

**BlackIce Enterprise Risk Management Inc.
Management's Discussion and Analysis
For the three and nine months ended May 31, 2017
Dated: July 28, 2017**

The following Management's Discussion and Analysis ("MD&A") is prepared as at July 28, 2017 in accordance with National Instrument 51-102F1, and should be read in conjunction with the Company's Unaudited Condensed Interim Financial Statements for the three and nine months ended May 31, 2017 and accompanying note, as well as the Company's Audited Financial Statements for the year ended August 31, 2016 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 changed its name to BlackIce Enterprise Risk Management Inc. on June 2, 2014 concurrent with the completion of a reverse takeover transaction. 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.

In addition to an enterprise model of solution deployment, the company is also developing a cloud based Software-as-a-Service (“SaaS”) solution where it plans to leverage new accounting regulations in the US, by providing advanced data integration in a risk data warehouse supporting sophisticated analytics and comprehensive reporting. In anticipation of the launch of the SaaS Current Expected Credit Loss (“CECL”) solution that focuses on US banking industry requirements, the Company launched a new website showcasing the core suite of BlackIce software and services and announced on June 13, 2017 that it has appointed Darren Richarz as the Company’s VP of Sales and Marketing to focus on entering the US market. Mr. Richarz brings over 20 years of experience in software sales and marketing across various industries including banking and compliance. Darren has led successful sales engagements to many leading global financial institutions, including Goldman Sachs, Merrill Lynch, BNY Mellon and Morgan Stanley.

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 2016 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 market to the 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 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. The 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.

In January 2017, the Company launched the BlackIce BASEL Solution for Emerging Markets ("BASEL"). BASEL is one of the first solutions, globally, that allow institutions to meet the new revised standardized approach recommended by the BCBS, and is specifically tailored to the needs of institutions in emerging markets. BASEL provides a Basel compliance and risk management solution that leverages the technology within the ERA™ solution, along with the experience the Company has gained at VIB to create a product that meets the immediate goals of financial institutions beginning their capital adequacy initiatives, in addition to supporting their future strategic objectives. BASEL is also specifically designed to provide institutions with a comprehensive foundation to build a strong Basel program where they may have limited Basel risk management experience or resources.

The CECL solution is a SaaS model offering cloud based risk and compliance software to the banking industry with is a monthly recurring revenue subscription model plus additional consulting fees as required. The Company's offering will address a major concern for institutions that may not have the required historic data to comply with CECL, and the Company will be able to leverage its pooled data from institutions of similar profiles as well as 3rd party data vendors to offer such data to its users.

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.

On January 18, 2017, the Company announced it has received confirmation that The State Bank of Vietnam (SBV) has finalized Circular 41 (dated January 4, 2017), that outlines the detailed requirements for the banking industry to comply with BCBS Basel regulations. The finalized guidance is expected to compel institutions to take immediate action to address the Basel requirements through risk management solutions to achieve compliance in a timely manner. As a result, top tier banks in Vietnam are expected to begin implementation initiatives in 2017, with compliance to be met by the end of the year. Lower and mid-tier banks are also expecting to begin Basel planning and are expected to begin procuring solutions towards the end of this year. The Company has already completed its first software solutions installation in Vietnam last fiscal year and so is familiar with the Vietnamese market. This development thus presents an important opportunity for the Company as it believes that several banks will want to move quickly to ensure the implementation process is timely, and gain advantage in a competitive banking environment.

In addition to the opportunities in Vietnam and in other ASEAN and 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. Although the majority of US banks, except for the top tier banks, are not required to comply with BCBS directly, they are required to comply with a version of BCBS as interpreted by the US Federal agencies - namely 'Stress Testing'. These banks face challenges on managing their credit risk, but they lack the internal resources to manage this, so the Company's 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.

Additionally, recent pronouncements from Financial Accounting Standards Board ("FASB") and International Financial Reporting Standards ("IFRS") provide revised guidance on how banks estimate losses in the allowance for loans. Under FASB, the recent Current Expected Credit Loss ("CECL") guidance revisits how banks estimate losses in the allowance for loans, with the new approach requiring institutions to use historical information, current conditions and reasonable forecasts to estimate the expected loss over the life of the loan. BlackIce solutions support the gathering of this credit lifecycle data, all of the necessary analytics and calculations and the resulting reporting, required by these new regulations. Under IFRS, the recent Expected Credit Loss ("ECL") guidance revisits how banks estimate losses in the allowance for loans, with the new approach relying on historical credit risk data. BlackIce solutions support the gathering of this credit lifecycle data, all of the necessary analytics and calculations and the resulting reporting, required by these new regulations. These pronouncements present an immediate opportunity for the Company to further leverage its software solutions to meet this emerging need, especially in the US market.

The Company continues to focus on the Vietnam region, but also anticipates expanding to other emerging markets in the region including Myanmar, Cambodia, Nepal, and eventually African countries. The Company is also aggressively pursuing the US opportunities noted above and has appointed an experienced VP of Sales and Marketing to focus on entering the US market with its leading edge CECL solution quickly and effectively.

Selected Quarterly Financial Information

A summary of results for the last eight quarters follows:

	2017			2016			2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$ -	\$ -	\$ -	\$ 42,049	\$ 18,051	\$ 222,655	\$ -
Net loss	\$ 137,680	\$ 211,133	\$ 293,389	\$ 427,002	\$ 182,782	\$ 30,311	\$ 104,435
Loss per share	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.00	\$ 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 began recording revenues from the second quarter of fiscal 2016 with the initial sale and installation of its software solutions and completed that implementation in fourth quarter of fiscal 2016. For the current quarter, the Company recorded a net loss of \$137,680 compared to a net loss of \$182,782 in the same period in fiscal 2016. The difference is largely the result of a gross loss of \$39,760 recognized in the prior year together with higher operating expenses in 2016. The Company did not recognize any revenues in the current period. 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.

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The Company has capitalized \$481,457 in development costs to date which includes payments to employees and consultants, as well as related share compensation expense from options issued to those personnel. With the commercialization of its software solutions in fiscal 2016, 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, 2015	\$	475,457
Development costs capitalized:		
Consulting fees		6,000
Amortization		(88,267)
Balance, August 31, 2016		393,190
Amortization		(72,218)
Balance, May 31, 2017	\$	320,972

Three months ended May 31, 2017

During the current quarter, the Company recorded a net loss of \$137,680 (\$0.00 net loss per share) compared to \$182,782 (\$0.00 net loss per share) in the same period in fiscal 2016. The Company did not record any revenues in the current quarter, but recognized revenue and cost of revenue of \$18,051 and \$57,811 respectively in 2016 from the initial installation of its ERA™ software solutions in Vietnam.

The Company incurred operating expenses of \$137,680 in the current quarter (2016 - \$143,022). Operating expenses were \$5,342 or 4% lower over the same period. The primary reasons for the lower expenses can be attributed to:

- Consulting fees were \$22,388 (2016 - \$30,000) and \$7,612 lower as the COO has agreed to stop billing the Company for his services as the Company tries to conserve cash, but is offset by consulting fees in Vietnam where previously it was classified as part of cost of revenues.
- Listing and filing fees were \$4,749 (2016 -13,236) and \$8,487 lower due to less activity in the current period.
- Professional fees were \$2,841 (2016 - \$12,102) and \$9,261 lower as the company incurred legal expenses in the prior period relating to settlement with its predecessor auditors. The settlement amounts were fully accrued for in previous periods.
- Rent was \$67 (2016 - \$26,132) and \$26,065 lower as the company maintained an office in Vietnam in 2016 during the installation of its software solution at VIB. The Company has sublet its existing office premises in Vancouver to save costs.

Offsetting the lower expenses above were the following:

- \$24,240 in amortization expenses (2016 - \$240) from which amortization of the company's intangible assets has started.
- Office and miscellaneous expenses were \$8,104 (2016 - \$4,573) and \$3,531 higher than the prior period as some of these costs in the prior period were classified as part of costs of revenue.
- Promotion and travel expenses totalled \$11,644 (2016 - \$10,326) and was marginally higher by \$1,318. Much of the travel expenses in the current period relate to conference attendance and marketing related visits in North America while expenses in 2016 relate to the sales installation in Vietnam.
- Salaries and wages were \$18,000 (2016 – nil) in the current quarter. These costs were nil in the prior year as they were classified as part of cost of revenue in the installation of the software for the client.

Managements fees remained the same at \$30,000 for both periods, while investor relation costs of \$15,000 (2016 - \$15,250) were similar to the prior period. Fluctuation in bank charges of \$647 (2016 - \$1,163) was not material.

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The following is a summary of the Company's operating expenses for the three months ended May 31, 2017.

Summary of Operating Expenses:	2017Q3	2016Q3
Advertising	\$ -	\$ -
Amortization	24,240	240
Bank charges	647	1,163
Consulting fees	22,388	30,000
Investor relations	15,000	15,250
Listing and filing	4,749	13,236
Management Fees	30,000	30,000
Office and miscellaneous	8,104	4,573
Professional fees	2,841	12,102
Promotion and travel	11,644	10,326
Rent	67	26,132
Salaries and wages	18,000	-
Share based compensation	-	-
Total operating expenses	\$ 137,680	\$ 143,022

Nine months ended May 31, 2017

During the current nine month period, the Company recorded a net loss of \$642,202 (\$0.01 net loss per share) compared to \$317,528 (\$0.00 net loss per share) in the same period in fiscal 2016. The Company did not record any revenues in the current period but recognized revenue and cost of revenue of \$240,706 and \$202,811 respectively in 2016 from the initial installation of its software solutions in Vietnam which started in 2016Q2.

The Company incurred operating expenses of \$642,202 in the current period (2016 - \$355,423). Operating expenses were \$286,779 higher over the same period. The primary reasons for the increased expenses relate to:

- \$72,723 in amortization expenses (2016 - \$721) from which amortization of the company's intangible assets has started.
- Consulting fees were \$148,130 (2016 - \$90,000) and \$58,130 higher than in 2016 as the current period included consulting fees in Vietnam where previously it was classified as part of cost of revenues and additional promotional activities with the European investment community. This was offset by the COO agreeing to stop billing the Company for his services starting in 2017Q2 as the Company tries to conserve cash.
- Investor relations was \$80,000 in the current period (2016 - \$40,250) and was \$39,750 higher due to investor relations initiatives undertaken in 2017Q1 and Q2.
- Office and miscellaneous expenses were \$20,652 (2016 - \$11,947) and \$8,705 higher than the prior period as some of these costs in the prior period were classified as part of costs of revenue.
- Professional fees were \$23,544 (2016 - \$21,196) and was \$2,348 higher due to higher accounting expenses earlier in the year.
- Promotion and travel expenses totalled \$43,943 (2016 - \$35,678) and was higher by \$8,265. Much of the travel expenses in 2016 relate to the sales installation in Vietnam, while in current period, travel expenses earlier in the fiscal year relate to continued marketing in Vietnam and subsequently conference attendance and marketing related visits in North America.

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- Salaries and wages were \$54,000 (2016 – nil) in the current quarter. These costs were nil in the prior year as they were classified as part of cost of revenue in the installation of the software for the client.
- Share based compensation expense of \$91,200 (2016 - nil) was recognized on the share options granted in Q1 of the current year. There were no share options grants in the prior period.

Offsetting the higher expenses above was a \$8,923 rent recovery (2016 - \$40,037) as the company maintained an office in Vietnam in 2016 during the installation of its software solution at VIB. The Company has sublet its existing office premises in Vancouver in order to save costs. Current period's recovery included collection of rent on sublet of its Vancouver office space from prior period.

Managements fees remained the same at \$90,000 for both periods. Listing and filing fees were \$25,245 and was comparable to those of 2016 (\$23,257). The amounts recorded and fluctuations in advertising expense and bank charges were not material.

The following is a summary of the Company's operating expenses for the nine months ended May 31, 2017:

Summary of Operating Expenses:	Nine months ended May 31, 2017	
	2017	2016
Advertising	\$ 450	\$ -
Amortization	72,723	721
Bank charges	1,238	2,337
Consulting fees	148,130	90,000
Investor relations	80,000	40,250
Listing and filing	25,245	23,257
Management Fees	90,000	90,000
Office and miscellaneous	20,652	11,947
Professional fees	23,544	21,196
Promotion and travel	43,943	35,678
Rent	(8,923)	40,037
Salaries and wages	54,000	-
Share based compensation	91,200	-
Total operating expenses	\$ 642,202	\$ 355,423

Related Party Transactions and Balances

The following tables summarize transactions and balances between the Company and its key management personnel, which include the Company's executive officers and members of the Board of Directors. Related party transactions consist of short-term key management compensation and other fees paid, debt settlement, as well as any share based compensation associated with granting of share purchase options to those individuals.

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	Nine months ended May 31,	
	2017	2016
Transactions		
Management fees:		
Chief Executive Officer ("CEO") and a company controlled by CEO	\$ 90,000	\$ 90,000
	\$ 90,000	\$ 90,000
Costs of revenues, development costs, consulting fees, and salaries and wages:		
Chief Operating Officer ("COO") and Director	\$ 30,000	\$ 90,000
Chief Technology Officer ("CTO") and a company controlled by CTO	54,000	58,963
	\$ 84,000	\$ 148,963
Investor relations and consulting fees:		
Vice President, Corporate Finance ("VPCF") and Director and a company controlled by the VPCF	\$ 65,000	\$ 45,000
Director	13,500	-
	\$ 78,500	\$ 45,000
Share based compensation:		
CEO	\$ 9,120	\$ -
COO and Director	9,120	-
CTO	9,120	-
VPCF and director and a company controlled by the VPCF	27,360	-
Director	9,120	-
	\$ 63,840	\$ -
Settlement of debt for shares		
CEO	\$ -	\$ 250,000
COO	-	120,000
VPCF and director and a company controlled by the VPCF	-	50,000
	\$ -	\$ 420,000
	May 31,	August 31,
	2017	2016
Balances		
Due to (from) related parties		
CEO and a company controlled by the CEO	\$ 339,850	\$ 378,792
COO and Director	160,000	130,000
CTO and a company controlled by the CTO	41,350	51,150
VPCF and director and a company controlled by the VPCF	19,474	16,550
Director	13,500	-
	\$ 574,174	\$ 576,492

The amounts due to related parties are non-interest bearing.

On May 31, 2017, the Company announced that it has settled outstanding debts totaling \$484,000 by the issuance of 9,680,000 common shares in its capital at a price of \$0.05 per share. This transaction has not been executed as of the date of this report, and no common shares have been issued as a result. Accordingly, the transaction has not been reflected in the condensed interim financial statements. A significant portion of this settlement is with related parties, and the transaction is expected to complete before the end of the 2017 fiscal year.

Liquidity and Capital Resources

The Company's cash position as at May 31, 2017 was \$1,762 with a working capital deficiency of \$662,704. Total assets as at May 31, 2017 were \$371,264.

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 July 28, 2017.

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, of which 6,888,888 common shares were issued to related parties in settlement of debt of \$420,000.

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.

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

On November 8, 2016, the Company 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 15, 2016, the Company completed a private placement by issuing 6,860,000 Units at \$0.05 per unit for gross proceeds of \$343,000 comprising of \$328,000 cash and \$15,000 in consideration of services provided by an independent party. 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.

On May 31, 2017, the Company announced that it has settled outstanding debts totaling \$484,000 by the issuance of 9,680,000 common shares in its capital at a price of \$0.05 per share, with each common share containing the statutory four-month hold period from the date of issuance. This transaction has not been executed as of the date of this report, and no common shares have been issued as a result. The transaction is expected to complete before the end of the 2017 fiscal year.

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 May 31, 2017, the

Company had a working capital deficiency of \$662,704, and for the nine months then ended, had a net loss of \$642,202 and had negative cash flows from operations of \$405,623. The Company has funded ongoing operations primarily from proceeds of loans and advances from related parties and the issuance of shares. In the prior fiscal year, the Company announced the initial sale of its ERA™ solution to a bank in Vietnam to enable the bank to comply with Basel reporting requirements and recorded revenues of \$282,755 in the 2016 fiscal year. The Company will continue to develop and expand its Vietnamese market and other markets in Southeast Asia, as well as enter into the US market. 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. 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 May 31, 2017 and as of the date of this report:

Security description	As at	
	May 31, 2017	Date of Report
Common shares - issued and outstanding	94,540,875	94,540,875
Options - unvested	-	-
Options - vested	5,750,000	5,750,000
Warrants issued in private placements	10,580,500	10,580,500
Common shares - fully diluted	110,871,375	110,871,375

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 six-month intervals at 15% per release.

Subsequent Event

On June 2, 2017, 6,600,000 common shares were released from escrow pursuant to the Agreement and all common shares have now been released from escrow as at the date of this report.

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 nine months ended May 31, 2017, 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) 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.

(b) 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 the 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 6 in its unaudited condensed interim financial statements for the nine months ended May 31, 2017, which is available on the Company's website or through www.sedar.com.