Interim Condensed
Consolidated Financial Statements

# NOBLE IRON INC.

For the three and nine months ended September 30, 2017 and 2016
(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 interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Noble Iron Inc. (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 interim condensed consolidated financial statements in accordance with standards established by the CPA Canada 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 September 30, 2017 and December 31, 2016
In Canadian Dollars

| | September 30, 2017 | December 31, 2016 |
|---|---|---|
| **Assets** | | |
| Current | | |
| Cash and cash equivalents | $ 11,757,676 | $ 719,750 |
| Accounts receivable | 1,525,724 | 2,523,449 |
| Inventories | - | 550,227 |
| Prepaid expenses and other assets | 223,485 | 749,724 |
| Loan receivable (note 10) | 195,882 | 149,378 |
| | 13,702,767 | 4,692,529 |
| Non-current | | |
| Property, plant and equipment (note 11) | 54,835 | 13,728,399 |
| Intangible assets | 453,472 | 599,791 |
| Other assets | - | 102,813 |
| Deferred tax | 480,000 | 260,000 |
| | 988,307 | 14,691,003 |
| Total Assets | $ 14,691,074 | $ 19,383,532 |
| **Liabilities and Shareholders' Equity** | | |
| Current | | |
| Accounts payable and accrued liabilities | $ 2,028,036 | $ 2,334,890 |
| Deferred revenue | 136,349 | 273,057 |
| Current portion of license obligation | 82,423 | 79,020 |
| Debt | 75,256 | 24,338,225 |
| Income tax payable | 24,262 | - |
| | 2,346,326 | 27,025,192 |
| Non-current | | |
| License obligation | 45,801 | 95,391 |
| Debt | 13,893 | 655,072 |
| | 59,694 | 750,463 |
| Total Liabilities | 2,406,020 | 27,775,655 |
| Shareholders' equity: | | |
| Share capital (note 4) | 36,471,467 | 36,471,467 |
| Contributed surplus | 4,135,766 | 3,983,679 |
| Accumulated other comprehensive income | 1,265,162 | 2,693,586 |
| Deficit | (29,587,341) | (51,540,856) |
| | 12,285,054 | (8,392,124) |
| Total liabilities and shareholders’ equity | $ 14,691,074 | $ 19,383,532 |

See accompanying notes to interim unaudited condensed consolidated financial statements

On behalf of the Board:

/s/ Nabil Kassam Director

/s/ Aly Mawji Director

# NOBLE IRON INC.

Interim Condensed Consolidated Statements of Comprehensive Loss
(Unaudited)
For the three and nine months ended September 30, 2017 and 2016
In Canadian Dollars

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| Revenue: | | | | |
| Software and services | $ 1,148,442 | $ 1,465,976 | $ 3,450,489 | $ 3,819,785 |
| | 1,148,442 | 1,465,976 | 3,450,489 | 3,819,785 |
| Cost of revenue: | | | | |
| Software and services | 194,735 | 147,276 | 573,349 | 485,149 |
| | 194,735 | 147,276 | 573,349 | 485,149 |
| Gross profit from continuing operations | 953,707 | 1,318,700 | 2,877,140 | 3,334,636 |
| Operating expenses: | | | | |
| Support, maintenance and delivery | 646,712 | 370,533 | 1,486,546 | 1,221,608 |
| Research and development | 260,470 | 237,693 | 788,484 | 738,818 |
| Sales and marketing | 73,739 | 46,619 | 163,763 | 193,822 |
| General and administration (recovery of expenses) (Note 12) | (451,233) | 1,102,657 | 2,191,694 | 4,317,793 |
| | 529,688 | 1,757,502 | 4,630,487 | 6,472,040 |
| Income/(loss) from continuing operations | 424,019 | (438,802) | (1,753,347) | (3,137,404) |
| Finance costs: | | | | |
| Interest expense | (5,476) | 200,396 | 273,342 | 242,364 |
| Foreign exchange (gain)/loss | (143,588) | 6,920 | (379,551) | 29,310 |
| | (149,064) | 207,316 | 106,209 | 271,674 |
| Income/(loss) from continuing operations before income taxes | 573,083 | (646,118) | (1,647,138) | (3,409,079) |
| Income tax expense (recovery) | (335,000) | 77,000 | (223,868) | 113,000 |
| Net Income/(loss) from continuing operations | 908,083 | (723,118) | (1,423,270) | (3,599,079) |
| Income/(loss) from discontinued operations, net of taxes (Note 12) | (2,006,270) | (753,890) | 23,376,785 | (4,076,397) |
| Net income/(loss) | (1,098,187) | (1,477,008) | 21,953,515 | (7,675,476) |
| Other comprehensive income (loss): | | | | |
| Items that may be reclassified to net loss: | | | | |
| Foreign currency translation adjustment | (331,959) | (41,916) | (1,428,424) | 155,231 |
| Total comprehensive income/(loss) | $ (1,430,146) | $ (1,518,924) | $ 20,525,091 | $ (7,520,245) |
| Net loss per share (note 5): | | | | |
| Basic and diluted from continuing operations (note 3) | $ 0.03 | $ (0.03) | $ (0.05) | $ (0.13) |
| Basic and diluted from discontinued operations (note 3) | $ (0.07) | $ (0.03) | $ 0.85 | $ (0.15) |

See accompanying notes to interim unaudited condensed consolidated financial statements

# NOBLE IRON INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
For the nine months ended September 30, 2017 and 2016
In Canadian Dollars

| | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income | Deficit | Total |
|---|---|---|---|---|---|
| Balance at January 1, 2016 | $ 36,471,467 | $ 3,557,866 | $ 2,076,235 | $ (42,336,290) | $ (230,722) |
| Stock-based compensation | - | 344,590 | - | - | 344,590 |
| Other comprehensive income - foreign currency translation adjustment | - | - | 155,231 | - | 155,231 |
| Net income/(loss) | - | - | - | (7,675,476) | (7,675,476) |
| Balance, September 30, 2016 | $ 36,471,467 | $ 3,902,456 | $ 2,231,466 | $ (50,011,766) | $ (7,406,377) |

| | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income | Deficit | Total |
|---|---|---|---|---|---|
| Balance, January 1, 2017 | $ 36,471,467 | $ 3,983,679 | $ 2,693,586 | $ (51,540,856) | $ (8,392,124) |
| Stock-based compensation | - | 152,087 | - | - | 152,087 |
| Other comprehensive income - foreign currency translation adjustment | - | - | (1,428,424) | - | (1,428,424) |
| Net income/(loss) | - | - | - | 21,953,515 | 21,953,515 |
| Balance, September 30, 2017 | $ 36,471,467 | $ 4,135,766 | $ 1,265,162 | $ (29,587,341) | $ 12,285,054 |

See accompanying notes to interim unaudited condensed consolidated financial statements

# NOBLE IRON INC.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)
For the nine months ended September 30, 2017 and 2016
In Canadian Dollars

| | September 30, 2017 | September 30, 2016 |
|---|---|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net loss | $ (1,423,270) | $ (3,599,079) |
| Items not involving cash: | | |
| Depreciation and amortization | 139,781 | 229,260 |
| Stock-based compensation | 152,087 | 344,590 |
| Interest expense | 273,342 | 242,364 |
| Gain on disposal of property and equipment | - | 32,457 |
| Unrealized foreign exchange (gain) loss | (1,097,995) | 281,595 |
| Impairment on loan receivable | (52,500) | 94,500 |
| Income tax recovery | (219,868) | 190,000 |
| Income tax paid | (132) | 275 |
| Operating activities from discontinued operations | (8,426,764) | 2,930,518 |
| Change in non-cash operating working capital (note 6) | (259,815) | (158,263) |
| Net cash provided from operating activities | (10,915,134) | (2,342,301) |
| Investing activities: | | |
| Purchase of property and equipment | (10,343) | (91,213) |
| Proceeds on disposal of rental equipment | - | (14,280) |
| Purchase of intangibles | - | (199,386) |
| Investing activities from discontinued operations | 46,518,124 | 1,568,780 |
| Net cash provided from investing activities | 46,507,781 | 304,879 |
| Financing activities: | | |
| Proceeds from long-term debt | 1,441,614 | 4,574,495 |
| Proceeds from short-term debt | 1,318,782 | - |
| Proceeds from long-term debt | (238,392) | 98,567 |
| Repayment of short-term debt | (6,068,779) | - |
| Repayment of license obligation | - | (104,245) |
| Interest paid | (276,484) | (153,295) |
| Financing activities from discontinued operations | (20,212,100) | (4,499,298) |
| Net cash (used in) financing activities | (24,035,359) | 3,221,670 |
| Increase in cash | 11,557,288 | 574,490 |
| Cash, beginning of period | 719,750 | 449,715 |
| Effect of exchange rate changes on cash | (519,362) | (22,524) |
| Cash, end of period | $ 11,757,676 | $ 1,001,681 |

See accompanying notes to interim unaudited condensed consolidated financial statements

**1. Corporate information:**

Noble Iron Inc. (the "Company") was incorporated under the *Company Act* (British Columbia) and was continued under the *Business Corporations Act* (Ontario) on November 5, 2008. The address of the Company's registered office is 90 Woodlawn Road West, Guelph, Ontario, N1H 1B2. The condensed interim consolidated financial statements of the Company, as at and for the three and nine months ended, September 30, 2017 and 2016, comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Noble Iron Inc. is listed on the TSX-Venture Exchange under the symbol NIR. The Company operates in the enterprise asset management software business for the construction and industrial equipment industry.

The Company previously operated in equipment rental and distribution business. Effective November 9, 2016, the Company sold its Houston, TX equipment rental and sales operations. Effective May 5, 2017, the Company sold its Los Angeles, CA equipment rental and sales operations. Accordingly, the results of operations and the gain/(loss) on distribution for the equipment rental operations are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the equipment rental and distribution segment as discontinued operations.

Noble Iron Inc.'s software division operates under the name "Texada Software". Texada Software develops software applications to manage the complete equipment ownership lifecycle: from equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking, through to used equipment sales, disposal, and inventory replenishment. Texada Software offers in the cloud or client-based software, and is scalable to meet the needs of any equipment rental company, dealership, construction company, contractor, and any customer who owns or uses construction or industrial equipment.

**2. Basis of preparation:**

(a) Statement of compliance:

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standards 34, Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). The notes presented in these interim condensed consolidated financial statements include only significant changes and transactions occurring since the Company's last year end, and are not fully inclusive of all disclosure required by International Financial Reporting Standards ("IFRS") for annual financial statements.

These interim condensed consolidated financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the years ended December 31, 2016 and 2015, (the "2016 Annual Financial Statements") which are available on SEDAR. These Condensed Interim consolidated financial statements were approved by the Board of Directors on November 27, 2017.

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the 2016 Annual Financial Statements. These interim condensed consolidated financial statements are presented in Canadian dollars.

**2. Basis of preparation (continued):**

(b) Use of judgments and estimates:

Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expense. Actual results may differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Management periodically reviews its estimates and underlying assumptions relating to the following items:

i. Corporate income taxes

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences as well as the future tax rates that will apply to those differences. Changes in tax laws and rates as well as changes to the expected timing of reversals may have a significant impact on the amounts recorded for deferred tax assets and liabilities. Management monitors current and potential changes to tax law and bases its estimates on the best available information at each reporting date.

ii. Depreciation

Management estimates future residual values and the rate at which the useful lives of property and equipment are consumed to determine appropriate depreciation charges. Estimates of residual value and useful lives are based on data and information from various sources, including vendors, industry practice and company specific history. These estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

iii. Amortization

Management estimates the expected useful life of intangible assets for use in calculating amortization expense. The estimates are evaluated annually and adjusted prospectively, where necessary, to reflect actual experience.

iv. Impairment of long-lived assets

When circumstances require the performance of an impairment test, Management utilizes estimates in assessing the recoverable amount of the asset or cash generating unit. In so doing, management utilizes independent, third party sources of information; specifically observable market prices for similar assets with similar characteristics.

**2. Basis of preparation (continued):**

(b) Use of judgments and estimates (continued):

v. Provision for doubtful accounts

The Company makes an assessment of whether accounts receivable are collectable for each customer based on payment history and financial condition. These estimates are continuously evaluated and updated.

Use of judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments that affect the application of accounting policies and the interpretation of accounting standards.

Management periodically reviews its judgments and underlying assumptions relating to the following items:

i. Impairment

Management exercises judgment to determine whether there are factors that would indicate that an asset or a Cash Generating Unit ("CGU") is impaired. This determination of CGUs is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. Factors considered include whether an active market exists for the output produced by the asset or group of assets as well as how management monitors and makes decisions about the operations. Following the sale of the Company's equipment rental and distribution business as described in Note 1, the Company's sole CGU business is enterprise asset management software.

ii. Intercompany transactions

Management exercises judgment to determine which amounts receivable from a foreign operation are not expected to be settled and accordingly forms part of the Company's net investment in the foreign operation. Factors considered include the nature of the source of the amounts advanced and the ability of the foreign operation to repay the advance.

iii. Recognition of deferred tax asset

Management exercises judgment in determining whether to recognize deferred tax assets and the amount of the recognition at each period end. Factors considered in this determination include the probability of generating sufficient taxable income, the estimation of the tax rates that will be enacted when these assets will be utilized and different tax positions that can be taken to affect taxes payable in the future.

**2. Basis of preparation (continued):**

(b) Use of judgments and estimates (continued):

iv. Multiple elements of revenue

Management's judgement is applied to the evaluation of multiple elements arrangements in the Company's enterprise asset management software segment to assess whether deliverables can be recognized separately for revenue recognition purposes.

v. Fleet equipment

Fleet equipment is presented as property and equipment as the fleet equipment is available for rental and sale. At the time of sale, the net book value of used equipment, or cost of new equipment, is included in cost of revenue.

(c) New standards and interpretations not yet adopted:

The International Accounting Standards Board ("IASB") has issued the following amendments, revisions, and new International Financial Reporting Standards ("IFRS") that are not yet effective and while considered relevant to the Group, they have not yet been adopted by the Group.

i. In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments ("IFRS 9"), which brings together the classification and measurement and impairment phases of the IASB's project to replace IAS 39 – Financial Instruments: Recognition and Measurement ("IAS 39").

Classification and measurement – Financial assets are classified and measured based on the business model under which they are managed and the contractual cash flow characteristics of the financial assets. Financial liabilities are classified in a similar manner as under IAS 39, except that financial liabilities measured at fair value will have fair value changes resulting from changes in the Group's own credit risk, recognized in Other Comprehensive Income instead of net income, unless this would create an accounting mismatch.

Impairment – the measurement of impairment of financial assets is based on an expected credit loss model. It is no longer necessary for a triggering event to have occurred before credit losses are recognized. IFRS 9 also includes new disclosure requirements about expected credit losses and credit risk.

IFRS 9 will be applied retrospectively for annual periods beginning on or after January 1, 2018. The Group is assessing the potential impact of this standard.

## 2. Basis of preparation (continued):

(c) New standards and interpretations not yet adopted (continued):

ii. In May 2014, the IASB issued IFRS 15, Revenue from Contracts with Customers ("IFRS 15") which replaces IAS 11, Construction Contracts, IAS 18 - Revenue, and IFRIC 13, Customer Loyalty Programmes, as well as various other interpretations regarding revenue. IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers, except for contracts that are within the scope of the standards on leases, insurance contracts, and financial instruments. IFRS 15 also contains enhanced disclosure requirements. IFRS 15 will be applied for annual periods beginning on or after January 1, 2018. The Group is assessing the potential impact of this standard.

iii. In January 2016, the IASB issued IFRS 16 – Leases ("IFRS 16"), which replaces IAS 17 – Leases "IAS 17") and related interpretations. IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12-months or less or the underlying asset has a low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17 with the distinction between operating leases and finance leases being retained. IFRS 16 will be applied retrospectively for annual periods beginning on or after January 1, 2019. The Group is assessing the potential impact of this standard.

## 3. Sale of equipment rental operations:

On November 9, 2016, the Company announced it had completed an agreement with an arm's length third party to sell 100% of its wholly owned subsidiary, Noble Rents (TX), Inc. The proceeds of the sale were $812,077 comprised of $670,400 cash and $141,677 in an unsecured promissory note due in November 2017.

On May 5, 2017, the Company completed an agreement to sell the assets of its Los Angeles, California based equipment rental operations to Sunbelt Rentals, Inc., a third party. The proceeds of the sale were $46,289,465 $(33,768,361 USD) paid in cash, after deduction of an escrow amount of $1,370,000 ($1,000,000 USD) for adjustments to the purchase price following closing. Details listed below are provisional subject to a final working capital and other changes such as potential taxes owed.

Accordingly, the operating results and operating cash flows for the previously reported equipment rental operations, including prior period results, are presented as discontinued operations, separate from the Company's continuing operations.

In Canadian Dollars

## 3. Sale of equipment rental operations (continued):

| | | |
|---|---|---|
| Proceeds on sale, net of transaction costs of $220,547 | $ | 46,068,918 |
| Assets disposed | | (16,395,293) |
| Other costs of sale | | (1,556,961) |
| Gain on sale | $ | 28,116,664 |

The assets disposed of were as follows:

| | | |
|---|---|---|
| Property and equipment, net | $ | 13,551,572 |
| Accounts receivable | | 2,197,508 |
| Inventories | | 646,212 |
| Assets disposed | $ | 16,395,293 |

## 4. Share capital:

(a) Authorized:

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value. There are no preferred shares outstanding as of September 30, 3017 or December 31, 2016.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan. As at September 30, 2017 and December 31, 2016 Noble Iron had no restricted shares issued.

(b) Issued:

Issued and outstanding common shares were 27,417,479 as of September 30, 2017 and 27,417,479 as of December 31, 2016. During the three and nine months ended September 30, 2017, the Company issued no common shares and had no exercise of options. There are no preferred shares outstanding as of September 30, 2017 or December 31, 2016. As at September 30, 2017 and December 31, 2016, the Company had no restricted shares issued.

## 5. Net loss per share:

The computations for basic and diluted earnings per share for the three and nine months ended September 30, 2017 and 2016 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Net income/(loss) from continuing operations | $ 908,083 | $ (723,118) | $ (1,423,270) | $ (3,599,079) |

In Canadian Dollars

| | | | | |
|---|---|---|---|---|
| Net income(loss) from discontinued operations | (2,006,270) | (753,890) | 23,376,785 | (4,076,397) |
| Weighted average number of common shares outstanding: | | | | |
| Basic and diluted | 27,417,479 | 27,417,479 | 27,417,479 | 27,417,479 |
| Net loss per share: | | | | |
| Basic and diluted from continuing operations | $ 0.03 | $ (0.03) | $ (0.05) | $ (0.13) |
| Basic and diluted from discontinued operations | $ (0.07) | $ (0.03) | $ 0.85 | $ (0.15) |

The average market value of the Group's common shares, for the purpose of calculating the dilutive impact of outstanding share options, was based on quoted market prices for the period during which the options were outstanding.

Share options to purchase 2,415,700 (September 30, 2016 – 2,715,700) common shares are excluded from the weighted average common shares in the calculation of diluted loss per share as they are not dilutive.

## 6. Changes in non-cash operating working capital:

| | September 30, 2017 | September 30, 2016 |
|---|---|---|
| Accounts receivable | $ 345,266 | $ 2,137 |
| Inventories | - | (212) |
| Prepaid expenses and other assets | (131,585) | (125,321) |
| Accounts payable and accrued liabilities | (410,416) | 46,243 |
| Deferred revenue | (63,080) | (81,110) |
| | $ (259,815) | $ (158,263) |

## 7. Financial risk management:

The Group is exposed to foreign exchange risk, interest rate risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that the Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2016, and no assurance can be provided that these strategies will continue to be effective.

(a) Foreign exchange risk:

Foreign exchange risk is the risk that the fair value, or the future value cash flow of a financial instrument, will fluctuate due to changes in foreign exchange rates.

(b) Interest rate risk:

Interest rate risk is the risk that changes in interest rates will affect the Company's income or the value of its holdings of financial instruments.

(c) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its obligations as they come due. The Company ensures that there is sufficient capital in order to meet short-term business requirements, after taking into account cash flows from operations and the Company's holdings of cash. The Group believes that it has access to sufficient cash to cover the expected short-term and long-term cash requirements.

## 8. Determination of fair values:

(a) Financial Assets:

Management has determined that the carrying amount of its short-term financial assets, including cash and accounts receivable approximates fair value at the reporting date. The carrying value of the short-term loan receivable approximates fair value.

(b) Financial liabilities:

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities and short-term debt approximate fair value at the reporting date due to the short-term maturity of these obligations.

Management has determined that the carrying amounts of its short-term debt and current portion of license obligation approximates fair value at the reporting date due to the short-term maturity of these obligations.

Management has determined that the carrying amount of the Company's long-term debt and long-term portion of license obligation approximate fair market value using the present value of future principal and interest payments discounted at market based interest rates available to the Company for similar debt instruments with similar maturities

(c) Fair value:

As of September 30, 2017, the Company did not have any financial instruments which are measured at fair value. This is consistent with 2016.

In Canadian Dollars

## 8. Determination of fair values (continued):

Financial assets and liabilities

| | Carrying Amount | | | | Fair Value |
|---|---|---|---|---|---|
| | Non-current assets | Current Assets | | | |
| | Trade and other receivables | Trade and other receivables | Cash and cash equivalents | Total | Total |
| **September 30, 2017** | | | | | |
| **Financial assets not measured at fair value** | | | | | |
| Trade and other receivables | $ - | 1,525,724 | $ - | $ 1,525,724 | $ 1,525,724 |
| Cash | - | - | 11,757,676 | 11,757,676 | 11,757,676 |
| Loan receivable | - | 195,882 | - | 195,882 | 195,882 |
| | $ - | $ 1,721,606 | $ 11,757,676 | $ 13,479,282 | $ 13,479,282 |
| **December 31, 2016** | | | | | |
| **Financial assets not measured at fair value** | | | | | |
| Trade and other receivables | $ - | $ 2,523,449 | $ - | $ 2,523,449 | $ 2,523,449 |
| Cash | - | - | 719,750 | 719,750 | 719,750 |
| Loan receivable | - | 149,378 | - | 149,378 | 149,378 |
| | $ - | $ 2,672,827 | $ 719,750 | $ 3,392,577 | $ 3,392,577 |

In Canadian Dollars

## 8. Determination of fair values (continued):

Financial assets and liabilities

| | Carrying Amount | | | | Fair Value |
|---|---|---|---|---|---|
| | Non-current liabilities | Current Liabilities | | | |
| | Loans and borrowings | Trade and other payables | Loans and borrowings | Total | Total |
| **September 30, 2017** | | | | | |
| **Financial liabilities not measured at fair value** | | | | | |
| Accounts payable and accrued liabilities | $ - | $ (2,028,147) | $ - | $ (2,028,147) | $ (2,028,147) |
| License obligation | (82,423) | - | (45,801) | (45,801) | (128,224) |
| Short term debt | - | - | (50,160) | (50,160) | (50,160) |
| Long-term debt | (25,096) | - | (13,893) | (13,893) | (38,989) |
| | $ (107,519) | $ (2,052,300) | $ (109,854) | $ (2,138,001) | $ (2,245,520) |
| **December 31, 2016** | | | | | |
| **Financial liabilities not measured at fair value** | | | | | |
| Accounts payable and accrued liabilities | $ - | $ (2,334,890) | $ - | $ (2,334,890) | $ (2,334,890) |
| License obligation | (95,391) | - | (79,020) | (174,411) | (174,411) |
| Short term debt | - | - | (23,981,724) | (23,981,724) | (23,981,724) |
| Long-term debt | (655,073) | - | (356,501) | (1,011,574) | (1,011,574) |
| | $ (750,464) | $ (2,334,890) | $ (24,417,245) | $ (27,502,599) | $ (27,502,599) |

In Canadian Dollars

**9. Segmented information:**

Up to and including the second quarter of the current fiscal year, the Group operated in two reportable segments being, i) Construction and Industrial Equipment Rental and Distribution and, ii) Enterprise Asset Management Software. Each segment had its own management that was accountable and responsible for the segment's operations, results and financial performance. These segments were principally organized by the major industries in which they operated. Effective November 9, 2016, the Company sold its Houston, TX equipment and sales operations. Effective May 5, 2017, the Company sold its Los Angeles, CA equipment rental and sales operations. Accordingly, the results of operations and the gain/(loss) on distribution for the equipment rental operations are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the Equipment Rental and Distribution segment as discontinued operations. The revenues for the Southern California operations were $1,542,204 and $5,000,949 for the three and nine months ended September 30, 2017. As the Construction and Industrial Rental and Distribution segment has been discontinued, Noble Iron will no longer be reporting separate segments going forward.

Accordingly, the Company's remaining reportable segment is Enterprise Asset Management Software, which is headquartered in Canada. The business markets and sells its software platform to customers who manage large quantities of construction and industrial heavy equipment inventory in Canada, Australia and the United States.

For the nine months ended September 30, 2017 and 2016, no single customer accounted for 10% or more of the total Company's revenue or accounts receivable.

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| Revenue by Geographic Segment | 2017 | 2016 | 2017 | 2016 |
| Canada & United States | 920,377 | 906,577 | 2,767,481 | 2,868,443 |
| Australia & New Zealand | 228,065 | 559,399 | 683,008 | 951,342 |
| | $ 1,148,442 | $ 1,465,976 | $ 3,450,489 | $ 3,819,785 |

**10. Loan receivable:**

On January 8, 2013, the Group provided a loan advance of $150,000 to a senior officer with a carrying amount of $60,000 as of September 30, 2017. The advance was non-interest bearing, with the principal due on January 8, 2017. The loan is secured by 150,000 common shares acquired by the senior officer at the time the loan was advanced. On January 19, 2015, the Chief Financial Officer (CFO) of Noble Iron Inc. tendered his resignation. The loan receivable outstanding to the Company became due on demand based on the terms of the loan agreement as a result of the resignation, and accordingly the loan receivable was reclassified as a current asset in 2015.

In the fourth quarter of 2016, the Company announced it entered into an agreement with an arm's length third party to sell 100% of its wholly owned subsidiary Noble Rents (TX), Inc. The proceeds of the sale were $806,282 comprised of $670,400 cash and $135,882 in an unsecured promissory note due in November 2017.

**11. Property, plant and equipment:**

In the quarter ended June 30, 2017, the Company completed an agreement to sell the assets of its Los Angeles, California based equipment rental operations. The net book value of property, plant and equipment disposed in this transaction was $13,551,572.

**12. General and administration:**

General and administration expenses for the continuing operations were $1,526,664 in the current quarter. A total of $1,977,898 of expenses previously recorded in continuing operations have been regrouped to discontinued operations to more adequately reflect the nature of and benefits realized from these expenses. As a result of this regrouping, general and administration expenses for continuing operations were a recovery of $451,233 in the quarter ended September 30, 3017.

**13. Subsequent event:**

Subsequent to the quarter ending September 30, 2017, Sunbelt Rentals Inc. (see Note 3), released the funds in escrow, which amounted to a net collection of $643,050 USD. The release resulted in the Company's writing off $43,522, leaving an accounts receivable balance of $189,199.