NOBLE IRON INC.

CONSOLIDATED FINANCIAL STATEMENTS

Expressed in Canadian Dollars

YEARS ENDED DECEMBER 31, 2017 AND 2016

NOBLE IRON INC.
YEARS ENDED DECEMBER 31, 2017 AND 2016

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RSM

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Noble Iron Inc.

We have audited the accompanying consolidated financial statements of Noble Iron Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Noble Iron Inc. and its subsidiaries as at December 31, 2017 and 2016, and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
April 30, 2018

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017 AND 2016
IN CANADIAN DOLLARS

ASSETS	2017	2016
CURRENT ASSETS		
Cash	$ 11,226,644	$ 719,750
Accounts receivable (note 19c)	445,188	2,523,449
Inventories (note 5)	-	550,227
Prepaid expenses and other assets	74,977	749,724
Loan receivable (notes 4 and 17)	-	149,378
	11,746,809	4,692,528
NON-CURRENT ASSETS		
Property, plant and equipment (note 6)	25,553	13,728,399
Intangible assets (note 7)	342,134	599,791
Other non-current assets	-	102,813
Deferred tax assets (note 11)	502,000	260,000
	869,687	14,691,003
TOTAL ASSETS	$ 12,616,496	$ 19,383,531

LIABILITIES	2017	2016
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 1,744,180	$ 2,334,890
Deferred revenue	146,316	273,057
Current portion of license obligations (note 8)	-	79,020
Short-term debt (notes 9 and 20)	-	23,981,724
Current portion of long-term debt (note 10)	-	356,501
	1,890,496	27,025,192
NON-CURRENT LIABILITIES		
Long-term debt (note 10)	-	655,072
License obligation (note 8)	-	95,391
	-	750,463
TOTAL LIABILITIES	1,890,496	27,775,655
SHAREHOLDERS' EQUITY		
Share capital (note 12)	36,471,467	36,471,467
Contributed surplus (note 12)	4,211,395	3,983,679
Accumulated other comprehensive income	1,353,029	2,693,586
	42,035,891	43,148,732
DEFICIT	(31,309,891)	(51,540,856)
	10,726,000	(8,392,124)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 12,616,496	$ 19,383,531

Commitments (note 15)
Subsequent events (note 23)

APPROVED ON BEHALF OF THE BOARD:

/s/ Nabil Kassam Director /s/ Aly Mawji Director

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
IN CANADIAN DOLLARS

	2017	2016
REVENUE		
Software and services	$ 4,670,860	$ 4,928,746
COST OF REVENUE		
Software and services	807,680	702,346
GROSS PROFIT FROM CONTINUING OPERATIONS	3,863,180	4,226,400
OPERATING EXPENSES		
General and administration	3,471,429	6,034,295
Research and development	1,137,077	899,964
Sales and marketing	248,626	224,060
Support, maintenance and delivery	1,933,527	1,474,136
	6,790,659	8,632,455
LOSS FROM CONTINUING OPERATIONS	(2,927,479)	(4,406,055)
FINANCE COSTS		
Interest expense (note 9)	272,018	411,577
Foreign exchange (gain) loss	(341,018)	84,306
	(69,000)	495,883
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX	(2,858,479)	(4,901,938)
(RECOVERY OF) PROVISION FOR INCOME TAX (note 11)	(240,908)	243,013
NET LOSS FROM CONTINUING OPERATIONS	(2,617,571)	(5,144,951)
GAIN (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAXES (note 4)	22,848,536	(4,059,615)
NET INCOME (LOSS)	20,230,965	(9,204,566)
OTHER COMPREHENSIVE INCOME		
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS		
Foreign currency translation adjustment	(1,340,557)	717,351
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 18,890,408	$ (8,487,215)
EARNINGS (LOSS) PER SHARE		
Basic and diluted from continuing operations (note 13)	$ (0.10)	$ (0.19)
Basic and diluted from discontinued operations (note 13)	$ 0.83	$ (0.15)

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
IN CANADIAN DOLLARS

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, January 1, 2016	$ 36,471,467	$ 3,557,866	$ 2,076,235	$ (42,336,290)	$ (230,722)
Stock-based compensation (note 12c)	-	425,813	-	-	425,813
Net loss	-	-	-	(9,204,566)	(9,204,566)
Reclassification of foreign currency translation amounts from accumulated other comprehensive income to net loss	-	-	(100,000)	-	(100,000)
Other comprehensive income - foreign currency translation adjustment	-	-	717,351	-	717,351
Balance, December 31, 2016	36,471,467	3,983,679	2,693,586	(51,540,856)	(8,392,124)
Stock-based compensation (note 12c)	-	227,716	-	-	227,716
Net income	-	-	-	20,230,965	20,230,965
Other comprehensive income - foreign currency translation adjustment	-	-	(1,340,557)	-	(1,340,557)
Balance December 31, 2017	$ 36,471,467	$ 4,211,395	$ 1,353,029	$ (31,309,891)	$ 10,726,000

See Accompanying Notes to the Consolidated Financial Statements

NOBLE IRON INC.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
IN CANADIAN DOLLARS

	2017	2016
CASH PROVIDED BY OPERATING ACTIVITIES		
Net (loss) income	$ 20,230,965	$ (9,204,566)
Items not requiring an outlay of cash:		
Amortization and depreciation	287,718	297,989
Stock-based compensation	227,716	425,813
Interest expense	269,891	411,577
Gain on divesture (note 4)	(28,116,665)	-
Unrealized foreign exchange loss	197,047	457,285
Impairment of loan receivable	-	94,500
Provision for income tax	(242,000)	243,013
Income tax paid	-	3,987
Operating activities from discontinued operations (note 4)	2,948,002	7,648,910
Change in non-cash operating working capital (note 16)	(324,383)	(184,721)
NET CASH FROM OPERATING ACTIVITIES	(4,521,709)	193,787
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from non-current debt	-	4,071,344
Proceeds from current debt	145,035	1,208,959
Repayment of non-current debt	(62,777)	(235,863)
Repayment of current debt	(4,937,055)	(476,316)
Interest paid	-	(398,212)
Financing activities from discontinued operations (note 4)	(19,847,282)	(6,601,068)
CASH FLOWS USED IN FINANCING ACTIVITIES	(24,702,079)	(2,431,156)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(16,094)	(72,369)
Purchase of intangibles	-	(276,517)
Proceeds on sale of discontinued operations, net of costs and cash sold (note 4)	-	652,386
Investing activities from discontinued operations (note 4)	41,471,123	2,145,428
CASH FLOWS USED IN INVESTING ACTIVITIES	41,455,029	2,448,928
FOREIGN EXCHANGE (LOSS) GAIN ON CASH IN FOREIGN CURRENCY	(1,724,347)	6,113
NET INCREASE IN CASH	12,231,241	211,559
NET CASH, BEGINNING OF YEAR	719,750	502,078
NET CASH, END OF YEAR	$ 11,226,644	$ 719,750

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 consolidated financial statements of the Company, as at and for the years ended, December 31, 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 enterprise asset management software for the construction and industrial equipment industry.

Until May 5, 2017, Noble Iron Inc.'s equipment rental and distribution business operated under the name "Noble Iron" and served customers in California. Until November 9, 2016, the Company also operated in the Houston, Texas market. (note 4). 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 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued and effective as at the reporting date. The consolidated financial statements were authorized for issue by the Board of Directors on April 30, 2018.

(b) Basis of measurement:

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

(c) Functional and presentation currency:

Amounts included in the financial statements of each entity that is a foreign operation are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Canadian dollars ("presentation currency"), which is also Noble Iron Inc.'s functional currency.

2. Basis of preparation: (continued)

(d) Use of estimates and judgments:

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. 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. 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.

iii. 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. 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.

2. Basis of preparation: (continued)

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

ii. 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 includes 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.

iii. Multiple elements of revenue

Management's judgment 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.

3. Summary of significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements. The accounting policies have been applied consistently by Group entities.

(a) Basis of consolidation:

The consolidated financial statements include the accounts of Noble Iron Inc. and its wholly-owned subsidiaries RentOnTheDot Inc., Systematic Computer Services Corporation, Texada Software Pty Ltd., Noble Iron (U.S.), Inc., Noble Rents (TX) Inc., Noble Equipment, Inc., and Noble 3411, Inc.

i. Business combinations:

The Group measures goodwill as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a gain on fair value increment on acquisition is recognized immediately in the net income or loss.

The Group elects, on a transaction-by-transaction basis, whether to measure non- controlling interest at its fair value, or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with a business combination, are expensed as incurred.

ii. Subsidiaries:

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. Summary of significant accounting policies: (continued)

(a) Basis of consolidation: (continued)

iii. Transactions eliminated on consolidation:

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency:

i. Foreign currency transactions:

Transactions in foreign currencies are translated to the respective functional currencies of Group entities and are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at year- end rates. Any resulting foreign currency differences are recognized in net income or loss.

ii. Foreign operations:

The assets and liabilities of foreign operations are translated to Canadian dollars using exchange rates at the reporting date. Revenues and expenses of foreign operations are translated to Canadian dollars at the date of transaction.

Foreign currency differences are recognized in other comprehensive income (loss) and in the accumulated other comprehensive income in equity.

Foreign currency gains and losses arising from monetary items receivable from or payable to a foreign operation, for which settlement is neither planned nor likely to occur, form a part of the exchange differences in the net investment in the foreign operations and are recognized initially in other comprehensive income. Upon disposal or partial disposal of an entity with a functional currency other than the Canadian dollar, any accumulated exchange differences will be reclassified to the statement of comprehensive income (loss) within net loss.

(c) Financial assets and financial liabilities:

Financial assets and financial liabilities are initially recognized at fair value plus directly attributable transaction costs, unless the transaction costs relate to financial instruments classified as fair value through profit or loss, in which case they are expensed immediately. Subsequent measurement is determined based on initial classification.

i. Loans and receivables:

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes cash, accounts receivable, and loan receivable.

Subsequent to initial measurement, loans and receivables are measured at amortized cost using the effective interest method less any impairment losses. Allowances for doubtful receivables represent the Group’s estimates of losses that could arise from the failure or inability of customers to make payments when due.

3. Summary of significant accounting policies: (continued)

(c) Financial assets and financial liabilities: (continued)

ii. Other liabilities:

This category includes accounts payable and accrued liabilities, license obligation, short-term debt, and long-term debt. Subsequent to initial measurement, other liabilities are measured at amortized cost using the effective interest method. All other financial liabilities are recognized initially when the Group becomes a party to the contractual provisions of the instrument.

iii. Offsetting:

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

iv. Fair value through profit or loss:

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in fair value recognized in net income or loss.

v. Derecognition:

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive contractual cash flows on the financial asset in a transaction in which substantially all of the risk and rewards of ownership of the financial asset are transferred.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

vi. Impairment:

A financial asset carried at amortized cost is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively.

An impairment loss, with respect to a financial asset that is measured at amortized cost, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred adjusted per management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Based on these factors, management records an impairment on specific accounts. Losses are recognized in the consolidated statement of comprehensive income (loss).

When management has exhausted all avenues of collectability and legal recourse, the specific accounts receivable considered not recoverable are written off.

3. Summary of significant accounting policies: (continued)

(c) Financial assets and financial liabilities: (continued)

vii. Fair value:

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable willing parties who are under no compulsion to act. The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments that are quoted in active markets are based on bid prices for financial assets held and offer prices for financial liabilities. When independent prices are not available, fair values are determined by using valuation techniques that refer to observable market data.

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into Levels 1 to 3 based on the degree to which fair value is observable:

Level 1 – quoted prices in active markets for identical securities
Level 2 – significant observable inputs other than quoted prices included in Level 1
Level 3 – significant unobservable inputs

The Group currently has no financial instruments that are carried at fair value.

(d) Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on their weighted average cost and includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When circumstances which previously caused inventories to be written down to its net realizable value no longer exist, the previous impairment is reversed.

(e) Property and equipment:

Property and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The Group, in the normal course of its business, sold rental fleet that it previously rented to its customers. The Group transferred to cost of revenue upon sale to customers. The items were transferred at their carrying amounts at the date of transfer, and the Group recognized the proceeds from the sale of such assets as revenue.

3. Summary of significant accounting policies: (continued)

(e) Property and equipment: (continued)

Gains and losses on disposal of non-rental fleet are determined by comparing the proceeds from the sale with the carrying amount of property and equipment and are recognized in profit and loss. Depreciation is recognized by using the straight-line method to depreciate the cost of the asset to its residual value over its estimated useful life. Depreciation ceases when the asset is derecognized or is classified as held for sale.

The estimated useful lives are as follows:

- Equipment rental fleet	3 - 7 years dependent on equipment type to a 10% residual
- Vehicles	5 years
- Furniture, fixtures and equipment	5 years
- Computer equipment	3 years
- Leasehold improvements	Shorter of lease term or useful life

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(f) Leases:

Leases as lessee under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized in the Group's statement of financial position with payments recognized in profit and loss on a straight-line basis over the term of the lease.

(g) Intangible assets:

Intangible assets are measured at cost less accumulated amortization and impairment losses. Amortization is recognized using the straight-line method to amortize the cost of the asset less its residual value over the estimated useful life of the asset.

The estimated useful lives are as follows:

- Trademarks	5 years
- Customer lists	5 years
- Software license	Over the life of contract
- Software development	3 years

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted prospectively, if appropriate.

(h) Share capital:

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from share capital, net of any tax effects.

3. Summary of significant accounting policies: (continued)

(i) Impairment of property and equipment and finite life intangible assets:

Consideration is given at each reporting date to determine whether there is any indication of impairment of the carrying amounts of the Group's property and equipment and finite life intangible assets. An impairment loss is recognized if the carrying amount of an asset or its related CGU exceeds its estimated recoverable amount.

The recoverable amount is the greater of the fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, based on the time value of money and the risks specific to the asset. Assets that suffer impairment are considered for possible reversal of the impairment at each reporting date.

The Group has defined its CGUs as each Construction Equipment Rental and Distribution location, which was in Southern California and Texas, along with its Enterprise Asset Management Software business. It is management's judgment these are the smallest groups of assets that generate cash inflows independently of other assets. Each generates revenue largely independent of the others.

(j) Stock-based compensation:

The grant date fair value of share-based payment awards granted is recognized as an expense, with a corresponding increase in equity, over the period that the awards are vested. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no adjustment for differences between expected and actual outcomes.

When a stock option is exercised, share capital is recorded at the sum of the proceeds received plus the amount previously recorded in contributed surplus relating to the options exercised.

(k) Provisions:

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

(l) Revenue:

Software and services:

The Group's revenues from its software business are derived from subscription fees ("SaaS"), license fees maintenance, implementation and training.

3. Summary of significant accounting policies: (continued).

(l) Revenue (continued):

Software and services: (continued):

SaaS, license fees, maintenance and implementation services are non-refundable, and are recognized ratably over the term of the agreement, which is typically twelve months pursuant to a contract or purchase order, when the fee is fixed or determinable, and collection of the related receivable is reasonably assured. Revenues from implementation, when deemed not essential to the functionality of the software, are recognized as delivered to the customer, based on the prices charged when these services are delivered to the customer. Revenues from training services are recognized when the services are performed.

Contract revenues derived from contracts to develop applications and provide consulting services are included in software and service revenue. Contract revenues from subscription-based arrangements where professional services are not essential to the functionality of the software are recognized under the percentage of completion method in proportion to the stage of completion of the contract. The stage of completion is determined by costs incurred in relation to total expected costs under the contract, after providing for any anticipated losses under the contract.

Revenue from sales arrangements that include multiple elements is allocated to the elements based upon the relative value of the elements included in the arrangement. An element is considered to be separately identifiable if the product or service delivered has stand-alone value to the customer and the fair value can be measured reliably.

The amount recognized as revenue for each component is the fair value of the element in relation to the fair value of the arrangement as a whole.

Product and service elements that have been prepaid but do not yet qualify for recognition as revenue are recognized as deferred revenue.

Rental and distribution:

Rental revenue from the construction and industrial equipment rental and distribution business is recognized as equipment is rented by customers pursuant to a written contract. Contract periods are daily, weekly or monthly and revenue is recognized on a straight-line basis over the contract period.

Revenue from the sale of new or used equipment is recognized when title has transferred, payment is not contingent upon performance of installation or any service obligation and collectability is reasonably assured. At the time revenue is recognized, the net book value in the case of used equipment, or cost for new equipment, is included in cost of revenue.

(m) Research and development:

The Group expenses all research costs as incurred. Noble Iron reviews development costs related to specific projects to determine if they meet certain criteria to be recorded as an intangible asset. If these criteria are not met, the Group expenses the development costs as incurred.

(n) License costs capitalized:

Licenses acquired that are used as part of the software segment's operations are capitalized as intangible assets and amortized over a term of five years.

3. Summary of significant accounting policies: (continued)

(o) Income taxes:

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable income will be available against which they can be utilized. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer considered probable that the related tax benefit will be realized.

(p) Earnings (loss) per share:

The Group presents basic and diluted Earnings (Loss) Per Share (“EPS”) data for its common shares. Basic EPS is calculated by dividing net earnings (loss) by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed similar to basic EPS except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of warrants or stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding warrants and stock options were exercised and that the proceeds from such exercises were used to acquire shares of common stock at the average market price during the reporting period.

(q) Segment reporting:

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group’s other components. All operating segments’ operating results are reviewed regularly by the Group’s senior management, including the Chief Executive Officer, to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

3. Summary of significant accounting policies: (continued)

(r) Discontinued Operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or a geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or earlier, if the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation the comparative statement of comprehensive loss and cash flow information is re-presented as if the operation had been discontinued from the start of the comparative period. The gain (loss) from discontinued operations, net of taxes is included as a separate line on the consolidated statement of comprehensive income.

(s) 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 for annual periods beginning on or after January 1, 2018. The Group is assessing the potential impact of this standard.

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.

IN CANADIAN DOLLARS

4. Sale of subsidiaries

In the second quarter of 2017, the Company announced it entered into an agreement with an arm's length third party to sell the assets of its wholly owned subsidiary Noble Rents, Inc. ("California sale") The proceeds of the sale were $44,838,240 in cash plus accounts receivable, revenues earned but not received and net asset value adjustments, which aggregate to $1,451,225. The transaction closed on May 5, 2017.

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. ("Texas sale") The proceeds of the sale were $812,077 comprised of $670,400 cash and $141,677 in an unsecured promissory note. The transaction closed on November 9, 2016.

Accordingly, the operating results and operating cash flows for the previously reported subsidiaries are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the subsidiaries Noble Rents, Inc. and Noble Rents (TX), Inc. as discontinued operations.

	California Sale	Texas Sale
	2017	**2016**
Proceeds on disposal, net of transaction costs of $1,777,508 (2016 - $18,014)	$ 44,511,957	$ 794,063
Net assets disposed	(16,395,292)	(51,204)
Gain on divesture	$ 28,116,665	$ 742,859

The assets and liabilities disposed of were as follows:

	2017	2016
Accounts receivable	$ 2,197,508	$ 558,154
Inventories	646,212	142,355
Prepaid expense and other assets	-	130,016
Property and equipment	13,551,572	7,126,252
Intangible assets	-	26,527
	16,395,292	7,983,304
Accounts payable and accrued liabilities	-	280,637
Accrued taxes	-	165,228
Short-term debt	-	7,486,235
	-	7,932,100
Net assets disposed	$ 16,395,292	$ 51,204

IN CANADIAN DOLLARS

4. Sale of subsidiaries: (continued)

		2017	2016
Revenue	$	4,997,122 $	19,810,765
Cost of revenue		2,704,088	10,293,752
		2,293,034	9,517,013
Expenses			
Support, maintenance and delivery		1,690,041	6,924,631
Sales and marketing		103,032	1,755,888
General and administrative		4,690,890	4,627,168
Interest expense		236,566	1,099,866
		6,720,529	14,407,553
Loss for the period before sale transaction		(4,427,495)	(4,890,540)
Income tax expense		(840,634)	(11,934)
	$	(5,268,129)$	(4,902,474)

		2017	2016
Net loss for the period before sale transaction	$	(5,268,129)$	(4,902,474)
Reclassification of foreign currency translation amounts from accumulated other comprehensive income		-	100,000
Gain on divesture		28,116,665	742,859
Gain (loss) from discontinued operations, net of tax	$	22,848,536 $	(4,059,615)

5. Inventories:

Inventories consist of spare parts and servicing equipment to support the equipment rental business. The assets of the equipment rental business were sold during the 2017 and 2016 years. For more information, please refer to note 4.

6. Property and equipment

At December 31, 2017, property and equipment with a carrying amount of $nil (2016 - $13,258,067) is pledged against certain secured loans (note 9). There is additional property and equipment with a carrying amount of $25,553 (2016 - $470,332) that is not pledged against certain secured loans.

During the year ended December 31, 2016 impairment testing was performed which resulted in the reversal of a previously recorded impairment loss of $302,759 in relation to specific rental equipment assets within the construction and industrial equipment rental and distribution segment. The Company completed an impairment assessment of these identified assets by comparing the recoverable amount to the carrying amount. During the year ended December 31, 2017 there were no impairment losses recorded. The carrying value of the impairment reserve at December 31, 2017 is $nil (2016 - $24,748)

IN CANADIAN DOLLARS

6. Property and equipment (continued):

Cost:		Equipment rental fleet		Vehicles		Furniture, fixtures and equipment		Computer equipment		Leasehold improvements		Total
Balance as at December 31, 2016	$	38,698,887	$	1,987,564	$	1,238,310	$	335,874	$	198,751	$	42,459,386
Additions		-		-		-		13,074		-		13,074
Disposal of discontinued operations		(38,698,887)		(1,987,564)		(486,834)		(86,142)		(81,306)		(41,340,733)
Balance as at December 31, 2017	$	-	$	-	$	751,476	$	262,806	$	117,445	$	1,131,727
Accumulated depreciation and impairment losses:												
Balance as at December 31, 2016	$	25,447,453	$	1,686,529	$	1,157,495	$	262,611	$	176,899	$	28,730,987
Depreciation for the year		-		-		7,226		41,096		-		48,322
Disposals of discontinued operations		(25,447,453)		(1,686,529)		(427,305)		(52,394)		(59,454)		(27,673,135)
Balance as at December 31, 2017	$	-	$	-	$	737,416	$	251,313	$	117,445	$	1,106,174
Carrying amount at December 31, 2017	$	-	$	-	$	14,060	$	11,493	$	-	$	25,553

For the year ended December 31, 2017, depreciation of property and equipment is included in the Statement of Comprehensive income is follows:
i) Cost of revenue – $45,810 ii) Support, maintenance and delivery - $nil , iii) Research and development - $nil, iv) General and administration -$2,512

IN CANADIAN DOLLARS

6. Property and equipment (continued):

Cost:	Equipment rental fleet	Vehicles	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
Balance as at December 31, 2015	$ 57,393,166	$ 2,827,892	$ 1,396,066	$ 268,371	$ 320,423	$ 62,205,918
Additions	260,699	20,009	-	72,369	-	353,077
Disposals / Transfers	(3,322,534)	(323,964)	-	-	-	(3,646,498)
Disposal of discontinued operations	(13,857,180)	(442,722)	(136,672)	-	(115,409)	(14,551,983)
Effect of movement in foreign exchange rates	(1,775,264)	(93,651)	(21,084)	(4,866)	(6,263)	(1,901,128)
Balance as at December 31, 2016	$ 38,698,887	$ 1,987,564	$ 1,238,310	$ 335,874	$ 198,751	$ 42,459,386
Accumulated depreciation and impairment losses:						
Balance as at December 31, 2015	$ 28,154,095	$ 1,898,942	$ 1,163,683	$ 232,364	$ 154,801	$ 31,603,885
Depreciation for the year	7,468,302	453,336	124,165	32,922	96,248	8,174,973
Disposals / Transfers	(2,158,561)	(304,467)	-	-	-	(2,463,028)
Write-offs/scrapped	(295,927)	-	-	-	-	(295,927)
Disposals of discontinued operations	(6,938,398)	(301,920)	(114,884)	-	(70,528)	(7,425,730)
Effect of movement in foreign exchange rates	(782,058)	(59,362)	(15,469)	(2,675)	(3,622)	(863,186)
Balance as at December 31, 2016	$ 25,447,453	$ 1,686,529	$ 1,157,495	$ 262,611	$ 176,899	$ 28,730,987
Carrying amount at December 31, 2016	$ 13,251,434	$ 301,035	$ 80,815	$ 73,263	$ 21,852	$ 13,728,399

For the year ended December 31, 2016, depreciation of property and equipment is included in the Statement of Comprehensive loss as follows:
i) Cost of revenue – $nil ii) Support, maintenance and delivery - $nil , iii) Research and development - $nil, iv) General and administration -$25,521

IN CANADIAN DOLLARS

7. Intangible assets:

Cost:	Trademarks	Customer Lists	Software License	Software Development	Total
Balance as at December 31, 2015	$ 56,038	$ 449,801	$ 997,759	$ 196,475	$ 1,700,073
Additions	-	-	199,386	77,133	276,519
Disposal of discontinued operations	-	(103,800)	-	-	(103,800)
Effect of movements in foreign exchange rates	(1,507)	(22,206)	-	(5,863)	(29,576)
Balance as at December 31, 2016	54,531	323,795	1,197,145	267,745	1,843,216
Additions	-	-	-	-	-
Disposal of discontinued operations	-	(323,795)	-	-	(323,795)
Balance as at December 31, 2017	$ 54,531	$ -	$ 1,197,145	$ 267,745	$ 1,519,421
Accumulated depreciation and impairment losses:					
Balance as at December 31, 2015	$ 56,038	$ 380,245	$ 521,203	$ 184,568	$ 1,142,054
Amortization for the year	-	25,353	190,960	13,777	230,090
Disposals of discontinued operations	-	(77,273)	-	-	(77,273)
Effect of movement in foreign exchange rates	(1,507)	(46,100)	-	(3,839)	(51,446)
Balance as at December 31, 2016	54,531	282,225	712,163	194,506	1,243,425
Amortization for the year	-	41,570	165,205	50,882	257,657
Disposals of discontinued operations	-	(323,795)	-	-	(323,795)
Balance as at December 31, 2017	$ 54,531	$ -	$ 877,368	$ 245,388	$ 1,177,287
Carrying amount at December 31, 2016	$ -	$ 41,570	$ 484,982	$ 73,239	$ 599,791
Carrying amount at December 31, 2017	$ -	$ -	$ 319,777	$ 22,357	$ 342,134

For the year ended December 31, 2017, (amortization of intangible assets is included in the Statement of Comprehensive loss) as follows:
i) Cost of revenue – 230,090, ii) Support, maintenance and delivery - nil, iii) Sales and marketing - nil, iv) General and Administration- nil
For the year ended December 31, 2016, (amortization of intangible assets is included in the Statement of Comprehensive loss) as follows:
i) Cost of revenue – $204,737, ii) Support, maintenance and delivery - nil, iii) Sales and marketing - nil, iv) General and Administration - nil

IN CANADIAN DOLLARS

8. License and maintenance contracts:

The Company has a multi-year licensing agreement with its software development tools provider. The license fee component of this agreement meets the definition of an intangible asset and has been recorded as an asset, (note 7) along with the related liability recorded as a license obligation, which has been fully paid during 2016.

The software maintenance fee component of the contract is being expensed straight-line over the term of the arrangement to September 2019. The Company expects to renew the contract based on the historical experience and estimates this to be the useful life of the contract.

During the year ended December 31, 2016, the Company entered into a licensing agreement with an additional software development tools provider. The license fee component of this agreement has been recorded as an intangible asset with the related liability recorded as a license obligation during 2016.

The software maintenance fee component of this contract is being expensed straight-line over the term of the arrangements to January 2019.

The present value of the total license fee payments at December 31, 2017 is $272,105 and included in accounts payable and accrued liabilities. Subsequent to the year-end, the Company settled the above agreement. For more information, refer to note 23. The present value of the total license fee payments at December 31, 2016 was $174,411, of which the current portion is $79,020, and were included in license obligation.

9. Short-term debt

	2017	2016	Terms
Revolving loan and security agreement	$ -	$ 19,275,659	May 31, 2017
Insurance payable	-	206,243	May 31, 2017
Related party loans (note 18)	-	747,548	August 18, 2017
Related party loans (note 18)	-	3,579,725	December 3, 2017
Board promissory notes (note 18)	-	172,549	April 1, 2017
	$ -	$ 23,981,724	

At December 31, 2017, the Company had current debt of $nil (December 31, 2016 - $23,981,724). The short-term debt consisted of insurance payable, third party, and related party loans.

As of December 31, 2016 the current debt included the Company’s credit facility. The facility was subject to a borrowing base as determined by the value of rental fleet and accounts receivable. There were no required fixed principal payments under the facilities, although payments were required to be made when the outstanding advance exceeded the Borrowing Base. The maturity date of these facilities was May 31, 2017. These debts were repaid during 2017.

IN CANADIAN DOLLARS

9. Short-term debt (continued)

Revolving Loan and Security Agreement:

On May 30, 2012, a subsidiary of the Company completed a refinancing of its long-term debt supporting Southern California operations. The principal terms of the revolving loan and security agreement are as follows:

Advance Date:	May 30, 2012
Maximum Advance:	$ 33,567,500 ($25,000,000 US) subject to applicable borrowing base as determined by the orderly liquidation value of the rental fleet and accounts receivable
Current Interest Rate:	Fully floating tied to the one-month LIBOR plus 225 basis points
Payments:	No fixed payments are required over the term of the loan. Payments are required to be made when the outstanding advance exceeds its Borrowing Base. The Borrowing Base is largely determined by the fair market value of the equipment fleet as estimated by a third party valuator and as a result, any amount due within the next twelve months cannot be estimated reliably.
Term/Maturity Date:	Five years due in full on May 31, 2017
Borrower	Noble Rents, Inc.
Guarantor	Noble Iron Inc.
Prepayment premium:	None

The balance outstanding as of December 31, 2016 on this facility was $19,275,659 ($14,355,894 US). This loan is no longer outstanding as it was repaid as part of the sale of the assets of a subsidiary. For more information, please refer to note 4.

The facility was evidenced by a revolving note and security agreement, which included a continuing first charge security interest against property and equipment with a carrying value of $12,491,291, and trade receivables of $2,163,173. The Company had provided a corporate guarantee of the facility supported by a pledge of its common shares in the subsidiary.

IN CANADIAN DOLLARS

10. Long-term debt:

		2017		2016
Long-term debt	$	-	$	1,032,064
Less: transaction costs		-		(20,491)
Less: current portion		-		(356,501)
	$	-	$	655,072

Interest costs consist of the following items as of December 31, 2017:

		2017		2016
Interest on long-term debt	$	-	$	82,932
Interest on short-term debt		-		1,005,648
Amortization of loan transaction costs		-		102,796
Total interest expense	$	-	$	1,191,376

Term Debt – Loan and Security Agreements

A subsidiary of the Company entered into two loan and security agreements to finance certain equipment with US based lenders. The principal terms of these loans were as follows:

Advance Date:	Various beginning April 3, 2014
Interest Rate:	4.99%
Borrower:	Noble Rents, Inc.
Payments:	60 monthly payments of principal and interest
Security:	First preferred security interest in assets financed under the agreement
Prepayment:	None

The balance outstanding as of December 31, 2017, was $nil ($nil US) (2016 – $949,566 ($707,207 US)).

The loan and security agreement was secured against property and equipment with a carrying value of $nil (2016 - $766,776).

During the year ended December 31, 2016 a subsidiary of the Company entered into an agreement with a third party for the purchase of hardware for the software segment. This hardware was financed over a three year period. The balance outstanding as of December 31, 2017 is $nil (2016 - $53,072).

Other Term Debt

A subsidiary of the Company has a loan outstanding with a principal balance of $nil as of December 31, 2017 (2016 - $8,936).

IN CANADIAN DOLLARS

11. Income taxes:

(a) Income tax expense:

The income tax recovery differs from the amount that would be computed by applying the applicable federal and provincial statutory rates to the loss before income taxes. The reasons for the differences are as follows:

	2017	2016
Loss before income taxes	$ (2,858,479)	$ (4,901,938)
Statutory income tax rate	26.50%	26.50%
Expected income tax recovery	(757,497)	(1,299,014)
Effect on income tax of:		
Difference between Canadian rate and rate applicable to subsidiaries in other countries	(128,836)	(206,785)
Unrecognized tax benefits of losses and temporary differences	947,033	706,137
Non-deductible expense and other permanent differences	70,241	125,646
Recognition of previously unrecognized deductible temporary differences	(371,849)	917,029
Income tax expense (recovery)	$ (240,908)	$ 243,013

(b) Deferred tax assets and liabilities:

(i) Unrecognized deferred tax assets:

	2017	2016
Net operating loss carry forwards	$ 5,376,605	$ 15,278,565
Other temporary differences	-	-
Total unrecognized deferred tax assets	$ 5,376,605	$ 15,278,565

(ii) Recognized deferred tax assets:

	2017	2016
Net operating loss carry forwards	$ 248,120	$ -
Property and equipment	17,242	15,528
Intangible assets	129,134	244,472
Other	107,504	-
Total recognized deferred tax assets	$ 502,000	$ 260,000

(iii) Recognized deferred tax liabilities:

	2017	2016
Net operating loss carry forwards	$ (182,608)	$ (3,364,548)
Property and equipment	85,925	3,702,629
Intangible assets	-	7,253
Non-deductible reserves	96,683	(345,334)
Total recognized deferred tax liabilities	$ -	$ -

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11. Income taxes: (continued)

(b) Deferred tax assets and liabilities: (continued)

(iii) Recognized deferred tax liabilities: (continued)

Roll forward of recognized deductible (taxable) temporary differences:

	Balance December 31, 2015	Movements in temporary differences	Balance December 31, 2016	Movements in temporary differences	Balance December 31, 2017
Property and equipment	$ (19,792,000)	$ 6,142,000	$(13,650,000)	$ 14,124,000	$ 474,000
Intangible asset	1,353,000	(998,000)	355,000	177,000	532,000
Non-deductible reserves	1,299,000	(451,000)	848,000	(524,000)	324,000
Net operating loss carry forwards	18,637,000	(5,746,000)	12,891,000	(12,688,000)	203,000
	$ 1,497,000	$ (1,053,000)	$ 444,000	$ 1,089,000	$ 1,533,000

There are no aggregate taxable temporary differences associated with the Company's investments in its subsidiaries for which deferred tax liabilities have not been recognized.

(c) Net operating losses:

At December 31, 2017, the Company has the following net operating loss amounts available to reduce future years' income for tax purposes for its Canadian, US and Australian operations.

Year	Recognized	Unrecognized	Total
2020	$ -	$ 1,545,000	$ 1,545,000
2021	-	2,933,000	2,933,000
2022	-	701,000	701,000
2023	-	47,000	47,000
2024	-	-	-
2025	-	293,000	293,000
2026	-	251,000	251,000
2027	-	218,000	218,000
2028	-	69,000	69,000
2029	-	304,000	304,000
2030	-	258,000	258,000
2031	-	796,000	796,000
2032	-	1,538,000	1,538,000
2033	(733,000)	1,513,000	780,000
2034	-	215,000	215,000
2035	-	1,579,000	1,579,000
2036	-	6,580,000	6,580,000
2037	936,000	2,979,000	3,915,000
Indefinite	-	61,000	61,000
	$ 203,000	$ 21,880,000	$ 22,083,000

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12. 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. As of December 31, 2017, there are 27,417,479 (2016 – 27,417,479) fully paid for common shares issued and outstanding.

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 number 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 December 31, 2017 and December 31, 2016 the Company had no restricted shares issued. There are no preferred shares outstanding as of December 31, 2017 and December 31, 2016.

(b) Issued:

There were no changes to share capital during the years ended December 31, 2017 and 2016. No options have been exercised in 2017 or 2016.

(c) Stock-based compensation:

Pursuant to its stock option plan established May 15, 2002, amended June 10, 2014, the Company has reserved for issuance 3,283,095 of its common shares. Options to purchase common shares of the Company under the plan may be granted by the Board of Directors to employees, officers, directors of the Company and consultants engaged by the Company. All options have a maximum term of ten years from their grant date. All options granted through 2013 had a vesting schedule with one third vested on the issue date, one third on the first anniversary and the remaining one third on the second anniversary date of the grant.

During the year ended December 31, 2017, the Company granted 10,000 options to purchase common shares with an exercise price of 1.00 per share. The options expire at December 22, 2027.

The following table shows the options issued and related vesting schedule related to options granted during the year ended December 31, 2017:

Options Issued	Exercise Price	Initial vesting amount	Initial vesting date	Remaining vesting schedule	Remaining vesting time-frame
10,000	1.00	-	1 year from issue	monthly	months 12-36

During the year ended December 31, 2016, the Company granted 630,000 options to purchase common shares with an exercise price of 1.00 per share. The options expire at varying dates to June 17, 2026.

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12.Share capital: (continued)

(c) Stock-based compensation: (continued)

The following table shows the options issued and the related vesting schedule related to options granted during the year ended December 31, 2016:

Options Issued	Exercise Price	Initial vesting amount	Initial vesting date	Remaining vesting schedule	Remaining vesting time-frame
400,000	1.00	11,111	immediately	monthly	months 2-36
150,000	1.00	25,000	6 months from issue	Every six months	months 12-36
30,000	1.00	30,000	immediately	-	-
20,000	1.00	10,000	1 year from issue	monthly	months 13-30
15,000	1.00	556	immediately	monthly	months 2-36
15,000	1.00	556	immediately	monthly	months 13-36

The following table reflects activity under the stock option plan from January 1, 2016, through to December 31, 2017, and the weighted average exercise prices:

	Number of common shares under option		Weighted average exercise price
Outstanding, January 1, 2016	2,115,700	$	1.10
Granted	630,000		1.00
Exercised	-		-
Expired	(330,000)		1.03
Outstanding, December 31, 2016	2,415,700		1.09
Granted	10,000		1.00
Exercised	-		-
Expired	(600)		5.00
Outstanding, December 31, 2017	2,425,100	$	1.09
Exercisable at December 31, 2016	1,419,242	$	1.04
Exercisable at December 31, 2017	1,902,825	$	1.06

600 options expired in 2017 and nil options expired in 2016. At December 31, 2017, 2,425,100 (2016 – 2,415,700) options remain outstanding and with exercise prices ranging from $0.50 to $2.00 (2016 - $0.50 to $5.00) per share.

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12.Share capital: (continued)

(c) Stock-based compensation: (continued)

Information related to the stock options outstanding at December 31, 2017 is presented below:

	Options Outstanding					Options Exercisable		
Range of exercise prices	Number Outstanding	Weighted Average Remaining Life		Weighted Average Exercise Price	Number Outstanding		Weighted average exercise price
$0.50 - $1.00	1,280,100	7.90	$	0.89	1,051,575	$	0.87
$1.01 - $2.00	1,145,000	8.04		1.31	851,250		1.31
$4.01 - $5.00	-	-		-	-		-
	2,425,100	7.96	$	1.09	1,902,825	$	1.06

The fair value of the Company's stock option grants are estimated using the Black-Scholes option-pricing model. Measurement inputs include share price on the measurements date, exercise price, expected volatility, (based upon weighted average historic volatility, adjusted for changes expected due to publicly available information), weighted averaged expected life of the options (based upon historical experience and general option holder behavior) and the risk free interest rate (based upon government bonds).

The stock-based compensation expense for the year ended December 31, 2017 was $227,716 (2016 - $425,813) and is included in general and administration expenses for 2017 in the Consolidated Statements of Comprehensive Loss.

The weighted average fair value of options granted have been estimated using the Black- Scholes option-pricing method with the following assumptions:

		2017		**2016**
Weighted average fair value of each option	$	0.18	$	0.58
Assumptions:				
Weighted average expected volatility		402%		214%
Weighted average risk free interest rate		1.98%		1.28%
Weighted average expected life in years		10.00 years		5.35 years
Estimated forfeiture rate		0.00%		0.00%

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13. Net income per share:

The computations for basic and diluted loss per share are as follows:

		2017		2016
Net loss from continuing operations	$	(2,617,571)	$	(5,144,951)
Net income(loss) from discontinued operations		22,848,536		(4,059,615)
Weighted average number of common shares outstanding:				
Basic and diluted		27,417,479		27,417,479
Net loss per share:				
Basic and diluted from continuing operations		(0.10)	$	(0.19)
Basic and diluted from discontinued operations		0.83	$	(0.15)

There are 2,425,100 stock options outstanding as at December 31, 2017 (December 31, 2016 – 2,415,700). The stock options are excluded from the weighted average common shares in the calculation of diluted earnings (loss) per share as they are not in the money.

14. Employee benefits:

		2017		2016
Short-term employee benefits	$	3,843,973	$	4,019,660
Compulsory social security contributions		162,897		129,322
Stock-based compensation		227,716		425,813
	$	4,234,586	$	4,574,795

15. Leases and commitments:

The Group is committed to future payments under various leases for premises expiring with terms to 2026. Minimum lease payments over this period are as follows:

2018	$	58,384
2019		58,384
2020		58,384
2021		58,384
2022		58,384
Thereafter		272,458
Total	$	564,378

Leases:

Lease expense recognized during the year ended December 31, 2017 totaled $58,384 (2016 - $58,384).

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15. Leases and commitments: (continued)

Other commitments:

During 2016, the Group entered into two contracts with a provider for a server and licenses, and also renewed a contract for cloud based computer services. The Group is committed to future payments under these contracts with terms to 2020. Minimum contract payments over this period are as follows:

		Computer Software
2018	$	356,719
2019		281,441
2020		7,636
Total	$	645,796

16. Change in non-cash operating working capital:

		2017		2016
Accounts receivable	$	(81,314)	$	33,396
Inventories		-		-
Prepaid expenses and other assets		21,459		67,343
Accounts payable and accrued liabilities		(209,904)		(227,519)
Deferred revenue		(54,624)		(57,941)
	$	(324,383)	$	(184,721)

17. Related party transactions:

Key management personnel compensation:

Key management personnel include key executive officers and the board of directors. In addition to their salaries, key executive officers participate in short-term bonus plans based upon the financial performance of the Group and other non-financial factors, set annually. The Group provides a benefit plan and vehicle allowances to executive officers. In addition, key executive officers are granted stock options at the discretion of the Group's board of directors.

As at December 31, 2017, there is a loan receivable outstanding from a former officer of the Company which was reclassified to short-term upon his departure from the Company. The former officer pledged his shares in the company as collateral for the loan. The loan receivable is valued as $nil (2016 - $7,500).

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17. Related party transactions: (continued)

As at December 31, 2016, the Company had outstanding promissory notes to related and third parties in the amount of $4,499,822; due as follows: a principal balance of $747,548 due on February 18, 2017 with an interest rate of 10 percent per annum, $172,549 due on April 1, 2017, with an interest rate of 10 percent per annum, and $3,579,725 due on June 3, 2017, with an interest rate of 15 percent per annum. All of these notes may be extended one time for six months at the Company's option. During the 2017 year, the February 18, 2017 notes were extended for the six month option and the April 1, 2017 notes were paid in full. The notes due on June 3, 2017 include a continuing first charge security interest in all of the assets of the Company's software operations. There is no prepayment penalty for any of the above listed promissory notes. These loans were classified as short-term debt on the consolidated balance sheet (note 21) at December 31, 2016 and were repaid during the year ended December 31, 2017.

Key executive officers have contracts entitling them to severance payments of up to 12 months following their departure from the Company.

Key management personnel compensation comprised:

		2017		2016
Short-term employee benefits	$	575,903	$	780,465
Stock-based compensation		195,536		344,335
	$	771,439	$	1,124,800

Board compensation:

For the year ended December 31, 2017, board compensation was $142,837 (2016 - $nil).

Shareholdings:

Key management of the Company directly control 37.3% of the Company's outstanding voting common shares as at December 31, 2017 (37.3% as at December 31, 2016).

One member of key management together with a close relative control 51.12% of the Company's outstanding voting common shares as at December 31, 2017 (51.12% as at December 31, 2016). During the year ended December 31, 2017 no common shares were issued to related parties (2016 - nil) (note 12).

18. Financial instruments:

(a) Financial assets:

Management has determined the carrying amount of its current financial assets, including cash and accounts receivable, approximates fair value at the reporting date. The amortized cost related to these items as of December 31, 2017 was $11,671,832 (2016 - $3,243,199).

(b) Financial liabilities:

Management has determined that the carrying amount of its current 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 December 31, 2017 was $1,744,180 (2016 - $2,334.890).

At December 31, 2016 management had determined that the carrying amounts of its current debt and current portion of license obligation approximated fair value at the reporting date due to the short-term maturity of these obligations. The amortized costs related to these items was $24,060,744.

At December 31, 2016 management had determined that the carrying amount of the Company's non-current debt and non-current portion of license obligation approximated 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 was $1,106,964.

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

19. Financial risk management:

The Company 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 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. The most significant foreign exchange impact on the Company's net loss, and other comprehensive loss, is the translation of foreign currency financial instruments into Canadian dollars, which is the Company's functional and presentation currency.

19. Financial risk management: (continued)

(a) Foreign exchange risk (continued):

The Company sells licenses and services to customers located in the United States denominated in US dollars, to customers located in Australia denominated in Australian dollars and to customers located in New Zealand denominated in New Zealand dollars.

The Canadian dollar equivalent of accounts receivable billed in US dollars at December 31, 2017, is $21,771 (2016 - $2,163,730), Australian dollars at December 31, 2017, is $33,826 (2016 - $16,310) and New Zealand dollars at December 31, 2017, is $70,826 (2016 - $66,678).

The Canadian dollar equivalent of accounts payable and accrued liabilities, other current liabilities, deferred revenues, current portion of license obligation, short-term debt and current portion of long-term debt held in US dollars at December 31, 2017, is $893,291 (2016 - $22,268,285), and Australian dollars at December 31, 2017, is $146,287 (2016 - $143,562). The Canadian dollar equivalent of long-term debt and license obligations held in US dollars at December 31, 2017, is $nil (2016 - $626,097).

The impact of a ten percent increase in the value of the Canadian dollar, relative to the US dollar on net US denominated assets and liabilities at December 31, 2017 is a decrease to Company equity of approximately $1,173,638 (2016 – $2,011,420). Accordingly, a ten percent decrease in the value of the Canadian dollar relative to the US dollar would result in an increase to the Company's equity of approximately $1,173,638 (2016 - $2,011,420).

(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. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters, while optimizing the return.

As of December 31, 2017, the Company's financial liability exposure to variable rate instruments totaled $nil (2016 - $19,275,659). As of December 31, 2017, the Company's exposure to fixed rate instruments totaled $nil (2016 - $5,866,860).

The Company had no financial assets that has significant interest rate risk for the year ended December 31, 2017.

For the year ended December 31, 2016, the impact of a one percent increase in interest rates would have increased the Company's net loss and reduced the Company's equity, by approximately $192,756. Accordingly, a one percent decrease in interest rates would have reduced the Company's net loss and increased the Company's equity, by approximately $192,756.

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19. Financial risk management: (continued)

(c) Credit risk:

Credit risk is the financial risk of non-performance by a contracted counter party. The Company primarily sells its software to customers operating in the equipment rental and distribution industry. The Company's equipment rental business is focused on smaller to mid-sized contractors. The Company's exposure to credit risk associated with the non-performance of these customers can be directly impacted by a decline in economic conditions, which would impair the customer's ability to satisfy their obligations to the Company. In order to reduce this economic risk, the Company has credit procedures in place whereby analyses are performed to control the granting of credit to any high-risk customer. The Company believes there is no significant risk associated with the collection of accounts receivable that are not past due or have not been specifically identified.

As of December 31, 2017, $222,625 (2016 – $335,795) or 50.0% (2016 – 13.3%) of accounts receivable were more than 90 days past due. Trade accounts receivable are recorded net of an allowance for doubtful accounts totaling $434,244 (2016 - $179,204) as at December 31, 2017.

The following is a continuity of the Company's allowance for doubtful accounts for the past two years:

Balance, December 31, 2015	$	265,558
Additions		247,585
Write-offs		(327,507)
Recoveries		7,502
Currency translation		(13,934)
Balance, December 31, 2016		179,204
Additions		434,244
Write-offs		(179,204)
Balance, December 31, 2017	$	434,244

The following is an aging of the Company's accounts receivable as at December 31, 2017 and 2016:

		2017		2016
Current	$	443,842	$	960,645
30 – 59 days		162,966		1,061,607
60 - 89		49,999		344,606
90 and over		222,625		335,795
Less: allowance for doubtful accounts		(434,244)		(179,204)
	$	445,188	$	2,523,449

(d) 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.

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19. Financial risk management: (continued)

The following are the contractual maturities of the Company's financial liabilities, including estimated interest payments:

December 31, 2017	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Accounts payable and accrued liabilities	$ 1,744,180	$ 1,744,180	$ 1,744,180	$ -	$ -	$ -	$ -

December 31, 2016	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Non-current debt	$ 1,011,573	$ 1,066,551	$ 235,578	$ 167,676	$ 327,184	$ 336,113	$ -
Current debt	23,981,724	24,513,761	20,086,630	4,427,131	-	-	-
License obligation	174,411	182,050	45,513	45,513	91,025	-	-
Accounts payable and accrued liabilities	2,334,890	2,338,189	2,338,189	-	-	-	-
	$ 27,502,598	$ 28,100,551	$ 22,705,910	$ 4,640,320	$ 418,209	$ 336,113	$ -

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20. Capital risk management:

The Company's objective is to maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future business development. The Company defines capital as total debt and equity. The Company is no longer subject to any externally imposed capital requirements. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2017. During the 2017 year, the Company sold substantially all of the assets of the equipment rental and distribution business in California. The Company utilized the funds to repay the short-term debt in the business unit.

The Company's capital structure consists of the following:

	2017	2016
Long-term debt	$ -	$ 1,011,573
License obligation	-	174,411
Short-term debt	-	23,981,724
Total debt	-	25,167,708
Equity	10,726,000	(8,392,124)
Total capital	$ 10,726,000	$ 16,775,584

21. Segmented information:

Revenue by geographic segment	2017	2016
Canada	$ 3,730,733	$ 3,761,809
Australia and New Zealand	940,127	1,166,937
	$ 4,670,860	$ 4,928,746

Property and equipment and intangible assets by geographic segment	2017	2016
US	$ 2,178	$ 13,702,645
Canada	358,429	618,815
Australia	7,080	6,730
	$ 367,687	$ 14,328,190

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22. Noble Iron Inc. entities:

The following table lists the significant subsidiaries of the Company.

Subsidiary	Country of Incorporation	Ownership 2017	Ownership 2016	Functional Currency
Noble Iron (U.S.), Inc.	United States	100%	100%	US Dollar
Noble Rents, Inc.	United States	100%	100%	US Dollar
Noble Equipment, Inc.	United States	100%	100%	US Dollar
Systematic Computer Services Corporation	Canada	100%	100%	Canadian Dollar
Texada Software Pty Ltd.	Australia	100%	100%	Australian Dollar

23. Subsequent Events

In March 2018 the Company settled a lawsuit filed by a lender that had financed supply of software licenses and hardware in 2015. The Company agreed to pay $272,105, which has been accrued in the December 31, 2017 consolidated financial statements. The Company intends to pursue recovery of these amounts from the supplier of the software licenses and hardware. At the present time, management is unable to determine the quantum of recovery. The potential recovery has not been provided for in these financial statements.