MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three month period ended January 31, 2016

blacklinesafety

NOTICE

This management's discussion and analysis of financial condition and results of operations ("MD&A") should be read together with Blackline Safety Corp.'s ("Blackline Safety", "Blackline", the "Corporation" or the "Company") unaudited condensed consolidated interim financial statements and the accompanying notes, prepared under International Financial Reporting Standards ("IFRS") prepared under IAS 34, *Interim Financial Reporting*, for the three month period ended January 31, 2016. Additional information relating to the Company, including its audited consolidated financial statements for the year ended October 31, 2015, can be obtained from documents filed on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under Blackline Safety Corp.

This MD&A is presented as of March 28, 2016. All financial information contained herein is expressed in Canadian dollars, the Company's reporting currency, unless otherwise indicated.

FORWARD LOOKING STATEMENTS

Certain statements included in this MD&A constitute forward-looking statements. These statements relate to future events or the Corporation's future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "might", "plan", "potential", "predict", "project", "seek", "should", "targeting", "will", and other similar expressions. All forward-looking statements are based on beliefs and assumptions based on information available at the time the assumption was made. These forward-looking statements are not based on historical facts but rather on expectations regarding future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause actual results, levels of activity, performance or achievements to differ materially from those anticipated in such forward-looking statements. Although the forward-looking statements contained in the MD&A are based upon what the Corporation believes to be reasonable assumptions, no assurance can be given that these expectations will prove to be accurate and such forward-looking statements included in this MD&A should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this MD&A. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by law.

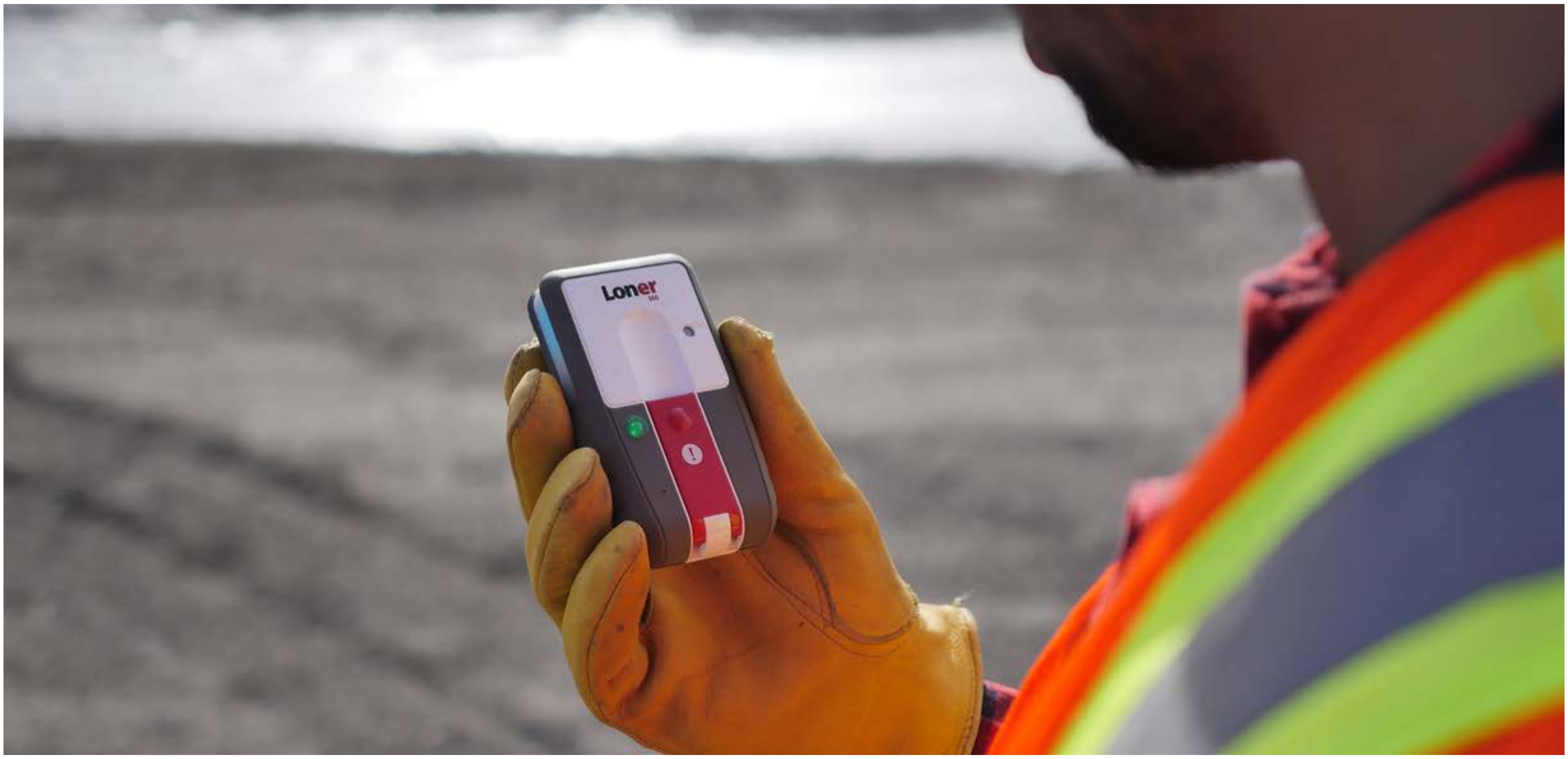
Factors which could cause future outcomes to differ materially from those set forth in the forward-looking statements include, but are not limited to: (i) the ability to obtain sufficient and suitable financing to support operations, development and commercialization of products; (ii) the ability to execute partnerships and corporate alliances; (iii) uncertainties relating to the regulatory approval process; (iv) the ability to develop plant lines and manufacturing processes that result in competitive advantage and commercial viability; (v) the ability to develop new products and software in a cost effective and timely manner; (vi) the impact of competitive products and pricing and the ability to successfully compete in the targeted markets; (vii) the ability to attract and retain key personnel and key collaborators; (viii) the ability to adequately protect proprietary information and technology from competitors and (ix) market and general economic conditions. See also "Risks Factors and Uncertainties" on page 22. Readers are cautioned that the foregoing list of factors is not exhaustive. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

NON-IFRS FINANCIAL MEASURES

The Company reports its financial results in accordance with IFRS. However, the MD&A contains references to non-IFRS financial measures, such as gross margin (sales less cost of sales), EBITDA (earnings before interest expense, interest income, income taxes, depreciation, and amortization), adjusted EBITDA (earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation expense, research and development costs for the development of new products, and one-time non-cash impact transactions) and adjusted EBITDA per common share. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other reporting issuers.

These non-IFRS financial measures have been included in this MD&A as they are measures which management uses to assist in evaluating the Company's operating performance against its expectations and against other companies in the technology industry. Management believes that non-IFRS financial measures assist in identifying underlying operating trends.

CONTENTS



COMPANY OVERVIEW

Founded in 2004 and headquartered in Calgary, Canada, Blackline Safety is a global wireless location technology company that develops, manufactures and markets products and services for employee safety monitoring. Blackline's Loner® solutions empower organizations in all industries and geographic locations with real-time safety incident awareness, delivering help to a worker in distress within minutes instead of hours or days later.

Blackline's complete portfolio of solutions address every lone worker scenario including indoors, outdoors, in between buildings, hazardous sites, while driving and in remote locations. The Company produces dedicated lone worker devices that incorporate 3G communications, systems with satellite communications plus a smartphone safety monitoring app and Bluetooth® accessory.

Person-worn Loner devices incorporate automatic incident detection, manual triggers, wireless communications and precise positioning technologies. Safety alerts are communicated in real-time to monitoring personnel who are empowered to manage the most efficient emergency response to the employee's precise location.

Blackline's cloud-hosted safety monitoring application provides all the tools necessary to remotely configure Loner devices, assign them to employees and manage safety alerts from receipt through to resolution. The Loner Portal monitoring account supports customized emergency response protocols for individual clients that can be tailored according to individual business units, sites, teams and employee roles. Loner Portal also supports custom floor plans that work together with Blackline's proprietary indoor location technology to pin-point the exact location of an employee in need of assistance.

When seconds count, Blackline's employee safety monitoring technology helps its customers to deliver help in the shortest amount of time possible.

MANAGEMENT

Blackline's management team has expertise in the development, manufacturing and marketing of portable, rugged, and compact safety products for industrial and professional applications. Blackline's management team offers broad experience within the high tech and safety industries, including experience that ranges from start-ups to mature technology companies and related markets.

- Cody Slater, Chief Executive Officer & Chairman
- Clark Swanson, President
- Kevin Meyers, Chief Operating Officer
- Shane Grennan, Chief Financial Officer
- Brendon Cook, Chief Technology Officer
- Sean Stinson, VP Sales and Product Management
- Barry Moore, VP Product Development

EMPLOYEE SAFETY MONITORING

Blackline's Loner portfolio of employee safety monitoring products helps minimize corporate risk, connect personnel to their employer, and notify monitoring personnel of safety incidents in real-time. These solutions couple wireless communications, positioning technologies, inertial sensors, and easy-to-use interfaces to instantly communicate safety incidents to monitoring personnel for an immediate, pin-point emergency response. The overall goals of Loner employee safety monitoring solutions are to optimize response time and improve the outcome for individuals who have suffered a safety incident, be it an injury, health condition, or physical threat.

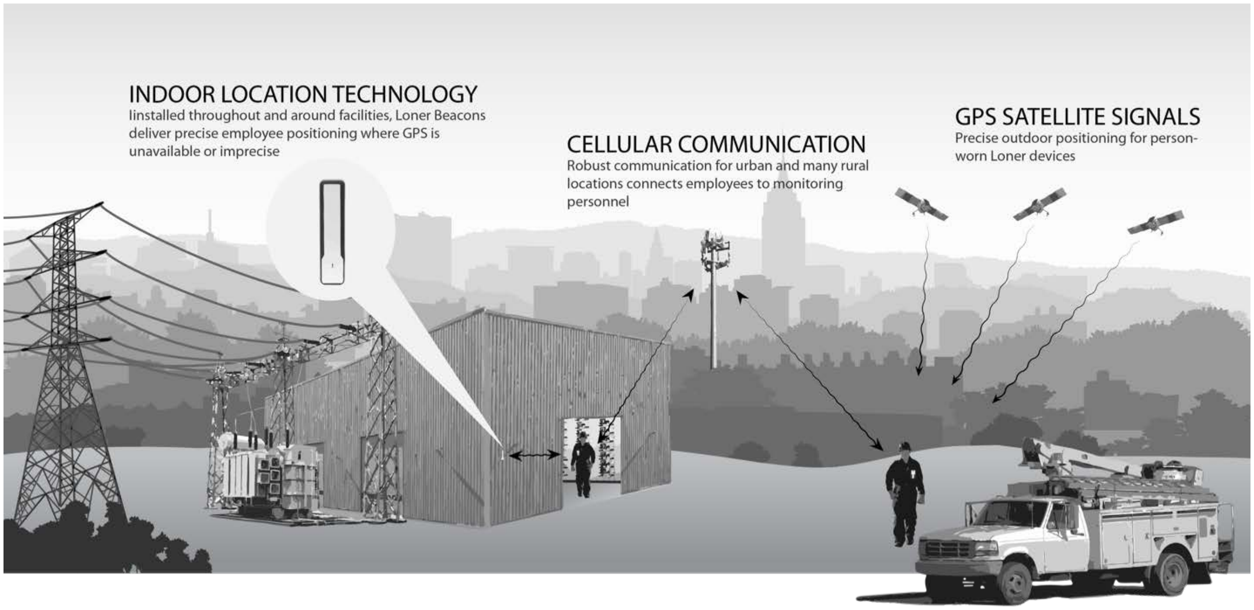
This emerging market is growing through the establishment of employee safety monitoring as a new best practice. Further, many jurisdictions have instituted regulations that require employers to monitor the safety of employees regularly, such as with use of an electronic monitoring aid.

The value delivered by efficient and comprehensive safety incident detection, alerting, and precise employee locating is very broad, resonating with nearly every industry including the following.

- Natural resources
- Industrial & manufacturing
- Utilities & public works
- Warehousing & transportation
- Engineering & construction
- Government
- Healthcare & business

Current marketing and sales efforts are focusing upon the more industrial-oriented markets. As Blackline's portfolio continues to broaden, other applications such as for healthcare and business will be addressed with safety monitoring solutions.

SAFETY MONITORING—HOW IT WORKS WITH 3G COMMUNICATIONS



Blackline's Loner safety monitoring devices combine wireless communications, positioning technologies, and safety monitoring features. Loner devices are turned on by their user and connect to the cellular network, in over 100 countries, through GSM / GPRS communications much like a traditional mobile phone. The employee's location is computed using GPS satellites or Blackline's proprietary Loner Beacon indoor/outdoor positioning technology. GPS technology provides precise outdoor positioning while Loner Beacons provide precise positioning within buildings and around facilities.

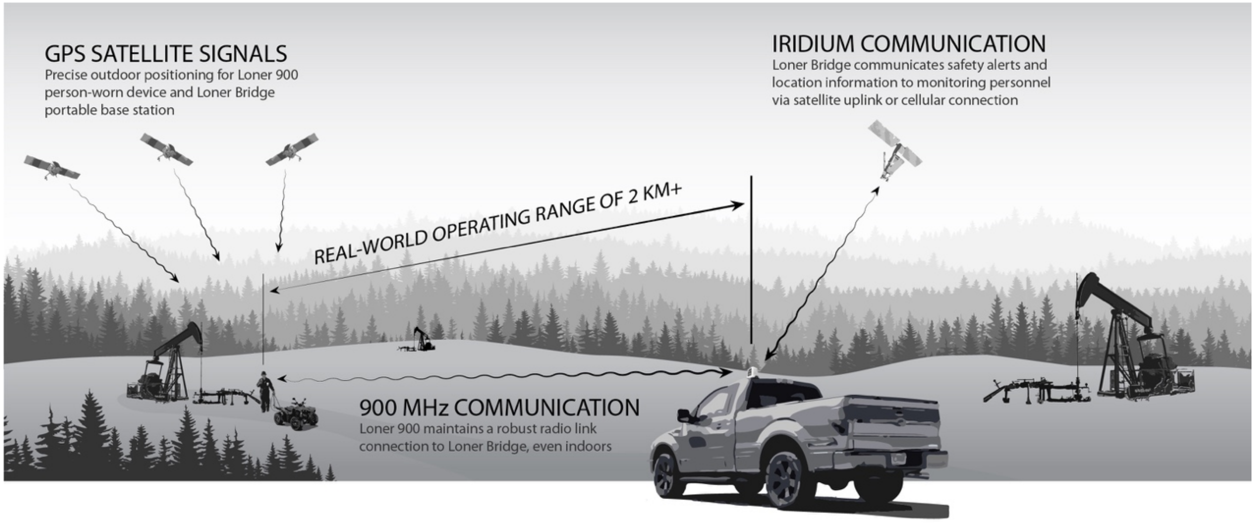
When connected to Blackline's monitoring infrastructure through the cellular network, an employee's safety is monitored by personnel within their organization or through Blackline's 24/7 Safety Operations Center service. All safety alerts generated by Loner devices are communicated in real-time to monitoring personnel. The employee's name, contact information, and precise location are available to manage an efficient and pin-point emergency response.

Each Loner safety monitoring device provides advanced safety monitoring features including three automatic alerts and two manual alerts:

- True Fall Detection®—automatic
- No-motion (person-down) detection—automatic
- Missed employee check-in detection—automatic
- An emergency latch (similar to pulling a fire alarm) —manual
- Silent emergency button—manual

Each of these alert types can be enabled individually and are fully customizable over-the-air to ensure appropriate configuration for each employee role. Further, each Loner device can be configured with group or individual alerting preferences, providing the capability to tailor solutions for small and medium-sized businesses through to multi-national organizations.

REMOTE SAFETY MONITORING—HOW IT WORKS WITH SATELLITE COMMUNICATIONS

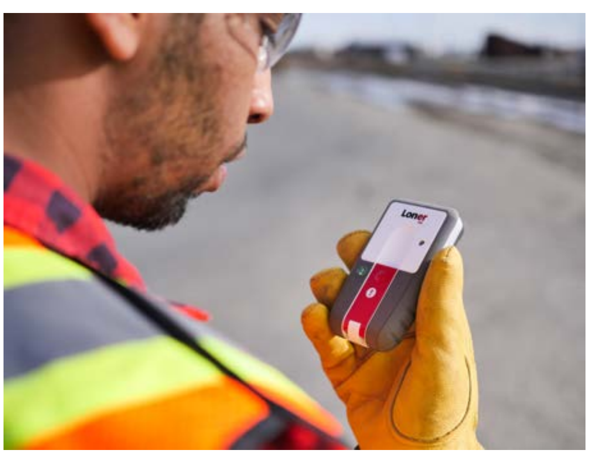


Blackline's Loner Bridge System expands the Company's safety monitoring portfolio with the capability to operate anywhere, including extremely remote locations. Prior to the launch of this innovation, Loner solutions relied purely upon terrestrial cellular networks. In contrast, the satellite communication capability of the Loner Bridge System provides safety monitoring capability nearly anywhere on Earth. The Loner Bridge System has been released in a version suitable for use within the Americas initially and will be followed by an Australian version.

Blackline divided the Loner Bridge System into two components—the Loner 900 device that is worn by the employee and the portable Loner Bridge satellite base station. The devices are connected by a radio link that allows employees to operate indoors while Loner Bridge maintains a satellite uplink outside in the open, such as located on a truck, all-terrain vehicle, boat, or even back-pack. The Loner 900 device's radio link enables employees to work up to 2 km away from the Loner Bridge portable base station in open environments and up to 1 km away in congested areas, within buildings, or rugged terrain.

Similar to Blackline's cellular-connected Loner devices, the Loner Bridge System is configurable to meet the needs of organizations with employees working remotely.

NEW LIVE-RESPONSE AND TWO-WAY SPEAKERPHONE CAPABILITY



Blackline's new Loner M6 Series of lone worker monitoring devices feature new capabilities to make it easier to manage a live emergency response and provide comfort and confidence to the employee.

When a safety alert is triggered, monitoring personnel take ownership of the alert within Blackline's Loner Portal monitoring account. Loner M6 features a new blue LiveResponse light that indicates to the employee that monitoring personnel have received the alert and help is on the way.

Next, monitoring personnel are able to phone the user's Loner M6 and establish a two-way voice call using its built-in speakerphone. Designed for use within industrial environments, Loner M6 features a loud-and-clear speaker and sensitive microphone to pick up the employee's voice. To help with loud environments, Loner M6 can be toggled from speakerphone mode to hand-set mode with a momentary press of the check-in button.

IN-HOUSE 24/7 SAFETY OPERATIONS CENTER

Although a large portion of Blackline's customers self-monitor the safety of their lone workers using the Company's Loner Portal web-based monitoring system, a significant portion select Blackline's in-house, 24/7/365 Safety Operations Center (SOC).

Unlike a traditional call center that often provides additional services such as telemarketing, technical support and answering services, Blackline's Safety Operations Center is exclusively focused on safety monitoring. It delivers industry-leading responsiveness, managing all safety alerts from receipt through to resolution according to each customer's exact emergency response protocol.

Launched in early 2015, the Company's SOC provides customers with the option of centralizing the responsibility of monitoring lone workers within a highly specialized and trained emergency response center. Blackline's SOC now monitors nearly 5,000 individual employees.

INDOOR LOCATION TECHNOLOGY

Blackline's Loner Beacon proprietary location technology solves the problem of locating employees inside and around facilities with confidence. When working inside buildings, GPS signals are normally inaccurate or not available due to signal obstruction. GPS positioning precision can also be degraded when used outdoors, nearby larger buildings and process equipment. Blackline's location technology delivers precise positioning capability for both indoor and outdoor scenarios.

Loner Beacon products are low-cost and self-powered devices that are installed throughout a facility. Each beacon broadcasts a short-range radio signal for proximity detection by person-worn Loner safety monitoring devices. This technology enables Blackline to locate an employee inside and around facilities with the same precision as GPS when used in open, outdoor locations.

Loner Beacon positioning technology enables monitoring personnel to display the location of an employee on an interactive Google™ map, overlaid with a customer-supplied floor plan. Employee location mapping capability enables monitoring personnel to display an employee's location within a multi-storied structure and to locate nearby responders.

SOLUTION PORTFOLIO

Blackline's broad portfolio of products and services is able to address the needs of lone worker monitoring across every industry, employee role and work-alone scenario.

- Loner M6, a safety monitoring device for indoor and outdoor locations covered by 3G wireless
- Loner M6i, a safety monitoring device for indoor and outdoor hazardous locations covered by 3G wireless where there is a risk of atmospheric explosion
- Loner 900, a safety monitoring device for indoor and outdoor locations in remote environments (works with Loner Bridge)
- Loner Bridge, a portable satellite base station for remote locations that communicates with Loner 900 devices
- Loner Mobile, a safety monitoring application for mainstream smartphones
- Loner Duo, a Bluetooth accessory for Loner Mobile for medium to high risk work-alone scenarios
- Loner Beacon, an indoor/outdoor location technology that provides precise positioning where GPS signals are weak or unavailable
- Loner Portal, a cloud-hosted, live safety monitoring portal where safety alerts are managed from receipt through to resolution
- Safety Operations Center, a 24/7/365 live monitoring service offered by Blackline

TECHNOLOGY PORTFOLIO

Blackline's wireless location solutions incorporate several technologies that facilitate high quality end user experiences, including:

- Cellular, satellite and 900 MHz spread spectrum data communication
- GPS, cellular and proprietary indoor/outdoor location beacon positioning
- Sensors for fall and person-down detection
- Two-way voice communications (Loner M6, Loner M6i and Loner Mobile) and text messaging (Loner Bridge System) between the user and monitoring personnel
- Cloud-hosted Blackline Safety Network monitoring infrastructure and Loner Portal live monitoring user account

Blackline has a patent pending for its core safety systems technology that management believes will provide a strong base of intellectual property protection for the Company.

DISTRIBUTION

Blackline's sales have historically been achieved by the Company's small sales team working directly with end customers. Blackline's products and services are available through an increasing number of established resellers throughout Canada, the United States, Europe, and other international locations. The Company is actively building its distribution network and adding direct sales people to support promotion of Blackline solutions into the employee safety monitoring market.

PORTABLE BUSINESS TRACKING

Blackline continues to offer a family of tracking products for business-to-business applications that include surveillance, loss prevention, shipment monitoring, asset security, and vehicle tracking applications. Blackline continues to manufacture and support business tracking solutions however the Company is not actively investing sales and marketing efforts into their promotion.

QUARTER IN REVIEW

Blackline achieved a broad range of progress in its programs to develop and promote leading lone worker safety monitoring technology. Accomplishments include the delivery of Loner Bridge Systems to a prominent pipeline company, expansion of Blackline's Loner Complete leasing program, the launch of a new generation of Loner devices and development of a new core safety monitoring infrastructure.

BUSINESS DEVELOPMENTS

PIPELINE COMPANY ORDERS LONER BRIDGE SYSTEM

Blackline announced that it received an order for approximately $440k from a distributor that supported the sale of Blackline products and services to a prominent Calgary-based pipeline company.

Despite softened energy sector commodity pricing affecting activity, Blackline received several orders from oil & gas customers in the first quarter of the fiscal year.

Blackline continues to see demand in the upstream energy sector, with success in expanding into other regions, industries and applications.

BLACKLINE EXPANDS LONER COMPLETE

Based upon customer interest, Blackline has expanded its Loner Complete program beyond its Loner Bridge System to include Loner M6 and Loner M6i. Starting at $2 per day for each employee, both solutions are now available as a three-year operating lease with everything required for a customer to deploy a leading lone worker safety monitoring program, including 24/7/365 live monitoring, full warranty and employee training.

NEW GENERATION OF LONE WORKER TECHNOLOGY—THE LONER M6 SERIES

During the quarter, Blackline completed the development work for a next generation lone worker monitoring device, Loner M6. New capabilities include a blue LiveResponse light that provides the user with an indication that help is on the way, a new two-way speakerphone function, assisted GPS technology to quickly locate employees outdoors and 3G wireless communications for optimum global network compatibility.

Development neared completion on the intrinsically safe model, Loner M6i, requiring certification to both North American (UL 913) and European (ATEX) intrinsic safety design standards. Loner M6i will be the first Blackline device that is certified for use in hazardous locations throughout Europe and jurisdictions that recognize the ATEX standard.

BLACKLINE OPENS NEW SALES OFFICE IN LOS ANGELES

During the quarter, Blackline established a new corporate subsidiary in the United States and opened a sales office in the Los Angeles area. This new location brings the Company closer to its American clientele.

DEVELOPMENT OF NEW SAFETY MONITORING CORE INFRASTRUCTURE

Blackline began development of a new generation of core safety monitoring infrastructure. Its goal was to support the Company’s growth in terms of capacity but to also empower product development processes and future capability expansion.

NEW GLOBAL TELECOMMUNICATIONS PARTNER

Blackline secured an agreement for data and voice communications with a new global wireless telecom partner. This relationship extends Blackline’s capabilities to deliver industry-leading service subscriptions to its customers across the globe including multi-carrier options to increase overall country coverage within several key markets.

POST QUARTER UPDATE

Since the close of Blackline’s Q1 FY2016, Blackline has achieved progress on several fronts.

LONER M6 PRODUCT RELEASE

Blackline successfully launched its new Loner M6 safety monitoring device with LiveResponse indicator, two-way voice communications, assisted GPS and 3G wireless communications. Sales have begun in multiple regions and into Blackline’s distribution channel.

LONER M6i PRODUCT CERTIFICATION

Blackline initiated the intrinsic safety certification processes for Loner M6i, the intrinsically safe version of Blackline's Loner M6 device, pursuing both UL 913 and ATEX standards. The ATEX standard will enable Blackline to commercialize Loner M6i into Europe and other regions where ATEX certification is required for use within hazardous locations. Given the certification processes of the respective governing bodies, sales of this product are likely to begin in Q3 FY2016.

SHANE GRENNAN JOINS BLACKLINE AS CHIEF FINANCIAL OFFICER

Shane Grennan, CA CPA joins Blackline as the Company's new CFO. Mr. Grennan is a Chartered Professional Accountant with a broad range of experience in accounting, finance and audit, spanning several industries in Canada and Ireland. Prior to joining Blackline, Mr. Grennan worked as the Controller of a Mitsubishi Corporation subsidiary in the natural gas industry and with PricewaterhouseCoopers as a Senior Manager in their audit and assurance group.

DEPLOYMENT OF NEW SAFETY MONITORING CORE INFRASTRUCTURE

Following the quarter, Blackline completed the development work and successfully deployed a new core safety monitoring infrastructure.

FINANCIAL INFORMATION

The following table presents a summary of select operating data and financial information for the Company. All figures in the MD&A are reported in thousands, except for per share amounts.

Three months ended January 31,	2016 $	2015 $
Sales	2,063	1,700
Adjusted Gross Margin[1]	1,027	847
- Selling, General and Administration Expense[2]	1,167	969
- Royalties	4	5
- Gain on Foreign Exchange	(7)	(63)
Adjusted EBITDA[3]	(137)	(64)
- Product Development[4]	1,053	663
- Stock-based Compensation	67	18
EBITDA	(1,257)	(745)
- Amortization	91	78
- Finance Income, Net	(9)	(1)
Net Loss	(1,339)	(822)
Adjusted EBITDA per Common Share		
- Basic and Diluted	(0.01)	(0.00)
EBITDA per Common Share		
- Basic and Diluted	(0.05)	(0.04)
Loss per Common Share		
- Basic and Diluted	(0.05)	(0.04)

- [1] Adjusted gross margin is defined as gross margin without amortization expense.

- [2] Selling, general and administration expense is net of amortization and stock-based compensation expense.
- [3] Adjusted EBITDA is defined as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation, research and development costs for the development of new products, and one-time non-cash impact transactions.
- [4] Product Development is net of amortization.

SALES

First quarter revenue was $2,063, an increase of $363 from $1,700 in the same three month period of the last fiscal year. The 21% increase was driven by safety sales which continue to be the primary revenue stream for the Company as Blackline continues to focus on delivering safety monitoring solutions.

The Company's quarterly safety product revenue was $719 in the quarter compared to $836 in the prior fiscal year, representing a 14% decrease over the same period of last year. The primary reasons for this decrease relate to softness in the oil and gas market and the growth of Loner Complete leasing program.

The Company has continued to expand the number of new customers on the Loner Complete leasing program. This program was launched in the fourth quarter of fiscal 2015 and revenue from this program has grown progressively since that time. As this revenue would have been accounted for as product rather than service revenue in the past, this has also contributed to the lower product revenue this quarter compared to the prior fiscal year.

The lower quarterly product revenue is also attributable to a decrease in Loner Bridge System unit sales in the quarter. The largest market group which has, and continues to purchase the Loner Bridge System, is the oil and gas sector and the Company has seen some reduction in sales activity in this industry.

The Company's first quarter service revenue was $1,344 compared to $865 in the same period last year, which represents an increase of $479 or 55%. Service revenue for safety products continues to grow steadily as the service revenues related to the products sold in the prior fiscal year and current quarter are activated and utilized by Blackline's customers. Increased sales in both Europe and the United States have contributed to the year over year increase in this service revenue and retention rates of customers in all regions has remained steady.

COST OF SALES

Cost of sales incurred for the quarter ended January 31, 2016 totaled $1,062 compared to $879 in the same period last year, an increase of 21%. The increase year over year can be attributable to an increase in operational staff and associated costs in order to accommodate increased production requirements.

Gross margin for the quarter was $1,001 compared to $822 in the comparable three month period of the prior year. The gross margin percentage is therefore 49% in the first quarter of fiscal 2016, an increase from 48% in the comparable period. The increase is attributable to service margin improvement in the first quarter of fiscal 2016 compared to the prior period.

EXPENSES

Total expenses for the quarter ended January 31, 2016 were $2,349 compared to $1,645 in the first quarter of the prior year, which represents an increase of $704 or 43% over the comparable three month period. This increase results primarily from higher costs in both product development and selling, general and administrative expenses.

Product development costs were $1,088 during the quarter, up from $681 in the comparable period. The increase of $407 when compared to the prior period can principally be attributed to the Company continuing to progressively employ additional staffing resources, as well as utilizing external developer consultants, in order to develop and support its new products.

Selling, general and administrative expenses were $1,260 for the first quarter of the year, from $963 in the same period last year. The increase of $297 is predominantly related to additional wages and employee benefits incurred in the sales, operations and finance departments as a result of adding additional resources to manage the growth and development of the Company in both North America and Europe.

NET LOSS AND ADJUSTED EBITDA

Net loss was $(1,339) for the period ended January 31, 2016 compared to $(822) the comparable period in the prior year. Although there was a significant revenue increase in the quarter, the greater investment in product development and as well as increased staffing costs, including wages, employee benefits and stock-based compensation expense, offset this increase resulting in an increased quarterly net loss.

Adjusted EBITDA for the period ended January 31, 2016 was $(137) compared to $(64) in the prior year. The decrease in the adjusted EBITDA in the period is a result of the increase in wages and benefits due to the additional staff required to support sales growth offset by increased sales revenue.

TOTAL ASSETS AND LIABILITIES

Blackline's total assets as at January 31, 2016 were $9,065 compared to $9,936 as at October 31, 2015. Total liabilities were $5,262 compared to $5,198 as at the prior fiscal year end.

The decrease in assets is attributable to the Company's lower cash balance at quarter end offset by an increased trade and other receivables balance.

Cash and cash equivalents at January 31, 2016 were $5,432 compared to $6,729 at October 31, 2015, a decrease of $1,297. Trade and other receivables increased as the majority of the Company's sales in the fourth quarter of the fiscal 2015 (including payment of service in advance) were paid before the quarter end unlike the current quarter.

The overall change in liabilities was an increase of $64 from the prior fiscal year end. The principal movement when compared related to a net increase of $48 of long term debt. Deferred revenue, whereby customers continue to commit to long term service plans which are paid in advance, was largely unchanged from year end.

SUMMARY OF QUARTERLY RESULTS

The following table highlights revenue, gross margin, adjusted EBITDA, net loss and loss per share for the eight most recently completed quarters ended January 31, 2016.

(In thousands, except per share amounts)	Fiscal 2016	Fiscal 2015				Fiscal 2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue ($)	2,063	2,253	1,724	1,590	1,700	2,048	761	702
Gross Margin (%)	49%	49%	43%	46%	48%	38%	51%	46%
Net Loss ($)	(1,339)	(1,172)	(1,458)	(699)	(822)	(1,069)	(1,262)	(1,332)
- Net Loss per Share, Basic and Diluted ($)	(0.05)	(0.05)	(0.06)	(0.03)	(0.04)	(0.05)	(0.06)	(0.06)
Adjusted EBITDA[1] ($)	(137)	(146)	(180)	(357)	(64)	(287)	(572)	(490)
- Adjusted EBITDA per Share, Basic and Diluted ($)	(0.01)	(0.01)	(0.01)	(0.02)	(0.00)	(0.01)	(0.03)	(0.03)

- [1]Adjusted EBITDA is defined as earnings before interest expense, interest income, income taxes, depreciation and amortization, stock-based compensation, research and development costs for the development of new products, and one-time non-cash impact transactions.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary requirement for capital is to fund development of new products and to generate increasing revenues. At January 31, 2016 Blackline had cash and cash equivalents of $5,432. The Company's cash position decreased by $1,297 during the first quarter compared to a $68 increase in the same period of the last fiscal year.

Operating activities during the first quarter used $(1,595) in cash whereas $356 was provided same period last year. The difference was partially due to a net change in non-cash working capital relating to operating activities amounting to $(398), compared to $1,069 in the first quarter of fiscal 2015, the majority of which related to a significant increase in accounts receivable due to the timing of sales and collections thereof.

Financing activities during the current quarter included long term debt repayments of $60 and funding receipts of $108 as part of the compensation and funding agreements with TECTERRA Inc. ("TECTERRA") and net bank indebtedness with HSBC Bank Canada being $200 at January 31, 2016. There was also an increase relating to share capital and warrants proceeds of $208.

Investing activities resulted in a cash decrease of $(103) in the first quarter, compared to a decrease of $(228) in the comparable period. Capital expenditures accounted for the investing activities and included the addition of property and equipment as well as the internal and external expenditures incurred on the development of computer software which qualifies as intangible asset additions.

Blackline has unsecured funding agreements with HSBC Bank Canada to provide the Company with an operating line of up to $1,100. This is comprised of an original operating line of up to $900 based on the Company's receipt of large purchase orders and an additional $200 which is intended to be more cost effective and simpler to use than the original purchase order funding.

Bank indebtedness at January 31, 2016 was $200 which is a marginal increase from the position at the prior year end. The Company has continued to only utilize the simpler portion of its operating line with HSBC Bank Canada in lieu of the additional requirements needed to use the remaining $900 which is available.

The Company continues to maintain its borrowing agreement with HSBC Bank Canada for which there are certain financial covenants that must be maintained. The covenants, all of which are currently being met, are:

- ratio of debt to tangible net worth shall not at any time exceed 3.00 to 1.00
- ratio of current assets to current liabilities shall not at any time be less than 1.25 to 1.00
- working capital base shall not at any time be less than 1.25 to 1.00

The Company has two compensation and funding agreements with TECTERRA whereby funding is made available, interest free, for the creation and development of geospatial technology innovation for resource management and other markets. The Company is using this funding to assist in developing additional products and services within its portfolio. The total amount owing to TECTERRA increased by $48 compared to the prior year end as the Company repaid its interest free loan of $300 with a final payment of $60 in the first quarter of fiscal 2016 and received $108 of new funding.

Management's objective is to maintain sufficient cash and cash equivalents to finance operations and minimize dilution to shareholders. Management believes they have sufficient funds to support the growth of the Company and to reach profitability. No assurances can be given that the Company will achieve all or part of its liquidity objective, or that sufficient financing from outside sources, if needed, will be available.

The Company's ongoing research and development program requires significant capital investment in wages, tooling, and product certifications during the development process. To meet these development-based capital requirements, in addition to the borrowing agreement and increasing cash flow from operating activities the Company continues to pursue multiple levels of government grants and funding arrangements. Such arrangements like zero interest loans for developing new technologies (TECTERRA) or wage programs to cover the cost of hiring new developers (Alberta Innovates) can greatly assist the Company to meet its liquidity objective.

OUTSTANDING SHARE DATA

Blackline had the following common shares, options, and warrants outstanding as at January 31, 2016.

Common Shares	24,708,855		
Stock Options	48,750	@	$1.13
Stock Options	50,000	@	$1.20
Stock Options	250,000	@	$1.25
Stock Options	318,000	@	$1.30
Stock Options	484,916	@	$1.31
Stock Options	2,500	@	$1.40
Stock Options	107,500	@	$1.50
Stock Options	20,000	@	$1.60
Stock Options	559,000	@	$1.80
Stock Options	40,000	@	$2.15
Stock Options	70,000	@	$2.20
Stock Options	15,000	@	$2.27
Stock Options	35,000	@	$2.30
Warrants	3,348,012	@	$1.40

OUTLOOK

Blackline has a comprehensive employee safety monitoring product portfolio that is able to meet the demands of nearly every industry including oil & gas, utilities, engineering & construction, industrial & manufacturing, and transportation & warehousing. The Company provides solutions that deliver robust, turnkey safety monitoring of personnel operating anywhere including urban environments, rural locations, and the most remote of sites. Safety monitoring is not limited to just those employees working outdoors—with Blackline's indoor location technology, personnel can be monitored with the same positioning precision as employees working outdoors.

With the additional liquidity made available in fiscal 2015 Blackline intends to aggressively pursue further development of products and services. The Company is focused on adding additional monitoring capabilities of the environment in which a worker is exposed to provide a greater ability to mitigate that employee's risk. Through its products and services, the Company intends to be the world safety monitoring leader, offering comprehensive, enterprise wide employee safety monitoring to customers around the globe.

To accommodate current economic challenges within certain industries, the Company's introduction of Loner Complete delivers Blackline's leading technology through a service-based leasing model. With no upfront investment for monitoring hardware and service, this program provides everything a customer would require with a simple and affordable monthly fee. Safety monitoring devices, service subscription, live Safety Operations Center monitoring service and complete warranty are included within the 36-month leasing term.

Blackline also plans to increase its North American, European, and international presence by developing its distribution network around the globe. Such a network will provide sales and training assistance to customers including multi-national corporations.

With a broad safety monitoring portfolio, Blackline's solutions have the capability to work virtually everywhere in the world, enabling the Company to maximize its reach and address new opportunities. With the introduction of Loner M6, Blackline is able to deliver an even higher level of value to customers, helping them to optimize their emergency response process through enhanced situation awareness delivered by live voice communications between the user and monitoring personnel. Once ATEX-certified, Loner M6i will enable Blackline to reach new markets in Europe and beyond that demand an intrinsically safe lone worker monitoring device that meets European regulations.

Although the upstream oil and gas industry faces soft commodity prices, Blackline's lone worker monitoring solutions bring value to a diversified range of industries around the globe. The Company believes that proven customer adoption and a broad solution portfolio should provide for continued growth.

RISK FACTORS AND UNCERTAINTIES

Management defines risk as the probability of a future event that could negatively affect the financial condition and/or results of operations of the Company. The following section describes specific and general risks that could affect the Company. As it is difficult to predict whether any risk will be realized or its related consequences will occur, the actual effect of any risk on the business could be materially different from that anticipated. The following descriptions of risk do not include all possible risks as there may be other risks of which Management is currently unaware or currently believe to be immaterial.

GENERAL ECONOMIC CONDITIONS

The Company currently operates in Canada, the United States, and Europe and like all businesses globally, it has been subject to the impact of national and global economic issues affecting oil & gas companies. The current year capital budget spending available to these entities has been significantly reduced. Although the Company has not been significantly affected by the reduced capital spending by these companies, some customers have requested delays to implementations. Through the Company's range of products, the risk exposure to the reduced capital spending by oil & gas companies is not expected to have a material effect on the Company. Further the company is working directly with the companies whose capital spending has been reduced to generate non-capital proposals for safety services which would generate less revenue short term but greater revenue, cash flow, and profitability in the longer term. However, should these conditions continue to prevail, there may be pressure on the Company's profitability.

COMPETITION

The market for location based services is competitive both from legacy companies utilizing different technology and from new and existing GPS/GPRS companies. Blackline has experienced and may continue to experience intense competition from other organizations with more established sales and marketing presence, superior technical support services and greater financial resources. The Company's competitors may announce new products, services or enhancements that better meet the needs of customers or changing industry standards. As the market for the Company's products continues to develop, additional competitors may enter the market and competition may intensify. Increased competition may cause price reductions, reduced profitability and loss of market share, any of which could have an adverse effect on the Company's business, results of operations and financial condition.

RISK ASSOCIATED WITH INTERNATIONAL OPERATIONS

Management of the Company believes that its continued growth and profitability will require expansion of its sales further in the United States and into other foreign markets. This expansion will require significant management attention and financial resources and could adversely affect the Company's operating margins. In order to increase international sales in subsequent periods, the Company may establish additional foreign operations, incur substantial infrastructure costs, hire additional personnel and recruit international resellers. In addition, even with the possible recruitment of additional personnel and international resellers, there can be no assurance that the Company will be successful in maintaining or increasing international market demand for the Company's products and services.

TECHNOLOGICAL CHANGE, NEW PRODUCTS AND STANDARDS

The technology industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and the emergence of new industry standards and practices that could render the Company's existing products and systems obsolete. Blackline's products employ complex technology and may not always be compatible with current and evolving technical standards and products developed by others. Failure or delays by the Company to meet or comply with the requisite and evolving industry or user standards could have a material adverse effect on the Company's business, results of operations and financial condition.

INTELLECTUAL PROPERTY RISKS

Because much of the Company's potential success and value lies in its ownership and use of intellectual property, its failure to protect its intellectual property may negatively affect its business and value. The Company typically enters into confidentiality or license agreements with its employees, consultants, customers, strategic partners and vendors in an effort to control access to and distribution of its products, documentation and other proprietary information. Despite these precautions, it may be possible for a third party to copy or otherwise obtain and use the Company's proprietary technology without authorization.

RELIANCE ON INFORMATION SYSTEMS AND TECHNOLOGY

The Company's business relies upon information technology systems to support its monitoring of hardware devices and to service customers at the point of sale. Its information technology systems may be vulnerable to unauthorized access, computer viruses, system failures, other malicious acts or acts of nature. Were a significant disruption to its information technology to occur, the Company's earnings could be adversely affected through loss of revenue and costs to rectify the disruption.

The Company is in an industry with many competitors that lay claim to intellectual property. The Company may receive notice from a third party asserting the Company has infringed on their intellectual property rights. As a result of such claims the Company's earnings could be adversely affected by costly litigation, product injunctions or consumption of management attention.

The Company may also be required to expend significant capital and resources to protect against the threat of security, encryption and authentication technology breaches or to alleviate problems caused by such breaches.

RELIANCE ON THIRD PARTY LICENSES

The Company relies on certain software that it licenses from third parties, including a software program that is integrated with internally developed software and used in the Company's products to perform key functions. There can be no assurance that these third-party licenses will continue to be available to the Company on commercially reasonable terms. The loss of, or inability to maintain, any of these licenses, could result in delays or reductions in product and service deployment until equivalent software can be developed, identified, licensed and integrated, which could materially adversely affect the Company's business, results of operations and financial condition.

DEPENDENCE ON THIRD PARTIES

The Company's products rely on GPS location satellites which it does not own or operate. Such satellites and the corresponding ground support systems are complex electronic and mechanical systems which are subject to failures. Further there is no assurance the US Government will continue to operate and maintain the satellites or that it will continue the current policies for the commercial use of the satellites. Further the Company has contracted with Iridium Satellite LLC to provide data via their independent network of satellites. Should a significant number of the governmental or commercial satellites fail or should the terms of use policies for the US Government satellites change, the earnings of the Company will be considerably impacted.

HISTORY OF OPERATING LOSSES

To January 31, 2016, the Company has recorded an inadequate level of revenue to offset its costs and has an accumulated deficit since its incorporation through January 31, 2016 of approximately $29,513. The deficit is expected to increase in the near term as the Company continues its product development and establishes selling channels for its new products.

PRICE VOLATILITY OF PUBLICLY TRADED SECURITIES

In recent years, 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 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 continual fluctuations in price will not occur. It may be anticipated that any quoted market for the Common 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.

CRITICAL ACCOUNTING ESTIMATES

GENERAL

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. The ongoing evaluation of these estimates forms the basis for making judgments about the carrying values of assets and liabilities and the reported amount of revenues and expenses in cases where they are not readily ascertainable from other sources. Actual amounts may differ from these estimates under different assumptions or conditions.

The Company's significant accounting policies are fully described in note 3 to the audited consolidated financial statements of the Company for the year ended October 31, 2015 and available at www.sedar.com.

Certain accounting policies are particularly important to the reporting of financial position and results of operations, and require the application of judgment by management. An accounting judgment is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made. Different management estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could have a material impact on the consolidated financial statements. Management believes the following critical accounting judgments reflect the more significant estimates and assumptions used in the preparation of consolidated financial statements.

REVENUE RECOGNITION

Revenue is derived primarily from the sales of product (hardware devices) and services (including monitoring services and product development services). In recognizing revenue, the Company makes judgements about the probability of collection of the revenue from the customer. Judgments are also applied in the determination of the amount of revenue to allocate to individual elements in a multiple element arrangement and the determination of whether a deliverable constitutes a separate unit of accounting.

STOCK-BASED COMPENSATION AND WARRANTS

Determining the fair value of stock options, performance based stock options, and broker warrants requires judgment related to the choice of a pricing model, the estimation of stock price volatility, the expected term of the underlying instruments, the estimation of the risk free interest rate, and if applicable the resulting number of options that will ultimately vest.

PROPERTY AND EQUIPMENT AND INTANGIBLE ASSETS

Measurement of property and equipment and intangible assets involves the use of estimates for determining the expected useful lives of depreciable assets and depreciation methods.

FINANCIAL INSTRUMENTS

The financial instruments of the Company are monetary assets and liabilities recorded on its balance sheet comprised of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, bank indebtedness and long term debt.

The fair value of all other financial instruments approximate carrying value due to short term maturity of those instruments or the defined contracted amounts. The fair value of the long term debt equals its carrying amount, as the impact of discounting is not deemed to be significant.

The Company is exposed to financial risks arising from the normal course of business operations and its financial assets and liabilities. The risks associated with the Company's financial instruments are discussed in detail in Note 22 of the audited consolidated financial statements dated October 31, 2015.

Arising from management's review of the associated risks it was determined that the Company has limited exposure to credit, market, or liquidity risk and thus specific mitigation was not deemed necessary.

DISCLOSURE

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's shares are traded on the TSX-Venture stock exchange in Canada. In connection with this MD&A, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") of the Company have filed Venture Issuer Basic Certificates ("Certificate"). The Certificates do not require the CEO and the CFO of the Company to file quarterly and yearly documents certifying that they are responsible for establishing and maintaining controls and procedures for the Company, and that they have designed such disclosure controls and procedures, or have caused them to be designed under their supervision, to provide reasonable assurance that material information relating to the Company is made known to them by others within the Company during the period in which the interim filings are being prepared. However, the issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the Certificates.

In spite of the control weaknesses discussed below, the CEO and the CFO concluded that the disclosure controls and procedures as at the end of the period covered by this filing are effective in providing reasonable assurance that material information relating to the Company is made known to them by others within the entity.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls become inadequate because of changes in conditions or personnel, or that the degree of compliance with the policies or procedures may deteriorate.

In compliance with Multilateral Instrument 52-109, management must disclose in its MD&A any material weakness found to exist within its system of internal control over financial reporting. Management has identified a material weakness in lack of segregation of duties. The management group of the Company is small and full segregation of all duties has not been possible. Management believes this is a typical issue for smaller companies.

Notwithstanding the above control weakness, the CEO and CFO are intimately involved in the operation of the Company. Through their detailed knowledge of transactions and review of staff procedures they have satisfied themselves that the control environment and reporting practices are such that reasonable assurance exists that material information related to the Company has been made known to them.

The Board of Directors together with the Audit Committee have direct oversight responsibilities for the review and approval of the yearly and quarterly financial reporting including the consolidated financial statements and the MD&A.

blacklinesafety

Blackline Safety Corp.
Corporate Headquarters
101 1215 13 Street SE
Calgary, AB Canada T2G 3J4
www.BlacklineSafety.com