



BSM TECHNOLOGIES INC.

**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016**

December 14, 2016

**Suite 100, 75 International Boulevard
Toronto, ON M9W 6L9**

BSM TECHNOLOGIES INC.
ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2016

TABLE OF CONTENTS

1	GENERAL INFORMATION	1
1.1	Forward Looking Statements	1
1.2	General.....	2
1.3	Information Incorporated by Reference	2
1.4	Non-GAAP Financial Measures	3
2	CORPORATE STRUCTURE.....	3
2.1	Name, Address and Incorporation	3
2.2	Inter-corporate Relationships.....	4
3	GENERAL DEVELOPMENT OF THE BUSINESS.....	4
3.1	Recent Developments	5
3.2	Fiscal 2016 Developments.....	6
3.3	Fiscal 2015 Developments.....	7
3.4	Fiscal 2014 Developments.....	8
3.5	Significant Acquisitions.....	10
4	DESCRIPTION OF THE BUSINESS.....	10
4.1	General.....	10
4.2	Products and Services	12
4.3	Business Operations.....	14
4.4	Reorganizations.....	20
4.5	Risk Factors	20
5	DIVIDENDS.....	33
5.1	Dividends.....	33
6	DESCRIPTION OF CAPITAL STRUCTURE	34
6.1	General Description of Capital Structure.....	34
6.1.1	Share consolidations	35
6.1.2	Share repurchase program.....	36

7	MARKET FOR SECURITIES	36
7.1	Trading Price and Volume of BSM Shares.....	36
7.2	Prior Sales	37
8	ESCROWED SECURITIES	38
9	DIRECTORS AND OFFICERS	39
9.1	Name, Occupation and Security Holdings.....	39
9.2	Biographies of Directors and Officers	40
9.3	Cease Trade Orders, Bankruptcies, Penalties or Sanctions.....	43
9.4	Conflicts of Interest.....	44
10	LEGAL PROCEEDINGS AND REGULATORY ACTIONS	44
10.1	Legal Proceedings.....	44
10.2	Regulatory Actions	45
11	INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	45
12	TRANSFER AGENTS AND REGISTRARS	45
13	MATERIAL CONTRACTS	45
14	INTEREST OF EXPERTS	45
15	ADDITIONAL INFORMATION	46
16	AUDIT COMMITTEE	46
16.1	Audit Committee Mandate.....	46
16.2	Composition of the Audit Committee	46
16.3	Relevant Education and Experience.....	47
16.4	Reliance on Certain Exemptions.....	47
16.5	Audit Committee Oversight.....	48
16.6	Pre-Approval Policies and Procedures.....	48
16.7	External Auditor Service Fees	48
	SCHEDULE A Audit Committee Charter	A1

1 GENERAL INFORMATION

1.1 Forward Looking Statements

Certain statements and information in this annual information form (“AIF”) and documents incorporated by reference herein are not based on historical facts and constitute “forward-looking statements” within the meaning of Section 27A of the United States Securities Act of 1933, as amended, Section 21E of the United States Exchange Act of 1934, as amended, or the United States Private Litigation Reform Act of 1995 and “forward-looking information” within the meaning of Canadian securities laws (collectively, “**forward-looking statements**”), including statements and information relating to, among other things, the plans of BSM Technologies Inc. (“**BSM**” or the “**Company**”) with respect to its products and services, including timing, content and pricing; market and industry expectations; wireless communications, mobile fleet and telematics industries; general economic, business and political conditions; loss or addition of key employees; stock market volatility; changes in laws and regulations; and the Company's ability to compete successfully, adapt to technological advances, changing industry standards and other matters. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes”, or the negative connotation thereof or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

Forward-looking statements are made based upon certain assumptions and other important factors that, if untrue or incorrect, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future, including the Company's plans with respect to its products and services, including timing, content and pricing; market and industry expectations; the wireless communications, mobile fleet and telematics industries; general economic, business and political conditions, stock market volatility, changes in laws and regulations, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking statements include, among others, product development risks, litigation risks, regulatory restrictions, activities by governmental authorities (including changes in taxation), currency fluctuations, the Company's insurance may not provide adequate levels of coverage, the global economic climate, failure to effectively attract, sell to and retain medium and large sized customers competition, loss of, or significant reduction in, one or more of enterprise customers loss of key employees, share price volatility, dependence on lead generation channels to promote products inability to retain and increase sales to existing customers, failure of businesses to adopt fleet management solutions, industry consolidation, inability to adapt to rapid technology changes in BSM's industry, inability to integrate BSM's solutions with third-party technologies, failure to effectively implement or support acquisition strategy, reliance on third-party cellular and GPS network providers and inability to control price fluctuations or availability thereof, reliance on third-party software and inability to control price fluctuations thereof, failure to efficiently or successfully complete network centre consolidation, failure to efficiently or successfully complete hardware and software consolidation and additional funding requirements. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended.

Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially

different from those expressed or implied by such forward-looking statements, including but not limited to: risks related to the integration of acquisitions; risks related to international operations, including economic and political instability in foreign jurisdictions in which the Company operates; risks related to current global financial conditions; environmental risks, as well as those factors discussed in the section entitled “Risk Factors” in this AIF and the FY2016 MD&A (as defined herein). Although the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this AIF are made as of the date of this AIF and, accordingly, are subject to change after such date. Except as otherwise indicated by the Company, these statements do not reflect the potential impact of any non-recurring or other special items or of any dispositions, monetizations, mergers, acquisitions, other business combinations or other transactions that may be announced or that may occur after the date hereof.

Forward-looking statements are provided for the purpose of providing information about management’s current expectations and plans and allowing investors and others to get a better understanding of the Company’s operating environment. The Company does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.

1.2 General

The fiscal year end of BSM is September 30.

Except as otherwise indicated in this AIF, the information herein is given as of September 30, 2016.

Unless otherwise indicated or the context otherwise requires, all references in this AIF to “**BSM**” or the “**Company**” refer to BSM Technologies Inc. and its Subsidiaries (as defined herein).

Unless otherwise stated herein, all references in this AIF to “dollars” or “\$” are to Canadian dollars and all references to “US\$” are the United States dollars. Unless otherwise stated herein, all relevant financial information reflected herein is determined on the basis of, and prepared in accordance with International Financial Reporting Standards (“**IFRS**”), unless otherwise indicated.

1.3 Information Incorporated by Reference

Certain information contained in the following documents of BSM are incorporated by reference into this AIF:

- The Company’s audited annual consolidated financial statements for the fiscal years ended September 30, 2016 and 2015 (the “**FY2016 F/S**”) dated December 14, 2016;
- The Company’s management’s discussion and analysis for the three and twelve months ended September 30, 2016 and 2015 (the “**FY2016 MD&A**”) dated December 14, 2016;
- The Company’s management information circulated dated February 11, 2016 (the “**2016 Circular**”).

The table below identifies information from the above reports which are incorporated by reference into this AIF. See “*Additional Information*” for particulars for obtaining copies of these documents from the Company. These documents are also available for viewing under the Company’s profile on SEDAR at

www.sedar.com and on the Company's website at www.bsmtechnologies.com. The content of the Company's website is not incorporated by reference into this AIF.

AIF Item	BSM Report on SEDAR	Page, Section
Risk Factors	FY2016 MD&A	Page 9
Risk Factors	FY2016 F/S	Note 14
Additional Information	2016 Circular	Section 3, 4, 5, 6, 7 and 12

1.4 Non-GAAP Financial Measures

This AIF includes the measure "Recurring Revenue" which is a "non-GAAP financial measure" under applicable laws. Non-GAAP financial measures do not have any standardized meaning under the Company's GAAP and therefore may not be comparable to similar measures presented by other issuers. Readers are cautioned that the disclosure of this item is meant to add to, and not replace, the discussion of financial results or cash flows from operations as determined by GAAP. BSM believes that investors use these non-GAAP financial measures as indicators to assess telematics companies.

"**Recurring Revenue**" includes monthly application service provider fees, monthly monitoring fees, and resale of cellular and satellite data. Recurring Revenue is derived from the service revenue category within the segmented information note of the Company's financial statements. BSM believes that Recurring Revenue provides useful information to BSM's investors because it shows the long term nature of service revenue.

2 CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Company was incorporated on July 29, 1996 under the name "Faymar Capital Corporation" under the *Business Corporations Act* (Alberta). On December 23, 1996, the Company filed Articles of Amendment to, among other things, remove the private company share transfer restrictions. On October 15, 1997, the Company filed Articles of Amendment to change its name to "Valu-Net Corporation". On October 14, 1999, the Company filed Articles of Continuance under the *Business Corporations Act* (Ontario) (the "**OBCA**") and was continued in the Province of Ontario. On April 17, 2000, the Company filed Articles of Amendment to create 16,000,000 First Preferred Shares, Series I. On July 19, 2001, the Company filed Articles of Amendment to change its name to "BSM Technologies Inc.". On September 24, 2009, the Company filed Articles of Amendment to increase the authorized capital of the Company by creating the first series of First Preferred Shares consisting of an unlimited number of Series A First Preferred Shares, along with certain rights contained therein. On August 30, 2012, the Company filed Articles of Amendment to consolidate all of the issued and outstanding common shares in the capital of the Company (the "**BSM Shares**") on a 10:1 basis, being one post-consolidation BSM Share for each ten pre-consolidation BSM Shares outstanding; provided, however, that all fractional shares resulting from the consolidation were rounded up to the nearest whole number of BSM Shares (the "**2012 Share Consolidation**").

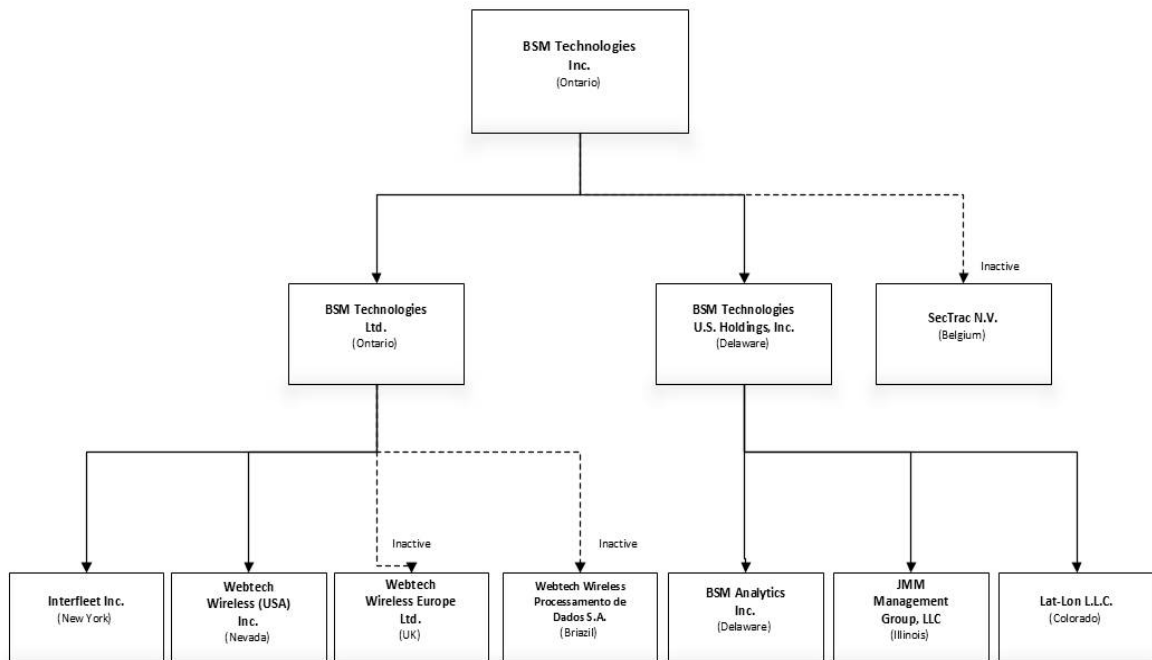
BSM's head and registered office is located at 75 International Blvd., Suite 100, Toronto, Ontario, Canada, M9W 6L9. The Company also has operating offices in: (i) Toronto, Ontario, Canada (ii) Burnaby, British Columbia; Canada (iii) Laval, Québec, Canada; (iv) Chicago, Illinois, United States; (v) Denver, Colorado, United States; and (v) Austin, Texas, United States. The Company's website address is www.bsmtechnologies.com.

2.2 Inter-corporate Relationships

As of the date of this AIF, the Company has the following ten subsidiaries, all of which are wholly-owned (directly or indirectly): (i) BSM Technologies Ltd. (formerly BSM Wireless Inc.), an Ontario corporation; (ii) BSM Technologies U.S. Holdings, Inc. (“**BSM U.S.**”), a Delaware corporation (iii) SecTrack N.V., a Belgium corporation; (iv) JMM Management Group, LLC d/b/a JMM Global (“**JMM**”), an Illinois limited liability company; (v) Lat-Lon, L.L.C. (“**Lat-Lon**”), a Colorado limited liability company; (vi) BSM Analytics Inc. d/b/a Mobi, a Delaware corporation; (vii) InterFleet Inc., a New York corporation; (viii) Webtech Wireless (USA) Inc., a Nevada corporation; (ix) Webtech Wireless Europe Ltd., a United Kingdom corporation; and (x) Webtech Wireless Processamento de Dados S.A., a Brazil company (collectively, the “**Subsidiaries**”).

All of the Subsidiaries are 100% owned and/or controlled by the Company. The financial statements of each of the Subsidiaries are consolidated within BSM’s consolidated financial statements.

The chart below illustrates the Company’s inter-corporate relationships, together with the governing law of each company, as of the date of this AIF:



BSM Technologies Ltd. is the principal operating entity of the Company. In addition, Lat-Lon, BSM Analytics Inc. d/b/a Mobi and JMM are the other operating companies of BSM. InterFleet Inc. is principally a limited distributor sales organization responsible for sales and distribution in the United States. Webtech Wireless Europe Ltd. and Webtech Wireless Processamento de Dados S.A. are in the process of being wound up and are inactive as of the date of this AIF. SecTrack N.V. is also inactive.

3 GENERAL DEVELOPMENT OF THE BUSINESS

BSM is a North American leading provider of remote monitoring, fleet and asset management, fleet diagnostic, driver compliance and automatic vehicle location solutions. As an end-to-end solution provider, BSM offers flexible solutions to its customers from hardware solutions to software solutions. BSM provides real-time, web-based management and tracking for service-based businesses of all sizes,

including enterprise fleet assets, along with a host of solutions for commercial and government organizations who manage and operate large fleets and who seek to enhance customer service, improve the security of their drivers and vehicles, and lower business costs. BSM's end-to-end solutions automate record keeping and assist with regulatory compliance, reduce fuel burn and idling, mitigate risk and keep drivers safe.

3.1 Recent Developments

Departure of Chief Technology Officer

On November 15, 2016, BSM announced that Mr. Alban Hoxha was leaving his role as Chief Technology Officer to pursue other opportunities, effective January 20, 2017. BSM has commenced a search for Mr. Hoxha's replacement.

Acquisition of Mobi

On October 4, 2016, BSM announced that it had completed an asset purchase pursuant to an asset purchase agreement dated October 3, 2016, (the "**Mobi Purchase Agreement**"), among its wholly-owned subsidiary BSM Analytics Inc. d/b/a Mobi, a Delaware corporation, its wholly-owned subsidiary BSM Technologies Ltd. (formerly BSM Wireless Inc.), an Ontario corporation and Mobi Corp., a Delaware corporation. Pursuant to the Mobi Purchase Agreement, BSM acquired substantially all of the assets of Mobi Corp. for initial cash consideration of US\$8.0 million before working capital adjustments plus potential earn-out payments of up to US\$17.0 million (the "**Mobi Acquisition**").

Mobi was originally founded in 1996 by satellite experts from MIT Lincoln Laboratory and was a leader in the data analytics space. Mobi's core suite of software modules focus on planning, scheduling and route optimization using GPS data, providing large commercial fleet operators with increased visibility into the optimization of asset utilization, optimizing operations and driving increased revenue while minimizing costs. Mobi Corp. was headquartered in Austin, Texas and served customers ranging from small fleets of 10 vehicles to large enterprise fleets in excess of 4,000 vehicles. Following completion of the Mobi Acquisition, BSM Analytics Inc. d/b/a Mobi, continues to service these customers through the acquired Mobi products.

Mobi's core product offering includes several software modules that utilize GPS data and analytics to enable its customers to better manage their operational activities such as planning, scheduling, routing and dispatch. Some of these products include mobi.Route, which uses Mobi's proprietary technology to reduce mileage and increase on time arrival. This allows users to balance operational costs and to increase customer satisfaction. Mobi's GPS analytics modules, mobi.Result and mobi.Insight enable customers to access key operating metrics such as revenue compared to cost-per-trip and identify variances between planned and actual performance. These visual tools convert large amounts of raw GPS data into actionable business intelligence.

See "*General Development of the Business – Significant Acquisitions*" for further information with respect to the Mobi Acquisition.

BSM and Webtech Reorganization

On October 1, 2016, BSM Technologies Ltd. and Webtech Wireless Inc. ("**Webtech**"), two wholly-owned subsidiaries of the Company, amalgamated to form one corporate entity continuing under the name "BSM Technologies Ltd.". Prior to the completion of the amalgamation, Webtech was continued in the Province of Ontario. Following the completion of the amalgamation, BSM Technologies Ltd. now possesses all the assets, rights and liabilities of Webtech.

3.2 Fiscal 2016 Developments

TD Credit Facility

On August 24, 2016, BSM and BSM U.S. entered into a second amended and restated credit agreement (the “**TD Credit Facility**”) with The Toronto-Dominion Bank (“**TD**”) to replace its existing credit facility, the ARCA (as defined herein). The TD Credit Facility includes a \$20 million revolving term credit facility maturing August 24, 2021 (with an additional \$5 million accordion). The TD Credit Facility provides additional financial flexibility to the Company.

The TD Credit Facility ranks senior to all other indebtedness of the Company and each of BSM Technologies Ltd., BSM U.S., Lat-Lon, BSM Analytics Inc. d/b/a Mobi, JMM, InterFleet Inc. (the material Subsidiaries under the TD Credit Facility) provided a guarantee and granted security in connection with the TD Credit Facility. The TD Credit Facility is also subject to certain terms, conditions, covenants, events of default, and other provisions customary in a transaction of this nature.

Change to Board of Directors

On June 28, 2016, BSM announced that it had entered into an agreement with Crescendo Partners II LP, Series R2 and Crescendo Partners III LP, two funds that Crescendo Advisors II LLC manages (collectively, “**Crescendo**”), and its joint actor, Jamarant Capital, L.P. (the “**Significant Shareholders**”) pursuant to which BSM agreed to appoint three nominees of the Significant Shareholders to the board of directors of BSM (the “**Board**”). Pursuant to the agreement, Pierre Bélanger and John Gildner tendered their resignations as directors of BSM and the Board increased its size to seven directors. Kelly Edmison, Greg Monahan and David Sgro were appointed to fill the resulting vacancies on the Board. Following these changes, the Board is currently comprised of Messrs. Andrew Gutman, Aly Rahemtulla, Frank Maw, Leonard Metcalfe, Kelly Edmison, Greg Monahan and David Sgro.

Update on Brazil Litigation

Since 2008, Webtech, a wholly-owned subsidiary of BSM, has been involved in litigation in Brazil with a former distributor, Crown Processamento De Dados S.A. (“**Crown**”). In 2008, Crown obtained judgment against Webtech. Following the 2008 decision, Crown entered into receivership administered by a Trustee. Following a series of legal proceedings, Webtech filed an appeal with the Court of Justice of the State of Minas Gerais, which, by unanimous decision on or around May 14, 2015, decided in favour of Webtech, overturned the lower court judgment and stated that no indemnification was owed by Webtech.

On or about June 10, 2015, Crown filed a motion to clarify with the Court of Justice of the State of Minas Gerais. On or around September 1, 2015, the motion to clarify was denied. Following this denial, on or around September 1, 2015, Crown filed an appeal to the President Judge of the Court of Appeals of the State of Minas Gerais. On or around November 4, 2015, Webtech filed its response to Crown’s appeal to the President Judge. On or about December 18, 2015, the Chief Justice of the State of Minas Gerais denied Crown’s appeal. Crown filed an interlocutory appeal to the Superior Court on January 20, 2016 and Webtech filed its response on March 14, 2016. The parties are currently waiting for a response from the Superior Court.

See “*Legal Proceedings and Regulatory Actions*” for further information with respect to these legal proceedings.

2016 Normal Course Issuer Bid

On December 17, 2015, BSM announced that the Toronto Stock Exchange (the “**TSX**”) had approved the Company's notice of intention to commence a normal course issuer bid (the “**2016 NCIB**”). Under the terms of the 2016 NCIB, the Company was permitted to acquire up to 8,559,564 BSM Shares from time to time in accordance with TSX procedures, which represented approximately 10% of the total public float of the BSM Shares (as defined in the policies of the TSX). On December 14, 2015, the Company had a total of 89,943,102 BSM Shares outstanding, of which a total of 4,347,456 BSM Shares were held by directors and senior officers or held in escrow. The 2016 NCIB commenced on December 23, 2015, and will terminate on December 22, 2016, or earlier if the number of BSM Shares sought in the 2016 NCIB are purchased.

BSM initiated the 2016 NCIB in accordance with its belief that the market price of the BSM Shares at certain times may be attractive and that the repurchase of BSM Shares at such market prices is an appropriate use of corporate funds.

BSM appointed Paradigm Capital Inc. as its broker to conduct the 2016 NCIB. As of the date of this AIF, 7,523,500 BSM Shares were purchased and cancelled by BSM pursuant to the 2016 NCIB.

BSM Graduates to the Toronto Stock Exchange

On October 5, 2015, BSM announced that it had received final approval from the TSX to graduate from the TSX Venture Exchange (the “**TSXV**”) and list the BSM Shares on the TSX (the “**TSX Graduation**”). The BSM Shares were listed and posted for trading on the TSX at the opening of markets on October 6, 2015. In connection with the listing of the BSM Shares on the TSX, the BSM Shares were delisted from the TSXV on October 6, 2015. The BSM Shares continue to trade on the TSX under the symbol “GPS”.

Appointment of Chief Sales Officer

On October 5, 2015, BSM announced that Mr. Peter Callaghan had assumed the new role of Chief Sales Officer and that Mr. Stewart Pinos had left his role as Chief Commercial Officer.

Appointment of Chief Operating Officer

On October 1, 2015, BSM announced that Mr. Larry Juba had assumed the role of Chief Operating Officer that had been vacant since Mr. Periyalwar's retirement in April 2015.

3.3 Fiscal 2015 Developments

Arrangement with Webtech

On July 30, 2015, BSM entered into an arrangement agreement with Webtech and 1044266 B.C. Ltd. (“**Subco**”), a wholly-owned subsidiary of BSM (the “**Arrangement Agreement**”) in connection with a business combination of BSM and Webtech by way of a court-approved plan of arrangement (the “**Arrangement**”) under the *Business Corporations Act* (British Columbia).

On September 30, 2015, BSM acquired all of the issued and outstanding common shares of Webtech (the “**Webtech Shares**”) and Webtech became a wholly-owned subsidiary of BSM. As part of the Arrangement, Webtech was amalgamated with Subco to form a new corporate entity continuing under the name of Webtech Wireless Inc.

Under the terms of the Arrangement, each Webtech Share was exchanged for the issuance by BSM of \$0.52 in cash plus 2.136 BSM Shares. In addition, all of the outstanding options of Webtech, whether

vested or unvested, were deemed to have been exchanged under the Arrangement for an option (a “**BSM Replacement Option**”) to acquire BSM Shares. The term to expiry, conditions to and manner of exercising the BSM Replacement Options are the same as the Webtech option for which it was exchanged.

In connection with the closing of the Arrangement: (i) 43,180,516 BSM Shares were issued to Webtech shareholders in exchange for their Webtech Shares; and (ii) 1,636,042 BSM Shares were reserved for issuance pursuant to the exercise of the BSM Replacement Options.

In addition, in connection with the closing of the Arrangement, Messrs. Andrew Gutman, Leonard Metcalfe and John Gildner were appointed as directors of BSM and Messrs. Yach and Rokos and Ms. McDougald resigned as directors of BSM.

Appointment of Kelly McDougald to the Board of Directors

On April 20, 2015, BSM announced the appointment of Ms. Kelly McDougald to the Board, leaving the number of directors at six.

Retirement of Chief Operating Officer

On March 30, 2015, BSM announced that Mr. Suresh Periyalwar was retiring from his role as Chief Operating Officer, to be effective April 30, 2015.

2015 Normal Course Issuer Bid

On December 18, 2014, BSM announced that the TSXV had accepted BSM’s notice of intention to make a normal course issuer bid (the “**2015 NCIB**”) to purchase for cancellation, from time to time, up to 4,287,465 BSM Shares, representing approximately 10% of the total public float (as defined in the policies of the TSXV). On December 18, 2014, BSM had a total of 47,713,726 BSM Shares outstanding out of which a total of 4,839,074 BSM Shares were non-public shares held by directors and senior officers or held in escrow. On October 6, 2015, in connection with the TSX Graduation, the TSX accepted BSM’s notice of intention to make a normal course issuer bid under the same terms as the 2015 NCIB. The 2015 NCIB was terminated on December 23, 2015.

BSM appointed Paradigm Capital Inc. as its broker to conduct the 2015 NCIB. Under the 2015 NCIB, 348,300 BSM Shares were purchased and cancelled by BSM.

Departure of Executive Vice-President, Sales

On October 22, 2014, BSM announced that Mr. Owen Moore left his role as Executive Vice-President, Sales.

Appointment of Chief Commercial Officer

On October 1, 2014, BSM announced that Mr. Stewart Pinos was appointed as the Chief Commercial Officer of BSM.

3.4 Fiscal 2014 Developments

Acquisition of Praxis Transportation Solutions Inc.

On August 11, 2014, BSM announced that it had acquired all of the issued and outstanding shares of privately-held Praxis Transportation Solutions Inc. (“**Praxis**”), an Alberta corporation (the “**Praxis Acquisition**”). Praxis provides driver compliance solutions, primarily to a Class I railroad customer.

Consideration for the Praxis Acquisition included \$300,000 in cash paid on closing and \$47,655 for working capital adjustments. Further deferred consideration consists of up to \$1,975,000 in cash and \$1,000,000 in BSM Shares. The cash portion of the consideration is contingent on Praxis successfully securing a long-term contract with its existing Class I railroad customer and the amount of the cash consideration to be paid is directly tied to the term and the annual amount of revenue generated by such contract, if any. With respect to the deferred contingent share consideration, BSM placed 500,000 BSM Shares, based on a price of \$2.00 per BSM Share, in escrow pursuant to the terms of an escrow agreement (the “**Praxis Escrowed Shares**”). The Praxis Escrowed Shares will be released from escrow upon attaining certain enumerated driver compliance revenue targets. Subsequently, on October 1, 2014, BSM’s wholly-owned subsidiary, BSM Wireless Inc., amalgamated with Praxis to form one corporate entity with the name “BSM Wireless Inc.”.

First Amended and Restated Credit Facility

On June 30, 2014, in connection with the Lat-Lon Acquisition (as defined herein), BSM and its wholly-owned subsidiary, BSM U.S., entered into an amended and restated credit agreement (the “**ARCA**”) with TD and the Toronto-Dominion Bank (New York Branch) amending and restating the original credit agreement with TD dated June 28, 2013, whereby BSM U.S. became an additional borrower and a new five year term credit facility for US\$7,000,000 was added. The ARCA was further amended by way of a first amendment to the ARCA made as of December 22, 2014, a second amendment to the ARCA made as of May 15, 2015, a third amendment to the ARCA made as of September 30, 2015, and a fourth amendment to the ARCA made as of December 18, 2016.

Acquisition of Lat-Lon and JMM

On April 30, 2014, BSM, through its wholly-owned subsidiaries, acquired 100% of the membership interests of privately-held JMM (the “**JMM Acquisition**”). In addition, on May 30, 2014, BSM, through its wholly-owned subsidiaries, acquired 100% of the membership interests of privately-held Lat-Lon (the “**Lat-Lon Acquisition**”, and together with the JMM Acquisition (as defined herein), the “**2014 U.S. Acquisitions**”). JMM is a leading provider of storage tank management and regulatory compliance solutions. Lat-Lon provides wireless global positioning systems (“**GPS**”) which facilitate its tracking and monitoring solutions for mobile assets, with a specific focus on the rail sector.

Cumulative consideration for the 2014 U.S. Acquisitions included US\$8,125,000 in cash, plus US\$895,121 in working capital adjustments. Further deferred contingent consideration of US\$7,000,000 in cash and \$1,500,000 in BSM Shares are subject to the attainment of specified annual revenue and EBITDA targets, respectively. In connection with the 2014 U.S. Acquisitions, BSM issued 699,575 BSM Shares, at a price of \$2.35 per BSM Share, into escrow pursuant to the terms of an escrow agreement, pending the attainment of the above noted revenue and EBITDA targets.

New By-Laws

On April 7, 2014, BSM announced that it had, pending TSXV and BSM shareholder approval, approved a new by-law (“**By-Law No. 4**”) replacing the previous By-Law No. 2A and By-Law No. 3 of BSM. By-Law No. 4 was ratified by BSM shareholders at BSM’s annual and special meeting held on May 15, 2014. Specific enhancements to By-Law No. 4 included the addition of an advance notice provision (the “**Provision**”) for nominations of directors by BSM shareholders in certain circumstances. The Provision requires advance notice to BSM in circumstances where nominations of persons for election to the Board are made by BSM shareholders other than pursuant to: (a) a requisition of a meeting made pursuant to the provisions of the OBCA, or (b) a BSM shareholder proposal made pursuant to the provisions of the OBCA. Among other things, the Provision fixes a deadline by which holders of record

of BSM Shares must submit director nominations to BSM prior to any annual or special meeting of BSM shareholders and sets forth the information that a BSM shareholder must include in the notice to BSM.

\$22 Million “Bought Deal” Prospectus Offering

On February 6, 2014, BSM completed a prospectus offering on a “bought deal” underwritten basis and raised gross proceeds of approximately \$22,000,002 through the issuance of 7,333,334 BSM Shares at a price of \$3.00 per BSM Share (the “**2014 Financing**”). The 2014 Financing was led by a syndicate of underwriters co-led by Clarus Securities Inc. and Paradigm Capital Inc. and included Canaccord Genuity Corp., Cormark Securities Inc. and TD Securities Inc.

Appointment of New Chief Financial Officer

On January 14, 2014, BSM announced that it had appointed Mr. Louis De Jong as the Chief Financial Officer of BSM. In addition to his role as Chief Financial Officer, Mr. De Jong was also appointed as the Corporate Secretary of BSM on April 7, 2014.

Subsidiary Reorganization

On October 1, 2013, the following wholly-owned subsidiaries of BSM amalgamated to form one corporate entity with the name “BSM Wireless Inc.”: (i) BSM Wireless Inc.; (ii) AutoVision Wireless Inc.; (iii) Datacom Wireless Corporation; (iv) HGI Wireless Inc.; (v) HT Insight Consulting Inc.; and (vi) Netistix Technologies Corporation.

3.5 Significant Acquisitions

BSM did not complete any significant acquisitions in the fiscal year ended September 30, 2016, for which disclosure is required under Part 8 of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”). Subsequent to the end of the fiscal year ended September 30, 2016, BSM completed the Mobi Acquisition which constitutes a significant acquisition for the purposes of NI 51-102. BSM filed a business acquisition report on December 13, 2016, in connection with the Mobi Acquisition which is available under the Company’s profile on SEDAR at www.sedar.com.

4 DESCRIPTION OF THE BUSINESS

4.1 General

BSM is a leading provider of real-time GPS fleet and asset management solutions. As an end-to-end solution provider, BSM offers flexible solutions to its customers from hardware solutions to software solutions. BSM provides real-time, web-based management and tracking of enterprise fleet assets, along with a host of solutions for commercial and government organizations who manage and operate large fleets and who seek to enhance customer service, improve the security of their drivers and vehicles, and lower business costs.

BSM, through its Subsidiaries and affiliates, develops and provides proprietary software-focused solutions to its customers predominantly in Canada and the United States, helping them better manage their assets – both stationary and moving. BSM’s customers operate in a broad range of markets, including rail, construction, utility, transportation, services, oil and gas and government. BSM continues to refine its development and go-to-market efforts around target verticals – with particular emphasis on the rail and construction markets. Ideal markets for BSM include, but are not limited to, enterprises that operate in rugged environments and have an affinity for big data. BSM’s software and hardware solutions are designed to provide a key link between the operations of BSM’s customers and the systems the customers use to run their business – facilitating cost reduction, improved customer service, greater

efficiency, and enhanced security. BSM's solutions promote safety and facilitate compliance with safety, workplace and environmental regulations. BSM's services are delivered over a secure network utilizing the Internet.

BSM is an end-to-end solution provider, which means BSM designs and manufactures portions of its core solutions, including hardware, firmware and software. Customers typically purchase the hardware and installation services upfront, and then enter into long-term contracts for subscriptions to BSM's software services. BSM sells both its own proprietary hardware and select third-party hardware. BSM sources its components from a number of different suppliers, some of which are local and some offshore. Generally, BSM develops its own software which enables BSM to control its solutions from end-to-end and provide customized solutions to BSM's customers. Subscription pricing is based upon a fee matrix that includes certain base service levels derived from the number of users and options selected. Base service levels are typically designed to accommodate the perceived needs of a large percentage of the target market, with incremental fees charged for additional services as selected by the customer. Customer subscription pricing can vary depending on a number of factors, including, but not limited to, (i) the service package selected, (ii) the quantity of data transmitted, (iii) the wireless network utilized, and (iv) the number of subscriptions.

BSM relies on acquired, licensed and internally developed technologies to provide mobile resource management application services, along with wireless cellular and satellite data communications. BSM has several patents and has filed patent applications directed at different aspects of BSM's end-to-end solutions. See "*Description of the Business – Risk Factors – Intellectual Property*".

BSM's solutions provide information that helps its customers' monitor and manage their assets in the following areas:

Telematics: The equipment captures and transmits vehicle parameters, logistical data and vehicle location in real time with the goal of facilitating improved return on investment.

Fuel and Maintenance: BSM's proprietary algorithms enable its systems to track and evaluate vehicle fuel consumption. This information assists BSM's customers in monitoring fuel costs and preventing fraudulent fuel purchases. BSM has developed maintenance software that allows its customers to manage their asset preventative maintenance electronically, with the view to eliminating manual paperwork and tracking.

Winter Maintenance: Detailed tracking of de-ice and traction materials road application for government fleet expenses and material management, environmental compliance and contractor management.

Compliance: BSM's Sentinel Drive product is a mobile application that interacts with the Company's telematics hardware to connect directly through a vehicle's engine control unit to capture real-time data to improve compliance with government regulations and company-specific standards. BSM's Sentinel Drive product includes tracking electronic logging device ("ELD")/hours-of-service ("HOS"), speeding, harsh or extreme acceleration or braking, as well as location and time spent at designated areas. BSM produces various reports to comply with government reporting requirements.

Routing and scheduling: By combining real-time vehicle location information with mapping and fuel usage data, BSM solutions assist companies in optimizing fleet operations by managing planned versus actual routes in real time. BSM's solutions are able to provide notifications when drivers deviate from defined routes and give customers tools to optimize a set of variables.

Workflow management: BSM continues to build out its mobile solution set with a view to developing tools to manage customers' workflow and/or mobile workforce optimization needs. Examples include event confirmation, signature verification and form processing.

Machine to machine: Machine to machine ("M2M") communication refers to information passing through two devices for the purpose of monitoring or delivering alerts. BSM has developed a portfolio of hardware products that allows its clients to get intelligence from their stationary and mobile assets in one platform.

System integration: As BSM continues to expand the amount of data it collects it is increasingly focusing on integrating this data into its customers' third party systems. Examples include ERP, CRM, inventory management, and payroll systems.

BSM's consolidated revenue in fiscal 2016 and fiscal 2015 was \$58,997,868 and \$30,690,095, respectively. Fiscal 2016 was the first fiscal year that the Company included revenue from Webtech following completion of the Arrangement.

BSM operates as one reportable segment.

4.2 Products and Services

BSM's suite of solutions includes:

Sentinel Fleet Management Solution ("Sentinel FM")

The Sentinel FM product line provides real-time fleet and asset tracking solutions. Specifically, the Sentinel FM products are offered as either: (i) a single mode cellular reporting device; (ii) a dual mode cellular and satellite device; or (iii) a dual mode cellular and satellite device with Wi-Fi reporting capabilities.

The Sentinel FM solution provides:

- Fleet and asset tracking
- Interactive mapping
- Landmarks and Geozones
- Real-time alerts
- Actionable reports
- Electronic logging device (ELD)
- Fuel and maintenance
- Safety and compliance
- Machine to machine
- Routing
- Workflow management
- Reefer Monitoring

Sentinel FM Reefer Monitoring Solution

Caters to industries that require assets to be shipped within specific temperature ranges and controlled environments. This solution provides customers with the ability to remotely make changes to mode of operation, change set point, change controlling sensors, configure parameters, set Automatic Fresh Air Exchange (AFEX) and even hook and unhook the door; enabling proper maintenance of shipped goods and automatic alerts to avoid errors. Remote monitoring is designed to improve utilization and performance and reduces errors to save on operational costs.

Sentinel Drive

Electronic logging device (ELD): Adopting an ELD solution is designed to give customers the necessary tools and visibility to make proactive fleet management decisions and completely automate current paper based log book and inspection processes. The potential benefits of the HOS solution include improved operational efficiencies and decreased costs due to violation breaches. BSM's HOS solution is also fully integrated into the Sentinel FM product line.

The HOS solution provides:

- Electronic On-Board Recorder (EOBR)
- In-cab Mobile Data Terminal (MDT)
- Graphical logs
- Web-based reports
- Customization for key verticals
- Driver identification

Webtech Fleet Center™

The Webtech Fleet Center™ (“**Fleet Center**”) product line includes much complimentary functionality to the Sentinel FM solution. Launched in 2014, Fleet Center combines and enhances the functionality of Webtech’s two legacy brands: InterFleet® and Quadrant®. With Fleet Center, fleet managers are able to track and communicate with their fleets and receive localized services such as navigation.

AutoVision Fleet Management Solution

The AutoVision fleet management solution delivers service and solutions to customers who manage many thousands of assets throughout North America. The solution addresses critical areas such as vehicle location, real-time alerts, dispatch, vehicle diagnostics and maintenance reporting.

The AutoVision fleet management solution provides:

- Real-time location tracking
- Engine diagnostics
- Driver identification
- Analysis of driver behaviour
- Ability to reduce idling time
- Equipment utilization optimization

iTrax Solution

The iTrax solution provides remote web-based tank monitoring solutions utilized by customers to monitor levels of pressurized gas and liquid tanks. iTrax’s flexible hardware solutions enables customers to remotely monitor their tanks, and send status updates and alerts, reducing unnecessary trips to the tanks.

The iTrax solution provides:

- 24/7/365 visibility into the status of the tanks from any Internet connected device
- Automatic alerts for tank level, pressure, temperature and battery life
- Local sensor visualisation of all sensors connected to the gateway
- LCD display of tank elements
- Remote programming updates over-the-air

JMM Solutions

JMM’s core product offering, APEC (Application Portal for Environmental Compliance), provides customers with the ability to manage compliance and regulatory requirements for both underground

storage tanks (USTs) and aboveground storage tanks (ASTs). The key services provided by APEC include:

- Alarm monitoring
- Release detection reporting
- Event tracking
- Site inspection
- Operator training
- Compliance surveys/audits

Lat-Lon Solutions

Lat-Lon offers two main hardware devices: (i) a solar tracking unit; and (ii) a locomotive monitoring unit. These devices are installed on an asset (such as rail cars or locomotives) and are used to capture and report information which customers can access through Lat-Lon’s software platform. The platform enables customers to view information such as:

- Location
- Impact detection
- Deceleration detection
- Pressure change
- Engine voltage
- Temperature

Mobi Solutions

Mobi has a core software product offering of several modules utilizing GPS data and analytics to enable its customers to better manage operational activities such as planning, scheduling, routing and dispatch. mobi.Appointment provides customers with a tool which allows them to schedule service delivery times and appointments in an efficient and optimal way. mobi.Route provides a software platform to reduce mileage and increase on time arrival allowing users to balance operational costs and customer satisfaction. mobi.Dispatch allows customers to manage the workday with real-time, suggest-and-assist technology to manage same day schedule changes. With mobi.Result and mobi.Insight, Mobi’s GPS analytics modules, users are able to access key operating metrics such as revenue compared to cost-per-trip and easily identify variances between planned and actual performance.

4.3 Business Operations

Revenues

Revenue by product category:

(in thousands of Canadian dollars)	Year ended September 30, 2016	Year ended September 30, 2015
Recurring revenue ⁽¹⁾	\$38,264,264	\$20,572,543
Hardware revenue	\$16,268,106	\$8,483,965
Service revenue	\$4,465,498	\$1,633,587
Total revenue	\$58,997,868	\$30,690,095

Notes:

(i) *Recurring Revenue does not have a standardized meaning under IFRS. Therefore, it is unlikely to be comparable to similar measures presented by other companies. See “General Information – Non-GAAP Financial Measures” for further details.*

BSM derives the majority of its revenue from one comprehensive product line, Telematics, which provides monitoring of fixed and mobile assets. Telematics, generally, is a combination of the words telecommunications and informatics. For BSM, Telematics involves the use of Global Positioning Systems (GPS) technology, computers and mobile devices. The Company's Telematics solution primarily includes a hardware device with telecommunications capability being installed on an asset, such as a vehicle, where the hardware device gathers information or data related to the asset and then transfers, via telecommunications, the information or data (such as GPS positioning) to BSM. BSM then makes the assets data and information available to its customers via the internet.

Within these product lines, BSM has three main revenue streams:

- (1) **Recurring Revenue.** Recurring Revenue includes monthly application service provider fees, monthly monitoring fees and resale of cellular and satellite data. BSM enters into services contracts with its customers, most of which are for a duration of 36 months or longer. Recurring Revenue is recognized monthly as services are delivered;
- (2) **Hardware Revenue.** Hardware revenue is comprised of revenue recognized for outright hardware sales as well as for the hardware portion of multiple element arrangements; and
- (3) **Service Revenue.** Service revenue includes installation fees, project management fees, custom development fee revenue, cancellation fees and other one-time services provided to the Company's customers.

For further details on revenue, please see the FY2016 MD&A.

Functional Department Operating Expenses

(in thousands of Canadian dollars)	Year ended September 30, 2016	Year ended September 30, 2015	<i>Increase (Decrease)</i>	
Sales and marketing	\$12,894,473	\$5,573,874	\$7,320,599	131.3%
Research and development	\$8,640,186	\$6,096,365	\$2,543,821	41.7%
General and administrative	\$10,328,250	\$5,526,620	\$4,801,630	86.9%
Total Functional Department Expenses	\$31,862,909	\$20,980,203	\$10,882,706	51.9%

Sales and marketing expenses include: amortization of customer contracts and relationships; salaries, commissions and share based compensation paid to sales staff; commissions paid to third parties; advertising; promotions; travel; meals and telephone. BSM has increased its sales and marketing operating expenses as a result of the amortization of intangible assets associated with the acquisitions of Webtech, Lat-Lon, JMM and Praxis as well as to further invest in BSM's sales and marketing team.

Research and development ("R&D") expenses consist of salaries and share based compensation paid to employees and other expenses related to development such as consultant fees and expenses associated with software and hardware development. R&D expenses also include amortization of technology acquired in acquisitions. Scientific research and development investment tax credits are offset as a recovery against R&D expenses. BSM continues to expand its R&D team and invest in R&D activities to maintain its technical leadership and enhance BSM's solutions roadmap, with a particular focus on the integration of Webtech, JMM, Lat-Lon and Praxis. BSM believes that investing in R&D will lower existing manufacturing costs as well as allow BSM to add new product features and services that will increase BSM's revenues and margins in the future.

General and administrative (“G&A”) expenses consist of employee salaries and share based compensation related to the Company's chief executive officers, finance and administration personnel, professional fees (legal, audit, tax, consultants), public company expenses (listing fees, compliance and Board related expenses) and overhead expenses associated with maintaining BSM’s premises. G&A expenses have increased year-over-year as a result of the increased headcount from the acquisitions of Webtech, Lat-Lon, JMM and Praxis.

For further details on operating expenses, please see the FY2016 MD&A.

Research and Development

BSM conducts R&D activities related to its software, firmware and hardware. From time to time, BSM introduces next generation products as part of a continuous product management program. There are currently several products in various stages of development and headed towards commercial release in the normal course of business.

BSM’s hardware and firmware forms a part of an embedded system that is installed in a vehicle or other mobile asset and interfaces to BSM’s server infrastructure. By conducting its own R&D, BSM has been able to retain ownership of its intellectual property.

For further details on operating expenses, please see the FY2016 MD&A.

Production and Services

BSM provides fleet management services to its customers, primarily through its application’s portal. Utilizing data transmitted by the BSM hardware installed on a customer’s asset, the application portal provides an interface for a customer’s users to track, monitor and obtain reporting on their mobile and fixed assets.

BSM’s hardware is primarily manufactured by contract manufacturing suppliers. BSM uses both local and offshore manufacturers; however, BSM itself sources some major components, some long lead-time parts and some peripherals, such as modems, third-party telematics and tracking devices, mobile data terminals (MDTs), sensors and buzzers.

In addition, BSM provides professional services such as project management, technical account managers, training and installation. These services may be offered directly by BSM with the services performed by a BSM employee or subcontractor at the customer’s preferred locations or from BSM’s various offices. In regards to installations, these services may be provided by BSM authorized third-party installation companies located near the customer. BSM may also sell enterprise licenses for its online offering and services related to the installation of a licensed product into a customer’s environment or may partner with a third-party professional services organization to provide such installation services.

BSM’s products require final assembly and configuration, testing, packaging and shipping, which is conducted at BSM’s facilities or by BSM’s contract manufacturer.

Specialized Skill and Knowledge

Due to the technical nature of its business and the dynamic market in which BSM competes, BSM’s continued success depends on attracting and retaining highly skilled engineering, managerial, consulting and sales personnel. In particular, BSM’s future success depends in part on the continued services of each of its current executive officers and other key employees.

Competitive Conditions

BSM operates in a highly competitive environment, consisting of a significant number of vendors with relatively low barriers to entry. Competition in the Company's industry is based primarily on the level of difficulty of installing, using and maintaining solutions, total cost of ownership, product performance, functionality, interoperability, brand and reputation, distribution channels, industries and the financial resources of the vendor. The Company expects competition to intensify in the future with the introduction of new technologies and market entrants and with the possible consolidation of competitors. Other mobile service and software providers provide limited services at lower prices or no charge, such as basic GPS-based mapping, tracking and turn-by-turn directions that could be expanded or further developed to more directly compete with the Company's solutions.

Vehicle original equipment manufacturers (OEMs) provide factory-installed devices which may compete directly or indirectly with the Company by partnering with one or more fleet management suppliers. BSM does not currently partner with any OEMs. Due to an assortment of differentiating capabilities, the Company has historically been able to command a premium price for its solutions; however, the Company's competitors may reduce their pricing in order to more effectively compete with the Company. This could result in a decrease in the Company's subscription volumes or cause the Company's subscriber churn to increase.

BSM's key telematics competitors are: (i) Telogis, Inc., which has been acquired by Verizon Wireless; (ii) Fleetmatics Group PLC, which has been acquired by Verizon Wireless; (iii) Trimble Navigation Limited; (iv) Verizon Wireless; (v) FleetComplete; and (vi) CalAmp Corp.

BSM has positioned itself with an end-to-end internet-of-things (IOT) solution that provides a variety of services as opposed to having a single service offering. This flexibility coincides with BSM's open platform that permits the addition of other mobility applications and allows for customization, which BSM believes is critical to accessing various vertical market segments and providing fleet management reporting and services beyond vehicle tracking.

New Products

BSM continued to make strategic and customer driven product enhancements in fiscal 2016. Some of the achievements in the 12 months prior to the date of this AIF included: (i) commercial launch of the Sentinel Drive application on Android (a mobile operating system created and developed by Google) and iOS (a mobile operating system created and developed by Apple) with a demonstration version also available on Windows 10 (a mobile operating system created and developed by Microsoft), (ii) development of the Company's database architecture based on a Cassandra Spark (an open source data analytics cluster computing framework) model for high availability, high performance and capacity expansion, (iii) launch of the Company's Enhanced Push to Talk feature for its mobile platform, and (iv) launch of a Verizon long-term evolution (LTE) product for a major rail customer in the U.S. Furthermore, the Company is continuing to develop its new platform for consolidation of server software on a modern user experience (UX) design and has chosen a path for consolidation of manufactured hardware products over the next 12 to 18 months.

Component Pricing and Sourcing

BSM has supply relationships with a number of organizations including, among others, Cinterion Wireless Modules GmbH and Telit Communications PLC (modems), SiRF Technology Inc. (GPS chips) and Micronet (mobile data terminals), which supply the critical components of BSM's products and services. BSM's components are largely generic and have become commoditized as the global telematics

market has grown. This is a benefit to BSM as it helps reduce the price of components and provides multiple vendors to select from.

BSM primarily uses third-party contract manufacturers for the production and assembly of its products, benefitting from the large scale that such contract manufacturers are able to achieve at their facilities. For small scale orders and for testing of prototypes and engineering runs, BSM has an in-house production team.

As sales volumes increase, BSM believes it will continue to benefit from volume discounts. As a majority of the components that BSM procures are denominated in U.S. currency, the costs of these components are subject to foreign currency risk. See “*Description of the Business – Risk Factors – Foreign Exchange*”.

Intellectual Property

BSM’s intellectual property with respect to its products and services is important to BSM’s success. As such, BSM protects its intellectual property through a combination of patents, copyright, trade secret and trademark laws, confidentiality procedures, contractual provisions and other similar measures to protect the Company’s proprietary information and technology. As the Company continues to innovate and expand its current product offerings, the Company expects to continue to expand its portfolio of intellectual property (including patents). Given the importance of intellectual property to the Company’s business, as a part of its confidentiality procedures, the Company has a policy of entering into confidentiality agreements and agreements to assign ownership of proprietary information and inventions to the Company with BSM’s employees, consultants, customers and partners. Despite these efforts to protect the Company’s proprietary rights, unauthorized parties may attempt to copy or otherwise obtain the use of the Company’s products or technology that we consider proprietary and third parties may attempt to develop similar technology independently. See “*General Description of the Business – Risk Factors*”.

Sales Cycles

In addition to the Mobi Acquisition, the Arrangement, the Praxis Acquisition and the 2014 U.S. Acquisitions (collectively, the “**Acquisitions**”), BSM has grown organically through direct sales to medium-sized customers as well as large organizations. BSM has also established “channel” relationships with major wireless carriers and through enterprise sales to global customers. The sales cycle to these customers can vary from weeks to a number of months. BSM also provides large customers with products on a trial or “pilot” basis. These pilots may last for a year or more. Moreover, the deployment of large sales orders through a customer’s fleet may take several months as the customers require planning to coordinate installation and monitoring. As a result, predicting sales for a quarter is difficult as sales cycles or pilots may close in a quarter or may move into a subsequent quarter or later. Following completion of the Arrangement, a larger portion of the Company’s sales are subject to some degree of seasonality, largely as a result of Webtech’s strength in the winter maintenance vertical, with monthly recurring application revenues, generally, being lower in the summer months.

Economic Dependence

During the fiscal year ended September 30, 2016, BSM transitioned from a single contract manufacturer producing a large portion of its hardware products to BSM’s own Burnaby, British Columbia manufacturing facility. BSM also maintains inventories of long lead-time parts and some finished goods to avoid excessive dependence on this supplier.

Change to Contracts

BSM services large commercial fleet enterprise customers, including various levels of government across North America. As a part of this process, the awarding of contracts with these customers is often subject to requests for proposals or other similar bidding processes. This sales process is lengthy, time consuming and subject to frequent renegotiations, cancellations and uncertainty. From year to year, these contracts often expire and such customers' procurement policies often required them to submit the contract to a new competitive bidding process which increases the chances of losing a particular customer. In addition, many of the Company's government contracts contain a termination for convenience provision which entitles the government agency to terminate the contract with little notice to the Company.

Employees

As at September 30, 2016, BSM had the following employees and contractors:

Location	Employees (Full-time)	Contractors
Toronto, Ontario, Canada	88	3
Burnaby, British Columbia, Canada	79	0
Edmonton, Alberta, Canada	9	1
Laval, Québec, Canada	15	0
Chicago, Illinois, U.S.	21	4
Denver, Colorado, U.S.	22	0
Other locations	8	4
Total	242	12

All of BSM's employees are non-unionized and are not subject to a collective bargaining agreement. Generally, management believes that labour relations at all of BSM's locations are good. Following completion of the Mobi Acquisition, BSM also has 16 full-time employees and 2 contractors working in the Austin, Texas, United States office.

Facilities

As at September 30, 2016, the Company maintained the following leases of office space:

Location	Square Feet Under Lease	Occupied or Subleased	Expiry Date
Toronto, Ontario, Canada	23,729	Occupied	February 2022
Toronto, Ontario, Canada	3,091	Occupied	August 2019
Toronto, Ontario, Canada	20,277	Subleased	July 2018
Burnaby, British Columbia, Canada	12,958	Occupied	May 2017
Burnaby, British Columbia, Canada	20,819	Occupied	May 2017
Burnaby, British Columbia, Canada	6,998	Subleased	May 2017
Laval, Québec, Canada	3,752	Occupied	January 2022
Chicago, Illinois, Unites States	5,040	Occupied	April 2017
Denver, Colorado, Unites States	8,380	Occupied	December 2019

Following completion of the Mobi Acquisition, BSM acquired a lease in Austin, Texas, United States for 10,000 square feet with an expiry date in December 2018.

Credit and Lending

BSM frequently requires that new customers make a whole or partial payment in advance of shipping any orders until such time as the customer has proven payment history. Exceptions to such credit policies may only be authorized by a senior executive in writing.

Foreign Operations

As of September 30, 2016, the majority of the Company's sales came from Canada and the U.S.

Revenues by geography (based upon customer location):

	Year ended				Variance %
	September 30, 2016 (\$ in Canadian dollars)	%	September 30, 2015 (\$ in Canadian dollars)	%	
Canada	\$24,855,379	42.1%	\$16,241,857	52.9%	(10.8%)
United States	\$32,857,237	55.7%	\$13,645,193	44.5%	11.2%
International	\$1,285,249	2.2%	\$803,045	2.6%	(0.4%)
Total	\$58,997,865	100.0%	\$30,690,095	100.0%	

BSM increased its revenue from customers located in the United States by 25.2% in the fiscal year ended September 30, 2016 as compared to the prior period. United States based revenue represented 55.7% of BSM's total revenue in the fiscal year ended September 30, 2016. This is a reflection of BSM's Sentinel FM product growth in the United States market and as a result of the Arrangement and the 2014 U.S. Acquisitions.

4.4 Reorganizations

See “*General Development of the Business – Fiscal 2014 Developments – Acquisition of Praxis Transportation Solutions Inc.*” and “*General Development of the Business – Fiscal 2014 Developments – Subsidiary Reorganization*” for further information with respect to reorganizations.

4.5 Risk Factors

This AIF contains forward-looking statements regarding the Company, its business, prospects and results of operations that involve risks and uncertainties. The following risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. The risks described below are not the only ones facing BSM. Additional risks and uncertainties not currently known to BSM, or that BSM currently deems immaterial, may also impair BSM's operations. If any of the following risks actually occur, BSM's business, financial condition and operating results could be adversely affected.

In addition to the risk factors outlined below, a discussion of financial risk factors related to BSM and its business appears under the “*Updates to Risks and Uncertainty*” section of the FY2016 MD&A and in Note 14 – *Financial Instruments and Capital Disclosure* of the FY2016 F/S which are incorporated by reference herein.

Technology Innovations

BSM operates in a highly competitive environment where its products and services are subject to rapid technological change and evolving industry standards. BSM's future success depends on its ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in

its industry, and respond to its customer's increasingly sophisticated needs. The Company's products and services are comprised of complex technology that may not meet those standards, changes and preferences. If the Company is unable to respond to technological changes, fails or delays to develop products and services in a timely and cost-effective manner, the Company's products and services may become obsolete, which may negatively impact sales, profitability and the continued viability of the business.

Acquisitions Strategy

As part of BSM's business strategy, the Company has sought and will continue to seek new assets, businesses, products or technologies relating to, or complementary to, the Company's current operations. In pursuit of such opportunities, BSM may fail to select appropriate acquisition targets or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into BSM. Ultimately, any acquisitions would be accompanied by risks. For example, BSM may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt BSM's ongoing business and its relationships with employees, suppliers, contractors and other stakeholders; the acquired business or assets may have unknown liabilities which may be significant; diversion of management's time and attention during the transaction and subsequent integration; there may be delays as a result of regulatory approvals; and BSM may be exposed to litigation (including actions commenced by shareholders) in connection with the transaction.

In the event that BSM chooses to raise debt capital to finance any such acquisition, BSM's leverage will be increased. If BSM chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, BSM may choose to finance any such acquisition with its existing resources.

As a part of BSM's acquisition strategy, the Company also utilizes a strategy where a portion of the purchase price is paid at closing, while the remaining portion of the purchase price is subject to the target successfully completing performance metrics within an earn-out period after the closing of the acquisition. These potential earn-out payments are contingent payments and while the Company believes it will have the required funds to satisfy these contingent payments, if earned, there can be no assurance that the Company will have the required funds at the applicable point in time. If BSM is unable to satisfy these contingent payments, it may have a material adverse impact on the Company and the Company may be exposed to litigation.

BSM cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit BSM's business. Furthermore, there can be no assurance that BSM would be successful in overcoming the risks identified above or any other problems encountered in connection with such acquisitions.

Inability to successfully utilize the Mobi Products

BSM completed the Mobi Acquisition to broaden its service based product lines in order to enhance its offerings to enterprise clients. Achieving the benefits of the Mobi Acquisition depends in part on the ability of BSM to effectively capitalize on its scale, to profitably sequence growth prospects of its customer base and to maximize the potential of its improved growth opportunities. Moving forward, being able to effectively cross-sell the Company's various product offerings with existing clients will be important to increasing revenue.

Competition and Industry Consolidation

The telematics industry is a hyper competitive marketplace. Numerous factors affect BSM's competitive position, including, amongst other things, pricing of products and services. A number of BSM's existing competitors have substantially greater financial, marketing and other resources. A number of these competitors have greater name recognition and well established relationships with some of the Company's target customers. Furthermore, these competitors may be able to adopt more aggressive pricing policies and offer more attractive terms to customers than BSM is able to offer. As a result, BSM may face increasing price pressure from its competitors and customers.

Current and potential competitors have established, or may establish, cooperative relationships amongst themselves or with third parties to compete more effectively. In addition, existing and potential competitors may also develop enhancements to, or future generations of, competitive products and services that will have better performance features than the Company's product and services offerings. Increased competition could result in reduced operating margins, increased sales and marketing expenses and the loss of market share, any of which would likely cause serious harm to the Company's operating results.

Some of the Company's competitors have made or may make acquisitions or may enter into partnerships or other strategic relationships to offer more comprehensive services than they individually had offered or achieve greater economies of scale. For example, Verizon Wireless purchased Telogis, Inc. and Fleetmatics Group PLC within the last year. In addition, new entrants not currently considered to be BSM's competitors may enter the Company's industry through acquisitions, partnerships or strategic relationships. BSM expects these trends to continue as companies attempt to strengthen or maintain their market positions. Many of the potential entrants, particularly those providing enterprise-level solutions and those who historically focused on the long-haul industry, may have competitive advantages over BSM, such as greater name recognition, longer operating histories, more varied services, larger marketing budgets, as well as greater financial, technical and other resources. These pressures could result in a substantial loss of the Company's customers or a reduction in the Company's revenue.

Customer Concentration

BSM has a large concentration of large commercial fleet enterprise customers, including various levels of government across North America and a broad base of small and medium sized businesses (SMB) customers. In recent years, BSM has increasingly focused its sales and marketing initiatives toward larger enterprise customers. While no single customer represented more than 10% of the Company's revenue in the fiscal years ended September 30, 2016 or 2015, loss of one or more large enterprise customers could result in a meaningful decrease in revenue and profitability, as well as a material increase in the Company's subscriber churn.

As a result of the variability of the industries in which the Company's enterprise customers operate and the unpredictability of economic conditions in any particular industry which comprises a significant number of the Company's enterprise customers, the composition of, and the number of subscriptions from, the Company's enterprise customers is likely to change over time. If the Company loses one or more large enterprise customers, or if the Company experiences a significant reduction in subscriptions from one or more large enterprise customers, there is no assurance that the Company would be able to replace such customers or subscriptions to generate comparable revenue over a short period of time, which could harm the Company's operating results and profitability.

Industry Growth and Market Demand

The overall market for wireless mobile data solutions has experienced significant growth in recent years. BSM's success is dependent on its ability to market its products and services in an effective manner. There can be no assurance that the Company's current vertical and geographic markets will grow, or that BSM will be successful in establishing itself in new vertical and geographic markets. There is no guarantee that the Company will be able to respond to market demands. If the Company is unable to effectively develop and expand the market for its products and services, the Company's growth may be adversely affected. In addition, if the various markets in which BSM's products and services compete fail to grow, or grow more slowly than BSM currently anticipates, or if BSM is unable to establish itself in new markets, BSM's growth plans could be materially adversely affected.

Government and Enterprise Vertical Demands

BSM services large commercial fleet enterprise customers, including various levels of government across North America. As a part of this process, the awarding of contracts with these customers are often subject to requests for proposals or other similar bidding processes. As a result, the sales process is lengthy, time consuming and subject to frequent renegotiations and uncertainty. From year to year, these contracts often expire and such customers often are required to submit the contract to an additional bidding process. There is no guarantee that BSM will, in the case of new customers, win the request for proposal or other similar bidding process or, in the case of existing customers, win a renewal or contract that is resubmitted for bidding. As a result, the number of customers may fluctuate from year to year. In addition, government customers often require the Company to agree to customized terms and conditions that are unfavourable to BSM and may not include typical limitation of liability provisions or limited indemnity provisions.

2nd Generation Mobile Telecommunications (2G) and Code Division Multiple Access (CDMA) Network Shutdowns

Telecommunication carriers, generally, are shutting down their 2G and CDMA networks in North America over the next one to two years (the "**Network Shutdowns**"). Approximately, 10-15% of the Company's customers currently have 2G or CDMA products that will no longer be operational after the Network Shutdowns. Consequently, the Company has implemented a 2G and CDMA product replacement sales strategy to replace the expiring products (the "**Replacement Program**"). If BSM's customers do not repurchase BSM products pursuant to the pricing and terms of the Replacement Program, or at all, BSM's profitability may be adversely affected.

Retaining Existing Customers

For its telematics customers, the Company's standard customer agreements are for an initial term of 36 months and provide for an automatic renewal for subsequent one year periods unless the customer elects otherwise. Customers may choose not to renew their subscriptions for many reasons, including the belief that the Company's service is not required for their business needs or is otherwise not cost-effective, a desire to reduce discretionary spending or a belief that a competitors' services provide better value. Additionally, customers may not renew for reasons entirely out of the Company's control, such as the dissolution of their business, which is particularly common for SMB customers, or an economic downturn in their industry, such as oil and gas. A significant increase in the Company's subscriber churn would have an adverse effect on the Company's business, financial condition, and operating results.

Selling Additional Solutions to Existing Customers

A part of the Company's growth strategy is to sell additional new features and solutions, including those acquired through the Acquisitions, to BSM's existing customers. The Company's ability to sell new

features to existing customers will depend in large part on the Company's ability to anticipate industry evolution, practices and standards and to continue to enhance existing solutions or to introduce or acquire new solutions on a timely basis to keep pace with technological developments within the Company's industry. However, the Company may prove unsuccessful either in developing new features or in expanding the third-party software and products with which the Company's solutions integrate. In addition, the success of any enhancement or new feature depends on several factors, including the timely completion, introduction and market acceptance of the enhancement or feature. Any new solutions the Company develops or acquires may not be introduced in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate significant revenue. If any of the Company's competitors implement new technologies before the Company is able to implement them or better anticipates the innovation and integration opportunities in related industries, those competitors may be able to provide more effective or less expensive solutions than BSM.

Intellectual Property

The trade secrets and copyrights held by BSM with respect to its products and services are important to BSM's success. Consequently, BSM protects its intellectual property through a combination of contract, copyright, patent, trademark and trade secret laws, confidentiality procedures and other measures to protect the Company's proprietary information. Despite the Company's best efforts, there can be no assurance that the steps taken will prevent misappropriation of BSM's proprietary rights. Filing patent applications may not result in enforceable patent rights in all jurisdictions that the Company does, or may, operate in. Moreover, any issued patents or third-party patents to which the Company has licensed rights, may be of a restricted scope that does not cover possible foundational technologies and/or technologies practiced by others. Competitors could also independently develop technology similar to the Company's technology.

Unauthorized parties may attempt to copy aspects of BSM's products or to obtain information BSM regard as proprietary. Monitoring unauthorized use of proprietary technology is difficult, time-consuming and costly. If a third-party misappropriates the Company's intellectual property, BSM may be unable to enforce its rights. Subsequently, if BSM is unable to protect its intellectual property against unauthorized use by others, it could have an adverse effect on BSM's competitive position.

Further, the telematics and fleet management industries are characterized by the existence of a large number of patents, copyrights, trademarks and trade secrets and frequent litigation based on allegations of infringement or other violations of intellectual property rights. Much of this litigation involves patent holding companies or other adverse patent owners who have no relevant product revenues of their own, and against whom the Company's own patent portfolio may provide little or no deterrence. BSM is unable to predict whether it will prevail in any current or future intellectual property infringement or other litigation given the complex technical issues and uncertainties inherent in such litigation. Defending such claims, regardless of their merit, could be time-consuming and distracting to management, result in costly litigation or settlement, cause development delays or require the Company to enter into royalty or licensing agreements. In addition, the Company could be required to indemnify its customers or resellers against third party claims of intellectual property infringement based on the Company's solutions. If the Company's solutions violate any third-party intellectual property rights, the Company could be required to withdraw those solutions from the market, re-develop those solutions or seek to obtain licenses from third parties which may not be available on reasonable terms or at all. Any efforts to re-develop the Company's solutions, obtain licenses from third parties on favourable terms or license a substitute technology may not be successful and, in any case, may substantially increase the Company's costs and harm the Company's business, financial condition and operating results. Withdrawal of any of the Company's solutions from the market could harm the Company's business, financial condition and operating results.

BSM also incorporates open source software into the Company's platforms. Given the nature of open source software, third parties may assert copyright and other intellectual property infringement claims against the Company based on the Company's use of certain open source software programs.

Variable Revenues/Earnings

The revenues and earnings of the Company may fluctuate from quarter to quarter, which could affect the market price of the BSM Shares. Revenues and earnings may vary from quarter to quarter as a result of a number of factors, including, but not limited to, the timing of releases of new products or services, the timing of substantial sales orders or deliveries, activities of the Company's competitors, cyclical fluctuations related to the evolution of wireless technologies, possible delays in the manufacture or shipment of current or new products, concentration in the Company's customer base and possible delays or shortages in component supplies.

Litigation

BSM is, from time to time, involved in various claims, legal proceedings and complaints arising in the ordinary course of business, including, but not limited to, intellectual property disputes. BSM cannot reasonably predict the likelihood or outcome of these actions. Adverse outcomes in some, or all of these, claims may result in significant monetary damages or injunctive relief that could adversely affect BSM's ability to conduct its business. Further, if BSM is unable to resolve these disputes favourably, it may have a material adverse impact on its financial performance, cash flow and results of operations.

Warranty Claims and Product Liability

BSM provides its customers with a limited warranty on its products. Despite quality control procedures, there is no assurance that the Company's provision for this warranty is adequate. If there is a malfunction or error that affects a significant number of the Company's products, the cost to repair, replace or recall these products or component parts could materially adversely affect the operations and financial position of the Company.

BSM may be subject to claims arising from the use of its products and services. BSM products are highly complex and sophisticated and, from time to time, may contain material defects and errors that are difficult to detect and correct. There can be no assurance that errors will not be found in BSM products or, if discovered, that the Company will be able to successfully correct such errors in a timely manner or at all. Correcting such errors and failures could require significant expenditure of capital. BSM products and services are generally critical to the Company's customers' businesses. The sale and support of these products and services may entail the risk of substantial product liability or warranty claims in the event of errors or failures. A product liability claim could adversely impact the Company's business due to the cost of settlements and due to the costs of defending such claims. Although the Company carries product liability insurance, there is no assurance that such insurance will be sufficient or will continue to be available on reasonable terms.

Maintaining Effective Internal Financial Controls

The Company complies with Canadian securities laws by assessing, strengthening and testing its system of internal controls. Even though the Company has concluded the Company's internal controls over financial reporting were effective as of the end of the period covered by this AIF, the Company needs to continue to maintain its processes and systems and adapt them to changes as the Company's business evolves. This continuous process of maintaining and adapting the Company's internal controls and complying with Canadian securities laws is expensive and time-consuming and requires significant management attention. The Company cannot be certain that its internal control measures will continue to provide adequate control over the Company's financial processes and reporting and ensure compliance

with Canadian securities laws. Furthermore, as the Company's business changes and if the Company continues to expand through acquisitions of other entities, the Company's internal controls may become more complex and the Company will require significantly more resources to ensure the Company's internal controls remain effective. Failure to implement required new or improved controls, or to address difficulties encountered in their implementation, could harm the Company's operating results or cause the Company to fail to meet its reporting obligations. If the Company or its independent registered public accounting firm identify material weaknesses, the disclosure of that fact, even if quickly remediated, could reduce the market's confidence in the Company's financial statements and adversely impact the price of the BSM Shares.

Accounting Estimates and Assumptions

The Company's financial statements are presented in Canadian dollars, its reporting currency and are prepared in accordance with IFRS. The preparation of these financial statements requires BSM to make estimates and judgments about, among other things, the recoverable amount of goodwill and intangible assets, the valuation of acquired intangibles in connection with acquisitions, the valuation of contingent consideration classified as a liability, the recognition and valuation of deferred tax assets, the classification of revenues and expenses, and the valuation of provisions including the provision for warranty. These estimates and judgments affect the reported amounts of the Company's assets, liabilities, revenues and expenses and the related disclosures thereon. The Company bases its estimates on historical experience and on various other assumptions that the Company believes to be reasonable under the circumstances and at the time they are made. If the Company's estimates or the assumptions underlying them are not correct, actual results may differ materially from the Company's estimates and the Company may need to, among other things, accrue additional charges that could adversely affect the Company's results of operations, which in turn could adversely affect the price of the BSM Shares. In addition, new accounting pronouncements and interpretations of accounting pronouncements have occurred and may occur in the future that could adversely affect the Company's reported financial results.

Stock Price Volatility

The securities markets in the United States and Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in market price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continued fluctuations in market prices will not occur. It may be anticipated that any quoted market for the BSM Shares will be subject to market trends generally, notwithstanding any potential success of the Company in creating revenues, cash flows or earnings. The value of the Company's securities will be affected by such volatility. The price of the BSM Shares may also experience significant fluctuations due to operating performance, performance relative to analyst's estimates, dispositions or acquisitions by a large shareholder, litigation against the Company, the loss or acquisition of a significant customer or distributor, industry-wide factors and factors other than the operating performance of the Company. These factors, among others, may cause decreases in the value of the BSM Shares.

As a result of any of these factors, the market price of the BSM Shares at any given point in time may not accurately reflect BSM's long-term value. Securities class action litigation has often been brought against companies following periods of volatility in the market price of their securities. BSM may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Insurance and Uninsured Risks

Although BSM maintains insurance to protect against certain risks in such amounts as it considers reasonable, its insurance will not cover all the potential risks associated with the Company's operations. BSM may also be unable to maintain insurance to cover these risks at economically feasible premiums or at all. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. BSM may also become subject to liability for pollution or other hazards which may not be insured against or which BSM may elect not to insure against because of premium costs or other reasons.

Foreign Exchange

A significant portion of the Company's business is conducted outside Canada and, as such, exchange rate fluctuations may affect the costs that the Company incurs in its operations. The Company's product and services are sold principally in Canadian and United States dollars and the Company's product costs are incurred principally in Canadian and United States dollars. Although the Company reports its financial results in Canadian dollars, for the fiscal year ended September 30, 2016, 55.7% of revenues were United States dollars denominated (September 30, 2015 – 44.5%). A strengthening of the Canadian dollar against the United States dollar would decrease revenues when reported in Canadian dollars.

Distributors and Resellers

BSM relies on distributors to sell its products in various countries around the world and there is a risk that certain of these distributors may terminate their relationship with the Company. If such relationships are terminated, the Company's ability to generate revenues may be negatively impacted.

Unscheduled Downtimes

BSM's ability to attract, retain, and serve its customers is dependent upon the reliable performance of its solutions and its customers' ability to access BSM's solutions at all times. BSM's customers rely on its solutions to make operating decisions related to their fleet, as well as to measure, store and analyze valuable data regarding their businesses. The Company's solutions are vulnerable to interruption and its data centers are vulnerable to damage or interruption from, among other things, human error, intentional bad acts, computer viruses, hackers, earthquakes, hurricanes, floods, fires, war, terrorist attacks, power losses, hardware failures, systems failures, telecommunications failures, and similar events, any of which could limit the Company's customers' ability to access BSM's solutions.

Prolonged delays or unforeseen difficulties in connection with adding capacity or upgrading BSM's network architecture may cause BSM's service quality to suffer. Any event that significantly disrupts the Company's service or exposes the Company's data to misuse could damage BSM's reputation and harm BSM's business and operating results, including reducing BSM's revenue, causing the Company to issue credits to customers, subjecting the Company to potential liability, increasing subscriber churn rates, or increasing the Company's cost of acquiring new customers.

Third Party Hosting

BSM hosts its solutions and serves all of its customers from the Company's network servers, which are principally located at third-party data center facilities in Canada and the United States. While the Company has control and has access to the servers and all of the components of the Company's network that are located in the Company's external data centers, the Company does not control the operation of these facilities. Problems faced by these third-party data center locations, with the telecommunications network providers with whom BSM or such third-party data center locations contract, or with the systems

by which the Company's telecommunications providers allocate capacity among their customers, including the Company, could adversely affect the experience of the Company's customers.

The Company's third-party data center operators could decide to close their facilities without adequate notice. In addition, any financial difficulties, such as bankruptcy, faced by the third-party data center operators or any of the service providers with whom the Company or such operators contract may have negative effects on the Company's business, the nature and extent of which are difficult to predict. Further, if the data centers are unable to keep up with the Company's growing needs for capacity, this could have an adverse effect on the Company's business. The Company's disaster recovery systems are located at its third-party hosting facilities. While the Company is increasing redundancy, the Company's systems have not been tested under actual disaster conditions and may not have sufficient capacity to recover all data and services in the event of an outage. In the event of a disaster in which the Company's disaster recovery systems are irreparably damaged or destroyed, the Company would experience interruptions in access to the Company's products. Any changes in third-party service levels at the data centers or any errors, defects, disruptions, or other performance problems with the Company's solutions could harm the Company's reputation and may damage the Company's data. Interruptions in the Company's services may reduce the Company's revenue, cause the Company to issue credits or refunds to customers, subject the Company to potential liability, or increase churn rates.

Service Level Commitments

Some of the Company's customer agreements currently, and may in the future, provide minimum service level commitments regarding items such as uptime, functionality or performance. If the Company is unable to meet the stated service level commitments for these customers or suffers extended periods of service unavailability, the Company may be contractually obligated to provide these customers with credits for future subscriptions, provide services at no cost, or pay other penalties which could adversely impact the Company's revenue. The Company does not currently have any reserves on its balance sheet for these commitments.

Credit Concentration and Credit Risk

BSM provides credit to its customers in the normal course of operations. Many of these credit obligations are unsecured. As such, credit risk arises from the potential that a customer or counterparty will fail to meet its contractual obligations. The Company is exposed to credit risk from its customers on its trade receivables and unbilled revenue. Accounts receivable include amounts due from customers in both the government and private industry sectors, which exposes the Company to risk of non-payment. Government accounts are considered secure and are normally not subjected to extensive credit reviews. Industry accounts are subjected to internal credit reviews to minimize risk of non-payment. The Company estimates probable losses on a continuing basis, and records a provision for such losses based on the estimated realizable value. Although the Company attempts to manage its credit risk exposure, there is no assurance that this provision will be adequate.

Third Party Dependence

BSM relies on software and other intellectual property licensed from third parties to develop and offer its solutions, including mapping software and data storage to provide solutions to BSM's customers. In addition, the Company may need to obtain future licenses from third parties to use software or other intellectual property associated with the Company's solutions. BSM cannot predict whether these licenses will be available to the Company on acceptable terms, without significant price increases or at all. Any loss of the right to use any such software or other intellectual property required for the development and maintenance of the Company's solutions could result in delays in the provision of the Company's solutions until equivalent technology is either developed by the Company, or, if available from others, is

identified, obtained, and integrated, which could harm the Company's business. Any errors or defects in third-party software could result in errors or a failure of the Company's solutions, which could harm the Company's business.

BSM also relies on relationships with several suppliers and service providers to provide critical components for its products and services. In the event that the Company is unable to maintain these relationships or establish relationships with new suppliers or service providers as required, the availability, pricing and quality of its products and services may be adversely affected causing an adverse effect on the Company's business, operating results and financial condition. Relationships with third-party suppliers and service providers expose the Company to risks associated with the integrity, quality, reputation, solvency and performance of such parties.

The components that BSM sources for its products and services are highly specialized. In the event that a supply relationship is terminated, there is a risk that a replacement supply may not be found on a timely basis or at all. If supply is not available, there is a risk that BSM may be unable to service its customers resulting in, among other things, a loss of business, penalties and claims for damages.

Reliance on GPS and Wireless Network Providers

The Company's solutions are critically linked to two processes: (i) communication between solutions installed on assets and GPS satellites; and (ii) communication between solutions installed on assets and cellular networks, which allow the Company to obtain location data and transmit it to the Company's system. Increases in the fees charged by wireless network providers for data transmission or changes in the cellular and satellite networks, such as a cellular or satellite carrier discontinuing support of the network currently used by the Company's solutions installed on assets, requiring retrofitting of the solutions could increase the Company's costs and impact its profitability. In addition, while the Company's solutions have the ability to store GPS data in case of temporary cellular network connectivity failure, widespread disruptions or extended failures of the cellular or satellite networks would adversely affect the timeliness of the Company's solutions' functionality and utility and harm the Company's financial results. The Company's Sentinel Drive application utilizes a customer's smartphone or similar device and communicates over their cellular networks.

Many of BSM's products rely on signals from satellites, and other ground support systems, that the Company does not own or operate. Such satellites and their ground support systems are complex electronic systems subject to electronic and mechanical failures and possible sabotage. The satellites have limited design lives and are subject to damage by the hostile space environment in which they operate. If a significant number of satellites were to become inoperable, there could be a substantial delay before they are replaced with new satellites. A reduction in the number of operating satellites would impair the current utility of BSM's products and services and/or the growth of current and additional market opportunities, which would adversely affect the results of BSM's operations. Further, there is no assurance that governments will remain committed to the operation and maintenance of GPS satellites over a long period of time; or that the policies of governments for the commercial use of GPS without charge will remain unchanged.

Solution Integration with Third Party Products

Some of the Company's solutions integrate with third-party software and devices to allow the Company's solutions to perform key functions. Although to date this integration has been accomplished using open software interfaces and simple physical linkages, the Company cannot guarantee that this ease of integration will continue or that the Company will be able to integrate with other products as easily or without additional cost. Errors, viruses or bugs may be present in third-party software that the Company's customers use in conjunction with the Company's solutions. Changes to third-party software that the

Company's customers use in conjunction with the Company's solutions could also render the Company's solutions inoperable. Customers may conclude that the Company's software is the cause of these errors, bugs or viruses and terminate their subscriptions. The inability to easily integrate with third-party software, or any defects in such software, could result in increased costs, or in delays in software releases or updates to the Company's products until such issues have been resolved, which could have a material adverse effect on the Company's business, financial condition, results of operations, cash flows and future prospects and could damage the Company's reputation.

Increased Pressures on Personnel

The Company decreased its number of full-time employees from 273 as at September 30, 2015, to 242 full-time employees as at September 30, 2016. During the same period, the Company's revenue increased from \$30.7 million in fiscal 2015 to \$59.0 million in fiscal 2016. The Company's growth has placed, and may continue to place, a significant strain on BSM's managerial, administrative, operational, financial and other resources. The Company intends to continue to further expand its overall business, customer base, headcount and operations. Operating a North America organization and managing a geographically dispersed workforce will require substantial management effort and significant additional investment in the Company's infrastructure. The Company will be required to continue to improve its operational, financial and management controls and its reporting procedures and the Company may not be able to do so effectively. As such, the Company may be unable to manage its expenses effectively in the future, which may negatively impact its gross profit or operating expenses in any particular quarter.

Dependence on Key Personnel

Due to the technical nature of the Company's business and the dynamic market in which the Company operates, the Company's success depends on its ability to attract and retain highly skilled personnel. BSM is dependent on the services of key executives. The success of BSM's operations is also dependent on its highly skilled and experienced workforce. There is competition over highly skilled experienced workers (in addition to increased labour costs). Although BSM places a high priority on hiring and retaining key talent, the loss of these persons or BSM's inability to attract and retain additional highly skilled employees may adversely affect its business and future operations. Competition for qualified personnel in the wireless and wireless data industries is intense. In addition, new hires require significant training and, in most cases, require substantial amounts of time before they achieve full productivity. The Company's recent hires and planned hires may not become as productive as the Company expects, and the Company may be unable to hire or retain sufficient numbers of qualified individuals. If the Company fails to attract and train new personnel, or fails to retain, focus and motivate the Company's current personnel, the Company's business and growth prospects could be severely harmed.

Operations

BSM's operations are dependent upon its ability to protect its services portal system, network infrastructure and customer equipment against damage from human error, telecommunications failures, fire, earthquakes, floods, power loss, sabotage, intentional acts of vandalism and similar events. Despite precautions taken by, and planned to be taken by the Company, the occurrence of a natural disaster or other unanticipated problem at one or more of the Company's network facilities could result in interruptions to the services provided by the Company. Such an event could significantly impact the ability of suppliers to provide the data communications capacity required by the Company and, in turn, could impact the Company's sales and customer relations. The Company could be adversely affected by a reduction in customer satisfaction, loss of business and customer claims.

Government Regulations

BSM operates in a global marketplace, with sales in numerous countries. BSM may be required to incur additional costs in order to comply with federal, state or foreign governments as they may pertain to certain issues concerning compliance with local regulations governing its devices, content, privacy, taxation and other considerations. As IOT commerce continues to evolve, increased regulation by federal, state or foreign agencies becomes more likely. BSM is particularly sensitive to these risks because the Internet is a critical component of the Company's business model. In addition, regulatory requirements may change or BSM may not be able to obtain regulatory approvals from countries in which the Company may desire to sell products and services in the future.

Privacy Requirements

The Company is dependent on information technology networks and systems, including the Internet, to process, transmit and store electronic information and, in the normal course of BSM's business, BSM collects and retains certain information pertaining to its customers and employees. The protection of customer and employee data is critical to the Company. BSM attempts to identify security vulnerabilities in its products and information technology systems; however, the security measures put in place by the Company cannot provide absolute security, and the information technology infrastructure may be vulnerable to criminal cyber-attacks or data security incidents due to employee or customer error, malfeasance, or other vulnerabilities. Cybersecurity attacks are increasingly sophisticated, change frequently, and often go undetected until after an attack has been launched. BSM may fail to identify these new and complex methods of attack, or fail to invest sufficient resources in security measures. The Company cannot be certain that advances in cyber-capabilities or other developments will not compromise or breach the technology protecting the networks that access the Company's services.

If a security breach occurs, the Company's reputation, business, results of operations and financial condition could be harmed. Though it is difficult to determine what harm may directly result from any specific interruption or security breach, any failure or perceived failure to maintain performance, reliability, security and availability of systems or the actual or potential theft, loss, fraudulent use or misuse of the Company's products or the personally identifiable data of a customer or employee, could result in reputational damage, individual or class action lawsuits, or federal, provincial or state enforcement actions. Any of these outcomes could result in financial judgments against the Company, which may cause the Company to incur significant legal fees and costs.

Reputational Risk

Damage to BSM's reputation can be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. The increased usage of social media and other web-based tools used to generate, publish and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the Company and its activities, whether true or not. Reputation loss may result in decreased customer confidence and an impediment to BSM's overall ability to advance its product and services with customers, thereby having a material adverse impact on financial performance, financial condition, cash flows and growth prospects.

General Economic Conditions

BSM's results could be adversely affected by changing economic conditions in the countries in which it operates. The market turmoil and tightening of credit have led to an increased level of commercial and consumer delinquencies, lack of consumer confidence, cuts in government spending, increased market volatility and widespread reduction of business activity generally. To the extent that the

Company experiences further global economic deterioration in these markets, the resulting economic pressure on BSM's customers may cause them to end their relationship with the Company, reduce or postpone current or expected purchase orders for BSM products, or suffer from business failure, resulting in a decline in BSM's revenues and profitability that could be material. Continued difficult or uncertain economic conditions could adversely affect the Company's revenue and profitability.

Additional Funding Requirements

The Company's success is predicated on its ability to finance growth. Management believes that operations and commitments will be adequately financed over the coming years; however, the Company's ability to satisfy its future growth activities may be dependent on the availability of future financing. There can be no assurance that, if, and when, the Company seeks additional equity or debt financing, the Company will be able to obtain the additional financial resources required on satisfactory commercial terms or at all. If additional financing is raised by the issuance of equity securities from the treasury of the Company, existing shareholders will suffer dilution and a change of control of the Company may occur.

Inventory Management

The Company's hardware is comprised of component parts with long lead times. The Company typically purchases component parts and out-sources manufacturing in advance of receiving confirmed purchase orders. As a result, the Company may have significant inventory volumes that could be subject to write down from obsolescence.

The Company has significant amounts of inventory on hand, some of which the Company has previously written down to the value, which the Company estimates to be the inventory's fair market value. Given the large quantity of this inventory, there is no guarantee that the Company will be successful in selling all of it, or realizing the full value of its current carrying cost. This may result in further write-offs and charges to the Company's net income.

Tax Risks

The Company's tax position could be adversely impacted by changes in tax rates, tax laws, tax treaties or tax regulations or changes in the interpretation of such laws, treaties or regulations by the tax authorities in Canada, the United States and other jurisdictions. In the normal course of its business, the Company is subject to examination by various taxing authorities. The Company's effective tax rate may vary from the Company's expectation and that variance may be material. Failure to manage the risks associated with such changes, or misinterpretation of the laws relating to taxation, could result in increased charges, financial loss, including penalties, and reputational damage and materially and adversely affect the Company's results, financial condition and prospects.

A successful assertion by one or more jurisdictions that the Company should collect sales or other taxes on the sale of the Company's solutions could result in substantial tax liabilities for past sales and decrease the Company's ability to compete for future sales. Each country and each state has different rules and regulations governing sales and use taxes and these rules and regulations are subject to varying interpretations that may change over time. The Company is unable to predict whether it will not be subject to sales and use taxes or related penalties for past sales in jurisdictions where the Company presently believe sales and use taxes are not due.

Providers of goods or services are typically held responsible by taxing authorities for the collection and payment of any applicable sales and similar taxes. If one or more taxing authorities determines that taxes should have, but have not, been paid with respect to the Company's solutions, the Company may be liable for past taxes in addition to being required to collect sales or similar taxes in respect of the

Company's solutions going forward. Liability for past taxes may also include substantial interest and penalty charges. Many, but not all, of the Company's customer contracts provide that the Company's clients must pay all applicable sales and similar taxes. Nevertheless, customers may be reluctant to pay back taxes and may refuse responsibility for interest or penalties associated with those taxes or the Company may determine that it would not be feasible to seek reimbursement. If the Company is required to collect and pay back taxes and the associated interest and penalties thereon and if the Company's clients do not reimburse the Company for all or a portion of these amounts, the Company will have incurred unplanned expenses that may be substantial. Moreover, the imposition of such taxes on the Company's solutions going forward will effectively increase the cost of such solutions to the Company's customers.

Interest Rate Risk

Interest rate risk arises because of the fluctuation in interest rates. Fluctuations in interest rates impact the future cash flows and fair values of various financial instruments. The Company is exposed to fluctuations in interest rates on the outstanding principle balance of its term credit facilities as well as on short term cash deposits.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they become due. The Company facilitates this in part by maintaining a line of credit with a major Canadian bank.

Subsidiaries

BSM is a holding company that conducts operations through Canadian and foreign subsidiaries, and a significant portion of its assets are held in such entities. Accordingly, any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict BSM's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on BSM's valuation and stock price.

Conflicts of Interest

Certain of the directors and officers of BSM also serve, or may serve in the future, as directors and/or officers of other companies involved in technology based companies; consequently, there exists the possibility for these directors and officers to be in a position of conflict. Any decision made by any of these directors and officers involving BSM will be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of BSM and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which these directors may have a conflict of interest in accordance with the procedures set forth in the OBCA and other applicable laws.

5 DIVIDENDS

5.1 Dividends

No dividends were paid to BSM shareholders in the three most recently completed fiscal years. There are no significant restrictions on BSM's ability to pay dividends, other than the requirement to seek approval from BSM's lender pursuant to the terms of the ARCA.

The decision on whether to declare, adjust or eliminate a dividend is subject to the Board's discretion. In determining whether to declare and the amount of any dividend, the Board takes into account, among other criteria, BSM's financial condition, results of operations, capital requirements and such other factors as the Board deems relevant at such time.

Currently, the Company does not intend to pay dividends for the foreseeable future. BSM intends to retain all available funds and any future earnings to support the operation of, and to finance the growth and development of, the Company's business. Any future determination to declare cash dividends will be made at the discretion of the Board, subject to compliance with applicable laws and covenants under current or future credit facilities, which may restrict or limit the Company's ability to pay dividends. Such determination will also depend on the Company's financial condition, operating results, capital requirements, general business conditions and other factors that the Board may deem relevant.

6 DESCRIPTION OF CAPITAL STRUCTURE

6.1 General Description of Capital Structure

The authorized share capital of the Company consists of (i) an unlimited number of BSM Shares; (ii) an unlimited number of first preferred shares issuable in series (the "**First Preferred Shares**"); and (iii) unlimited number of second preferred shares issuable in series (the "**Second Preferred Shares**"), all without nominal or par value.

BSM Shares

The BSM Shares carry and are subject to the following rights, privileges, restrictions and conditions described below:

Voting: Each BSM Share entitles its holder to receive notice of and to attend all general and special meetings of shareholders of BSM, other than meetings at which only the holders of a particular class or series of shares are entitled to vote, and each such BSM Share entitles its holder to one vote.

Dividends: The holders of BSM Shares are, at the discretion of the Board, entitled to receive dividends. If the Board declares and pays dividends, it must do so in equal amounts per share on all BSM Shares, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of BSM ranking in priority to the BSM Shares in respect of dividends.

Dissolution: The holders of BSM Shares are entitled to participate in any distribution of rights of BSM's net assets if it liquidates, dissolves or winds up, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of BSM ranking in priority to the BSM Shares in respect of return of capital on dissolution, to share rateably, together with the holders of shares of any class of shares of BSM ranking equally with the BSM Shares in respect of return on capital, in such assets of BSM as are available for distribution.

As at September 30, 2016, there were 82,574,324 BSM Shares outstanding, including, in the aggregate, 1,254,367 BSM Shares remaining in escrow pursuant to the following agreements: (i) 54,795 BSM Shares pursuant to an escrow agreement dated October 16, 1997, the release of which are subject to BSM attaining certain cash flow levels; (ii) 699,575 BSM Shares pursuant to an escrow agreement dated May 14, 2014, the release of which are subject to the attainment of specified revenue and EBITDA targets in the five years following the JMM Acquisition; and (iii) 500,000 BSM Shares pursuant to an escrow agreement dated August 8, 2014, the release of which are subject to specified revenue growth targets in the three years following the Praxis Acquisition. See "*Escrowed Securities*" for further details.

As at September 30, 2016, there were: (i) 1,116,210 options to purchase BSM Shares (“**BSM Options**”) held by directors, consultants and employees of BSM, having a weighted average exercise price of \$1.91; (ii) 650,614 BSM Replacement Options to purchase BSM Shares held by former directors and employees of Webtech, having a weighted average exercise price of \$0.54; (iii) 1,599,906 restricted share units of the Company (“**RSUs**”) held by consultants and employees of BSM; and (iv) 137,500 deferred share units of the Company (“**DSUs**”) held by directors of BSM.

Preferred Shares

The Board may issue First Preferred Shares or Second Preferred Shares, (collectively, the “**Preferred Shares**”) at any time and in one or more series. Before any Preferred Shares of a particular series are issued, the Board shall, by resolution, fix the number of shares that will form such series and shall, subject to certain limitations, by resolution fix the designation, rights, privileges, restrictions and conditions to be attached to the First Preferred Shares and the Second Preferred Shares of such series, including, but without in any way limiting or restricting the generality of the foregoing, the rate, amount or method of calculation of dividends, the time and place of payment of dividends, the consideration for and the terms and conditions (if any) of any purchase for cancellation, retraction or redemption of, conversion or exchange rights, and whether into or for securities of BSM or otherwise, the voting rights attached thereto (if any), the terms and conditions of any share purchase or retirement plan or sinking fund, and restrictions on the payment of dividends on any shares in the capital of BSM or creation or issue of debt or equity securities.

The Board may at any time or from time to time change the rights, privileges, restrictions and conditions attached to unissued shares of any series of First Preferred Shares or Second Preferred Shares.

The First Preferred Shares of each series shall rank on parity with the First Preferred Shares of every other series with respect to accumulated dividends and return of capital. The First Preferred Shares shall be entitled to a preference over the Second Preferred Shares, the BSM Shares and over any other shares of BSM ranking junior to the First Preferred Shares with respect to priority in the payment of dividends and in any distribution of assets in the event of the liquidation, dissolution or wind-up of BSM among its shareholders for the purpose of winding-up its affairs.

Second Preferred Shares shall be entitled to a preference over the BSM Shares and over any other shares of BSM ranking junior to the Second Preferred Shares with respect to priority in the payment of dividends and in any distribution of assets in the event of the liquidation, dissolution or wind-up of BSM among its shareholders for the purpose of winding-up its affairs.

BSM cannot amend the First Preferred Shares’ and the Second Preferred Shares’ special rights and restrictions as a class without obtaining any approval required by law, and the approval of at least two-thirds of the vote cast at a meeting of holders of Preferred Shares called and held for the purpose, with at least 21 days’ notice provided and at which a quorum is present comprising of at least two persons present holding or representing by proxy at least 20% of the outstanding First Preferred Shares or Second Preferred Shares (as applicable).

As at September 30, 2016, there were no First Preferred Shares or Second Preferred Shares outstanding.

6.1.1 Share consolidations

On March 19, 2012, BSM, by a special resolution, approved the 2012 Share Consolidation. On August 24, 2012, the TSXV approved the 2012 Share Consolidation and, on August 31, 2012, BSM started trading shares on a consolidated basis. BSM amended its disclosure in the consolidated financial statements to reflect the share consolidation as if it had occurred on October 1, 2010.

6.1.2 Share repurchase program

Pursuant to the 2016 NCIB, BSM repurchased 7,523,500 BSM Shares for \$7,333,636, excluding brokerage fees. All repurchased BSM Shares were returned to treasury and cancelled.

Pursuant to the 2015 NCIB, BSM repurchased 348,300 BSM Shares for \$347,364, excluding brokerage fees. All repurchased BSM Shares were returned to treasury and cancelled.

On March 20, 2012, the Board authorized, and subsequently received approval from the TSXV to proceed with a normal course issuer bid to repurchase up to 2,932,561 BSM Shares for cancellation during the subsequent 12 month period (the “**2012 NCIB**”). During the fiscal year ended September 30, 2012, BSM repurchased 746,900 BSM Shares for \$378,677 under the 2012 NCIB. All repurchased BSM Shares were returned to treasury.

7 MARKET FOR SECURITIES

7.1 Trading Price and Volume of BSM Shares

The BSM Shares are currently listed and posted for trading on the TSX under the symbol “GPS”. The BSM Shares were listed and posted for trading on the TSXV prior to October 6, 2015, the day on which the BSM Shares began trading on the TSX.

The following table sets forth the intraday high and low sale prices per BSM Share and the composite volume of trading of the BSM Shares as reported by the TSX or TSXV, as applicable, for periods listed below.

Date	High (\$)	Low (\$)	Volume
October 1-5, 2015	0.91	0.85	10,538
October 6-31, 2015	0.94	0.88	2,924,959
November 2015	0.90	0.80	5,139,038
December 2015	0.90	0.80	1,974,325
January 2016	0.90	0.78	2,104,391
February 2016	0.90	0.81	11,858,507
March 2016	1.07	0.84	2,965,108
April 2016	1.07	0.94	1,046,742
May 2016	1.02	0.95	3,936,123
June 2016	1.15	1.00	734,134
July 2016	1.17	0.95	496,325
August 2016	1.12	1.05	1,550,861
September 2016	1.24	1.1	1,686,055
October 2016	1.45	1.11	4,501,633
November 2016	1.47	1.01	849,396
December 1-13, 2016	1.26	1.17	295,322

The closing price of the BSM Shares on the TSX on December 13, 2016 was \$1.20.

7.2 Prior Sales

Other than: (i) the issuance of BSM Shares pursuant to the exercise of BSM Replacement Options; (ii) the issuance of BSM Shares pursuant to the exercise of BSM Options; (iii) the granting of RSUs and DSUs; and (iv) the issuance of BSM Shares pursuant to the redemption of RSUs and DSUs, there were no issuances of BSM Shares during the fiscal year ended September 30, 2016, except as otherwise disclosed herein.

BSM Shares

The following table summarizes the number of BSM Shares issued during the fiscal year ended September 30, 2016:

<u>Date of issuance</u>	<u>Price per BSM Share</u>	<u>Number of BSM Shares</u>	<u>Reasons for issuance</u>
October 20, 2015	\$0.94	57,500	Issued to settle vested RSUs
November 3, 2015	0.87	20,000	Issued to settle vested DSUs
November 30, 2015	\$0.82	10,000	Issued to settle vested RSUs
December 15, 2015	\$0.65	29,657	Issued upon exercise of previously issued BSM Replacement Options
February 19, 2016	\$0.81	87,576	Issued upon exercise of previously issued BSM Replacement Options
February 19, 2016	\$0.56	181,132	Issued upon exercise of previously issued BSM Replacement Options
February 19, 2016	\$0.58	170,880	Issued upon exercise of previously issued BSM Replacement Options
February 19, 2016	\$0.42	74,760	Issued upon exercise of previously issued BSM Replacement Options
March 17, 2016	\$0.81	12,650	Issued upon exercise of previously issued BSM Replacement Options
March 23, 2016	\$0.81	54,591	Issued upon exercise of previously issued BSM Replacement Options
March 24, 2016	\$0.81	1,947	Issued upon exercise of previously issued BSM Replacement Options
May 12, 2016	\$0.56	42,720	Issued upon exercise of previously issued BSM Replacement Options
May 18, 2016	\$0.42	6,408	Issued upon exercise of previously issued BSM Replacement Options
May 18, 2016	\$0.84	9,968	Issued upon exercise of previously issued BSM Replacement Options
June 2, 2016	\$0.56	85,440	Issued upon exercise of previously issued BSM Replacement Options
June 8, 2016	\$0.56	12,816	Issued upon exercise of previously issued BSM Replacement Options
June 28, 2016	\$1.05	94,535	Issued to settle vested DSUs
September 6, 2016	\$0.84	3,928	Issued upon exercise of previously issued BSM Replacement Options

BSM Options

The Company did not grant any BSM Options during the fiscal year ended September 30, 2016.

RSUs

The following table summarizes the number of RSUs granted by BSM during the fiscal year ended September 30, 2016:

<u>Date of issuance</u>	<u>Number of BSM Shares Underlying RSUs</u>
December 18, 2015	287,000
August 17, 2016	700,000

DSUs

The following table summarizes details of the DSUs granted by BSM during the fiscal year ended September 30, 2016:

<u>Date of issuance</u>	<u>Number of BSM Shares Underlying DSUs</u>
December 18, 2015	204,535

8 ESCROWED SECURITIES

On October 16, 1997, BSM entered into an escrow agreement with the former President of BSM and certain other parties whereby 1,509,900 pre-consolidation BSM Shares (150,990 BSM Shares after the 2012 Share Consolidation) were deposited into escrow with the escrow agent, Montreal Trust Company of Canada (now Computershare Investor Services Inc.), and will be released once BSM attains certain cash flow levels. During the years ended September 30, 2001, 2002 and 2003, BSM cancelled 96,208 of these shares pursuant to settlements reached with these parties. As of the fiscal year ended September 30, 2016, 54,795 BSM Shares remain in escrow subject to the achievement of the performance targets.

On May 31, 2013, BSM acquired all of the issued and outstanding shares of privately-held AutoVision Wireless Inc. (“**AutoVision**”) for \$5,700,000 in cash and 714,286 BSM Shares, which BSM Shares were issued at a price of \$1.40 per BSM Share (the “**AutoVision Acquisition**”). In addition, as part of the consideration in the AutoVision Acquisition, 2,142,858 BSM Shares were deposited into escrow with the escrow agent, Computershare Trust Company of Canada. The escrowed shares were to be released depending upon AutoVision meeting recurring revenue milestones in the following three time periods: (i) June 1, 2013 to May 31, 2014 (the “**First AWI Earn-out Period**”); (ii) June 1, 2014 to May 31, 2015 (the “**Second AWI Earn-out Period**”); and (iii) June 1, 2015 to May 31, 2016 (the “**Third AWI Earn-out Period**”). In June, 2014, the escrow agent released 714,286 BSM Shares to the applicable AutoVision vendors after the specified recurring revenue milestones for the First AWI Earn-out Period were met. In July 2015, the escrow agent released 714,286 BSM Shares from escrow to BSM and such shares were forthwith cancelled after the specified recurring revenue milestones for the Second AWI Earn-out Period were not achieved. In July 2016, the escrow agent released 714,286 BSM Shares from escrow to BSM and such shares were forthwith cancelled after the specified recurring revenue milestones for the Third AWI Earn-out Period were not achieved. As of September 30, 2016, no BSM Shares remain in escrow in connection with the AutoVision Acquisition.

On May 14, 2014, as part of the consideration for the JMM Acquisition, 699,575 BSM Shares were deposited into escrow with the escrow agent, Computershare Investor Services Inc., and will be released subject to specified revenue and EBITDA performance conditions in the five-year period following the JMM Acquisition. As of the fiscal year ended September 30, 2016, 699,575 BSM Shares remain in escrow subject to these performance conditions.

On August 8, 2014, as part of the consideration for the Praxis Acquisition, 500,000 BSM Shares were deposited into escrow with the escrow agent, Computershare Trust Company of Canada, and will be released subject to specified revenue growth targets in the six year period following the closing of the Praxis Acquisition. As of the fiscal year ended September 30, 2016, 500,000 BSM Shares remain in escrow subject to these performance conditions.

The following chart summarizes the BSM Shares which remain in escrow as of the fiscal year ended September 30, 2016:

Designation of Class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of Class ⁽¹⁾
BSM Shares	1,254,370	1.52%

Note:

(1) % of total BSM Shares is based on 82,574,324 BSM Shares outstanding as of September 30, 2015.

9 DIRECTORS AND OFFICERS

9.1 Name, Occupation and Security Holdings

The following table sets forth the directors and officers of the Company, together with their province or state and country of residence, positions and offices held, principal occupations during the last five years, the years in which they were first appointed as directors and/or officers of BSM and the number and percentage of BSM Shares, and the number of BSM Replacement Options, RSUs and DSUs beneficially owned, directly or indirectly, or over which control or direction is exercised by them, as of the date of this AIF:

Name and place of residence	Director and/or Office since ⁽¹⁾	Principal occupations during the last five years ⁽²⁾	BSM Options, BSM Replacement Options, DSUs and RSUs beneficially owned ⁽³⁾⁽⁴⁾⁽⁵⁾
Andrew Gutman ⁽⁶⁾⁽⁷⁾ Utah, United States <i>Non-executive Chairman</i>	September 30, 2015	Chief Executive Officer of Webtech; Consultant	253,299 BSM Shares 106,800 BSM Replacement Options 50,000 DSUs
Aly Rahemtulla Ontario, Canada <i>Director, President and Chief Executive Office</i>	January 23, 2006	President and Chief Executive Officer of BSM	1,090,635 BSM Shares 270,500 Options 686,387 RSUs
Frank Maw ⁽⁷⁾⁽⁸⁾ Ontario, Canada <i>Director</i>	June 10, 2008	Consultant to IT industry	88,400 BSM Shares 75,000 Options 52,500 DSUs
Leonard Metcalfe ⁽⁶⁾ British Columbia, Canada <i>Director</i>	September 30, 2015	Retired; Former Chairman of LMI Technologies Inc.	70,519 BSM Shares 35,000 DSUs
David D. Sgro ⁽⁹⁾ New Jersey, United States <i>Director</i>	June 28, 2016	Senior Managing Director of Crescendo, L.P.	428,103 BSM Shares
Gregory Monahan ⁽⁶⁾ Connecticut, United States <i>Director</i>	June 28, 2016	Senior Managing Director of Crescendo, L.P.	428,103 BSM Shares
Kelly Edmison ⁽⁶⁾	June 28, 2016	Chairman of Penderfund Capital	0 BSM Shares

Name and place of residence	Director and/or Office since ⁽¹⁾	Principal occupations during the last five years ⁽²⁾	BSM Options, BSM Replacement Options, DSUs and RSUs beneficially owned ⁽³⁾⁽⁴⁾⁽⁵⁾
British Columbia, Canada <i>Director</i>		Management	
Louis De Jong Ontario, Canada <i>Chief Financial Officer and Corporate Secretary</i>	January 15, 2014	Chief Financial Officer of BSM and Managing Partner at De Jong & Co,	866,500 BSM Shares 325,000 Options 435,819 RSUs
Larry Juba British Columbia, Canada <i>Chief Operating Officer</i>	September 30, 2015	Chief Operating Officer of Webtech	330,652 BSM Shares 96,120 BSM Replacement Options 100,000 RSUs
Peter Callaghan British Columbia, Canada <i>Chief Sales Officer</i>	September 30, 2015	Senior Vice-President, Sales and Marketing of Webtech	106,800 BSM Replacement Options
Alban Hoxha ⁽¹⁰⁾ Ontario, Canada <i>Chief Technology Officer</i>	May 16, 2011	Chief Technology Officer of BSM	142,500 Options 229,700 RSUs

Notes:

- (1) Each director's term will continue until the next annual meeting of BSM shareholders at which time it will expire or until the director resigns, becomes ineligible, unable to serve or until his or her successor is elected or appointed.
- (2) The information as to principal occupations has been furnished by each director and/or officer individually.
- (3) The information as to the number of BSM Shares, BSM Options, BSM Replacement Options, DSUs and RSUs beneficially owned, or over which control or direction is exercised, directly or indirectly, not being within the direct knowledge of BSM, has been furnished by the respective individuals or obtained from the System for Electronic Disclosure by Insiders ("SEDI") and may include BSM Shares or other securities owned or controlled by their spouses and/or children and/or companies controlled by them or their spouses and/or children.
- (4) DSUs are granted pursuant to the Company's DSU Plan and are not exercisable until there is loss of directorship.
- (5) RSUs are granted pursuant to the Company's RSU Plan and, generally, do not vest until the third anniversary of the RSU grant date.
- (6) Member of the Compensation, Governance and Nominating Committee (the "CGN Committee").
- (7) Member of the Audit Committee.
- (8) Chair of the CGN Committee.
- (9) Chair of the Audit Committee.
- (10) Mr. Hoxha has resigned, effective January 20, 2017.

As at the date of this AIF, to BSM's knowledge, the directors and officers of BSM, as a group, beneficially own, directly or indirectly, or exercise control or direction over 3,554,811 BSM Shares, representing approximately 4.30% of the issued and outstanding BSM Shares (on a non-diluted basis).

9.2 Biographies of Directors and Officers

Directors:

Andrew Gutman, Non-Executive Chairman of the Board

Mr. Gutman joined BSM as a director in September 2015, and is a member of the CGN Committee and the Audit Committee. Mr. Gutman has more than ten years of experience in private equity/venture capital, as well as 15 years of experience in managing and/or advising profitable, growth and acquisition oriented software companies. In addition to his role as the prior Chief Executive Officer of Webtech, Mr. Gutman was also the Chief Executive Officer of Speedware Corporation ("Speedware") from 2001 to 2005 where he led the growth of the company from approximately \$15 million in revenues to \$62 million (\$16 million EBITDA) through a combination of acquisitions and successful execution of internal growth strategies. During this period, Speedware's market capitalization increased from about \$5 million in 2001 to \$143 million in 2005 when it was sold to Activant Solutions Inc. Mr. Gutman is currently a consultant to several technology companies.

Aly Rahemtulla, Director, President and Chief Financial Officer

Mr. Rahemtulla joined BSM as a director in January 2006, and is also the President and Chief Executive Officer of BSM. In addition to his role with BSM, Mr. Rahemtulla is also Chairman of ANR Capital Inc. and its subsidiary Onbelay Automotive Inc. Prior to joining BSM, Mr. Rahemtulla was a management consultant with A.T. Kearney Limited providing direction on corporate strategy to Fortune 100 corporations until 2004. With 12 plus years of experience in executive roles, Mr. Rahemtulla has led numerous strategic initiatives and corporate developments. Mr. Rahemtulla holds an honours degree in business administration from the Richard Ivey School of Business at the University of Western Ontario, is a local chapter and international member of the Young Presidents of Ontario and is a member of the Institute of Corporate Directors (ICD.D.).

Frank Maw, Director

Mr. Maw joined BSM as a director in January 2006, and is the Chair of the CGN Committee and a member of the Audit Committee. Mr. Maw was a past President of Motorola Canada Limited having retired after 35 years of senior management experience in the information and communications technology and the consumer products industries. Mr. Maw is a graduate of the University of Western Ontario and has served as the Chairman of ITAC (Information and Telecommunications Technology Association of Canada), as a director on the Toronto Board of Trade, as the Chairman of the Canadian Wireless Telecommunications Association and President of the original Paging Services Council of Canada. Mr. Maw was the Chairman of Netistix Technologies Corporation which was acquired by BSM in December 2007.

Leonard Metcalfe, Director

Mr. Metcalfe joined BSM as a director in September 2015, and is a member of the CGN Committee. Mr. Metcalfe is the former Chairman, Chief Executive Officer and director of LMI Technologies Inc. (“LMI”) and was with LMI from 1997 to 2011, when it was acquired by AUGUSTA Technologie AG. LMI supplied machine vision systems for various manufacturing industries from its offices in Canada, USA, Sweden, Ireland and The Netherlands. Mr. Metcalfe is a member of the International Society of Optical Engineers. Mr. Metcalfe received a Diploma of Technology in Control Electronics from the British Columbia Institute of Technology in Vancouver, in 1973.

David D. Sgro, Director

Mr. Sgro joined BSM as a director in June 2016, and is the Chair of the Audit Committee. Mr. Sgro is a Senior Managing Director of Crescendo Partners, L.P. and has held various positions at Crescendo Partners since May 2005. He is also a Managing Member and Head of Research for Jamarant Capital LP, a private investment fund. Mr. Sgro has served as a director of Hill International, a construction project management and claims consulting company, since August 2016. Mr. Sgro has also served as a director of Invescor Restaurant Group, a restaurant franchisor, since March 2016 and as an officer of Harmony Merger Corp., a Special Purpose Acquisition Company, since May 2014. Mr. Sgro has been a director, and member of the audit committee of Pangaea Logistics Solutions Ltd., a provider of seaborne dry bulk transportation services to industrial customers, since October 2014. He previously served on the board of directors of Com Dev International Ltd., a supplier of space equipment and services; SAExploration Holdings, Inc., a provider of seismic data services to the oil and gas industries; Primoris Corporation, a speciality construction company; Bridgewater Systems, Inc., a telecommunications software provider; and Harmony Merger Corp., Quartet Merger Corp., and Trio Merger Corp., special purpose acquisition companies. Mr. Sgro is a Chartered Financial Analyst (CFA) Charterholder and holds a B.S. in Finance from The College of New Jersey and an M.B.A. from Columbia Business School.

Gregory Monahan, Director

Mr. Monahan joined BSM as a director in June 2016, and is a member of the CGN Committee. Mr. Monahan has been a Senior Managing Director of Crescendo Partners, L.P., a New York-based investment firm, since December 2014 and has held various positions at Crescendo Partners since May 2005. He is also a Managing Member and Portfolio Manager for Jamarant Capital LP, a private investment firm. Previously, Mr. Monahan was the co-founder of Bind Network Solutions, a consulting firm focused on network infrastructure and security. Mr. Monahan is currently on the board of directors of Absolute Software Corp., a leader in firmware-embedded endpoint security and management for computers and ultra-portable devices. He also serves on the board of directors of Cott Corporation, a leading provider in the direct-to-consumer beverage services industry as well as one of the world's largest producers of beverages on behalf of retailers, brand owners and distributors. He previously served on the board of COM DEV International Ltd., a supplier of space equipment and services, SAExploration Holdings Inc., a seismic data services company, ENTREC Corporation, a heavy haul and crane services provider, Bridgewater Systems, a telecommunications software provider, and O'Charley's Inc., a multi-concept restaurant company. Mr. Monahan earned his Bachelor of Science degree in Mechanical Engineering from Union College and his M.B.A from Columbia Business School.

Kelly Edmison, Director

Mr. Edmison joined BSM as a director in June 2016, and is a member of the CGN Committee. Mr. Edmison has been active in the business community for almost 40 years. Currently, Mr. Edmison is Chairman of Penderfund Capital Management, which manages a venture fund and a variety of value based mutual funds. Previously, Mr. Edmison was a lawyer for 25 years having spent his early years in Calgary and Hong Kong and then the core of his practicing years focused on the technology industry in Vancouver. In 2002, he founded Pender Financial and PenderFund Capital which he led until recently. For over 20 years, Mr. Edmison has been an officer and director of many public and private technology companies. Mr. Edmison is a graduate of the University of Toronto and Queen's University.

Officers:

Louis De Jong, CPA, CA, Chief Financial Officer and Corporate Secretary

Mr. De Jong has over 20 years of experience in the financial and investment industries. Mr. De Jong's previous roles include Managing Director at Jemekk Capital Management, Head of Canadian Equities at Credit Suisse, and Head of Institutional Sales at Spratt Securities. Mr. De Jong started his career as an accountant with PricewaterhouseCoopers LLP. Most recently Mr. De Jong founded and was the Managing Partner at De Jong & Co., a boutique merchant bank engaged in principal investment and financial advisory services. Mr. De Jong is both a CPA and CA Charterholder and he earned his Economics degree from the University of Western Ontario.

Larry Juba, Chief Operating Officer

Mr. Juba was the Chief Operating Officer of Webtech since January 2011 and a member of the Office of the President of Webtech since October 2014. Previously, Mr. Juba had been the Vice-President of Operations of Webtech from March 2008 to January 2011 after joining Webtech in April 2007. Mr. Juba has over 20 years of experience in building and leading engineering, operations and professional services teams for wireless technology companies. He has extensive experience international operations, project management, systems and applications engineering, software engineering, hardware engineering, customer service, manufacturing, and information technology. Mr. Juba has held Vice-President and Director roles and has been responsible for deploying and supporting large wireless enterprise systems in companies such as Digital Dispatch Systems and Glenayre.

Alban Hoxha, Chief Technology Officer

Mr. Hoxha has accumulated over 17 years of IT experience, including serving as the Vice-President of Systems and Development at InterFleet Inc. (“**Interfleet**”), a division of Webtech. During his time at Interfleet, Mr. Hoxha led development teams and directed IT operations for both domestic and international operations. Mr. Hoxha provides a wealth of industry experience as he has devoted the last 11+ years to designing and developing market leading products in the telematics and GPS fleet management industry. As part of his duties at BSM, Mr. Hoxha leads all aspects of architecture and product development according to BSM’s strategic direction and growth objectives, including hardware and software design, make vs. buy analyses and overseeing the delivery schedule for high volume data warehousing.

Mr. Hoxha holds a Bachelor of Science in Computer Science from Tirana University in Albania.

Peter Callaghan, Chief Sales Officer

Mr. Callaghan was the Senior Vice-President of Sales and Marketing at Webtech and a member of the Office of the President since October 2014. Prior to joining Webtech, Mr. Callaghan served as the Vice-President of Worldwide Sales, Transit Division at DDS Wireless International Inc., a global provider of wireless mobile data solutions for vehicle fleet applications from 2013 to 2014. Mr. Callaghan has also served as the Chief Executive Officer of HuStream Technologies Inc. from September 2009 to October 2013. He has over 25 years of experience in sales, marketing, service, product management and public relations and has held senior positions with Maximizer Software Inc., Pivotal Corporation, Cognos Incorporated and other notable technology-focused organizations. Mr. Callaghan is a graduate of the University of Waterloo with a Bachelor of Science in Kinesiology.

9.3 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of BSM, no director or executive officer of BSM is, as at the date of this AIF, or was within ten years before the date of this AIF, a director or chief executive officer or chief financial officer of any company (including BSM) that: (a) was the subject of an order that was issued while the director or proposed director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer, and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer. For the purposes of this paragraph, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days.

To the knowledge of BSM, no director or executive officer of BSM, or a shareholder holding a sufficient number of BSM shares to affect materially the control of BSM: (a) is, or within ten years before the date of this AIF has been a director or executive officer of a corporation (including BSM) that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has within the ten years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

To the knowledge of BSM, no director or executive officer of BSM has been subject to any: (a) penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (b) other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investor decision.

9.4 Conflicts of Interest

To the best of BSM's knowledge there are no known existing or potential conflicts of interest between BSM and any director or officer of BSM. See "*Description of the Business – Risk Factors – Conflicts of Interest*".

10 LEGAL PROCEEDINGS AND REGULATORY ACTIONS

10.1 Legal Proceedings

Since 2008, Webtech, a wholly-owned subsidiary of BSM, has been involved in litigation in Brazil with a former distributor, Crown. Prior to that date, Webtech had entered into a distribution agreement with Crown granting Crown the right to sell Webtech's product in Brazil. In addition to the distribution agreement, Webtech also entered into a loan agreement with Crown, whereby Webtech agreed to loan funds to Crown. Crown later defaulted on its loan obligations and, as a result, Webtech initiated a claim against Crown. Crown subsequently filed a claim seeking business interference damages of BBR\$109 million (currently, approximately CDN\$39 million). In 2008, Crown obtained a judgment against Webtech with damages to be calculated at a later date. Following this 2008 decision, Crown entered into receivership administered by a Trustee. Webtech then successfully appealed the 2008 decision and the matter was referred back to the lower court in 2010 for retrial. In September 2013, judgment was rendered in favour of the Trustee for Crown, with damages to be determined at a later date. After this 2013 decision, Webtech filed an appeal with the Court of Justice of the State of Minas Gerais, which, by unanimous decision on or around May 14, 2015, decided in favour of Webtech and overturned the lower court judgment and stated no indemnification or damages were owed by Webtech. On or around June 10, 2015, Crown filed a motion to clarify with the Court of Justice of the State of Minas Gerais and on or around September 1, 2015, the motion to clarify was denied. Following the denial, on or around September 1, 2015, Crown filed an appeal to the President Judge of the Court of Appeals of the State of Minas Gerais. On or around November 4, 2015, Webtech filed its response to Crown's appeal to the President Judge. On or about December 18, 2015, the Chief Justice of the State of Minas Gerais denied Crown's appeal. Crown filed an interlocutory appeal to the Superior Court on January 20, 2016 and Webtech filed its response on March 14, 2016. The parties are currently waiting for a response from the Superior Court.

Except for the matter outlined above, during the fiscal year ended September 30, 2016, BSM was not a party to any material legal proceedings during the year ended September 30, 2016, nor was any of BSM's property the subject of any material legal proceedings for the fiscal year ended September 30, 2016.

By virtue of the nature of BSM's business, BSM is involved in or may become subject to legal proceedings, claims and litigation arising from time to time in the ordinary course of business. In addition, the Company may receive notification alleging infringement of patent or other intellectual property rights. At this time, there are no legal matters of this type which are believed to be material to BSM's results of operations, liquidity or financial condition.

10.2 Regulatory Actions

Except as outlined above, during the fiscal year ended September 30, 2016, and as of the date of this AIF, there have been no penalties or sanctions imposed against BSM (a) by a court relating to securities legislation or by a securities regulatory authority; or (b) by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision in BSM. BSM has not entered into any settlement agreements with a court relating to securities legislation or with a securities regulatory authority during the fiscal year ended September 30, 2016 and as of the date of this AIF.

11 INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of the date of this AIF to the knowledge of the Company, the Significant Shareholders, own approximately 8,344,800 BSM Shares or approximately 10.11% of the outstanding BSM Shares. To the knowledge of the Company, there are no other persons or corporations that beneficially own, directly or indirectly, or exercises control or direction over, shares carrying more than 10% of the voting rights attached to all outstanding BSM Shares. The directors and executive officers of the Company collectively owned or controlled 3,554,811 BSM Shares, representing approximately 4.30% of the outstanding BSM Shares as at September 30, 2016.

Other than as disclosed herein, since October 1, 2013, no director, executive officer or 10% shareholder of BSM or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction that has materially affected or will materially affect BSM or any of its Subsidiaries.

12 TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar for the BSM Shares is Computershare Investor Services Inc., at its offices at 600, 530 – 8th Avenue SW, Calgary, AB T2P 3S8.

13 MATERIAL CONTRACTS

Other than described in this AIF, BSM did not enter into any material contracts during the fiscal year ended September 30, 2016, other than in the ordinary course of business.

14 INTEREST OF EXPERTS

PricewaterhouseCoopers LLP (Canada) (“PwC”) has prepared or certified a report, valuation, statement or opinion described or included in a filing or referred to in a filing, made under NI51-102 during the fiscal year ended September 30, 2016 and PwC’s profession or business gives authority to the report, valuation, statement or opinion made by PwC. BSM’s financial statements for the fiscal years ended September 30, 2016 and 2015 were audited by PwC, independent auditors appointed by the BSM shareholders upon the recommendation of the Board. To the knowledge of the Board, PwC has advised BSM that it is independent of BSM in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario. Neither PwC, nor any partner, director or employee of PwC is, or is expected to be elected, appointed or employed a director, officer or employee of BSM or of any associate or affiliate of BSM. A copy of the FY2016 F/S, together with the auditors' report thereon, is available under the Company’s profile on SEDAR at www.sedar.com.

15 ADDITIONAL INFORMATION

Additional information about BSM, including directors' and officers' remuneration and indebtedness, principal holders of BSM securities, stock options to purchase securities and interests of insiders in material transactions (where applicable), and BSM's corporate governance approach and procedures, may be found in the 2016 Circular. Additional financial information can also be found in the FY2016 F/S, and in the related FY2016 MD&A.

BSM will provide, to any person, upon request to investor relations at 75 International Blvd., Suite 100, Toronto, Ontario, M9W 6L9; phone at (416) 675-1201; or fax at (416) 679-8992, any document that is incorporated by reference hereto, a copy of BSM's FY2016 F/S, together with notes thereto and the accompanying auditors' report thereon, BSM's related FY2016 MD&A, a copy of BSM's subsequent interim financial reports. If you are not a BSM Shareholder, BSM may require you to pay a reasonable charge for a copy of any of these documents.

Additional information about BSM, including copies of these documents may be found on BSM's website at www.bsmtechnologies.com and under the Company's profile on SEDAR at www.sedar.com.

16 AUDIT COMMITTEE

16.1 Audit Committee Mandate

BSM's audit committee (the "Audit Committee") is responsible for monitoring BSM's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of BSM's external auditors. The Audit Committee is also responsible for reviewing BSM's annual audited consolidated financial statements, unaudited interim consolidated financial statements and management's discussion and analysis of financial results of operations for both annual and interim consolidated financial statements and review of related operations prior to their approval by the full Board.

The Audit Committee has a charter that sets out its mandate and responsibilities. A copy of the charter is attached as Schedule A to this AIF.

16.2 Composition of the Audit Committee

The current members of the Audit Committee are Messrs. Sgro, Maw and Gutman. All members of the Audit Committee are independent directors in accordance with National Instrument 52-110 – *Audit Committees* ("NI 52-110") and are "financially literate" within the meaning of Section 1.6 of NI 52-110, as a result of their prior financial experience in a management capacity or as members of audit committees of public companies.

The Audit Committee held four meetings during the fiscal year ended September 30, 2016. The members of the Audit Committee and their attendance are set forth below:

<u>Name of Director</u>	<u>Independent/Financially Literate⁽¹⁾⁽²⁾</u>	<u>Meeting Attendance</u>
David D. Sgro ⁽³⁾	Yes	1/1
Frank Maw	Yes	3/4
Andrew Gutman ⁽⁴⁾	Yes	1/1
Pierre Bélanger ⁽⁵⁾	Yes	3/3
John Gildner ⁽⁶⁾	Yes	3/3

Notes:

(1) To be considered independent, a member of the Board must not have any direct or indirect "material relationship" with the Company. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a

member's independent judgment.

- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
- (3) Mr. Sgro became the Chair and a member of the Audit Committee on June 28, 2016.
- (4) Mr. Gutman became a member of the Audit Committee on June 28, 2016.
- (5) Mr. Bélanger resigned from the Board and the Audit Committee as of June 28, 2016
- (6) Mr. Gildner resigned from the Board and the Audit Committee as of June 28, 2016

16.3 Relevant Education and Experience

Set out below is a general description of the education and experience of each current Audit Committee member which is relevant to the performance of his or her responsibilities as an Audit Committee member, as set out in Form 52-110F1 – *Audit Committee Information Required in an AIF*. See “*Directors and Officers – Biographies of Directors and Officers*” for additional biographical details.

David D. Sgro

Mr. Sgro is a Chartered Financial Analyst (CFA) Charterholder and holds a Bachelor of Science in Finance from The College of New Jersey and an M.B.A. from Columbia Business School. Mr. Sgro has been a director, and is the chairman of the audit committee, of SAExploration Holdings, Inc., a provider of seismic data services to the oil and gas industries, since June 2013 and Pangaea Logistics Solutions Ltd., a provider of seaborne dry bulk transportation services to industrial customers, since October 2014. Mr. Sgro previously served as a director, and chairman of the audit committee, of ComDev International, a TSX listed designer and manufacturer of space hardware subsystems, from April 2013 to February 2016.

Frank Maw

Mr. Maw acquired significant financial experience and exposure to accounting and financial issues while serving in a variety of different executive capacities, including past President of Motorola Canada Limited and President of the original Paging Services Council of Canada, in addition to being a graduate of the University of Western Ontario.

Andrew Gutman

Mr. Gutman acquired significant financial experience and exposure to accounting and financial issues while being active in private equity and venture capital capacities for over 10 years, as well as 15 years of experience in managing and advising profitable, growth and acquisition oriented software companies. Mr. Gutman was also the past Chief Executive Officer of Speedware Corporation.

16.4 Reliance on Certain Exemptions

Since June 28, 2016, BSM has relied on the exemption set forth in Section 3.3(2) of NI52-110. Pursuant to Section 1.4 of NI 52-110, Mr. Gutman is deemed to have a material relationship with the Company by virtue of his role as Chief Executive Officer of Webtech prior to the Arrangement. The Board determined that, in its reasonable judgment, Mr. Gutman is able to exercise the impartial judgment necessary to fulfill his responsibilities as an Audit Committee member and his appointment to the Audit Committee is in the best interests of the Company. Mr. Gutman will no longer be deemed to have a material relationship with the Company as of September 30, 2018.

Other than as noted above, BSM did not rely on any other exemptions contained in NI 52-110 since the commencement of the most recently completed financial year.

16.5 Audit Committee Oversight

The Board accepted all recommendations of the Audit Committee since the commencement of the most recently completed fiscal year regarding the recommendation to nominate or compensate an external auditor.

16.6 Pre-Approval Policies and Procedures

The Audit Committee's charter sets out responsibilities regarding the provision of non-audit services by BSM's external auditor. The Audit Committee has responsibility for overseeing the pre-approval of all non-audit services to be provided to BSM or its Subsidiaries by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

16.7 External Auditor Service Fees

PwC was first appointed as the auditor of BSM effective October 14, 2011.

PwC provides professional services for audits relating to statutory and regulatory requirements. In the past, the Board has negotiated with the auditors of BSM on an arm's-length basis in determining the fees to be paid to the auditors. Such fees have been based on the complexity of the matters in question and the time incurred by the auditors. The Board believes that the fees negotiated in the past with the auditors of BSM were reasonable and in the circumstances would be comparable to fees charged by other auditors providing similar services.

The following table sets forth the various services provided by PwC and their respective affiliates to BSM during each of BSM's last two fiscal years, together with the fees (exclusive of HST) billed during the year for such services:

Fee Type	Fiscal Year Ended September 30, 2016	Fiscal Year Ended September 30, 2015
	(\$)	(\$)
Audit Fees⁽¹⁾	220,500	236,250
Audit Related Fees⁽²⁾	63,875	16,800
Tax Fees⁽³⁾	52,296	34,270
All Other Fees⁽⁴⁾	59,952	21,000

Notes:

- (1) Audit Fees consist of fees paid or accrued for the annual audit of BSM's financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements. They also include fees billed for other audit services, which are those services that only the external auditor reasonably can provide, and include the provision of comfort letters and consents, the consultation concerning financial accounting and reporting of specific issues and the review of documents filed with regulatory authorities.
- (2) Audit Related Fees consist of fees paid or accrued for assurance and related services that are reasonably related to the performance of the audit or review of BSM's financial statements or that are traditionally performed by the external auditor, and include consultations concerning financial accounting and reporting standards; review of security controls and operational effectiveness of systems; due diligence related to acquisitions; and employee benefit plan audits.
- (3) Tax Fees include fees paid or accrued for tax compliance services, including the preparation of original and amended tax returns and claims for refund; tax consultations, such as assistance and representation in connection with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from taxing authorities; tax planning services; and consultation and planning services.
- (4) All Other fees include fees for products and services other than the services reported in Audit Fees, Audit Related Fees and Tax Fees. Other fees include fees paid in connection with: (i) the Arrangement; and (ii) an operational IT security audit.

The Audit Committee has considered whether the provisions of the above-captioned services is compatible with maintaining the auditors' independence and has determined that such services were fully compatible with the maintenance of their independence.

SCHEDULE A

AUDIT COMMITTEE CHARTER

A. Overview and Mandate

The Audit Committee (the “Audit Committee”) is a committee of the Board of Directors (the “Board”) of BSM Technologies Inc. (the “Company”). The purpose of the Audit Committee is to assist the Board in fulfilling its statutory responsibilities and the Audit Committee shall review the quarterly and annual consolidated financial statements of the Company and shall report thereon to the Board before such quarterly and annual consolidated financial statements are approved by the Board, and shall oversee the accounting and financial reporting processes of the Company and the reviews and audits of the financial statements of the Company. The Audit Committee also shall perform the duties as described under "Duties and Responsibilities" below.

The Audit Committee shall be directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged (including for the resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company (the “auditor”), and each auditor must report directly to the Audit Committee.

It is recognized that the Audit Committee will be acting only within the terms of reference set out herein and it is not intended that the Audit Committee shall usurp any of the powers or responsibilities of the Board as set out in the *Business Corporations Act* (Ontario) and/or the By-laws of the Company.

The Audit Committee may engage independent counsel or other advisors as it determines necessary to carry out its duties.

The Company shall provide for appropriate funding, as determined by the Audit Committee in its capacity as a committee of the Board, for payment of:

- a. compensation to any auditor;
- b. compensation to any independent counsel or adviser employed by the Audit Committee pursuant to this charter; and
- c. ordinary administrative expenses of the Audit Committee that are necessary or appropriate in respect of the performance by the Audit Committee of its duties.

B. Membership and Attendance at Meetings

1. The members of the Audit Committee shall consist of not fewer than three (3) members each of whom shall be a director of the Company.
2. Each member of the Audit Committee shall have no direct or indirect relationship with the Company which, in the view of the Board, could reasonably interfere with the exercise of the member’s independent judgment. Each member shall otherwise satisfy the independence requirements applicable to members of audit committees under National Instrument 52-110 – *Audit Committees* of certain of the Canadian Securities Administrators and the requirements of

any other applicable legislation or stock exchange rules, subject to any exemptions or relief that may be granted from such requirements.

3. Each member of the Audit Committee shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.
4. The Chair of the Audit Committee shall be appointed by the Board and shall be responsible for the overall operation of the Audit Committee.
5. Members shall serve one-year terms and may serve consecutive terms.
6. The auditor of the Company is entitled to receive notice of every meeting of the Audit Committee in which a matter related to the audit of the financial statements of the Company is to be discussed, and shall be entitled to attend such meetings, subject to a determination by the Audit Committee to exclude them from all or any part of the meeting to the extent permitted under applicable law.
7. In its discharge of its responsibilities and duties set out herein, the Audit Committee shall have free and unrestricted access at all times, either directly or through its duly appointed representatives, to the relevant accounting books, records and systems of the Company and shall discuss with the officers of the Company such books, records, systems and other matters considered appropriate.
8. No member of the Audit Committee may serve on the audit committees of more than three other public companies at the same time as being a member of the Company's Audit Committee, unless the Board has determined that such simultaneous service would not impair the ability of such member to effectively serve on the Company's Audit Committee.

C. Duties and Responsibilities

The Audit Committee shall fulfil the following duties arising from its mandate set out above:

1. Review and assess the adequacy of this charter on an annual basis, or more often if deemed appropriate.
2. Review and approve the annual consolidated financial statements of the Company and the notes thereto following the examination thereof by the auditor and prior to their approval by the Board and report to the Board thereon.
3. Review and approve the quarterly financial statements, notes thereto and quarterly management discussion and analysis (MD&A) and related press releases of the Company prior to their approval by the Board and report to the Board thereon.
4. Review and approve the annual MD&A, and other public disclosure documents and related press releases, including any prospectus prior to their approval by the Board and report to the Board thereon.
5. Review, and approve, the planned scope of the examination of the annual and quarterly consolidated financial statements and all related audit activities by the auditor of the Company, including expected related audit fees.

6. Review the disclosure in the annual information form.
7. Review the accounting principles and practices to be applied and followed by the Company during the fiscal year and any significant changes from those applied and followed during the previous year.
8. Review the adequacy of the systems of internal accounting and audit policies, practices and controls established by the Company, and discuss with the auditor the results of its reviews and reports.
9. Review all litigation and claims involving or against the Company which could materially adversely affect its financial position and which the auditor or any officer of the Company may refer to the Audit Committee.
10. Ensure the auditor's ultimate accountability to the Board and the Audit Committee as representatives of the shareholders and as such representatives, to evaluate the performance of the auditor and review and report to the directors regarding the nomination and the remuneration and other material terms of the engagement of the auditor, and the performance by the auditor thereunder, and to recommend to the shareholders the reappointment or replacement of the auditor.
11. Ensure that the auditor submits on a periodic basis to the Audit Committee, a formal written statement delineating all relationships between the auditor and the Company, consistent with Canadian auditor independence standards, and to review such statement and to actively engage in a dialogue with the auditor with respect to any disclosed or undisclosed relationships or services that may impact on the objectivity and independence of the auditor, and to review the statement and the dialogue with the Board of Directors and recommend to the Board of Directors appropriate action to ensure the independence of the auditor.
12. Provide a line of communication between the auditor and the Board, and communicate directly with the auditor and with any internal auditor of the Company.
13. Meet with the auditor at least once per year without management present to allow a candid discussion regarding any concerns the auditor may have and to resolve any disagreements between the auditor and management regarding the Company's financial reporting.
14. Review and pre-approve non-audit services provided by the auditor; provided that the pre-approval of non-audit services is satisfied if:
 - a) the aggregate amount of all of the non-audit services that were not pre-approved are reasonably expected to constitute no more than five percent of the total amount of fees paid by the Company and its subsidiaries to the independent auditor during fiscal year in which the services are provided;
 - b) the Company or a subsidiary did not recognize services as non-audit services at the time of the engagement; and
 - c) the services are promptly brought to the attention of the Audit Committee and approved, prior to completion of the audit, by the Audit Committee or by one or more of its members to whom authority to grant such approvals has been delegated by the Audit Committee.

15. Review and approve hiring policies regarding partners, employees, and former partners and employees of the present and former external auditors of the Company.
16. Approve the Company's Disclosure Policy and review and assess the adequacy of the policy on an annual basis, or more often if deemed appropriate.
17. Review and approve all "related party" transactions, as defined by the rules of the applicable regulatory authorities.
18. Review the status of taxation matters of the Company and its major subsidiaries.
19. Review the short term investment strategies respecting the cash balance of the Company.
20. Review the hedging strategies of the Company.
21. Review the adequacy of all insurance policies maintained by the Company.
22. Establish procedures for:
 - a. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - b. the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
23. Review regular reports from management and others with respect to the Company's compliance with laws and regulations having a material impact on the financial statements of the Company.
24. Review annually the Company's reserves with respect to environmental, health and safety matters.
25. Conduct or undertake such other duties as may be required from time to time by any applicable regulatory authorities, including the Toronto Stock Exchange or any other stock exchange.
26. At least annually, undertake a self-assessment of the Audit Committee's performance of its duties.

D. Meetings

1. The Audit Committee shall meet at least four times annually, or more frequently as circumstances require. The Audit Committee shall meet: (i) within 45 days following the end of each of the first three fiscal quarters to review and discuss the unaudited financial results for the preceding quarter, earnings release, and the related MD&A; and (ii) within 90 days following the end of the fiscal year end to review and discuss the audited financial results for the fiscal year, the earnings press release, and the related MD&A prior to their publishing.
2. Audit Committee meetings may be called by the Chair of the Audit Committee or by a majority of the Audit Committee members. Notwithstanding such procedures, a meeting of the Audit Committee may also be called by the external auditor.
3. The Chair of the Audit Committee (or his or her designate) will prepare an agenda in advance of each meeting, in consultation with management, other committee members, and where appropriate the external auditor and the internal audit function. The agenda and supporting

materials will be circulated to the members in advance of the meeting to allow members an appropriate period of time to prepare for the meeting.

4. A quorum for the transaction of business at any meeting of the Audit Committee is a majority of appointed members.
5. At any meeting of the Audit Committee, questions will be decided by a majority of the votes cast by members present, except where only two members are present, in which case any question must be decided unanimously.
6. The Audit Committee may invite to a meeting any officers or employees of the Company, legal counsel, advisors and other persons whose attendance it considers necessary or desirable in order to carry out its responsibilities.
7. Meetings may be held in person, by teleconference, or through the use of any telecommunication device that permits all persons participating in the meeting to communicate with each other.
8. A written resolution signed by all Audit Committee members entitled to vote on that resolution at a meeting of the Audit Committee is as valid as one passed at an Audit Committee meeting.
9. The Corporate Secretary will ensure that minutes of the proceedings of all meetings of the Audit Committee are maintained and available to the Board when requested.

E. Reporting

The Audit Committee shall report on its review of the quarterly consolidated financial statements and annual audited consolidated financial statements of the Company to the Board prior to the approval of financial statements by the Board. In addition, the Chair of the Audit Committee shall, when deemed necessary or when requested by the Chair of the Board, report to the Board from time to time on the activities of the Audit Committee.