

Interim Condensed
Consolidated Financial Statements

NOBLE IRON INC.

For the three and nine months ended September 30, 2015 and 2014
(Unaudited)

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

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Noble Iron Inc. (the "Company") have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Financial Position

(Unaudited)

As at September 30, 2015 and December 31, 2014

In Canadian Dollars

| | September 30, 2015 | December 31, 2014 |
|---|----------------------|----------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 65,706 | \$ 2,065,127 |
| Accounts receivable | 4,415,220 | 2,979,843 |
| Inventories | 768,616 | 504,986 |
| Loan receivable (note 13) | 8,250 | - |
| Prepaid expenses and other assets | 1,373,653 | 1,018,013 |
| | 6,631,445 | 6,567,969 |
| Long term assets: | | |
| Property and equipment | 32,261,415 | 34,385,112 |
| Intangible assets | 597,036 | 773,891 |
| Loan receivable (note 13) | - | 114,000 |
| Deferred tax asset | 555,000 | 724,000 |
| | 33,413,451 | 35,997,003 |
| Total assets | \$ 40,044,896 | \$ 42,564,972 |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | \$ 3,034,608 | \$ 1,778,915 |
| Other current liabilities (note 6) | - | 469,077 |
| Deferred revenue | 121,119 | 182,783 |
| Current portion of license obligation | 183,918 | 243,178 |
| Short term debt | 312,646 | 227,715 |
| Current portion of long-term debt | 241,700 | 197,036 |
| | 3,893,991 | 3,098,704 |
| Long term liabilities: | | |
| License obligation | - | 120,935 |
| Long-term debt | 34,049,739 | 30,614,315 |
| | 34,049,739 | 30,735,250 |
| Total liabilities | \$ 37,943,730 | \$ 33,833,954 |
| Shareholders' equity: | | |
| Share capital (note 4) | 36,471,467 | 36,471,467 |
| Contributed surplus | 3,366,349 | 3,099,886 |
| Accumulated other comprehensive income | 1,805,175 | 1,263,675 |
| Deficit | (39,541,825) | (32,104,010) |
| | 2,101,166 | 8,731,018 |
| Total liabilities and shareholders' equity | \$ 40,044,896 | \$ 42,564,972 |

See accompanying notes to unaudited interim condensed consolidated financial statements

On behalf of the Board:

/s/ Nabil Kassam Director

/s/ Ron Schwarz Director

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Comprehensive Loss

(Unaudited)

For the three and nine months ended September 30, 2015 and 2014

In Canadian Dollars

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------------------------------|--------------------|--------------------------------------|
| | September 30, 2015 | September 30, 2014 (restated note 3) | September 30, 2015 | September 30, 2014 (restated note 3) |
| Revenue: | | | | |
| Rental and distribution (note 8) | \$ 6,224,831 | \$ 4,575,421 | \$ 15,957,638 | \$ 12,754,591 |
| Software and services | 1,045,382 | 1,186,836 | 3,553,775 | 3,381,891 |
| | 7,270,213 | 5,762,257 | 19,511,413 | 16,136,482 |
| Cost of revenue: | | | | |
| Rental and distribution | 3,004,566 | 2,320,806 | 8,239,316 | 6,152,217 |
| Software and services | 138,619 | 105,274 | 441,628 | 410,433 |
| | 3,143,185 | 2,426,080 | 8,680,944 | 6,562,650 |
| Gross profit | 4,127,028 | 3,336,177 | 10,830,469 | 9,573,832 |
| Operating expenses: | | | | |
| Support, maintenance and delivery | 2,512,268 | 2,049,956 | 7,480,923 | 6,224,983 |
| Research and development | 225,539 | 224,021 | 674,597 | 583,222 |
| Sales and marketing | 677,126 | 420,195 | 1,781,612 | 1,198,766 |
| General and administration | 2,554,227 | 1,986,687 | 7,102,062 | 5,566,745 |
| | 5,969,160 | 4,680,859 | 17,039,194 | 13,573,716 |
| Loss from operations | (1,842,132) | (1,344,682) | (6,208,725) | (3,999,884) |
| Other expense: | | | | |
| Interest expense | 265,021 | 244,846 | 753,148 | 694,674 |
| Foreign exchange loss | 148,198 | 91,373 | 289,009 | 98,381 |
| | 413,219 | 336,219 | 1,042,157 | 793,055 |
| Loss before income taxes | (2,255,351) | (1,680,901) | (7,250,882) | (4,792,939) |
| Income tax expense (recovery) | 23,058 | (93,758) | 186,933 | (672,205) |
| Net loss | (2,278,409) | (1,587,143) | (7,437,815) | (4,120,734) |
| Other comprehensive income (loss): | | | | |
| Items that may be reclassified to net loss: | | | | |
| Foreign currency translation adjustment | (58,333) | (125,225) | 541,500 | (319,974) |
| Total comprehensive loss | (2,336,742) | \$ (1,712,368) | \$ (6,896,315) | \$ (4,440,708) |
| Net loss per share (note 5) : | | | | |
| Basic and diluted | \$ (0.08) | \$ (0.07) | \$ (0.27) | \$ (0.19) |

See accompanying notes to unaudited interim condensed consolidated financial statements

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

| | Share Capital | | Contributed Surplus | | Accumulated Other Comprehensive Income | | Deficit | | Total | |
|---|---------------|------------|---------------------|-----------|--|-----------|---------|--------------|-------|-------------|
| Balance, December 31, 2013 as restated (note 3) | \$ | 30,502,004 | \$ | 2,997,045 | \$ | 495,363 | \$ | (24,120,364) | \$ | 9,874,048 |
| Stock-based compensation | | - | | 75,742 | | - | | - | | 75,742 |
| Share capital issuance | | - | | - | | - | | - | | - |
| Share capital issuance – exercise of share options | | 69,000 | | (39,000) | | - | | - | | 30,000 |
| Other comprehensive income (loss) - foreign currency translation adjustment | | - | | - | | (319,974) | | - | | (319,974) |
| Net loss | | - | | - | | - | | (4,120,734) | | (4,120,734) |
| Balance, September 30, 2014 as restated (note 3) | \$ | 30,571,004 | \$ | 3,033,787 | \$ | 175,389 | \$ | (28,241,098) | \$ | 5,539,082 |
| Balance, December 31, 2014 | \$ | 36,471,467 | \$ | 3,099,886 | \$ | 1,263,675 | \$ | (32,104,010) | \$ | 8,731,018 |
| Stock-based compensation | | - | | 266,463 | | - | | - | | 266,463 |
| Other comprehensive income (loss) - foreign currency translation adjustment | | - | | - | | 541,500 | | - | | 541,500 |
| Net loss | | - | | - | | - | | (7,437,815) | | (7,437,815) |
| Balance September 30, 2015 | \$ | 36,471,467 | \$ | 3,366,349 | \$ | 1,805,175 | \$ | (39,541,825) | \$ | 2,101,166 |

See accompanying notes to unaudited interim condensed consolidated financial statements

NOBLE IRON INC.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

| | September 30, 2015 | September 30, 2014 (restated note 3) |
|---|--------------------|---|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net loss | \$ (7,437,816) | \$ (4,120,734) |
| Items not involving cash: | | |
| Depreciation and amortization | 6,565,221 | 5,179,274 |
| Stock-based compensation | 266,463 | 75,742 |
| Interest expense | 753,148 | 694,674 |
| Impairment on loan receivable | 105,750 | - |
| Gain on disposal of property and equipment | (316,788) | (178,403) |
| Unrealized foreign exchange (gain) loss | 360,256 | (35,902) |
| Income tax expense (recovery) | 186,933 | (672,204) |
| Income tax paid | (30,679) | - |
| Change in non-cash operating working capital (note 7) | (860,618) | 876,130 |
| Net cash from operating activities | (408,130) | 1,818,577 |
| Investing activities: | | |
| Purchase of property and equipment | (292,147) | (4,481,322) |
| Proceeds on disposal of rental equipment | 1,135,298 | 630,804 |
| Proceeds on disposal of property and equipment | 46,584 | 75,838 |
| Net cash from (used in) investing activities | 889,735 | (3,774,680) |
| Financing activities: | | |
| Proceeds from issuance of common shares | - | 30,000 |
| Proceeds from debt | 15,407,524 | 15,211,452 |
| Repayment of other current liabilities | (469,075) | (1,401,506) |
| Repayment of debt | (16,599,589) | (13,289,024) |
| Repayment of license obligation | (209,818) | (181,396) |
| Interest paid | (621,292) | (515,271) |
| Net cash used in financing activities | (2,492,250) | (145,745) |
| Decrease in cash | (2,010,645) | (2,101,848) |
| Cash, beginning of period | 2,065,127 | 2,658,204 |
| Effect of exchange rate changes on cash | 11,224 | 13,499 |
| Cash, end of period | \$ 65,706 | \$ 569,855 |

See accompanying notes to unaudited interim condensed consolidated financial statements

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

1. Corporate information:

Noble Iron Inc. (the "Company") was incorporated under the *Company's Act* (British Columbia). The address of the Company's registered office is 7B-291 Woodlawn Road West, Guelph, Ontario, N1H 7L6. These interim condensed consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2015 and 2014 comprise the Company and its subsidiaries (together referred to as the "Group").

The Company is listed on the TSX Venture Exchange under the symbol NIR. The Company operates in equipment rental, equipment distribution, and enterprise asset management software for the construction and industrial equipment industry. For segment reporting purposes, the Company has combined the equipment rental and distribution businesses.

The Company's equipment rental and distribution business operates under the name "Noble Iron" and currently serves customers in California and Texas. The Company offers construction and industrial equipment and accessories for rent and for sale, and is the exclusive distributor of LiuGong Construction Machinery earth moving equipment in Southeast Texas.

The Company'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.

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.

The Company anticipates raising additional funds to finance its objectives beyond the next 12 months. If the Company is unable to obtain sufficient additional financing, planned operations could be delayed or scaled-back, which could affect the Company's financial condition and results of operations and/or its ability to meet the debt covenants under its credit facilities.

2. Basis of preparation:

(a) Statement of compliance:

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

These interim condensed consolidated financial statements should be read in conjunction

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

2. Basis of preparation (continued):

with the Company's annual audited consolidated financial statements for the years ended December 31, 2014 and 2013 (the "2014 Annual Financial Statements"), which are available on SEDAR. These interim condensed consolidated financial statements were approved by the Audit Committee of the Board of Directors on November 12, 2015.

These interim condensed consolidated financial statements follow the same accounting policies and methods of application as the 2014 Annual Financial Statements, with the exception of policies that were adopted on January 1, 2015 as more fully described in (c) below. These interim condensed consolidated financial statements are presented in Canadian dollars.

(b) Use of judgments and estimates:

In preparing these interim condensed consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation uncertainty were the same as those that applied to the 2014 Annual Financial Statements.

(c) New standards and interpretations adopted during the year:

The Company adopted the following accounting pronouncements during the period, details of which are included in the 2014 Annual Financial Statements. These standards did not have a significant impact on these interim condensed consolidated financial statements.

In December 2013, the IASB published Annual Improvements to IFRS in order to make amendments and clarifications to IFRS.

- **IFRS 2 *Share-based Payment*** clarifies the definition of "vesting condition" while adding definitions for "performance condition" and "service condition"
- **IFRS 3 *Business Combinations*** requires that contingent consideration classified as an asset or liability in a business combination be measured at fair value, it also includes scope exclusion for joint arrangements
- **IFRS 8 *Operating Segments*** requires certain disclosures when applying aggregation to reporting of operating segments
- **IFRS 13 *Fair Value Measurement*** clarified that discounting short-term receivables and payables is not required if the effect is immaterial
- **IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*** provides clarification related to restatement of accumulated depreciation/amortization
- **IAS 24 *Related Party Disclosures*** expands the definition of a "related party"
- **IAS 40 *Investment Property*** has been amended to clarify investment property and requires an entity to assess property acquisition under IFRS 3

These amendments are effective for annual periods beginning on or after July 1, 2014.

(d) New standards and interpretations not yet adopted:

The IASB has issued new Standards, Interpretations, and amendments to Standards that are not

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

2. Basis of preparation (continued):

yet effective and while considered relevant to the Company have not yet been adopted by the Company. These changes are described in detail in the 2014 Annual Financial Statements.

- **IFRS 9 – Financial Instruments** revised guidance on the classification and measurement of financial assets and liabilities
- **IFRS 15 Revenue from Contracts with Customers** replaces several standards and interpretations including IAS 18, Revenue, and IFRIC 13, Customer Loyalty Programs
- **Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 - Intangible Assets** clarify that revenue-based depreciation methods are not appropriate and amortization of intangibles based on revenue methods are allowable only in very specific instances
- **Amendments to IFRS 11 – Joint Arrangements** require business combinations accounting to be applied to acquisitions of interests in a joint operation that constitutes a business
- **Amendments to IAS 1 – Presentation of Financial Statements** were designed to improve the effectiveness of disclosure through application of professional judgement when determining materiality and aggregation
- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations** provides specific guidance on methods for disposal when an entity reclassifies an asset from held for sale to held for distribution
- **IFRS 7 Financial Instruments: Disclosures** provides clarification in cases of a servicing contract on a transferred asset
- **IAS 19 Employee Benefits** clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid
- **IAS 34 Interim Financial Reporting** was amended to require a cross-reference for items presented elsewhere in the interim report

The Group is currently reviewing these standards on its consolidated financial statements.

3. Correction of Errors:

During the year ended December 31, 2014, the Company corrected the accounting for the following items:

- (a) Depreciation of property and equipment

As a result of incorrectly accounting for the residual value of certain equipment, the Company had over depreciated rental fleet equipment by \$390,197 as at December 31, 2013 and \$56,098 as at December 31, 2012.

- (b) Deferred income tax liability

As a result of not recognizing the state tax benefit associated with certain deductible temporary differences, the deferred tax liability as at December 31, 2013 was overstated by \$250,000 and the related deferred tax recovery for the year ended December 31, 2013 was understated by the same amount. As a result of the depreciation correction described in a. above, the deferred tax liability as at December 31, 2013 was understated by \$166,334 and the deferred tax recovery was overstated by the same amount.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

3. Correction of Errors (continued):

(c) Income tax recovery

As a result of not accruing for a state income tax, the income tax recovery was overstated by \$24,980 and accounts payable and accrued liabilities was understated by the same amount as at December 31, 2013.

(d) 2012 Business acquisition and related operating lease

During the year ended December 31, 2012, the Company completed a business acquisition and in conjunction with that transaction entered into an operating lease with a purchase option. The Company incorrectly recognized the purchase option as an intangible asset with a value of \$489,650 as at July 9, 2012, as part of the business acquisition accounting, together with a related deferred tax liability of \$158,433 and a resulting gain on fair value increment on acquisition of \$243,354.

The financial statement impact of the correction of the above errors as at September 30, 2014 is as follows:

| Nine months ended September 30, 2014-Consolidated Statement of Comprehensive Loss | As previously reported | Effect of restatement | As restated |
|---|---------------------------|--------------------------|--------------|
| Cost of revenue | \$ 6,741,375 | \$ (178,725) | \$ 6,562,650 |
| Operating expenses | 13,659,417 | (85,701) | 13,573,716 |
| Loss from operations | (4,264,310) | 264,426 | (3,999,884) |
| Loss before taxes | (5,057,365) | 264,426 | (4,792,939) |
| Net loss | (4,385,160) | 264,426 | (4,120,734) |
| Other comprehensive loss | (313,782) | (6,192) | (319,974) |
| Basic and diluted loss per share | (0.20) | 0.01 | (0.19) |

| As at September 30, 2014 - Consolidated Statement of Changes in Shareholders Equity | As previously reported | Effect of restatement | As restated |
|---|---------------------------|--------------------------|--------------|
| Accumulated other comprehensive loss | \$ 183,291 | \$ (7,902) | \$ 175,389 |
| Deficit | (28,716,602) | 475,504 | (28,241,098) |
| Total comprehensive loss | (4,698,942) | 258,234 | (4,440,708) |

| Nine months ended September 30, 2014-Consolidated Statement of Cash Flows | As previously reported | Effect of restatement | As restated |
|---|---------------------------|--------------------------|----------------|
| Net loss | \$ (4,385,160) | \$ 264,426 | \$ (4,120,734) |
| Depreciation and amortization | 5,443,700 | (264,426) | 5,179,274 |

For further details see the 2014 Annual Financial Statements as listed on Sedar.com.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

4. Share capital:

(a) Authorized:

The Company has authorized 100,000,000 preferred shares without par value, issuable in one or more series as well as an unlimited number of common shares without par value.

The Board of Directors ratified, confirmed, and approved a Restricted Share Plan which was adopted by the Board of Directors effective June 10, 2014. A maximum of 1,000,000 shares, or 4.67% of the Company's common shares issued and outstanding as of the date of approval of the Restricted Share Plan, are available for grant under the Restricted Share Plan.

(b) Issued:

Issued and outstanding common shares were 27,417,479 as of September 30, 2015 and

27,417,479 as of December 31, 2014. During the three months ended September 30, 2015, the Company issued no common shares and had no exercise of options.

There are no preferred shares outstanding as of September 30, 2015 or September 30, 2014.

As at September 30, 2015, the Company had no restricted shares issued.

5. Net loss per share:

The computations for basic and diluted earnings per share for the three and nine months ended September 30, 2015 and 2014 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|--|----------------------------------|---------------------------|---------------------------------|---------------------------|
| | 2015 | 2014 (restated note 3) | 2015 | 2014 (restated note 3) |
| Net loss | \$ (2,278,409) | \$ (1,587,143) | \$ (7,437,816) | \$ (4,120,734) |
| Weighted average number of common shares outstanding: | | | | |
| Basic and diluted | 27,417,479 | 21,415,479 | 27,417,479 | 21,415,479 |
| Net loss per share: | | | | |
| Basic and diluted | \$ (0.08) | \$ (0.07) | \$ (0.27) | \$ (0.19) |

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

Share options to purchase 1,715,395 (September 30, 2014 – 961,901) common shares are excluded from the weighted average common shares in the calculation of diluted loss per share as they are anti-dilutive.

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Notes to Interim Condensed Consolidated Financial Statements
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For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

6. Other current liabilities:

The Group purchases certain rental equipment with varying payment terms of less than one year from several key vendors. The amount outstanding at September 30, 2015 related to these vendor arrangements is nil (December 31, 2014 - \$469,077), and is secured by the equipment.

7. Changes in non-cash operating working capital:

| | September 30, 2015 | September 30, 2014 |
|--|--------------------|--------------------|
| Accounts receivable | \$ (1,435,377) | \$ (552,415) |
| Inventories | (263,630) | (158,329) |
| Prepaid expenses and other assets | (355,640) | (15,283) |
| Accounts payable and accrued liabilities | 1,255,693 | 1,600,840 |
| Deferred revenue | (61,664) | 1,317 |
| | \$ (860,618) | \$ 876,130 |

8. Rental and distribution revenue:

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

The Distribution revenue for the three and nine months ended September 30, 2015 and 2014 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------|----------------------------------|--------------|---------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Rental revenue | \$ 5,152,120 | \$ 4,072,310 | \$ 13,651,762 | \$ 11,654,804 |
| Distribution revenue | 1,072,711 | 503,111 | 2,305,876 | 1,099,787 |
| | \$ 6,224,831 | \$ 4,575,421 | \$ 15,957,638 | \$ 12,754,591 |

9. Financial risk management:

The Group is exposed to foreign exchange risk, interest rate risk, credit risk, and liquidity risk related to its underlying financial assets and liabilities. Risk management strategies are designed to ensure that the Company's risks and related exposures are consistent with its business objectives and overall risk tolerance. There have been no significant changes to the Company's risk management strategies since December 31, 2014, and no assurance can be provided that these strategies will continue to be effective.

10. Determination of fair values:

(a) Financial Assets:

Management has determined that the carrying amount of its short-term financial assets, including cash, accounts receivable and loan receivable approximate fair value at the reporting date due to the short-term maturity of these assets.

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Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

10. Determination of fair values (continued):

(b) Financial liabilities:

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities, other current liabilities and short-term debt approximate fair value at the reporting date due to the short-term maturity of these obligations. Management has determined that the carrying amount of the Company's long-term debt and license obligation approximate fair market value using the present value of future principal and interest payments discounted at market based interest rates available to the Group for similar debt instruments with similar maturities.

(c) Fair value:

As of September 30, 2015, the Company did not have any financial instruments, except for cash, that are measured at fair value. This is consistent with 2014.

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Notes to Interim Condensed Consolidated Financial Statements
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10. Determination of fair values (continued):

Financial assets and liabilities:

| | Carrying Amount | | | | Fair Value |
|--|-----------------------------|-----------------------------|---------------------------|---------------------|---------------------|
| | Non-current assets | Current Assets | | | |
| | Trade and other receivables | Trade and other receivables | Cash and cash equivalents | Total | |
| September 30, 2015 | | | | | |
| Financial assets not measured at fair value | | | | | |
| Trade and other receivables | \$ - | \$ 4,415,220 | \$ - | \$ 4,415,220 | \$ 4,415,220 |
| Cash | - | - | 65,706 | 65,706 | 65,706 |
| Loan receivable | - | 8,250 | - | 8,250 | 8,250 |
| | <u>\$ -</u> | <u>\$ 4,423,470</u> | <u>\$ 65,706</u> | <u>\$ 4,489,176</u> | <u>\$ 4,489,176</u> |
| December 31, 2014 | | | | | |
| Financial assets not measured at fair value | | | | | |
| Trade and other receivables | \$ - | \$ 2,979,843 | \$ - | \$ 2,979,843 | \$ 2,979,843 |
| Cash | - | - | 2,065,127 | 2,065,127 | 2,065,127 |
| Loan receivable | 114,000 | - | - | 114,000 | 114,000 |
| | <u>\$ 114,000</u> | <u>\$ 2,979,843</u> | <u>\$ 2,065,127</u> | <u>\$ 5,158,970</u> | <u>\$ 5,158,970</u> |

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Notes to Interim Condensed Consolidated Financial Statements
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For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

10. Determination of fair values (continued):

Financial assets and liabilities:

| | Carrying Amount | | | | Fair Value |
|---|-------------------------|-----------------------|--------------------------|------------------------|------------------------|
| | Non-current liabilities | Current Liabilities | | | Total |
| | | Loans and borrowings | Trade and other payables | Loans and borrowings | |
| September 30, 2015 | | | | | |
| Financial liabilities not measured at fair value | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ (3,034,608) | \$ - | \$ (3,034,608) | \$ (3,034,608) |
| Other current liabilities | - | - | - | - | - |
| License obligation | - | - | (183,918) | (183,918) | (183,918) |
| Short term debt | - | - | (312,646) | (312,646) | (312,646) |
| Long-term debt | (34,049,739) | - | (241,700) | (34,291,439) | (34,291,439) |
| | <u>\$ (34,049,739)</u> | <u>\$ (3,034,608)</u> | <u>\$ (738,264)</u> | <u>\$ (37,822,611)</u> | <u>\$ (37,822,611)</u> |
| December 31, 2014 | | | | | |
| Financial liabilities not measured at fair value | | | | | |
| Accounts payable and accrued liabilities | \$ - | \$ (1,778,915) | \$ - | \$ (1,778,915) | \$ (1,778,915) |
| Other current liabilities | - | (469,075) | - | (469,075) | (469,075) |
| License obligation | (120,935) | - | (243,178) | (364,113) | (364,113) |
| Short term debt | - | - | (227,715) | (227,715) | (227,715) |
| Long-term debt | (30,614,315) | - | (197,036) | (30,811,351) | (30,811,351) |
| | <u>\$ (30,735,250)</u> | <u>\$ (2,247,990)</u> | <u>\$ (667,929)</u> | <u>\$ (33,651,169)</u> | <u>\$ (33,651,169)</u> |

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements
(Unaudited)
For the nine months ended September 30, 2015 and 2014
In Canadian Dollars

11. Segmented information:

The Group operates in two reportable segments being: (i) Construction and Industrial Equipment Rental and Distribution and (ii) Enterprise Asset Management Software. Each segment has its own management that is accountable for the segment's operations, results and financial performance. These segments are principally organized by the major industries in which they operate. The following summary describes the operations of each of the Group's operating segments:

Enterprise Asset Management Software: The Enterprise Asset Management Software segment, headquartered in Canada, markets and sells its software platform to customers who manage large quantities of construction and industrial heavy equipment inventory in Canada, Australia and the United States.

Construction and Industrial Equipment Rental and Distribution: The Construction and Industrial Equipment Rental and Distribution segment, headquartered in Houston, Texas operates two rental and distribution units of construction and industrial equipment in the Southern California region and Houston, Texas.

The chief operating decision maker assesses segment performance based on segment revenue, segment operating income (loss), total assets, and total liabilities for each of these segments. In addition to operating income, the chief operating decision maker also monitors key items including asset additions and disposals, depreciation and amortization, when reviewing the performance of the Construction and Industrial Equipment Rental and Distribution segment.

Other includes corporate head office and shared expenses.

For the nine months ended September 30, 2015 and 2014, no single customer, in either reportable segment, accounted for 10% or more of total Company revenue or accounts receivable.

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

11. Segmented information (continued):

| | Nine months ended September 30, | |
|---|---------------------------------|---------------------------|
| | 2015 | 2014 (restated note 3) |
| Segment revenue | | |
| Construction and industrial equipment rental and distribution | \$ 15,957,638 | \$ 12,754,591 |
| Enterprise asset management software | 3,553,775 | 3,381,891 |
| Total segment revenue | \$ 19,511,413 | \$ 16,136,482 |
| Segment operating income (loss) | | |
| Construction and industrial equipment rental and distribution | \$ (3,455,808) | \$ (2,201,240) |
| Enterprise asset management software | 819,682 | 741,461 |
| Total segment operating income (loss) | \$ (2,636,126) | \$ (1,459,779) |
| Reconciliation to consolidated loss before income taxes: | | |
| Total segment operating income | \$ (2,636,126) | \$ (1,459,779) |
| Other expenses | (3,572,599) | (2,540,105) |
| Interest expense | (753,148) | (694,674) |
| Foreign exchange loss | (289,009) | (98,381) |
| Loss before income taxes | \$ (7,250,882) | \$ (4,792,939) |
| | September 30, 2015 | December 31, 2014 |
| Additions to property and equipment and intangible assets | | |
| Construction and industrial equipment rental and distribution | \$ 256,113 | \$ 4,841,857 |
| Enterprise asset management software | 2,161 | 5,785 |
| Other | 33,873 | 62,896 |
| | \$ 292,147 | \$ 4,910,538 |
| Disposals from property and equipment and intangible assets | | |
| Construction and industrial equipment rental and distribution | \$ (956,422) | \$ (846,247) |
| Enterprise asset management software | - | - |
| Other | - | (48,733) |
| | \$ (956,422) | \$ (894,980) |
| | Nine months ended September 30, | 2014 |
| | 2015 | (restated note 3) |
| Depreciation and amortization | | |
| Construction and industrial equipment rental and distribution | \$ 6,396,487 | \$ 5,017,305 |
| Enterprise asset management software | 100,177 | 109,730 |
| Other | 68,557 | 52,237 |
| | \$ 6,565,221 | \$ 5,179,272 |

NOBLE IRON INC.

Notes to Interim Condensed Consolidated Financial Statements

(Unaudited)

For the nine months ended September 30, 2015 and 2014

In Canadian Dollars

11. Segmented information (continued):

| | September 30, 2015 | December 31, 2014 |
|---|---------------------------------|-------------------|
| Total reportable assets | | |
| Construction and industrial equipment rental and distribution | \$ 38,141,398 | \$ 38,568,800 |
| Enterprise asset management software | 1,710,411 | 2,022,280 |
| Other | 193,087 | 1,973,892 |
| | \$ 40,044,896 | \$ 42,564,972 |
| Total reportable liabilities | | |
| Construction and industrial equipment rental and distribution | \$ 36,039,243 | \$ 32,317,561 |
| Enterprise asset management software | 792,695 | 812,804 |
| Other | 1,111,792 | 703,589 |
| | \$ 37,943,730 | \$ 33,833,954 |
| | Nine months ended September 30, | |
| Revenue by Geographic Segment | 2015 | 2014 |
| US | \$ 15,957,638 | \$ 12,754,592 |
| Canada | 2,927,834 | 2,732,058 |
| Australia & New Zealand | 625,941 | 649,832 |
| | \$ 19,511,413 | \$ 16,136,482 |
| Property and Equipment and Intangible Assets | | |
| by Reportable Segment | September 30, 2015 | December 31, 2014 |
| US | \$ 32,334,769 | \$ 34,537,288 |
| Canada | 516,460 | 612,448 |
| Australia | 7,222 | 9,267 |
| | \$ 32,858,451 | \$ 35,159,003 |

12. Seasonality:

Revenues within the Group's Construction and Industrial Equipment Rental and Distribution segment will generally be lower from December through March as winter weather and seasonal migration of workers hinders construction activity. Demand for construction and rental equipment generally increases in April with warmer weather and typically remains strong through to the month of November. The Group's Enterprise Asset Management Software segment revenue is largely generated from recurring fees, which accrue and are earned equally throughout the year; as such, seasonality is not a material factor within this segment.

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13. Loan receivable:

On January 8, 2013, the Group provided a loan advance of \$150,000 to the former Chief Financial Officer of the Company. The advance was non-interest bearing, with the principal due on January 8, 2018. The loan is secured by 150,000 common shares acquired by this individual at the time the loan was advanced. On January 19, 2015, this individual tendered his resignation as Chief Financial Officer of the Company. The loan receivable outstanding to the Company became due on demand based on the terms of the loan agreement as a result of the resignation and, accordingly, the loan receivable was reclassified as a current asset in January 2015. As at September 30, 2015 the carrying amount of the loan is \$8,250. The loan has been impaired by \$105,750 year to date at September 30, 2015.

14. Long-term credit facility:

As of June 30, 2015, one of the Company's credit facilities became due within twelve months and was accordingly reclassified to short-term debt. On August 26, 2015 this debt was extended with the existing lender for an additional term of one year. The new renewal date for this facility is May 31, 2017. As of September 30, 2015 this debt was reclassified back to long term due to the term extension. This facility is subject to a borrowing base as determined by the value of rental fleet and accounts receivable. There are no required fixed principal payments under the facility. This credit facility was classified as long-term debt as at December 31, 2014.

15. Subsequent events:

As of October 1, 2015, the Company negotiated an agreement with its landlord to terminate the lease at the Riverside location ten months ahead of contract. The early termination resulted in a onetime payment of \$80,364 (approximately \$60,000 US as at September 30, 2015) and net overall savings of \$40,566 (approximately \$32,791 US as at September 30, 2015). The termination is in-line with the Company's strategy to consolidate its Southern California operations to one location.

On October 5, 2015, the Company granted 610,000 options to Directors and one employee.

At the end of October 2015, the Company launched Fleet Logic, a mobile application for service technicians to provide maintenance and support at remote locations.

As of November 2, 2015, the Company negotiated an agreement with its landlord to terminate the lease at the Ventura location nine months ahead of contract. The early termination resulted in two final installment payments totaling \$132,353 (approximately \$98,815.42 US as at September 30, 2015) and net overall savings of \$215,293 (approximately \$174,030.08 US as at September 30, 2015). The termination is in-line with the Company's strategy to consolidate its Southern California operations to one location.