Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine-month periods ended July 31, 2015

blacklinesafety

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 the condensed consolidated 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 condensed consolidated interim financial statements of Blackline GPS Corp. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

BLACKLINE SAFETY CORP.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited)

	July 31, 2015 $	October 31, 2014 $
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	6,616,513	3,319,065
Short term investments (note 4)	-	500,000
Accounts receivable (note 5)	1,560,766	2,301,168
Inventory (note 6)	1,286,771	1,067,377
Prepaid expenses	448,279	417,325
Total current assets	9,912,329	7,604,935
NON-CURRENT ASSETS		
Long term accounts receivable	17,280	59,426
Property, plant and equipment	636,071	627,525
Intangible Assets	311,747	124,278
TOTAL ASSETS	10,877,427	8,416,164
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	1,388,365	1,308,078
Bank indebtedness	200,000	800,000
Deferred revenue	2,419,946	2,209,214
Current portion of long term debt	120,000	300,000
Current portion of deferred lease incentives	43,200	43,200
Obligation under finance lease	-	1,514
Total current liabilities	4,171,511	4,662,006
NON-CURRENT LIABILITIES		
Deferred revenue	618,320	466,616
Long term debt	83,333	-
Deferred lease incentives	172,381	154,800
Total non-current liabilities	874,034	621,416
TOTAL LIABILITIES	5,045,545	5,283,422
SHAREHOLDERS' EQUITY		
Share capital (note 7)	26,233,277	19,402,280
Contributed surplus (note 8)	6,669,645	7,752,920
Accumulated other comprehensive loss	(69,058)	-
Deficit	(27,001,982)	(24,022,458)
Total shareholders' equity	5,831,882	3,132,742
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	10,877,427	8,416,164

Going concern (note 2)

See accompanying notes to financial statements

BLACKLINE SAFETY CORP.
CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
(Unaudited)

	Three-month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Sales	1,723,951	760,508	5,014,615	2,134,556
Cost of sales	985,149	373,697	2,721,478	1,103,557
	738,802	386,811	2,293,137	1,030,999
Expenses				
Selling, general and administrative	1,376,441	1,054,726	3,508,665	2,952,601
Product Development	834,360	607,152	1,781,986	1,590,037
	2,210,801	1,661,878	5,290,651	4,542,638
Results from operating activities	(1,471,999)	(1,275,067)	(2,997,514)	(3,511,639)
Interest income	(13,698)	(12,818)	(17,990)	(36,767)
Net loss	(1,458,301)	(1,262,249)	(2,979,524)	(3,474,872)
Other comprehensive loss				
Item that may be reclassified subsequently to net loss:				
Foreign exchange loss on foreign operations	(58,504)	-	(69,058)	-
Loss and total comprehensive loss for the period	(1,516,805)	(1,262,249)	(3,048,582)	(3,474,872)
Loss per common share:				
Basic and diluted	(0.06)	(0.06)	(0.13)	(0.17)
Weighted average shares outstanding				
Basic and diluted	24,086,738	20,689,038	22,374,550	20,492,494

Going concern (note 2)

See accompanying notes to financial statements

BLACKLINE SAFETY CORP.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Equity
		$	$	$	$	$
Balance at October 31, 2013	17,593,848	16,789,548	6,321,654	-	(19,478,777)	3,632,425
Net loss	-	-	-	-	(3,474,872)	(3,474,872)
Exercising of options	3,667	6,432	(1,283)	-	-	5,149
Exercising of warrants	160,000	197,722	2,278	-	-	200,000
Stock-based compensation	39,242	55,297	301,377	-	-	356,674
Private Placement	3,043,648	2,358,235	1,407,289	-	-	3,765,524
Share issuance costs	-	(349,404)	(169,196)	-	-	(518,600)
Balance at July 31, 2014	20,840,405	19,057,830	7,862,119	-	(22,953,649)	3,966,300
Net loss	-	-	-	-	(1,068,809)	(1,068,809)
Exercising of options	92,583	320,914	(138,298)	-	-	182,616
Exercising of warrants	-	-	-	-	-	-
Stock-based compensation	8,707	23,536	29,099	-	-	52,635
Balance at October 31, 2014	20,941,695	19,402,280	7,752,920	-	(24,022,458)	3,132,742
Net loss	-	-	-	-	(2,979,524)	(2,979,524)
Foreign exchange translation of foreign operations	-	-	-	(69,058)	-	(69,058)
Exercising of options	22,916	46,997	(15,354)	-	-	31,643
Exercising of warrants	3,490,434	6,698,947	(1,508,948)	-	-	5,189,999
Stock-based compensation	37,398	85,053	441,027	-	-	526,080
Balance at July 31, 2015	24,492,443	26,233,277	6,669,645	(69,058)	(27,001,982)	5,831,882

Going concern (note 2)

See accompanying notes to financial statements

BLACKLINE SAFETY CORP.
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

	Three-month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Cash provided by (used in)				
OPERATING ACTIVITIES				
Net and comprehensive loss	(1,458,301)	(1,262,249)	(2,979,524)	(3,474,872)
Amortization	81,124	52,116	239,021	149,514
Stock based compensation	451,201	57,467	526,080	356,674
	(925,976)	(1,152,666)	(2,214,423)	(2,968,684)
Change in non-cash working capital (note 12)	(47,949)	(127,429)	992,504	19,717
	(973,925)	(1,280,095)	(1,221,919)	(2,948,967)
FINANCING ACTIVITIES				
Issue of share capital and warrants	602,553	206,432	5,221,642	3,706,628
Share issuance costs	-	-	-	(253,272)
Bank Indebtedness	(400,000)	300,000	(600,000)	300,000
Increase (decrease) in long term debt	23,333	-	(96,667)	50,000
Repayments of obligations under capital leases	(233)	(610)	(1,513)	(1,793)
	225,653	505,822	4,523,462	3,801,563
INVESTING ACTIVITIES				
Purchase of short term investments	-	-	-	(500,000)
Redemption of short term investments	-	300,000	500,000	800,000
Purchase of property, plant and equipment	(126,112)	(63,955)	(433,770)	(107,672)
	(126,112)	236,045	66,230	192,328
Effect of exchange rate changes on cash and cash equivalents	(59,771)	-	(70,325)	-
Increase (decrease) in cash and cash equivalents	(934,155)	(538,228)	3,297,448	1,044,924
Cash and cash equivalents, beginning of period	7,550,668	3,830,509	3,319,065	2,247,357
Cash and cash equivalents, end of period	6,616,513	3,292,281	6,616,513	3,292,281

Going concern (note 2)

See accompanying notes to financial statements

1. Nature of operations

Blackline GPS Corp (The "Company") is a public Canadian Corporation listed on the TSX Venture Exchange (TSXV) under the ticker symbol "BLN". The Company designs, manufactures and sells products and services that combine wireless technology and GPS to protect people and property and provide geographic connectivity.

The Company's principle business office is Unit 101, 1215 13th Street SE, Calgary, AB, T2G 3J4 and the Company's registered office is Suite 2400, 525-8th Ave SW, Calgary, AB, T2P 1G1.

In April 2014 the Company opened a wholly owned subsidiary in the United Kingdom: Blackline GPS Europe Ltd ("Blackline EUR"). These condensed consolidated interim financial statements as at and for the three month and nine-month periods ended July 31, 2015 comprises the Company and Blackline EUR and unless otherwise indicated the term "Company" refers to both the Company and its wholly owned subsidiary.

2. Going concern

The condensed consolidated interim financial statements of the Company have been prepared in accordance with International Financial Reporting Standards on a going concern basis. This assumes that the Company will be able to realize on its assets and discharge its liabilities in the normal course of operations.

The Company has incurred several years of losses and negative cash flows from operations, largely as a result of investment in new products and the development of sales and production channels. Historically, the Company has financed its operations and investments through the use of funds obtained from share issuances. Although the Company has received financing sufficient for the next twelve months and the foreseeable future, these circumstances lend significant doubt as to the ability of the Company to continue as a going concern and the appropriateness of the use of accounting principles applicable to a going concern. The Company's continuation as a going concern is dependent upon, amongst other things, attaining and maintaining a satisfactory level of revenue and future profitable operations. There is no assurance as to when the Company will be successful in generating satisfactory revenue or attaining profitability since these matters are dependent on some factors outside of the Company's control. Management will continue to attempt to mitigate the impact of these items.

The condensed consolidated interim financial statements do not reflect any adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenue and expenses and the consolidated statements of financial position classification used if the Company was unable to continue operations in accordance with this assumption. These adjustments could be material.

3. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company's condensed consolidated interim financial statements are presented in Canadian dollars, the Company's functional currency, and have been prepared on the historical cost basis. An entity is consolidated if, based on an evaluation of the substance of its relationship with the

Company and the entity's risks and rewards in accordance with IFRS 10, the Company concludes that it controls the entity.

These condensed consolidated interim financial statements have been prepared using the same accounting policies and methods of computation as the financial statements for the year ended October 31, 2014 and do not contain all the disclosures required for annual financial statements. Accordingly, they should be read in conjunction with the annual financial statements and the notes thereto for the year ended October 31, 2014 which were filed on SEDAR on January 14, 2015.

4. Short term investments

	July 31, 2015	October 31, 2014
	$	$
Guaranteed investment certificates, 2.0%, maturing in March 2015	-	500,000
	-	500,000

5. Accounts receivable

	July 31, 2015	October 31, 2014
	$	$
Trade accounts receivable	1,572,803	2,376,081
Less: Allowance for doubtful accounts	(17,251)	(23,259)
Trade receivables - net	1,555,552	2,352,822
Other receivables	22,494	7,772
Net receivables	1,578,046	2,360,594
Current receivables	1,560,766	2,301,168
Long term portion of trade receivables	17,280	59,426

6. Inventory

	July 31, 2015	October 31, 2014
	$	$
Parts	1,106,917	883,566
Finished goods	179,854	183,811
	1,286,771	1,067,377

For the quarter ended July 31, 2015 there were write-downs of parts inventory of $53,313 (2014: $0). There were no reversals of previously written-down amounts (2014: $0).

7. Share capital

a) Authorized

An unlimited number of common voting shares without nominal or par value. An unlimited number of preferred shares without nominal or par value.

b) Issued

	Number of shares	Amount $
Common Shares		
Balance October 31, 2013	17,593,848	16,789,548
Issued for cash - private placement	3,043,648	2,358,235
Share issue costs	-	(349,404)
Warrants exercised	160,000	197,722
Options exercised	3,667	6,432
Issued through ESOP	39,242	55,297
Balance July 31, 2014	20,840,405	19,057,830
Warrants exercised	-	-
Options exercised	92,583	320,914
Issued through ESOP	8,707	23,536
Balance October 31, 2014	20,941,695	19,402,280
Warrants exercised	3,490,434	6,698,947
Options exercised	22,916	46,997
Issued through ESOP	37,398	85,053
Balance July 31, 2015	24,492,443	26,233,277

	Number of Warrants	Weighted Average Exercise Price $
Warrants		
Balance October 31, 2013	3,360,000	1.49
Issued for private placement	3,043,648	1.40
Broker warrants	304,364	1.15
Balance July 31, 2014	6,708,012	1.43
Broker warrants exercised	(160,000)	1.25
Warrants issued on exercising broker warrants	160,000	1.50
Balance October 31, 2014	6,708,012	1.44
Warrants exercised	(3,360,000)	1.50
Broker warrants exercised	(130,434)	1.15
Warrants issued on exercising broker warrants	130,434	1.40
Balance July 31, 2015	3,348,012	1.39

On February 12, 2014, the Company completed a financing of 3,043,648 units at a price of $1.15 per unit for aggregate gross proceeds of $3,500,195. Each unit comprised one common share of the Company and one common share purchase warrant, exercisable for a period of forty eight months at an exercise price of $1.40 per warrant. In addition to the warrants that were attached to the units, there were 304,364 finder warrants issued with an exercise price of $1.15 per warrant, exercisable for two years. Share issuance costs were $349,404, including $178,764 representing the estimated fair value of the broker warrants. The gross proceeds of $3,500,195 were apportioned between share capital ($2,358,235) and contributed surplus ($1,141,960) based on the relative fair value of the shares and warrants issued in the offering.

On July 31, 2012, the Company completed a financing of 3,200,000 units at a price of $1.25 per unit for aggregate gross proceeds of $4,000,000. Each unit comprised one common share of the Company and one common share purchase warrant, exercisable for a period of thirty six months at an exercise price of $1.50 per warrant. In addition to the warrants that were attached to the units, there were 160,000 broker warrants issued with an exercise price of $1.25 per warrant, exercisable for two years. Share issuance costs were $157,158, including $66,785 representing the estimated fair value of the broker warrants. The gross proceeds of $4,000,000 were apportioned between share capital ($2,528,000) and contributed surplus ($1,472,000) based on the relative fair value of the shares and warrants issued in the offering.

c) Per share amounts

The effects of potentially dilutive instruments such as stock options and warrants on loss per share are anti-dilutive and therefore have been excluded from the calculation of diluted loss per share.

8. Contributed surplus and share-based compensation

Stock options

The Company has established a stock-based compensation plan whereby officers, directors and employees may be granted options or performance warrants to purchase one common share for each option or performance warrant granted, at a fixed price not less than the fair market value of the stock at the time of grant, subject to certain conditions being met. Stock options granted under this plan vest over an immediate to three year period at a consistent rate on each anniversary date of the stock option grant. All stock options granted are for a five year term. The Company uses the Black-Scholes binomial model and a forfeiture rate of 32%, based on historical data, to calculate the stock based compensation expense.

Stock option activity related to the plan was as follows:

	Number of Options	Weighted Average Exercise Price $
Balance October 31, 2013	1,245,500	1.57
Options granted during the period	603,500	1.34
Options forfeited during period	(34,000)	1.36
Options exercised during the period	(3,667)	1.75
Options expired during the period	(235,000)	2.00
Balance July 31, 2014	1,576,333	1.42
Options granted during the period	20,000	2.27
Options exercised during the period	(92,583)	1.95
Options expired during the period	(10,500)	2.00
Balance October 31, 2014	1,493,250	1.43
Options granted during the period	599,000	1.82
Options forfeited during period	(26,417)	1.74
Options exercised during the period	(22,916)	1.38
Balance July 31, 2015	2,042,917	1.52

9. Expenses by nature

	Three-month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Wages and employee benefits	1,754,269	1,074,707	4,141,944	3,064,128
Corporate	478,392	365,249	1,360,693	1,009,742
Services and materials	970,945	503,808	2,359,891	1,399,523
Royalties	6,444	5,485	15,884	8,974
Amortization	81,124	52,116	239,021	149,514
Foreign exchange loss / (gain)	(95,224)	34,210	(105,304)	14,314
Total operating expenses	3,195,950	2,035,575	8,012,129	5,646,195

Wages and employee benefits

	Three- month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Salaries and employment benefits	1,303,068	1,017,060	3,615,864	2,707,454
Stock Based Compensation	451,201	57,647	526,080	356,674
Total	1,754,269	1,074,707	4,141,944	3,064,128

10. Segmented information

The Company had two operating entities falling under one reportable segment in the three and nine-month periods ended July 31 2014 and 2013 for which no customers accounted for 10% or more of sales.

Geographic information related to the segment is as follows:

	Sales		Sales	
	Three-month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Canada	1,010,173	419,546	2,858,665	1,000,153
United States	544,067	297,446	1,782,885	1,080,690
Europe	169,711	43,516	373,065	53,713
Total	1,723,951	760,508	5,014,615	2,134,556

All property, plant and equipment and intangible assets are located in Canada with the exception of $13,975 of net assets acquired by Blackline EUR in the United Kingdom for use in its offices.

11. Financial instruments and risk management

The Company’s financial assets and liabilities are comprised of cash and cash equivalents, short term investments, accounts receivable, accounts payable and accrued liabilities and obligations under capital lease.

a) Fair value of financial assets and liabilities

The fair values of cash and cash equivalents, short term investments, accounts receivable, accounts payable, bank indebtedness, and accrued liabilities approximate their carrying amounts due to the short-term maturity of those instruments. The fair value of the obligations under capital lease approximates their carrying amounts due to the stability of interest rates.

b) Risks associated with financial assets and liabilities

The Company is exposed to financial risks arising from normal course business operations. The financial risks include liquidity risk, market risk relating to foreign exchange rates and interest rates and credit risk.

i) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk by keeping cash in accounts of highly liquid securities of highly rated Canadian banks. The Company forecasts its cash requirements on a regular basis and seeks additional financing based on those forecasts. Since inception, the Company has financed its cash requirements primarily through issuances of securities, debt and the generation of product and service sales.

All of the Company's financial liabilities are current obligations due within the subsequent 12 months with the exception of the long term debt.

The Company's financial condition is discussed further in note 2.

ii) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate as a result of changes in market prices and is comprised of the following:

- *Foreign Exchange Risk*
  The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Accordingly, fluctuations in the exchange rate between the U.S. and Canadian dollar will have an effect on the Company's reported results.

  The Company's foreign exchange gain/loss is primarily comprised of fluctuations in exchange rates on U.S. dollar transactions between the date a receivable or payable is recorded and the date it is received or paid. A $0.01 per dollar appreciation in the U.S. to Canadian dollar exchange rate would have had an immaterial effect on income for the three and nine-month periods ended July 31, 2015 and the year ended October 31, 2014.

  The Company's policy with respect to foreign currency risk management, as approved by the Board of Directors, is to obtain natural hedges of revenue and expenses to the extent possible. The Company does not speculate in foreign currency and remains at risk to the market where natural hedges are not in place.

- *Interest Rate Risk*
  Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate risk as the cash flows generated from its cash equivalents will fluctuate in response to changes in market interest rates. The cash and cash equivalents are comprised of cash and highly liquid short term deposits with a Canadian bank. A one percent change in interest rates would have had an immaterial effect on income for the three and nine-month periods ended July 31, 2015 and the year ended October 31, 2014.

iii) Credit Risk

Credit risk is the risk that the counterparty to a financial asset will default, resulting in the Company incurring a financial loss. The Company has policies and procedures in place to govern the credit risk it will assume. The maximum credit risk exposure associated with accounts receivable and interest receivable is the total carrying value.

No financial assets are past due except for trade receivables. As at July 31, 2015, trade receivables of $1,230,652 (October 31, 2014: $2,285,284) were fully performing, $324,900 (October 31, 2014: $67,538) were past due but not impaired and no amounts were impaired which were not included in the allowance for doubtful accounts. The aging analysis of the amounts past due but not impaired is as follows:

	July 31, 2015	October 31, 2014
	$	$
Past due but not impaired		
Up to 3 months	211,073	56,726
3 to 6 months	113,827	10,812

iv) Concentration of risk

Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. All of the Company's short term investments are held at one highly reputable, major Canadian financial institution. Although the financial institution is one of the largest in Canada, management has determined that may comprise a concentration of risk due to the material nature of the asset and the dependency on the singular financial institution with which the funds are held.

12. Supplementary information

The net change in non-cash working capital items increases (decreases) cash flows as follows:

	Three-month period ended		Nine-month period ended	
	July 31, 2015	July 31, 2014	July 31, 2015	July 31, 2014
	$	$	$	$
Accounts receivable	(506,618)	(25,166)	740,402	185,083
Inventory	12,792	(224,813)	(219,393)	(445,128)
Prepaid expenses	(32,619)	(71,585)	(30,954)	(155,814)
Accounts receivable – long term	17,829	(8,764)	42,146	(50,206)
Accounts payable and accrued liabilities	212,759	206,249	80,287	340,287
Deferred revenue	113,515	(66,576)	210,731	113,224
Deferred lease incentives	-	-	-	-
Deferred revenue – long term	145,193	63,226	151,704	32,271
Deferred lease incentives – long term	(10,800)	-	17,581	-
	(47,949)	(127,429)	992,504	19,717