $5,000 (2015 – nil) gain on settlement of debt and paid $22,680 (2015 – nil) in withholding taxes in Vietnam.

The Company incurred operating expenses of $151,630 in the current quarter (2015 - $337,159). Operating expenses were $185,529 lower primarily from certain costs such as travel and personnel related development costs now being classified as part of cost of revenue due to the resources deployed to implement the VIB ERA™ solution in Vietnam and offset by a $74,325 reallocation in the fourth quarter of 2015 which resulted in share based compensation recovery from stock options issued in 2015. Consulting fees were down substantially as the Company focussed its efforts on completion of its sales implementation. Investor relations expense was $25,300 as compared to nil in the comparative quarter due to an adjustment from a prior period. Professional fees were comparable quarter over quarter. Promotion and travel costs was a recovery in the current quarter due to reclassification of some of the travel costs to cost of revenue as Company staff devoted much time overseas in completing the implementation of its sales installations. The following is a summary of the Company's operating expenses for the three months ended August 31, 2016.

Summary of Operating Expenses:	2016Q4	2015Q4
Advertising	$ -	$ 9,239
Amortization	241	786
Bank charges	619	398
Consulting fees	30,000	234,313
Investor relations	25,300	-
Listing and filing	5,006	36,542
Management Fees	45,000	30,000
Office and miscellanous	24,309	19,528
Professional fees	24,646	30,266
Promotion and travel	(3,887)	20,878
Rent	396	16,396
Salaries and wages	-	13,138
Share based compensation	-	(74,325)
Total operating expenses	$ 151,630	$ 337,159

Year ended August 31, 2016

During the current year ended August 31, 2016, the Company recorded a net loss of $744,530 ($0.01 net loss per share) compared to $1,388,322 ($0.02 net loss per share) in fiscal 2015. The Company recorded revenues of $282,755 in the current period with a gross margin loss of $222,471 from the initial sale of its ERA™ solution to VIB. No revenues were recorded in 2015. There was no interest income in the current period (2015 – $463) and the Company recognized a $7,674 (2015 - $nil) gain on settlement of debt and paid $22,680 (2015 – nil) in withholding taxes in Vietnam for the year.

The Company incurred operating expenses of $507,053 in the current year (2015 - $1,388,785). Operating expenses were $881,732 lower primarily from certain costs such as travel and personnel related costs in the year now being classified as part of cost of revenue due to the resources deployed to implement the VIB ERA™ solution in Vietnam and $421,175 in share based compensation from stock options issued in 2015. Consulting fees were down substantially as the Company focussed its efforts on completion of its sales implementation. Investor relations expense was higher as compared to prior year as the Company increased focus in raising additional funds. Professional fees were substantially lower in the current year as the prior year included significant fees associated with the change in auditors from 2014 and legal costs. Promotion and travel costs was lower in 2016 due to reclassification of some of the travel costs to cost of revenue as Company staff devoted much time overseas in completing the implementation of its sales installations. The Company also attempted to conserve its cash position thus resulting in lower office cost and salaries and wages. The following is a summary of the Company's operating expenses for the year ended August 31, 2016.

Summary of Operating Expenses:	Years ended August 31, 2016	2015
Advertising	$ -	$ 12,981
Amortization	962	1,374
Bank charges	2,956	1,314
Consulting fees	120,000	295,236
Investor relations	65,550	17,893
Listing and filing	28,263	78,731
Management Fees	135,000	120,000
Office and miscellanous	36,256	42,227
Professional fees	45,842	141,042
Promotion and travel	31,791	162,751
Rent	40,433	58,346
Salaries and wages	-	35,715
Share based compensation	-	421,175
Total operating expenses	$ 507,053	$ 1,388,785

Related Party Transactions and Balances

Key management personnel are those having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and members of the Board of Directors. Short-term 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).

	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 former CEO advanced $175,000 to the Company for working capital purposes. The note was due on December 10, 2015, unsecured, and non-interest bearing. On December 17, 2016, the Company issued 8,488,888 common shares in settlement of debt of which 5,888,888 common shares were issued to related parties in settlement of debt of $420,000, which included the notes payable.

Liquidity and Capital Resources

The Company's cash position as at August 31, 2016 was $8,185 with a working capital deficiency of $633,624. Total assets as at August 31, 2016 were $544,652.

On August 31, 2015, the Company received loan proceeds of $9,000 from an individual lender. The loan is unsecured and was due on August 31, 2016 at an annual interest rate of 8%. The loan remains outstanding as at December 23, 2016.

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 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.

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.

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.

Going Concern

The 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, had 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 shares. In the current fiscal year, the Company announced the initial sale of its ERATM solution to a bank in Vietnam to enable the bank to comply with Basel reporting requirements and recorded revenues of $282,755 in the current 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 2017. During the current year, the Company settled debt of $507,674 by way of issuance of 8,488,888 common shares of the Company and also issued a total of 9,328,000 common shares and 5,750,000 warrants for net proceeds of $436,574 in two separate private placements. The Company plans to raise further funds by way of equity issuance or related party loans in 2017. 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. The 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.

Share Capital

The Company's authorized capital consists of an unlimited number of common shares without par value. Below is the summary of the Company's share capital as at August 31, 2016 and as of the date of this report:

	As at	
Security description	Aug 31, 2016	Date of Report
Common shares - issued and outstanding	84,880,875	94,540,875
Options - unvested	-	-
Options - vested	4,700,000	5,850,000
Warrants issued in private placements	10,050,500	14,880,500
Common shares - fully diluted	99,631,375	115,271,375

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 nine-month intervals at 15% per release. A total of 6,600,000 shares remain in escrow as at the date of this report.

Subsequent Events

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

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.

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)).

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.

Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to make estimates and assumptions that affect the results of operations and financial position. By their nature, these judgments are subject to an inherent degree of uncertainty and are based on historical experience, trends in the industry and information available from outside sources. Management reviews these estimates on an ongoing basis. Different accounting policies, or changes to estimates or assumptions could potentially have a material effect, positive or negative, on the Company's financial position and results of operations. Actual results could differ from those reported.

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.

Intangible assets are amortized over their expected life of five years.

Significant, unanticipated changes to the above assumptions could require a provision for impairment in the future.

Share based payments

The fair value of stock options, restricted share units, and broker warrants is estimated using the Black-Scholes option pricing model, which includes underlying assumptions, related to the risk-free interest rate, average expected option life, estimated forfeitures, estimated volatility of the Company's shares and anticipated dividends.

Future Accounting Pronouncements

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.

(a) 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 clarify 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 or after September 1, 2016.

(b) 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 periods beginning on or after September 1, 2018.

(c) 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.

Off-balance sheet arrangements

The Company does not currently have any off balance sheet arrangements.

Risk and Uncertainty Factors

Risks Related to our Business

Limited Operating History:

The Company is a development stage company which has a limited operating history and has just started generating revenues derived from operations in the current year where the Company announced the initial sale of its ERA™ solution to VIB and has announced it has completed implementation of this product in the current quarter to achieve SBV Basel compliance.

Significant expenditures have been focused on research and development to create its ERA™ and GCD™ solutions. The Company's near-term focus remains in actively developing reference accounts and building sales, marketing and support capabilities. As a result of these and other factors, the Company may not be able to achieve, sustain or increase profitability on an ongoing basis.

The Company is subject to many risks common to development stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Problems Resulting from Rapid Growth:

The Company has been pursuing, from the outset, a plan to market its software solutions to banks abroad and in North America and will continue to require capital in order to meet these growth plans and there can be no assurances that the Company’s capital resources will enable he Company to meet these growth needs. The plan will place significant demands upon the Company’s management and resources. Besides attracting and maintaining qualified personnel, employees or contractors, the Company expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of the Company.

Additional Financing Will be Required:

The Company will need additional financing to continue its operations. Financing may not be available to the Company on commercially reasonable terms, if at all, when needed. There is no assurance that the Company will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Impact of Competition:

The technology industry is very dynamic with new technology and services being introduced by a range of players, from larger established companies to start-ups, on a frequent basis. Newer technology may render the Company's technology obsolete which would have a material, adverse effect on its business and results of operations. The Company will be competing with others offering similar products. If the Company's systems and technology fail to achieve or maintain market acceptance, or if new technologies are introduced by competitors that are more favorably received than the Company's technology, or are more cost-effective or provide legal exclusivity through patents or are otherwise able to render the Company's technology obsolete, the Company will experience a decline in demand which will result in lower sales performance and associated reductions in operating profits all of which would negatively affect stock prices for the Company.

Information Technology, Network and Data Security Risks:

The Company faces security risks. Any failure to adequately address these risks could have an adverse effect on the business and reputation of the Company. Computer viruses, break-ins, or other security problems could lead to misappropriation of proprietary information and interruptions, delays, or cessation in service to clients.

Reliance on Third Parties:

The Company relies on certain technology services provided to it by third parties, and there can be no assurance that these third party service providers will be available to the Company in the future on acceptable commercial terms or at all. If the Company were to lose one or more of these service providers, it may not be able to replace them in a cost effective manner, or at all. This could harm the business and results of operations of the Company.

Investment in Technological Innovation:

If the Company fails to invest sufficiently in research and product development, its products could become less attractive to potential clients, which could have a material adverse effect on the results of operations and financial condition of the Company.

New Laws or Regulations:

A number of laws and regulations may be adopted within the banking industry both domestically and internationally. Adoption of any such laws or regulations might impact the ability of the Company to deliver increasing levels of technological innovation and will likely add to the cost of developing its software solutions, which would adversely affect its results of operations.

Retention or Maintenance of Key Personnel:

There is no assurance that the Company can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of the Company to operate. The Company considers the services of Judy Kalyan, CEO, CFO, and CIO, to be key to the operation of the Company. While there can be no assurances as to the continued retention of Ms. Kalyan, the Company believes that she is heavily incentivized through stock ownership, and other compensation, so that the risk of departure is low.

Proprietary Rights Could Be Subject to Suits or Claims:

No assurance exists that the Company or any Company with which it transacts business, can or will be successful in pursuing protection of proprietary rights such as business names, logos, marks, ideas, inventions, and technology which may be acquired over time. In many cases, governmental registrations may not be available or advisable, considering legalities and expense, and even if registrations are obtained, adverse claims or litigation could occur.

Lack of Control in Transactions:

Management of the Company intends to retain other companies to perform various services, but may not be in a position to control or direct the activities of the parties with whom it transacts business. Success of the Company may be subject to, among other things, the success of such other parties, with each being subject to their own risks.

No Guarantee of Success:

The Company, as well as those companies with which it intends to transact business, have significant business purchases, advertising, and operational plans pending and is/are, therefore, subject to various risks and uncertainties as to the outcome of these plans. No guarantee exists that the Company, or any company with which it transacts business, will be successful.

Fluctuations in Operating Results:

The Company's revenues and operating results may fluctuate from quarter to quarter and from year to year due to a combination of factors, including, but not limited to: access to funds for working capital and market acceptance of its services.

Revenues and operating results may also fluctuate based upon the number and extent of potential financing activities in the future. Thus, there can be no assurance that the Company will be able to reach profitability on a quarterly or annual basis.

Financial, Political or Economic Conditions:

The Company may be subject to additional risks associated with doing business in foreign countries.

The Company currently operates within Canada and overseas. As a result, it may face significant additional risks associated with doing business in other countries. In addition to the language barriers, different presentations of financial information, different business practices, and other cultural differences and barriers, ongoing business risks may result from the international political situation, uncertain legal systems and applications of law, prejudice against foreigners, corrupt practices, uncertain economic policies and potential political and economic instability. In doing business in foreign countries, the Company may also be subject to such risks, including, but not limited to, currency fluctuations, regulatory problems, punitive tariffs, unstable local tax policies, trade embargoes, expropriation, corporate and personal liability for violations of local laws, possible difficulties in collecting accounts receivable, increased costs of doing business in countries with limited infrastructure, and cultural and language differences. The Company also may face competition from local companies which have longer operating histories, greater name recognition, and broader customer relationships and industry alliances in their local markets, and it may be difficult to operate profitably in some markets as a result of such competition. Foreign economies may differ favorably or unfavorably from the Canadian economy in growth of gross national product, rate of inflation, market development, rate of savings, and capital investment, resource self-sufficiency and balance of payments positions, and in other respects.

When doing business in foreign countries, the Company may be subject to uncertainties with respect to those countries' legal system and application of laws, which may impact its ability to enforce agreements and may expose it to lawsuits.

Legal systems in many foreign countries are new, unclear, and continually evolving. There can be no certainty as to the application of laws and regulations in particular instances. Many foreign countries do not have a comprehensive system of laws, and the existing regional and local laws are often in conflict and subject to inconsistent interpretation, implementation and enforcement. New laws and changes to existing laws may occur quickly and sometimes unpredictably. These factors may limit the Company's ability to enforce agreements with its current and future clients and vendors. Furthermore, it may expose the Company to lawsuits by its clients and vendors in which it may not be adequately able to protect itself.

When doing business in foreign countries, the Company may be unable to fully comply with local and regional laws which may expose it to financial risk.

When doing business in foreign countries, the Company may be required to comply with informal laws and trade practices imposed by local and regional government administrators. Local taxes and other charges may be levied depending on the local needs to tax revenues, and may not be predictable or evenly applied. These local and regional taxes/charges and governmentally imposed business practices may affect the cost of doing business and may require the Company to constantly modify its business methods to both comply with these local rules and to lessen the financial impact and operational interference of such policies. In addition, it is often extremely burdensome for businesses operating in foreign countries to comply with some of the local and regional laws and regulations. Any failure on the part of the Company to maintain compliance with the local laws may result in fines and fees which may substantially impact its cash flow, cause a substantial decrease in revenues, and may affect its ability to continue operation.

Risks Related to the Company's Intellectual Property

Protection of the Company's Intellectual Property:

The Company's products utilize a variety of proprietary rights that are important to its competitive position and success. To date, the Company has not been granted any definitive patents and because the Intellectual Property associated with the Company's technology is evolving and rapidly changing, current intellectual property rights may not adequately protect the Company. The Company may not be successful in securing or maintaining proprietary or future patent protection for the technology used in its systems or services, and protection that is secured may be challenged and possibly lost. The Company generally enters into confidentiality or license agreements, or has confidentiality provisions in agreements with the Company's employees, consultants, strategic partners and clients and controls access to and distribution of its technology, documentation and other proprietary information. The Company's inability to protect its Intellectual Property adequately for these and other reasons could result in weakened demand for its systems or services, which would result in a decline in its revenues and profitability.

Third Party Intellectual Property Rights:

The Company could become subject to litigation regarding intellectual property rights that could significantly harm its business. The Company's commercial success will also depend in part on its ability to develop and sell its software solutions without infringing on the patents or proprietary rights of third parties. Competitors, many of whom have substantially greater resources than the Company and have made significant investments in competing technologies or products, may seek to apply for and obtain patents that will prevent, limit or interfere with the Company's ability to make or sell the Company's systems or provide the Company's services.

Other Risks

The Company’s Share Price Fluctuations and Speculative Nature of Securities:

The price of the Company Shares could fluctuate substantially and should be considered speculative securities. The price of the Company’s shares may decline, and the price that prevails in the market may be higher or lower than the price investors pay depending on many factors, some of which are beyond the Company's control. In addition, the equity markets in general have experienced extreme price and volume fluctuations historically that have often been unrelated or disproportionate to the operating performance of those companies. These broad market factors may affect the market price of the Company’s Shares adversely, regardless of its operating performance.

Volatility in the Price of the Company Shares:

The market for the Company’s Shares may be characterized by significant price volatility when compared to seasoned issuers, and management expects that the share price will be more volatile than a seasoned issuer for the indefinite future. In the past, plaintiffs have often initiated securities class action litigation against a company following periods of volatility in the market price of its securities. The Company may in the future be a target of similar litigation. Securities litigation could result in substantial costs and liabilities and could divert management's attention from day-to-day operations and consume resources, such as cash.

Operating results may fluctuate as a result of a number of factors, many of which are outside of the control of the Company. The following factors may affect operating results: ability to compete; ability to attract clients; amount and timing of operating costs and capital expenditures related to the maintenance and expansion of the business, operations and infrastructure; general economic conditions and those economic conditions specific to the banking industry; ability to keep web access operational at a reasonable cost and without service interruptions; the success of product expansion; and ability to attract, motivate and retain top-quality employees.

Investor Relations

The Company maintains a website at www.blackiceinc.com, and has not entered into any agreements with any investor relations firms. Additional information on the Company can also be found on www.sedar.com.

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning the Company's general and administrative expenses and capitalized development costs in intangible assets is provided in the Company's Statements of Comprehensive Loss and note 7 in its annual audited financial statements for the year ended August 31, 2016, which is available on the Company's website or through www.sedar.com.