Condensed Interim Consolidated Financial Statements (Unaudited) of

BSM TECHNOLOGIES INC.

Three months ended December 31, 2017 and 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, Subsection 4.3(3)(a), if an auditor has not performed a review of interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited consolidated financial statements of BSM Technologies Inc. have been prepared by and are the responsibility of BSM Technologies Inc.'s management. BSM Technologies Inc.'s independent auditor has not performed a review of these interim consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim consolidated financial statements by an entity's auditor.

BSM TECHNOLOGIES INC.

Table of Contents

Three months ended December 31, 2017 and 2016

	Page
Interim Consolidated Statement of Financial Position – (Unaudited)	1
Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) – (Unaudited)	2
Interim Consolidated Statements of Changes in Shareholders' Equity – (Unaudited)	3
Interim Consolidated Statements of Cash Flows – (Unaudited)	4
Notes to the Condensed Interim Consolidated Financial Statements – (Unaudited)	5

BSM TECHNOLOGIES INC.

Interim Consolidated Statement of Financial Position – (Unaudited)

In 000s of Canadian Dollars

	Note	As at December 31, 2017	As at September 30, 2017
Assets			
Current assets:			
Cash and cash equivalents		**$ 6,731**	$ 8,708
Accounts receivable		**12,876**	13,995
Current portion of investment in finance leases		**1,470**	1,464
Inventories		**5,192**	4,886
Prepaid expenses and other assets		**1,639**	1,326
Total current assets		**27,908**	30,379
Property and equipment	*5*	**1,853**	1,701
Long-term investment in finance leases		**1,101**	1,232
Intangible assets	*5*	**28,557**	30,421
Deferred tax asset		**21,236**	21,346
Goodwill	*11*	**27,439**	27,361
Total assets		**$ 108,094**	$ 112,440
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable		**$ 2,504**	$ 2,948
Accrued liabilities		**3,820**	3,922
Current portion of provisions	*7*	**1,510**	1,327
Current portion of finance lease obligation		**209**	173
Current portion of contingent consideration	*10*	**2,450**	8,320
Deferred revenue		**4,203**	5,431
Share repurchase commitment	*4*	**983**	1,357
Total current liabilities		**15,679**	23,478
Long-term debt	*6*	**5,277**	-
Finance lease obligation		**258**	166
Contingent consideration	*10*	**203**	202
Shareholders' equity:			
Common shares	*4*	**84,362**	83,932
Contributed surplus		**9,674**	9,763
Accumulated other comprehensive income		**(457)**	(435)
Deficit		**(6,902)**	(4,666)
Total shareholders' equity		**86,677**	88,594
Total liabilities and shareholders' equity		**$ 108,094**	$ 112,440

See accompanying notes to the condensed interim consolidated financial statements.

‘Andrew Gutman’ - Director *‘Aly Rahemtulla’* - Director

BSM TECHNOLOGIES INC.

Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) – (Unaudited)
In 000s of Canadian Dollars, except share and per share amounts

		Three months ended December 31	
	Note	**2017**	**2016**
Revenue	*9*	**$ 14,906**	$ 18,363
Cost of revenue	*9*	**5,952**	7,451
Gross profit	*9*	**8,954**	10,912
Other income:			
Interest income from finance leases		**63**	63
Expenses:			
General and administrative		**3,124**	3,863
Research and development		**3,750**	3,017
Sales and marketing		**3,493**	3,949
Acquisition, integration and restructuring expenses	*7*	**696**	335
Foreign exchange gain		**(136)**	(400)
Interest expense		**154**	494
Interest received		**(12)**	(10)
Total expenses		**11,069**	11,248
Net loss before taxes		**(2,052)**	(273)
Current tax expense	*12*	**63**	69
Deferred tax expense	*12*	**121**	123
Net loss for the period		**(2,236)**	(465)
Other comprehensive income (loss):			
Foreign exchange gain (loss) on foreign operations, net of tax		**(22)**	236
Total comprehensive loss for the period		**$ (2,258)**	$ (229)
Losses per share (in $'s)	*4*		
Basic		**$ (0.028)**	$ (0.006)
Diluted		**$ (0.028)**	$ (0.006)
Weighted average number of shares	*4*		
Basic		**80,902,835**	81,322,687
Diluted		**80,902,835**	82,022,925

See accompanying notes to the condensed interim consolidated financial statements.

BSM TECHNOLOGIES INC.

Interim Consolidated Statements of Changes in Shareholders' Equity – (Unaudited)

In 000s of Canadian Dollars

	Note	Common shares	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
Balance September 30, 2017		**$ 83,932**	**$ 9,763**	**$ (435)**	**$ (4,666)**	**$ 88,594**
Net change in share repurchase commitment	*4*	374	-	-	-	374
Common shares repurchased and cancelled	*4*	(546)	-	-	-	(546)
Share-based compensation expense	*4*	-	416	-	-	416
Options, RSUs or DSUs exercised	*4*	602	(505)	-	-	97
Net loss for the period		-	-	-	(2,236)	(2,236)
Foreign exchange loss on foreign operations, net of tax		-	-	(22)	-	(22)
Balance December 31, 2017		**$ 84,362**	**$ 9,674**	**$ (457)**	**$ (6,902)**	**$ 86,677**
Balance September 30, 2016		**$ 85,861**	**$ 7,946**	**$ 426**	**$ (464)**	**$ 93,769**
Share repurchase commitment	*4*	(689)	-	-	-	(689)
Share-based compensation expense	*4*	-	539	-	-	539
Options, RSUs, or DSUs exercised	*4*	20	(20)	-	-	-
Net loss for the period		-	-	-	(465)	(465)
Foreign exchange gain on foreign operations, net of tax		-	-	236	-	236
Balance December 31, 2016		**$ 85,192**	**$ 8,465**	**$ 662**	**$ (929)**	**$ 93,390**

See accompanying notes to the condensed interim consolidated financial statements.

BSM TECHNOLOGIES INC.

Interim Consolidated Statements of Cash Flows – (Unaudited)

In 000s of Canadian Dollars

		Three months ended December 31	
Cash provided by (used in):	***Note***	**2017**	**2016**
Operating activities:			
Net income (loss) for the period		**$ (2,236)**	$ (465)
Items not involving cash:			
Depreciation of property and equipment		**294**	240
Amortization of intangible assets		**2,041**	1,893
Amortization of financing costs		**14**	18
Non-cash foreign exchange gain included in net loss		**(252)**	(378)
Deferred tax recovery	*12*	**121**	123
Interest accrued on revolving credit facility	*6*	**71**	50
Accreted interest on contingent consideration	*10*	**40**	370
Share-based compensation expense	*4*	**416**	539
Change in non-cash operating working capital	*8*	**(943)**	(2,885)
Net cash provided by (used in) operating activities		**(434)**	(495)
Financing activities:			
Payment of contingent consideration	*10*	**(5,921)**	-
Drawdown of long-term debt	*6*	**5,199**	-
Finance lease payments		**(57)**	(61)
Options and warrants exercised	*4*	**97**	-
Common shares repurchased and cancelled	*4*	**(546)**	-
Net cash provided by (used in) financing activities		**(1,228)**	**(61)**
Investing activities:			
Acquisition of subsidiaries net of cash acquired		**-**	(7,727)
Investment in intangible assets	*5*	**(91)**	(131)
Purchase of property and equipment	*5*	**(249)**	(79)
Net cash provided by (used in) investing activities		**(340)**	(7,937)
Impact of foreign exchange currency revaluation on foreign denominated cash and cash equivalents		**25**	140
Net decrease in cash and cash equivalents during the period		**(1,977)**	(8,353)
Cash and cash equivalents, beginning of period		**8,708**	24,900
Cash and cash equivalents, end of period		**$ 6,731**	$ 16,547
Cash paid for interest expense		**$ 95**	$ -
Cash paid for income tax		**60**	-

See accompanying notes to the condensed interim consolidated financial statements.

1. General information

BSM Technologies Inc. and its subsidiaries (together "BSM" or the "Company") design and sell secure M2M applications to customers primarily in Canada and the USA. The address of its registered office is 75 International Blvd., Suite 100, Toronto, Ontario, Canada M9W 6L9. The Company is incorporated and domiciled in Canada. The Company is a public company whose shares trade under the symbol "GPS" on the Toronto Stock Exchange ("TSX").

These condensed interim consolidated financial statements were authorized for issue by the Company's Board of Directors on February 8, 2018.

2. Basis of presentation

These condensed interim consolidated financial statements for the three months ended December 31, 2017 and 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standard 34 ("IAS 34"), *Interim Financial Reporting*. The condensed interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2017, which have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB").

The condensed interim consolidated financial statements are presented in thousands of Canadian dollars.

3. Significant accounting policies

The accounting policies applied in these condensed interim consolidated financial statements are consistent with those disclosed in note 3 of the Company's annual consolidated financial statements for the year ended September 30, 2017. In preparing these condensed interim consolidated financial statements, the Company is required to make estimates and assumptions to determine the carrying amount of assets and liabilities reported. The significant areas requiring estimates and assumptions in determining the reported amounts relate to: the recoverable amount of goodwill; the valuation of contingent consideration classified as a liability; the valuation of assets and liabilities acquired in a business combination; the valuation of the Company's warranty obligation; and the recoverability of the Company's deferred tax asset recognized in the financial statements.

4. Share capital

a) Common shares:
   Authorized: Unlimited common shares (no par value)

	December 31, 2017		December 31, 2016	
	Number	**Amount**	Number	Amount
Issued and outstanding:				
Balance, beginning of period excluding shares to be issued subject to future performance	**80,944,910**	**$ 83,932**	81,319,954	$ 85,861
Shares issued for options exercised	**204,201**	**210**	25,147	20
Shares issued for RSUs vested	**322,759**	**392**	-	-
Shares repurchased and cancelled (i)	**(443,270)**	**(546)**	-	-

In 000s of Canadian Dollars

Net change in share repurchase commitment (i)	**-**	**374**	-	(689)
Balance, excluding shares to be issued subject to future performance	**81,028,600**	**$ 84,362**	81,345,101	$ 85,192
Shares issued in escrow:				
subject to Company's performance	**54,795**	**-**	54,795	-
subject to earn-out clause - JMM	**699,575**	**-**	699,575	-
subject to earn-out clause - Praxis	**500,000**	**-**	500,000	-
Balance of issued shares, end of period	**82,282,970**	**$ 84,362**	89,599,471	$ 85,192

(i) On December 20, 2017, the Company obtained approval for its intention to commence a normal course issuer bid (the "Bid"). Under the terms of the Bid, the Company may acquire up to 7,002,017 common shares from time to time in accordance with TSX procedures, representing approximately 10% of the total public float of common shares. The Bid commenced on December 27, 2017 and will conclude on December 26, 2018, or earlier if the number of common shares sought in the Bid have been purchased. Other than purchases made in compliance with the provisions of the block purchase exemption of the TSX, daily purchases under the Bid will be limited to a maximum of 36,399 common shares which represents 25% of the average daily trading volume on the TSX for the period from June 1, 2017 to November 30, 2017.

From time to time, the Company may make purchases under the Bid via an automatic securities repurchase plan (the "Plan") through which the timing for the purchase of common shares, the number of common shares purchased and the price payable for the common shares will be determined by the Company's broker, in its sole discretion. Such purchases are subject to a prescribed maximum price payable having regard to the price limitations and other terms of the Plan and the rules of the TSX. As at December 31, 2017, the Company had a Plan in place with its broker. Given the automatic nature of the Plan, the Company has recognized a share repurchase liability of $983 in the interim consolidated statement of financial position. The share repurchase liability has been recorded at the maximum purchase exposure under the Plan during the period of January 1, 2018 through February 9, 2018 which is the period the Company anticipates being prohibited from cancelling or making amendments to the Plan due to TSX “blackout” restrictions.

During the three months ended December 31, 2017, the Company repurchased and cancelled 443,270 common shares in accordance with the Bid or a previous normal course issuer bid (2016 – nil).

b) Preferred shares:
The Company authorized an unlimited number of first preferred shares and second preferred shares, all without par value. The terms allow the Company’s directors to issue shares in one or more series and to set the number and the conditions for each series. There were no first preferred shares or second preferred shares issued and outstanding as at December 31, 2017.

The first preferred shares of all series rank on a parity with each other and in priority to all other shares of the Company with respect to payment of dividends and with respect to distribution of assets in the event of liquidation, dissolution or winding up of BSM.

In 000s of Canadian Dollars

c) Stock options:

A summary of the Company's stock options for the three months ended December 31, 2017 and 2016 is presented below:

	December 31, 2017		December 31, 2016	
	Number of Options	**Weighted average exercise price**	Number of Options	Weighted average exercise price
Balance, beginning of period	**2,708,195**	**$ 1.36**	1,766,824	$ 1.41
Issued	**-**	**-**	1,250,000	1.27
Exercised	**(204,201)**	**0.47**	(42,720)	0.58
Cancelled	**(35,640)**	**1.46**	-	-
Forfeited	**(333,333)**	**1.27**	-	-
Expired	**-**	**-**	(21,019)	1.10
Balance, end of period	**2,135,021**	**$ 1.45**	2,953,085	$ 1.36

The following table summarizes information about stock options outstanding as at December 31, 2017:

Exercise price	Number Outstanding	Weighted average remaining contractual life (years)
$0.00 - $0.50	183,482	2.18
$0.51 - $1.00	219,372	2.16
$1.01 - $1.50	1,402,167	2.73
$1.51 - $2.00	-	-
$2.01 - $2.50	65,000	1.68
$2.51 - $3.00	-	-
$3.00 - $3.50	265,000	1.27
Balance, end of period	2,135,021	2.41

As at December 31, 2017, 1,462,749 stock options were exercisable (2016 – 1,610,739).

Share-based compensation expense for the vesting of stock options of $48 was recognized in the three months ended December 31, 2017 (2016 – $104).

d) Restricted share units ("RSUs") and Deferred share units ("DSUs"):

During the three months ended December 31, 2017, the Company granted 613,925 RSUs to employees pursuant to the Company's Restricted Share Unit Plan (2016 – 530,000). Each RSU represents the right for the holder to be issued one common share pursuant to vesting conditions over three years. The fair value of RSUs granted was $1.28 per RSU (2016 - $1.28 and $1.44 per RSU), which was the closing price of the Company's common shares on each the respective grant dates in the period. Share based compensation expense of $309 was recognized in the three months ended December 31, 2017 related to the vesting of RSUs (2016 – $215).

The following is a continuity of the Company's RSUs for the three months ended December 31, 2017:

	2017	2016
Balance, beginning of period	**2,660,653**	1,599,906

In 000s of Canadian Dollars

Issued	**613,925**	530,000
Settled in common shares	**(322,759)**	-
Cancelled	**-**	(5,000)
Forfeited	**(272,977)**	-
Balance, end of period	**2,678,842**	2,124,906

During the three months ended December 31, 2017, the Company granted 46,485 DSUs to directors of the Company pursuant to the Company's Deferred Share Unit Plan (2016 – 155,041). Each DSU represents the right for the holder to be issued one common share and vest upon grant; however, is not exchangeable for a common share until the holder ceases to be a director of the Company. The fair value of DSUs granted was $1.28 per DSU (2016 - $1.43 per DSU), which was the closing price on the date of grant. Share-based compensation expense of $59 was recognized in the three months ended December 31, 2017 related to the vesting of DSUs (2016 - $220).

The following is a continuity of the Company's DSUs for the three months ended December 31, 2017:

	2017	2016
Balance, beginning of period	**409,740**	137,500
Issued	**46,485**	155,041
Settled in common shares	**-**	-
Balance, end of period	**456,225**	292,541

e) Earnings per share:

The effects of any shares issued in escrow that are subject to performance conditions are not included in the calculation of the weighted average number of common shares outstanding on a diluted basis as they are not expected to have a dilutive impact on earnings per share. Shares released from escrow upon meeting contingent requirements are included in the calculation of basic weighted average number of shares outstanding. The calculation of the diluted weighted average number of common shares outstanding does not include stock options that are not expected to be exercised given their negative intrinsic value and includes vested DSUs which are exchangeable for common shares.

	Three months ended December 31	
	2017	2016
Weighted average number of shares – basic	**80,902,835**	81,322,687
Dilutive effect of stock options and DSUs	**-**	700,238
Weighted average number of shares – diluted	**80,902,835**	82,022,925

5. Capital assets and intangible assets

Capital asset and intangible asset additions for the three months ended December 31, 2017 amounted to $524 (2016 - $13,768 of which $13,558 was acquired in the Mobi acquisition). Of this amount, $433 was primarily to fund the purchase of servers and general computer equipment and $91 was to fund external consultant costs associated with the implementation of the Company’s enterprise resource planning and internal software systems.

In 000s of Canadian Dollars

6. Long-term debt

The Company's long-term debt balance is comprised of a $20 million revolving credit facility ("Revolver") with the Toronto-Dominion Bank. During the three months ended December 31, 2017 the Company incurred interest expense of $71 which was accrued to the outstanding balance on the Revolver (2016 - $50). The Company may draw on the Revolver in either US dollars or Canadian dollars and as at December 31, 2017, the Company had US$3,940 drawn against the Revolver (2016 – US$6,110).

The Revolver is secured by a first ranking security interest over all personal property of the Company. The Revolver also contains certain financial covenants including maximum debt leverage, minimum profitability ratios, and other non-financial covenants with which the Company is required to comply. The Company is in compliance with these covenants as at December 31, 2017. Expected covenant compliance is based on forward looking financial information. Changes in such information or actual performance may necessitate an amendment to the financial covenants or result in a requirement to repay a portion or all of the Company's indebtedness.

7. Provisions

During the three months ended December 31, 2017, the Company's provisions balance increased by $198 due to a net increase in the balance of unpaid restructuring costs. During the three month period ending December 31, 2017 the Company recognized $696 in restructuring expenses associated with termination and severance costs related to an employee restructuring completed in the quarter. During the three months ended December 31, 2017 the Company paid $498 to satisfy restructuring obligations which was recorded as a reduction in the restructuring provision. In addition to restructuring costs, the Company's provision for warranty costs was reduced by $15 which reflects the net decrease in the Company's warranty obligation during the three months ended December 31, 2017.

8. Change in non-cash operating working capital

	Three months ended December 31	
	2017	2016
Accounts receivable	**$ 1,191**	$ (1,538)
Net investment in finance leases (including long-term portion)	**135**	119
Inventories	**(297)**	348
Prepaid expenses and other assets	**(310)**	(323)
Accounts payable	**(462)**	(206)
Accrued liabilities	**(112)**	28
Provisions (including long-term portion)	**184**	48
Deferred revenue	**(1,272)**	(1,361)
Total	**$ (943)**	$ (1,534)

The change in non-cash operating working capital is the change in balance during the period, adjusted for balances acquired on acquisitions and for foreign exchange revaluation gains and losses. During the three months ended December 31, 2017, accounts receivable decreased by $1,191 which was attributable to net collection of outstanding balances in the period. During this period, deferred revenue decreased by $1,272 which was attributable to the recognition of revenue for services performed during the period for which cash had been received from customers prior to October 1, 2017.

In 000s of Canadian Dollars

9. Segmented information

The Company operates as one operating segment. Segmentation is based on internal reporting and organizational structure, taking into account the different risk and income structures of the key products of the Company. Within the segment, selected financial information is as follows:

(a) Revenue, cost of revenue and gross profit (loss) by category is as follows:

				Three months ended December 31, 2017
	Hardware revenue	**Recurring revenue**	**Services revenue**	**Total**
Revenue	**$ 2,785**	**$ 11,251**	**$ 870**	**$ 14,906**
Cost of revenue	**2,138**	**3,000**	**814**	**5,952**
Gross profit (loss)	**$ 647**	**$ 8,251**	**$ 56**	**$ 8,954**

				Three months ended December 31, 2016
	Hardware revenue	Recurring revenue	Services revenue	Total
Revenue	$ 5,547	$ 11,561	$ 1,255	$ 18,363
Cost of revenue	3,142	3,152	1,157	7,451
Gross profit	$ 2,405	$ 8,409	$ 98	$ 10,912

(b) Revenue by geography, based upon customer location, is as follows:

		Three months ending December 31
	2017	2016
Canada	**$ 6,233**	$ 5,594
United States	**8,469**	12,475
International	**204**	294
Total	**$ 14,906**	$ 18,363

(c) Non-current assets by geographic location is as follows:

		As at
	December 31, 2017	September 30, 2017
Canada	**$ 52,698**	$ 53,966
United States	**27,488**	28,095
Total	**$ 80,186**	$ 82,061

In 000s of Canadian Dollars

10. Contingent consideration

The Company has recognized contingent consideration classified as a liability within the consolidated statements of financial position. The liability is recorded as the fair value of future deferred consideration associated with companies acquired in prior periods. Fair value is determined based on management's estimate of the present value of the amounts expected to be paid subject to the contingent performance targets for each respective acquisition.

On October 16, 2017, the Company reached an agreement with the Mobi sellers where, among other things, the Company paid US$ 4.75 in lieu of any additional earn-out consideration the seller may have been entitled to under the Mobi purchase agreement. As a result of this agreement and payment, the contingent consideration liability associated with the Mobi acquisition was fully settled.

Re-measurement of the fair value of contingent consideration is performed by the Company at each financial reporting period. Key unobservable inputs comprise management's best estimate of the probability that acquired businesses will achieve specified financial targets in specified time frames following the respective acquisitions. The Company's determination of the estimated probability of the acquired business achieving the specified financial targets includes the review of a number of factors including: the acquired businesses performance and the implied growth rate relative to the earn-out targets; the current sales pipeline; the Company's current operating plan for the acquired business; and the time remaining for the sellers of the acquired business to earn the contingent payment. The estimated fair value of contingent consideration payable increases as the estimated probability associated with the financial targets increase and vice versa for decreases in fair value.

During the three months ended December 31, 2017, the Company did not make any revisions to its estimates of the probability of acquired businesses achieving the specified targets for the Company's remaining contingent consideration obligations.

The following table shows a reconciliation from the beginning balances to the ending balances for contingent consideration in the three months ending December 31, 2017.

Balance at September 30, 2017	**$ 8,522**
Cash payments	(5,921)
Accreted interest	40
Fair value adjustments	-
Foreign exchange impact	12
Balance at December 31, 2017	**$ 2,653**

11. Goodwill

The Company performs its impairment test for its sole CGU containing goodwill at each fiscal year end. The Company has not identified any goodwill impairments during the three months ended December 31, 2017. The Company's assessment could be impacted by a change in market factors or a change in management's estimate of forecasted financial performance. Reasonably possible changes in key estimates and assumptions would not cause the recoverable amount of goodwill to fall below the carrying amount.

The following is a summary of the Company's goodwill:

In 000s of Canadian Dollars

Balance at September 30, 2017	**$ 27,361**
Foreign exchange revaluation	78
Balance at December 31, 2017	**$ 27,439**

12. Income tax

Income tax expense is recognized based on management's estimate of the weighted average annual income tax rate expected for the full fiscal year. The estimated annual tax rate used for the three months ended December 31, 2017 is 24.7% (2016 – 26.4%). The tax rate used represents management's estimate of the weighted average tax rate expected to be applicable on taxable income in the period. Current tax expense was $63 and deferred tax expense was $121 for the three months ended December 31, 2017 (2016 – current tax expense of $69 and deferred tax expense of $123). The deferred tax expense of $121 in the three months ended December 31, 2017 includes a $615 deferred tax expense recognized from a decrease in the Company's US-based deferred tax assets for the impact of the US federal tax rate change from 34% to 21%, effective January 1, 2018. This deferred tax expense was offset by a deferred tax recovery of $494 generated from a taxable loss in the three months ended December 31, 2017.

13. Subsequent events

There are no subsequent events to disclose for the Company.

14. New Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for adoption for reporting periods beginning on October 1, 2017 and have not been early adopted by the Company. The Company has not yet assessed the impact of these new standards and amendments or whether these standards and amendments will be early adopted.

i. IFRS 9, Financial Instruments. In July 2014, the IASB issued the final version of IFRS 9, Financial Instruments, which reflects all phases of the financial instruments project and replaces IAS 39, Financial Instruments - Recognition and Measurement, and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement of financial assets, recognition and measurement for debt instruments, with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is evaluating the impact of this standard on its consolidated financial statements.

ii. IFRS 15, Revenue from Contracts with Customers. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers, which establishes a single comprehensive principles-based model of accounting for revenue arising from contracts with customers that an entity will apply to determine the measurement of revenue and the timing of when it is recognized. The standard also provides guidance on whether revenue should be recognized at a point in time or over time as well as requirements for more informative, relevant disclosures. This standard will replace IAS 18, Revenue, which covers contracts for goods and services and IAS 11, Construction Contracts, which covers revenue from construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards. The new standard will be effective for the fiscal year beginning on or after January 1, 2018 and earlier application is permitted. Adoption of the standard may have flow-on effects on adopting an entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures. The Company is evaluating the impact of this standard on its consolidated financial statements.

iii. IFRS 16, Leases. On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019 and earlier application is permitted. Under the new standard, all leases will be recorded on the balance sheet of lessees, except those that meet the limited exception criteria. As the Company has significant contractual obligations in the form of operating leases under the existing standards, there will be a material increase to both assets and liabilities upon adoption of the new standard, and changes to the timing of recognition of expenses associated with the lease arrangements, which could be material. The Company is evaluating the impact of this standard on its consolidated financial statements.

iv. IFRIC 23, Uncertainty over Income Tax Treatments. In June 2017, the IASB issued IFRIC 23, Uncertainty over Income Tax Treatments, with a mandatory effective date of January 1, 2019. The interpretations provide guidance on how to value uncertain income tax positions based on the probability of whether the relevant tax authorities will accept the Company's tax treatments. A company is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. IFRIC 23 is to be applied by recognizing the cumulative effect of initially applying these guidelines in opening retained earnings without adjusting comparative information. The Company is evaluating the impact of this standard on its consolidated financial statements.

v. IFRIC 22, Foreign Currency Transactions and Advance Consideration. In December 2016, the IASB issued IFRIC 22, Foreign Currency Transactions and Advance Consideration, with a mandatory effective date of January 1, 2018. The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. On initial application, a company may apply the interpretation either retrospectively or prospectively. The Company is evaluating the impact of this standard on its consolidated financial statements.