

Interim Condensed
Consolidated Financial Statements

NOBLE IRON INC.

For the three months ended March 31, 2013 and 2012
(Unaudited)

**MANAGEMENT'S COMMENTS ON
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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 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 interim condensed consolidated financial statements of Noble Iron Inc. (the "Company"), formerly known as Texada Software Inc., have been prepared by and are the responsibility of the Company's management. The unaudited interim consolidated financial statements are prepared in accordance with accounting principles generally accepted in Canada and reflect management's best estimates and judgment based on information currently available. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

As at March 31, 2013 and December 31, 2012

In Canadian Dollars

	March 31, 2013	December 31, 2012
Assets		
Current assets:		
Cash	\$ 319,357	\$ 1,821,226
Accounts receivable	3,048,978	3,162,352
Inventories	411,226	322,728
Prepaid expenses and other assets	764,553	700,450
Loan receivable	52,500	52,500
	4,596,614	6,059,256
Property and equipment	29,894,185	27,058,433
Intangible assets	1,573,431	1,628,994
Loan receivable	185,000	35,000
	\$ 36,249,230	\$ 34,781,683

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,994,102	\$ 2,473,565
Other current liabilities (note 5)	4,428,166	2,438,946
Deferred revenue	215,169	260,153
Current portion of license obligation	210,997	207,070
Current portion of long-term debt	690,681	570,298
	7,539,115	5,950,032
License obligation	482,146	532,449
Long-term debt	19,997,036	19,035,208
Deferred tax liability	213,507	308,000
Shareholders' equity:		
Share capital (note 3)	25,411,920	25,261,920
Contributed surplus	2,980,011	2,884,903
Accumulated other comprehensive income	353,595	197,733
Deficit	(20,728,100)	(19,388,562)
	8,017,426	8,955,994
	\$ 36,249,230	\$ 34,781,683

See accompanying notes to interim unaudited condensed consolidated financial statements.

On behalf of the Board:

/s/ William Swisher Director

/s/ Aly Mawji Director

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

Three months ended March 31, 2013 and 2012

In Canadian Dollars

	March 31, 2013	March 31, 2012
Revenue:		
Rental and distribution (note 8)	\$ 3,443,197	\$ 2,560,145
Software and services	1,076,393	1,442,036
	4,519,590	4,002,181
Cost of revenue:		
Rental	1,594,878	905,242
Software and services	134,510	150,302
	1,729,388	1,055,544
Gross profit	2,790,202	2,946,637
Operating expenses:		
Support, maintenance and delivery	1,547,193	1,420,089
Research and development	219,982	260,221
Sales and marketing	377,959	284,492
General and administration	1,856,500	1,210,753
	4,001,634	3,175,555
Earnings (loss) from operations	(1,211,432)	(228,918)
Financing costs:		
Interest expense	226,919	265,321
Foreign exchange loss	1,940	(7,884)
	228,859	257,437
Earnings (loss) before income taxes	(1,440,291)	(486,355)
Income tax recovery	(100,753)	(80,000)
Net earnings (loss)	(1,339,538)	(406,355)
Other comprehensive income (loss):		
Foreign currency translation adjustment	155,862	(131,408)
Total comprehensive income (loss)	\$ (1,183,676)	\$ (537,763)
Net earnings (loss) per share (note 7) :		
Basic	\$ (0.08)	\$ (0.03)
Diluted	(0.08)	(0.03)

See accompanying notes to interim unaudited condensed consolidated financial statements.

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

Three months ended March 31, 2013 and 2012

In Canadian Dollars

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2011	\$20,675,595	\$2,658,583	\$373,783	\$(17,573,973)	\$6,133,988
Stock-based compensation	-	34,589	-	-	34,589
Other comprehensive income (loss) - foreign currency translation adjustment	-	-	(131,408)	-	(131,408)
Net loss	-	-	-	(406,355)	(406,355)
Balance, March 31, 2012	\$20,675,595	\$2,693,172	\$242,375	\$(17,980,328)	\$5,630,814
Balance, December 31, 2012	\$25,261,920	\$2,884,903	\$197,733	\$(19,388,562)	\$8,955,994
Stock-based compensation	-	95,108	-	-	95,108
Share capital issuance	150,000	-	-	-	150,000
Other comprehensive income (loss) - foreign currency translation adjustment	-	-	155,862	-	155,862
Net loss	-	-	-	(1,339,538)	(1,339,538)
Balance, March 31, 2013	\$25,411,920	\$2,980,011	\$353,595	\$(20,728,100)	\$8,017,426

See accompanying notes to interim unaudited condensed consolidated financial statements.

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited)

Three months ended March 31, 2013 and 2012

In Canadian Dollars

	March 31, 2013	March 31, 2012
Cash provided by (used in):		
Operating activities:		
Net earnings (loss)	\$ (1,339,538)	\$ (406,355)
Items not involving cash:		
Depreciation and amortization	1,394,325	690,036
Stock-based compensation	95,108	34,589
Interest expense	226,919	265,321
Gain on disposal of property and equipment	(77,444)	(164,287)
Foreign currency translation adjustment	1,940	47,506
Income tax recovery	(100,753)	(80,000)
Change in non-cash operating working capital	(618,799)	(718,953)
Net cash from (used in) operating activities	(418,242)	(332,143)
Investing activities:		
Purchase of property and equipment	(3,583,644)	(414,744)
Purchase of intangibles	-	(57,213)
Proceeds on sale of property and equipment	217,126	322,909
Net cash (used in) investing activities	(3,366,518)	(149,048)
Financing activities:		
Proceeds from long-term debt	4,508,643	437,420
Proceeds from other current liabilities	2,372,583	-
Repayment of other current liabilities	(441,661)	-
Repayment of long-term debt	(3,867,486)	(368,425)
Repayment of license obligation	(50,303)	(46,898)
Interest paid	(226,375)	(250,093)
Net cash from financing activities	2,295,401	(227,996)
Effect of exchange rate changes on cash	(12,510)	(6,419)
Increase (decrease) in cash	(1,501,869)	(715,606)
Cash, beginning of period	1,821,226	1,978,219
Cash, end of period	\$ 319,357	\$ 1,262,613

See accompanying notes to interim unaudited condensed consolidated financial statements.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

Period ended March 31, 2013 and 2012

In Canadian Dollars (unless otherwise specified)

1. Reporting entity:

Noble Iron Inc. (the "Company") was incorporated under the Company's Act (British Columbia). The address of the Company's registered office is 7B-291 Woodlawn Road West, Guelph, Ontario, N1H 7L6. Certain senior management of the Company are located in Houston, Texas. The interim condensed consolidated financial statements of the Company, as at and for the three months ended March 31, 2013 and 2012, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

On July 23, 2012, the Company completed the consolidation of its outstanding common shares on the basis of one new common share for every five old common shares. All references in these financial statements to number of shares reflect this consolidation as if it took place on December 31, 2010.

Noble Iron Inc. (TSXV: NIR), operates in three complementary industries: construction and industrial equipment rental, construction and industrial equipment distribution and enterprise asset management software for the construction and industrial equipment industry.

The Company operates its equipment rental and distribution businesses under the name "Noble Iron". The individual locations are referred to as Centralized Equipment Logistics Locations ("CELLS")TM. Noble Iron CELLS currently serve customers in California and Texas with its rental fleet, and it offers select manufacturer equipment and accessories for sale. Noble Iron's Houston, Texas CELL is the exclusive distributor of LiuGong Construction Machinery equipment in Southeast Texas.

The Company's software division, Texada Software, provides software applications to manage the complete asset ownership lifecycle, from acquisition, rental, sales and other activities through to disposal. Texada Software offers in-the-cloud or client-based software, and is scalable to meet the needs in the industry.

2. Basis of preparation:

(a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all of the information required for full annual financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited financial statements for the year ended December 31, 2012, which are available on SEDAR. These interim condensed consolidated financial statements were approved by the Audit Committee of the Board of Directors on May 30, 2013.

(b) Basis of measurement:

The interim condensed consolidated financial statements have been prepared on the historical cost basis.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

Period ended March 31, 2013 and 2012

In Canadian Dollars (unless otherwise specified)

2. Basis of preparation (continued):

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) New Accounting Pronouncements:

The Company adopted the following accounting pronouncements during the period, details of which are included in the Company's 2012 annual consolidated financial statements. These standards did not have a significant impact on these interim financial statements.

- a) IFRS 10, Consolidated Financial Statements
- b) IFRS 12, Disclosure of Interest in Other Entities
- c) IFRS 13, Fair Value Measurement
- d) Amendments to IAS 1, Presentation of Financial Statements
- e) Amendments to IAS 19, Employee Benefits
- f) Amendments to IFRS 7, Offsetting Financial Assets and Liabilities

3. Share capital:

(a) Authorized:

100,000,000 preferred shares without par value, assumable in one or more series as well as an unlimited number of common shares without par value.

(b) Issued:

Issues and outstanding common shares were 17,344,970 as at March 31, 2013 and 17,194,970 at December 31, 2012.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

Period ended March 31, 2013 and 2012

In Canadian Dollars (unless otherwise specified)

4. Net income per share:

The computations for basic and diluted earnings per share for the three months ended March 31, 2013 and 2012 are as follows:

	2013	2012
Net loss	\$ (1,339,538)	\$ (406,355)
Weighted average number of common shares outstanding:		
Basic	17,331,635	12,554,466
Diluted	17,331,635	12,554,466
Net earnings (loss) per share:		
Basic	\$ (0.08)	\$ (0.03)
Diluted	\$ (0.08)	\$ (0.03)

5. Other current liabilities:

The Company purchased certain rental equipment from manufacturers with payment terms of less than one year. The amount outstanding at March 31, 2013 is \$4,428,166 (2012 - \$2,438,946) and is secured by the equipment.

6. Changes in non-cash operating working capital:

	March 31, 2013	March 31, 2012
Accounts receivable	\$ 113,374	\$ (387,159)
Inventory	(88,498)	(12,086)
Prepaid expenses and other assets	(64,103)	(100,610)
Accounts payable and accrued liabilities	(534,588)	(175,422)
Deferred revenue	(44,984)	(43,676)
	(618,799)	(718,953)

7. Segmented information:

The Company operates in two reportable segments being, i) Enterprise Asset Management Software and, ii) Construction and Industrial Equipment Rental and Distribution. The Company's external revenue by geographic region is based on the region in which the revenue is transacted. Property and equipment assets are based on the geographic region in which the Company operates.

For the three months ended March 31, 2013, no single customer, in either reportable segment, accounted for 10% or more of total Company revenue. As of March 31, 2013, no one customer accounted for more than 10% of accounts receivable. For the three months ended March 31, 2012, one software and services customer accounted for \$569,000 of revenue or 14% of total

NOBLE IRON INC.

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(Unaudited)

Period ended March 31, 2013 and 2012

In Canadian Dollars (unless otherwise specified)

7. Segmented information (continued):

Company revenue. As of March 31, 2012, one customer accounted for 20% of the accounts receivable balance.

(In 000's) Revenue by Reportable Segment	The months ended March 31,	
	2013	2012
Equipment rental and distribution	\$ 3,443	\$ 2,560
Software licenses and services	1,076	1,442
	<u>\$ 4,519</u>	<u>\$ 4,002</u>

(In 000's) Net Earnings (Loss) by Reportable Segment	The months ended March 31,	
	2013	2012
Equipment rental and distribution	\$ (252)	\$ (255)
Software licenses and services	119	303
	(133)	48
Less:		
Corporate expenses	(979)	(435)
Gain on expiry of default judgment	-	-
Interest expense	(227)	(19)
	<u>\$ (1,339)</u>	<u>\$ (406)</u>

(In 000's) Property and Equipment and Intangible Assets and Other Assets by Reportable Segment	March 31, 2013	December 31, 2012
Software	\$ 863	\$ 883
Equipment rental and distribution	30,437	27,620
Corporate	353	272
	<u>\$ 31,653</u>	<u>\$ 28,775</u>

(In 000's) Revenue by Geographic Segment	The months ended March 31,	
	2013	2012
North America	\$ 4,354	\$ 3,835
Australia & New Zealand	165	167
	<u>\$ 4,519</u>	<u>\$ 4,002</u>

(In 000's) Property and Equipment, Intangible Assets and Other Assets by Geographic Segment	March 31, 2013	December 31, 2012
North America	\$ 31,643	\$ 28,766
Australia	10	9
	<u>\$ 31,653</u>	<u>\$ 28,775</u>

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

Period ended March 31, 2013 and 2012

In Canadian Dollars (unless otherwise specified)

8. Rental and distribution revenue components:

Ancillary revenue includes the proceeds from new and used equipment, disposal of rental fleet in the ordinary course, and asset sales related to conversions of rental purchase options.

	March 31, 2013	March 31, 2012
Rental revenue	\$ 3,138,818	\$ 2,176,782
Ancillary revenue	304,379	383,363
	<u>\$ 3,443,197</u>	<u>\$ 2,560,145</u>

9. Subsequent event:

On May 6, 2013, the Company closed a non-brokered private placement of 3,846,154 common shares of the Company at a price of \$1.30 CDN per share for gross proceeds of \$5.0 million. The Company intends to use the net proceeds of the proceeds for working capital, equipment purchases, and capitalization in support of securing additional debt facilities.