



**MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")**

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For the Three and Nine Month Period Ended September 30, 2017

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## Basis of Presentation:

The following discussion of the financial condition and results of operations of Noble Iron Inc. ("Noble Iron," or the "Company") should be read in conjunction with the Company's unaudited interim condensed Consolidated Financial Statements for the three and nine-month period ended September 30, 2017 and September 30, 2016, which were prepared under International Financial Reporting Standards ("IFRS") using Noble Iron Inc.'s functional currency of Canadian dollars. This MD&A has been prepared as of November 27, 2017 to help investors understand the financial performance of the Company and to provide information that management believes is relevant for an assessment and understanding of the business, risks, opportunities and performance measures of the Company. We have prepared this document in conjunction with our broader responsibilities for the accuracy and reliability of the financial statements and the development and maintenance of appropriate internal controls in our efforts to ensure that the financial information is complete and reliable. The Company's Board of Directors has reviewed this document and all other publicly reported financial information for integrity, usefulness and consistency.

Additional information about Noble Iron, including copies of the Company's continuous disclosure materials, is available at [www.nobleiron.com](http://www.nobleiron.com) or under the Company's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com). Noble Iron maintains its registered head office in Ontario, Canada, with executive management based in California, USA. Noble Iron's Investor Relations department can be reached at 1 (310) 754-9054. The information on the Company's website is not considered to be a part of this MD&A.

## Forward Looking Statements:

This document may contain forward-looking statements that reflect Noble Iron's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting acceptance of and demands for new products and services, the impact of the products, services and pricing strategies of competitors, delays in developing and launching new products and services, fluctuations in operating results and other risks, any of which could cause actual results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. There are many inherent risks in the industries in which Noble Iron operates; some are more specific to the Company. The reader should consult Noble Iron's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. The reader should not place undue reliance on any forward-looking statements. Management assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise, unless required by law.

## Non-IFRS Measures:

The term "Adjusted EBITDA" refers to net earnings (loss) before interest expense, income taxes, depreciation, amortization, acquisition expenses, stock-based compensation, severances, foreign exchange, lease termination payments and other extra ordinary and non-recurring items. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration the other items listed above. The MD&A presents non-IFRS financial measures to assist readers in understanding the Company's performance. Adjusted EBITDA does not have any standardized meaning and is therefore unlikely to be comparable to similar measures presented by other issuers and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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## Overview:

Noble Iron (symbol "NIR") operated directly in equipment rental and equipment sales until May 5, 2017 and continues to develop and sell software for construction and industrial equipment owners and users.

On November 9, 2016, the Company sold its Houston, Texas equipment rental and sales operations.

Up until May 5, 2017, Noble Iron's equipment rental and dealership business operated under the name "Noble Iron", and served customers in the State of California. This division offered construction and industrial equipment and accessories for rent and for sale. On May 5, 2017 the Company sold the assets comprising its Los Angeles, California based equipment rental operations to an arm's length third party. 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's software division operates under the name "Texada Software". Texada Software offers cloud or client-based software for equipment rental companies, equipment dealerships, construction companies, contractors, and customers who own or use construction or industrial equipment. Texada Software develops software applications to manage the equipment ownership lifecycle, including equipment purchasing, rental and sales transactions, inventory management, maintenance and depreciation tracking, as well as used equipment sales, disposal and inventory replenishment. Following the sale of the equipment rental and dealership operations, the Company's sole operating business is currently in software. Since June of 2017, the Company has focused on investing in its software business, and has expanded its software resources with additional engineering, sales and marketing investment in Canada and the United States. The Company plans to further develop and deploy its existing software applications, including SRM (Systematic Rental Management), and new products such as FleetLogic, Gateway and SRM Lite. The Company also plans to consider additional strategic opportunities in addition to software.

The Company is subject to a number of risks and uncertainties associated with the achievement of sustainable profitability. The Company has incurred net losses and used significant cash in its operating activities since incorporation. It has relied significantly upon external financing to fund its operations and to establish its infrastructure, primarily through debt and private equity placements.

### **Recent Developments:**

On August 11, 2016, the Company announced the commercial launch of FleetLogic, a mobile and desktop software application that enables users to manage inspections and work orders, track asset-specific history and parts specifications, and look up equipment availability, status and location in real-time.

Also announced was FleetLogic's first customer launch with HirePool, New Zealand's largest independent equipment rental company. FleetLogic is being deployed to equipment service professionals managing HirePool's equipment fleet at over 60 locations.

Over the course of 2017, the Company has invested in developing a stand-alone version of FleetLogic, which can be used independently of SRM, the company's existing ERP (Enterprise Resource Planning) software product. The first FleetLogic stand-alone sale to a customer occurred in October 2017.

Discontinued Operations: On November 9, 2016, the Company sold its Houston TX equipment rental and sales operations and on May 5, 2017, the Company sold the assets of its Los Angeles, California equipment rental and sales operations.

### **Description of Noble Iron's Business:**

#### **Construction and Industrial Equipment Rental and Distribution**

During 2016, the Company operated construction and industrial equipment rental and distribution operations in two major markets, Southern California and Southeastern Texas. 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. The results of the Los Angeles, CA equipment rental and sales business are considered as discontinued operations in this MD&A. Please refer to the "Quarterly Results" section of this MD&A for more information. Though the sale of the assets comprising the Company's Los Angeles operations occurred on May 5, 2017, the Company continued to complete various post-closing activities during the quarter ending September 30, 2017, including providing COBRA benefits for a number of employees who were not employed by the acquirer and managing areas such as the collection of receivables. Further to Note 13 of the Subsequent Events section of the Interim Condensed Consolidated Financial Statements, following the quarter ending September 30, 2017, the Company collected a total of \$643,050 USD related to the release of funds in escrow from the sale of assets to Sunbelt Rentals Inc.

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### **Enterprise Asset Management Software**

The software segment's revenues are derived from license revenues that include user license fees, server license fees, Software as a Service ("SaaS") subscription fees, contract development, and upgrade fees. In addition to these fees, the segment generates maintenance and service revenue. The products are generally licensed under single-year or multi-year terms, both of which are arranged to automatically renew. Maintenance fee arrangements generally include ongoing customer support and rights to certain product updates. Service revenue consists of professional fees charged for product training, consulting, and implementation and programming services. Contract revenue is derived from contracts for the development of custom applications. Customers typically purchase a combination of software, maintenance, and professional services.

### **Noble Iron's Markets:**

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#### **Equipment Asset Management Software**

Customers in the North American construction equipment rental sector currently account for approximately 90% of the Company's software revenue. It is estimated there are more than 30,000 companies worldwide that rent various types of equipment, 12,000 of which conduct business in the United States and Canada.

The market for rental management software has existed for over 30 years, and management estimates there are more than 200 providers of rental management software to the three primary segments of the rental market. Most companies in this sector are private companies, making it difficult to accurately assess the size of this market.

Management's view is that the increased adoption of cloud-based software and mobile applications among the Company's existing and target software customers presents significant growth opportunities.

### **2017 and 2016 Business Developments:**

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#### **Company Results**

Objectives of the Company during 2017 continue to include migrating existing customers from customized software products to the current standard version, converting on-premise software clients to Texada's SaaS cloud-based offering, as well as developing and marketing specific software products, mobile applications and support capabilities. The Company also invested in additional software development, marketing and sales resources to further expand the software customer base and to serve existing customers with new products and services.

During 2016, the Company focused on building scalable operating processes and capabilities, investing in the Company's management and operating teams, and developing and marketing new proprietary software, such as the FleetLogic application. The Company did not make significant equipment fleet investments during 2016, as management focused primarily on solidifying the Company's operating platform.

## Results from Continuing Operations:

## Consolidated Financial Highlights from Continuing Operations

Consolidated Financial Highlights from continuing operations (000's except EPS)	Nine Months Ended		Three Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
Revenues	\$3,450	\$3,820	\$1,149	\$1,466
Cost of Revenue	(573)	(485)	(195)	(147)
Expenses, interest, and taxes	(4,300)	(6,934)	(46)	(2,042)
Net Earnings (Loss)	(1,423)	(3,599)	908	(723)
Adjusted EBITDA <sup>1</sup>	(\$1,405)	(\$2,533)	\$579	(\$204)
Loss per share - basic and diluted	(\$0.05)	(\$0.13)	\$0.03	(\$0.03)

	September 30, 2017	December 31, 2016
Total Assets	14,691	19,384
Total Current Liabilities	2,346	27,025
Total Non-Current Liabilities	60	750
Total Shareholders Equity	12,285	(8,392)

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measures" section of the MD&A.

Comparative Financial Results (000's) - Consolidated Company from continuing operations	Nine Months Ended			Three Months Ended		
	September 30, 2017	September 30, 2016	Percentage Change	September 30, 2017	September 30, 2016	Percentage Change
Revenue	\$3,451	\$3,820	(10)%	\$1,149	\$1,466	(22)%
Cost of Revenue	573	485	18%	195	147	32%
Expenses						
Support, Maintenance and Delivery	1,487	1,222	22%	647	371	75%
Research and Development	789	739	7%	261	238	10%
Sales and Marketing	194	194	(15)%	74	47	58%
General and Administration	2,192	4,318	(49)%	(451)	1,103	(141)%
Income Tax Expense	(224)	190	(218)%	(335)	77	(535)%
Interest Expense	273	242	13%	(6)	200	(103)%
Foreign Exchange (Loss)	(380)	29	(1,396)%	(144)	7	(2,181)%
Net Profit/(Loss) From Continuing Operations	(1,423)	(3,599)	(60)%	908	(723)	(226)%
Add:						
Depreciation / Amortization	140	229	(39)%	54	76	(28)%
Income Tax Expense	(224)	190	(218)%	(335)	77	(535)%
Stock Based Compensation	152	345	(56)%	44	102	(56)%
Interest Expense	272	242	12%	(7)	200	(103)%
Severance	57	30	91%	57	57	0%
Foreign Exchange Loss	(380)	29	(1,396)%	(144)	7	(2,181)%
Adjusted EBITDA	(\$1,405)	(\$2,533)	(45)%	\$579	(\$204)	(384)%
Loss per share - basic and diluted from continuing operations	(\$0.05)	(\$0.13)	(59)%	\$0.03	(\$0.03)	(217)%

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measures" section of the MD&A.

Quarterly Results (000's)	2017			2016			2015
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue	\$1,149	\$1,198	\$1,104	\$1,109	\$1,466	\$1,213	\$1,141
Cost of Revenue	(195)	(193)	(186)	(186)	(147)	(163)	(175)
Net earnings (loss) from continuing operations	908	(1,244)	(1,087)	(1,716)	(722)	(1,462)	(1,415)
Income (loss) from discontinued operations, net of tax	(2,006)	26,237	(854)	187	(754)	(1,657)	(1,665)
Net earnings (loss)	(1,098)	24,993	(1,941)	(1,529)	(1,476)	(3,119)	(3,080)
Add Back:							
Depreciation/Amortization expense	54	52	34	68	75	76	77
Income Tax (Recovery) Expense	-	54	57	53	77	56	56
Stock Based Compensation	44	50	57	81	102	130	113
Interest Expense	(6)	137	141	169	200	23	19
Severance and Other	57	-	-	-	30	-	-
Foreign Exchange (Gain) / Loss	(144)	(235)	(1)	55	7	42	(20)
Adjusted EBITDA from continuing operations	915	(1,186)	(800)	(1,290)	(231)	(1,135)	(1,170)
Earnings (loss) per share - basic and diluted-Continuing operations	\$0.03	(\$0.05)	(\$0.04)	(\$0.07)	(\$0.03)	(\$0.05)	(\$0.05)
Earnings (loss) per share - basic and diluted-for discontinued operations	(\$0.07)	\$0.96	(\$0.03)	\$0.01	(\$0.03)	(\$0.06)	(\$0.05)
Weighted Avg. Shares Outstanding (Basic)	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479
Weighted Avg. Shares Outstanding (Diluted)	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479	27,417,479

<sup>1</sup> Adjusted EBITDA is a non-IFRS measure and is defined within the "Introduction – Non-IFRS Measures" section of the MD&A.

For the third quarter of 2017, Noble Iron recorded revenues of \$1.1 million compared to \$1.5 million for the three months ended September 30, 2016. The difference is primarily due to a \$0.4 million one-time license sale which occurred during the third quarter of 2016.

For the third quarter of 2017, Noble Iron recorded cost of revenues of \$0.2 million compared to \$0.1 million for the three months ended September 30, 2016.

For the third quarter of 2017, Noble Iron recorded expenses of \$ 0.05 million compared to \$2.0 million for the three months ended September 30, 2016, resulting in a decrease of \$ 2.0 million. General and administration expenses for the continuing operations were \$1.5 million in the current quarter; however, a total of \$2.0 million 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 \$0.5 million in the quarter ended September 30, 2017. Increases in Support, Maintenance and Delivery; Research and Development; Sales and Marketing; and General and administration expenses for continuing operations were due primarily to increased investment in software development, sales, marketing and other expense associated with increased investment to grow the software business.

For the third quarter of 2017, Noble Iron recorded net profit of \$0.9 million, compared to a net loss of (\$0.7) million for the three months ended September 30, 2016, resulting in an increase in profits of \$1.6 million.

For the third quarter of 2017 Noble Iron recorded Adjusted EBITDA of \$0.6 million compared to (\$0.2) million for the three months ended September 30, 2016, resulting in an increase in Adjusted EBITDA of \$0.8 million.

### **Liquidity:**

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Liquidity risk is the risk the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk through cash and debt management. See "Liquidity Risk" below.

The Company manages liquidity by assessing future cash flow requirements. Cash flow estimates are based upon rolling forecasts that consider cash restrictions and anticipated operating results. While the Company had a number of Asset Backed Lending and other loans outstanding during the second quarter of 2017, following the sale of the assets of the Company's Los Angeles operations the loans associated with the Los Angeles facility were repaid. Cash, which is surplus to working capital requirements is typically held as deposits, in both US and Canadian funds, with larger financial institutions. Following the sale of the Los Angeles operations, the Company repaid outstanding loans and commitments in the amount of \$29.9 million.

### **Cash Flow:**

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As of September 30, 2017, the Company had cash of \$11.6 million and working capital of \$11.4 million compared to cash of \$1.2 million and negative working capital of (\$29.5) million as at September 30, 2016. The negative working capital of (\$29.5) million as of September 30, 2016 was due to the maturity date of the Company's asset backed lending facilities which were due in May 2017, which consequently caused the Company's long-term debt to be reclassified as short term debt.

Following the sale of the Los Angeles operations, the Company repaid outstanding loans and commitments in the amount of \$29.9 million. The above-mentioned credit facility was paid out following the sale.

### **Off-Balance Sheet Arrangements:**

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During the nine months ended September 30, 2017, the Company did not participate in any off-balance sheet arrangements.

### **Transactions Between Related Parties:**

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At September 30, 2017, there is a receivable outstanding from a former officer of the company which was reclassified to short-term upon his departure from the Company in the amount of \$0.06 million (December 31, 2016 - \$0.01 million).

### **Changes in Accounting Policies:**

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The significant accounting policies used in preparing the Consolidated Financial Statements are unchanged from those disclosed in the Company's 2016 annual consolidated financial statements except for the review, assessment, and implementation of new IFRS pronouncements prospectively adopted in its financial statements for the annual period beginning on January 1, 2017. The adoption of these pronouncements did not have a material impact on the financial statements. Further details can be found in the audited Consolidated Financial Statements for the twelve months ended December 31, 2016 available under the Company's profile on [www.SEDAR.com](http://www.SEDAR.com).

### **Financial Instruments:**

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The Company is exposed to certain risks related to its financial instruments during its normal course of business including, but not limited to; liquidity risk, foreign currency risk, interest rate risk, and credit risk. Noble Iron's financial instruments are detailed below. Noble Iron manages these financial instruments to support the Company's strategy for growth and ongoing operations.

Management has determined the carrying amount of its short-term financial assets, including cash and accounts receivable, approximates fair value at the reporting date. The amortized cost related to these items as of September 30, 2017 was \$13.7 million (December 31, 2016 - \$4.7 million). The carrying value of the short-term loan receivable approximates fair value.

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities and other current liabilities approximate fair value at the reporting date due to the short-term maturity of these obligations. The amortized cost related to these items as of September 30, 2017 was \$2.4 million (December 31, 2016 - \$27.0 million).

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. The amortized costs related to these items as of September 30, 2017 was \$0.2 million (December 31, 2016 - \$24.4 million). Management asserts that there have been no significant changes to interest rates and that the fair value of the short-term debt and current portions of license obligation approximate fair value.

Management has determined that the carrying amount of the Company's long-term debt and long-term portion of license obligation approximate fair 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. The amortized cost related to these items as of September 30, 2017 was \$0.06 million (December 31, 2016 - \$0.8 million).

The Company did not have any financial instruments that are measured at fair value at September 30, 2017, and December 31, 2016.

Following the sale of the Los Angeles operations, the Company repaid outstanding loans and commitments in the amount of \$29.9 million.

### **Risks and Uncertainties:**

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Noble Iron's management team is responsible for the evaluation and management of risk factors affecting the Company. The following is management's assessment of the significant risks that would have the greatest impact on the Company over the ensuing 12 to 18 months given currently available information. This analysis contains forward looking statements that may differ materially from actual results.

**Liquidity Risk:**

The Company is subject to a number of risks and uncertainties associated with the achievement of sustainable profitability and with the financing requirements of its operations. The Company has incurred net losses and used significant cash in its operating activities since incorporation. It has relied upon financing to fund its operations and to establish its infrastructure, primarily through debt and private equity placements.

If the Company is unable to obtain sufficient additional financing, either through operations or through external financing, planned operations could be delayed or scaled-back, which could affect the Company's financial condition and results of operations.

**Revenue and Collection Risk:**

The Company has a large number of customers with relatively small account balances and this exposes the Company to aggregate billing and collection risk. These risks can include missed billings, unwarranted credits, additional time to collect payments and greater risk of customer default. Continual process improvements are made to ensure timely collection of the Company's accounts receivable. These efforts include the positioning of resources and technology to improve the efficiency of invoicing, collections and customer credit extension.

**Technology and Software Development:**

The process of developing technology from concept stage, through to design and final production involves time to complete testing, redesign and adoption by customers. Unexpected testing results or performance irregularities are normal in a development process and can result in new product offerings being delayed beyond projected timeframes or slow adoption from customers. The risk of not developing and introducing reliable products, on a timely basis, presents a risk to the Company's software business.

**Reliance on Key Personnel:**

The success of Noble Iron depends on the abilities, experience, efforts and knowledge of their respective senior management and other key employees, including its ability to retain and attract effective management and employees. The loss of services from key personnel could have a material adverse effect on Noble Iron's business, financial condition, results of operations or future prospects, particularly since it does not enter into non-competition arrangements with senior management and other key employees in certain circumstances. In addition, the growth plans described in this MD&A may require additional employees, increase the demands on management, and produce risks in both productivity and retention levels. Noble Iron may not be able to attract and retain additional qualified management and employees as needed in the future. There can be no assurance that Noble Iron will be able to effectively manage its growth, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

**Foreign Currency and Exchange Risk:**

Foreign currency risk in the exchange rates between the Canadian dollar and foreign currencies could affect the Company's operating and financial results. The Company is exposed to foreign currency risk. To date, the Company has funded its growth by issuing equity in Canadian funds and raising debt in US dollars. The Company's management monitors exchange rate fluctuations and presently does not use any derivative instruments to manage foreign currency exposure. As the Company continues to grow its US operations, exposure to foreign currency risk may increase with the likelihood of the Company employing exchange rate derivative instruments.

**Outstanding Share Data:**

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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. As of the date of filing this MD&A, the Company had 27,417,479 common shares issued and outstanding. There are no preferred shares outstanding as of the date of filing.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan that was adopted effective June 10, 2014. A maximum of 1,000,000 of the Company's shares are available for grant under the Restricted Share Plan. As of the date of this filing, Noble Iron had no restricted shares issued. Further information can be found in the Company's Consolidated Financial Statements for the periods ended December 31, 2016 and 2015.

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Additional information relating to the Company is available under the Company's profile on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).