Consolidated Financial Statements

NOBLE IRON INC.

Years ended December 31, 2016 and 2015

Expressed in Canadian Dollars

NOBLE IRON INC.

Consolidated Statements of Financial Position
As at December 31, 2016 and 2015
In Canadian Dollars

	2016	2015
Assets		
Current assets:		
Cash	$ 719,750	$ 502,078
Accounts receivable (note 20)	2,523,449	4,328,846
Inventories (note 5)	550,227	709,308
Prepaid expenses and other assets	749,724	686,351
Short-term loan receivable (note 4 & note 18)	149,378	102,000
	4,692,529	6,409,583
Long term assets:		
Property and equipment (note 6)	13,728,399	30,602,033
Intangible assets (note 7)	599,791	558,020
Other long term assets	102,813	105,976
Deferred tax asset (note 11)	260,000	507,000
	14,691,003	31,773,029
Total assets	$ 19,383,532	$ 38,182,612
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 2,334,890	$ 3,267,169
Deferred revenue	273,057	207,442
Current portion of license obligation (note 8)	79,020	144,275
Short-term debt (note 9 and 22)	23,981,724	216,755
Current portion of long-term debt (note 10)	356,501	323,842
	27,025,192	4,159,483
Long term liabilities:		
License obligation (note 8)	95,391	-
Long-term debt (note 10)	655,072	34,253,851
	750,463	34,253,851
Total liabilities	27,775,655	38,413,334
Shareholders' equity:		
Share capital (note 12)	36,471,467	36,471,467
Contributed surplus (note 12)	3,983,679	3,557,866
Accumulated other comprehensive income	2,693,586	2,076,235
Deficit	(51,540,856)	(42,336,290)
	(8,392,124)	(230,722)
Total liabilities and shareholders' equity	$ 19,383,532	$ 38,182,612
Commitments (notes 8 and 16)		
Subsequent events (note 25)		

See accompanying notes to consolidated financial statements

On behalf of the Board:

/s/ Nabil Kassam Director

/s/ Aly Mawji Director

NOBLE IRON INC.

Consolidated Statements of Comprehensive Loss
Years ended December 31, 2016 and 2015
In Canadian Dollars

	2016	2015
Revenue:		
Rental and distribution (note 15)	$ 16,564,544	$ 17,149,277
Software and services	4,928,746	4,683,080
	21,493,290	21,832,356
Cost of revenue:		
Rental and distribution	7,943,509	8,043,063
Software and services	702,346	566,112
	8,645,855	8,609,175
Gross profit from continuing operations	12,847,435	13,223,182
Operating expenses:		
Support, maintenance and delivery	7,368,891	8,586,862
Research and development	899,964	916,499
Sales and marketing	1,653,662	2,037,818
General and administration	9,620,165	9,022,238
	19,542,682	20,563,417
Loss from continuing operations	(6,695,247)	(7,340,235)
Finance costs:		
Interest expense (note 9)	1,190,836	743,960
Foreign exchange loss	84,306	324,559
	1,275,142	1,068,519
Loss from continuing operations before income taxes	(7,970,389)	(8,408,754)
Income tax expense (recovery) (note 11)	244,095	218,001
Net loss from continuing operations	(8,214,484)	(8,626,755)
Loss from discontinued operations, net of taxes	(990,082)	(1,605,524)
Net Loss	(9,204,566)	(10,232,279)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment	717,351	812,560
Total comprehensive loss	$ (8,487,215)	$ (9,419,720)
Net loss per share:		
Basic and diluted from continuing operations (note 13)	$ (0.30)	$ (0.31)
Basic and diluted from discontinued operations (note 13)	$ (0.04)	$ (0.06)

See accompanying notes to consolidated financial statements

NOBLE IRON INC.

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2016 and 2015

In Canadian Dollars

	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income	Deficit	Total
Balance, January 1, 2015	36,471,467	3,099,886	1,263,675	(32,104,010)	8,731,018
Stock-based compensation (note 12)	-	457,980	-	-	457,980
Net loss	-	-	-	(10,232,280)	(10,232,280)
Other comprehensive income - foreign currency translation adjustment	-	-	812,560	-	812,560
Derecognition/reclass on sale of discontinued operation	-	-	-	-	-
Balance, December 31, 2015	36,471,467	3,557,866	2,076,235	(42,336,290)	(230,722)
Stock-based compensation (note 12)	-	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)

See accompanying notes to consolidated financial statements

NOBLE IRON INC.

Consolidated Statements of Cash Flows

Years ended December 31, 2016 and 2015

In Canadian Dollars

	2016	2015
Cash provided by (used in):		
Operating activities:		
Net loss	$ (9,204,566)	$ (10,232,279)
Items not involving cash:		
Depreciation and amortization	6,533,207	6,445,863
Stock-based compensation	425,813	457,980
Interest expense	1,190,836	743,960
Gain on disposals of property and equipment	(1,334,376)	(165,000)
Unrealized foreign exchange loss	441,522	2,948,361
Impairment on loan receivable	94,500	12,000
Income tax recovery	-	218,001
Provision for income tax	244,095	-
Income tax paid	2,905	(1,001)
Operating activities from discontinued operations	1,405,492	2,214,413
Change in non-cash operating working capital (note 16)	394,359	644,117
Net cash from operating activities	193,787	3,286,414
Investing activities:		
Purchase of property and equipment	(333,068)	(212,730)
Proceeds on disposal of rental equipment	1,685,263	503,873
Purchase of intangibles	(276,517)	(17,300)
Proceeds on sale of property and equipment	162,557	92,694
Proceeds on sale of discontinued operations, net of costs and cash sold	652,386	-
Investing activities from discontinued operations	558,307	369,121
Net cash used in investing activities	2,448,928	735,658
Financing activities:		
Repayment of related party debt	-	(2,431,003)
Proceeds from long-term debt	20,725,704	17,194,627
Proceeds from short-term debt	1,208,959	-
Proceeds from / repayment of other current liabilities	-	454,853
Repayment of long-term debt	(21,704,852)	(18,802,458)
Repayment of short-term debt	(476,316)	(506,061)
Interest paid	(1,128,016)	(724,613)
Financing activities from discontinued operations	(1,056,635)	(1,024,458)
Net cash from financing activities	(2,431,156)	(5,839,113)
Increase/(decrease) in cash	211,559	(1,817,041)
Cash, beginning of year	502,078	2,065,127
Effect of exchange rate changes on cash	6,113	253,992
Cash, end of year	$ 719,750	$ 502,078

See accompanying notes to consolidated financial statements

1. Corporate information:

Noble Iron Inc. (the "Company") was incorporated under the *Company Act* (British Columbia) and was continued under the *Business Corporations Act* (Ontario) on November 5, 2008. The address of the Company's registered office is 7B-291 Woodlawn Road West, Guelph, Ontario, N1H 7L6. The consolidated financial statements of the Company, as at and for the years ended, December 31, 2016 and 2015, 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 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.

Noble Iron Inc.'s equipment rental and distribution business operates under the name "Noble Iron" and currently serves customers in California. Noble Iron offers construction and industrial equipment and accessories for rent and for sale. Until November 9, 2016, the Company also operated in the Houston, Texas market. (note 4) Please refer to note 25 for the subsequent event impacting the Los Angeles, California based equipment rental operations.

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

2. Basis of preparation:

(a) Statement of compliance:

These 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 May 1, 2017.

(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. Depreciation

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

iii. Amortization

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

iv. Impairment of long-lived assets

When circumstances require the performance of an impairment test, Management utilizes estimates in assessing the recoverable amount of the asset or cash generating unit. In so doing, management utilizes independent, third party sources of information; specifically observable market prices for similar assets with similar characteristics. For assumptions relating to impairment testing, refer to note 6.

v. Provision for doubtful accounts

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

2. Basis of preparation (continued):

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. Going Concern

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. Management exercises judgment to assess the uncertainties relating to the above factors in its determination of the Company's ability to continue as a going concern. Its analysis covers the Company's prospects for at least 12 months from the end of the reporting period.

ii. Impairment

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

iii. 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.

iv. Classification of long-term debt

Management exercises judgment in determining the classification of the long-term debt as a current liability or long-term liability. Factors considered include whether the company expects to settle the liability within its normal business cycle within its equipment rental business and whether the liability is due to be settled within twelve months after the reporting period.

2. Basis of preparation (continued):

v. 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.

vi. Multiple elements of revenue

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

vii. Fleet equipment

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

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 Rents, Inc., 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.

3. Summary of significant accounting policies (continued):

(a) Basis of consolidation (continued):

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.

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.

3. Summary of significant accounting policies (continued):

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

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.

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.

3. Summary of significant accounting policies (continued):

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

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.

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.

3. Summary of significant accounting policies (continued):

(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, sells rental fleet that it previously rented to its customers. The Group transfers to cost of revenue upon sale to customers. The items are transferred at their carrying amounts at the date of transfer, and the Group recognizes the proceeds from the sale of such assets as revenue.

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.

3. Summary of significant accounting policies (continued):

(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.

(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 is currently in Southern California, 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.

3. Summary of significant accounting policies (continued):

(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.

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.

3. Summary of significant accounting policies (continued):

(l) Revenue (continued):

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.

3. Summary of significant accounting policies (continued):

(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.

(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.

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

3. Summary of significant accounting policies (continued):

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

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

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

4. Sale of subsidiary

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

Accordingly, the operating results and operating cash flows for the previously reported subsidiary are presented as discontinued operations separate from the Company's continuing operations. Prior period information has been reclassified to present the subsidiary Noble Rents (TX) Inc. as a discontinued operation. The transaction closed on, November 9, 2016.

Proceeds on disposal, net of transaction costs of $18,014	$	794,063
Net assets disposed		(51,204)
Gain on divesture		742,859

The assets and liabilities disposed of were as follows:

Accounts receivable	$	558,154
Inventories		142,355
Prepaid expense and other assets		130,016
Property and equipment		7,126,252
Intangible assets		26,527
		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	$	51,204

		2016		2015
Revenue	$	3,246,221	$	5,073,716
Cost of revenue		2,350,243		3,455,506
Gross profit		895,978		1,618,210
Expenses				
Support, maintenance and delivery		1,029,876		1,362,665
Research and development		-		-
Sales and marketing		326,286		558,869
General and administrative		1,041,298		1,037,952
Interest expense		320,607		285,588
		2,718,067		3,245,074
Loss for the period before sale transaction		(1,822,089)		(1,626,864)
Income tax		10,852		(21,340)
Net loss for the period before sale transaction	$	(1,832,941)	$	(1,605,524)

4. Sale of subsidiary (continued):

		2016		2015
Net loss for the period before sale transaction	$	(1,832,941)	$	(1,605,524)
Reclassificationof foreign currency translation amounts from Accumulated other comprehensive income		100,000		-
Gain on divesture		742,859		-
Loss from discontinued operations, net of tax	$	(990,082)	$	(1,605,524)

5. Inventories:

Inventories consist of spare parts and servicing equipment to support the equipment rental business. Inventory recognized as cost of rental and distribution revenue during the year amounted to $779,190 (2015 - $322,379).

For the year ended December 31, 2016, the write down of inventories to net realizable value, included in cost of rental and distribution revenue, amounted to $17,862 (2015 – $7,831).

During 2016, there were no reversals of write-downs previously recognized as a reduction in inventories recognized as expense (2015 - nil).

6. Property and equipment:

	Equipment rental fleet	Vehicles	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
Cost:						
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	-	353,076
Disposals / Transfers	(3,322,534)	(323,964)	-	-	-	(3,646,498)
Disposal of discontinued operations	(13,857,180)	(442,722)	(136,672)	-	(115,409)	(14,551,982)
Effect of movement in foreign exchange rates	(1,775,264)	(93,651)	(21,084)	(4,866)	(6,264)	(1,901,128)
Balance as at December 31, 2016	38,698,887	1,987,565	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	453,339	124,165	32,922	96,246	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)	(301,932)	(114,884)	-	(70,526)	(7,425,730)
Effect of movement in foreign exchange rates	(782,056)	(59,362)	(15,470)	(2,675)	(3,622)	(863,186)
Balance as at December 31, 2016	25,447,454	1,686,529	1,157,494	262,611	176,899	28,730,987
Carrying amount at December 31, 2016	$ 13,251,433	$ 301,036	$ 80,816	$ 73,263	$ 21,851	$ 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 – $6,183,349 ii) Support, maintenance and delivery - $0 , iii) Research and development - $0, iv) General and administration -$119,769

6. Property and equipment (continued):

	Equipment rental fleet	Vehicles	Furniture, fixtures and equipment	Computer equipment	Leasehold improvements	Total
Cost:						
Balance as of December 31, 2014	$ 50,170,139	$ 2,610,877	$ 1,173,571	$ 231,658	$ 265,213	$ 54,451,458
Additions	179,237	-	119,085	20,291	24,322	342,935
Disposals / Transfers	(2,715,711)	(252,647)	-	-	-	(2,968,358)
Write-offs/Scrapped	-	-	-	-	-	-
Effect of movement in foreign exchange rates	9,759,501	469,662	103,410	16,422	30,888	10,379,883
Balance as at December 31, 2015	57,393,166	2,827,892	1,396,066	268,371	320,423	62,205,918
Accumulated depreciation and impairment losses:						
Balance as of December 31, 2014	17,430,811	1,265,291	1,033,958	197,564	138,722	20,066,346
Depreciation for the year	7,957,095	537,761	58,299	23,421	11,061	8,587,637
Disposals / Transfers	(1,058,896)	(174,658)	-	-	-	(1,233,554)
Impairment loss	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Effect of movement in foreign exchange rates	3,825,085	270,548	71,426	11,379	5,018	4,183,456
Balance as at December 31, 2015	28,154,095	1,898,942	1,163,683	232,364	154,801	31,603,885
Carrying amount at December 31, 2015	$ 29,239,069	$ 928,949	$ 232,386	$ 36,008	$ 165,622	$ 30,602,033

For the year ended December 31, 2015, depreciation of property and equipment is included in the Statement of Comprehensive loss as follows:
i) Cost of revenue – $6,110,377, ii) Support, maintenance and delivery - $0, iii) Research and development - $0, iv) General and administration -$97,147

6. Property and equipment (continued):

At December 31, 2016, property and equipment with a carrying amount of $13,258,067 (2015 - $30,040,739) is pledged against certain secured loans (note 9). There is additional property and equipment with a carrying amount of $470,332 (2015 $561,294) 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 (2015 – nil) 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, 2015 there were no impairment losses recorded. The carrying value of the impairment reserve at December 31, 2016 is $24,748 (2015 - $337,581).

7. Intangible assets:

	Trademarks	Customer Lists	Software License	Software Development	Total
Cost:					
Balance as of December 31, 2014	$ 48,509	$ 377,033	$ 997,759	$ 164,690	$ 1,587,991
Additions	-	-	-	-	-
Effect of movements in foreign exchange rates	7,529	72,768	-	31,785	112,082
Balance as at December 31, 2015	56,038	449,801	997,759	196,475	1,700,073
Additions	-	-	199,386	77,132	276,517
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	1,843,215
Accumulated amortization and impairment losses:					
Balance as of December 31, 2014	48,509	252,322	398,567	114,702	814,100
Amortization for the year	-	68,550	122,636	43,197	234,383
Effect of movements in foreign exchange rates	7,529	59,373	-	26,669	93,571
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	230,089
Disposal of discontinued operations	-	(77,273)	-	-	(77,273)
Effect of movements 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	$ 1,243,424
Carrying amounts:					
At December 31, 2015	$ -	$ 69,556	$ 476,556	$ 11,908	$ 558,020
At December 31, 2016	$ -	$ 41,570	$ 484,982	$ 73,239	$ 599,791

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 – $122,636, ii) Support, maintenance and delivery - nil, iii) Sales and marketing - $103,197, iv) General and Administration- nil

For the year ended December 31, 2015, (amortization of intangible assets is included in the Statement of Comprehensive loss) as follows:
i) Cost of revenue – $122,636, ii) Support, maintenance and delivery - nil, iii) Sales and marketing - $105,387, iv) General and Administration - nil

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, 2016 is $174,411 (2015 - $144,275) and the current portion is $79,020 (2015 - $144,275). The following are the amounts due, including interest, in each year for both components of the agreement:

	Maintenance fee	License obligation	Interest obligation	Total
2017	370,831	79,020	13,657	463,509
2018	377,545	74,611	5,851	458,006
2019	278,547	20,780	176	299,503
	$ 1,026,923	$ 174,411	$ 19,684	$ 1,221,018

Please note that these are commitments and are reflected in the totals included in Note 16. Refer to Note 16 for details.

9. Short-term debt

			Terms
First facility – 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, 2016, the Company had short-term debt of $23,981,724 (December 31, 2015 - $216,755). The short-term debt consists of insurance payable, third party, and related party loans.

As of December 31, 2016 the short-term debt includes the Company's credit facility. The 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 facilities, although payments are required to be made when the outstanding advance exceeds the Borrowing Base. The maturity date of these facilities is May 31, 2017. These credit facilities were classified as long-term debt as of December 31, 2015.

9. Short-term debt (continued):

First Facility - Revolving Loan and Security Agreement:

On May 31, 2013, a wholly owned subsidiary of the Company completed the refinancing of long-term debt supporting the Houston, Texas operations with an existing lender. The principal terms of the revolving loan and security agreement are as follows:

Advance Date:	May 31, 2013
Maximum Advance:	$20,760,000 ($15,000,000 US) subject to applicable borrowing base as determined by the orderly liquidation value of the rental fleet and accounts receivable
Interest Rate:	Fully floating tied to the one-month LIBOR plus 275 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 the 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:	Four years due in full on May 31, 2017
Borrower	Noble Rents (TX) Inc.
Guarantor	Noble Iron Inc.
Prepayment premium:	None

The balance outstanding as of December 31, 2015 on this facility $8,943,556 ($6,462,107 US). This loan is no longer outstanding as it was part of the sale of a subsidiary. For more information, please refer to note 4.

The facility was evidenced by a revolving note and security agreement that includes a continuing first charge security interest against property and equipment with a carrying value of $9,439,704 at December 31, 2015, and trade receivables of $928,563 at December 31, 2015.

9. Short-term debt (continued):

Second Facility - 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 Amount:	$ 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 is $19,275,659 ($14,355,894 US) (2015 - $24,651,127 ($17,811,508 US)).

The facility is evidenced by a revolving note and security agreement, which includes a continuing first charge security interest against property and equipment with a carrying value of $12,491,291 (2015 – $19,576,383), and trade receivables of $2,163,173 (2015 - $3,004,219).

The Company has provided a corporate guarantee of the facility supported by a pledge of its common shares in the subsidiary.

The facility contains covenants requiring the subsidiary to maintain certain metrics or ratios. This includes fixed charge coverage and minimum availability. The facility was amended on July 30, 2013, to remove a leverage covenant, reduce the interest rate and provide for additional collateral to be included within the facility's borrowing base. The facility was amended on August 26, 2015 to extend the term date from May 30, 2016 to May 31, 2017. For the year ended December 31, 2016, the subsidiary is in compliance with these covenants.

10. Long-term debt:

		2016		2015
Long-term debt	$	1,032,064	$	34,836,398
Less: transaction costs		(20,491)		(258,705)
Less: current portion		(356,501)		(323,843)
	$	655,072	$	34,253,851

The principal amounts due over the next five years on long-term debt as of December 31, 2016:

2017	$	356,501
2018		303,200
2019		351,872
2020		-
2021		-
Total	$	1,011,573

Interest costs consist of the following items as of December 31, 2016:

		2016		2015
Interest on long-term debt	$	82,392	$	668,637
Interest on short-term debt		1,005,648		5,894
Amortization of loan transaction costs		102,796		69,429
Total interest expense	$	1,190,836	$	743,960

10. Long-term debt (continued):

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, 2016, was $949,566 ($707,207 US) (2015 – $1,225,046 ($885,149 US)).

The loan and security agreement is secured against property and equipment with a carrying value of $766,776 (2015 - $1,024,652).

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, 2016 was $53,072.

Other Term Debt

A subsidiary of the Company has a loan outstanding with a principal balance of $8,936 as of December 31, 2016 (2015 - $16,669).

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:

		2016		2015
Net loss	$	(9,204,566)	$	(10,232,279)
Income tax expense (recovery)		244,095		218,001
Loss before income tax		(8,960,471)		(10,014,278)
Statutory income tax rate		26.50%		26.50%
Expected income tax recovery		(2,374,525)		(2,653,784)
Effect on income tax of:				
Difference between Canadian rate and rate applicable to subsidiaries in other countries		(652,257)		(990,035)
Unrecognized tax benefits of losses and temporary differences		2,220,835		3,658,718
Non-deductible expense and other permanent differences		132,381		136,419
Recognition of previously unrecognized deductible temporary differences		918,111		66,683
Income tax expense (recovery)	$	244,095	$	218,001

(b) Deferred tax assets and liabilities:

(i) Unrecognized deferred tax assets		2016		2015
Net operating loss carry forwards	$	15,278,565	$	10,760,894
Other temporary differences		-		-
Total unrecognized deferred tax assets	$	15,278,565	$	10,760,894

(ii) Recognized deferred tax assets:		2016		2015
Net operating loss carry forwards	$	-	$	-
Property and equipment		15,528		18,823
Intangible assets		244,472		488,177
Other		-		-
Total recognized deferred tax assets	$	260,000	$	507,000

(iii) Recognized deferred tax liabilities:		2016		2015
Net operating loss carry forwards	$	(3,364,567)	$	(7,138,977)
Property and equipment		3,702,629		7,260,931
Intangible assets		7,253		27,396
Non-deductible reserves		(345,334)		(149,350)
Total recognized deferred tax liabilities	$	-	$	-

11. Income taxes: (continued)

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

Roll forward of recognized deductible (taxable) temporary differences:

	Balance December 31, 2014	Movements in temporary differences	Balance December 31, 2015	Movements in temporary differences	Balance December 31, 2016
Property and equipment	$ (21,877,000)	$ (2,085,000)	$ (19,792,000)	$ 6,142,000	$ (9,242,000)
Intangible assets	1,827,000	(474,000)	1,353,000	(998,000)	369,000
Non-deductible reserves	1,016,000	283,000	1,299,000	(451,000)	848,000
Net operating loss carry forwards	21,768,000	(3,131,000)	18,637,000	(5,746,000)	8,469,000
	$ 2,734,000	$ (1,237,000)	$ 1,497,000	$ (1,053,000)	$ 444,000

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, 2016, 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
2021	-	1,621,000	1,621,000
2022	-	1,249,000	1,249,000
2023	-	735,000	735,000
2024	-	49,000	49,000
2025	-	293,000	293,000
2026	-	246,000	246,000
2027	-	219,000	219,000
2028	-	64,000	64,000
2029	-	302,000	302,000
2030	-	262,000	262,000
2031	-	7,261,000	7,261,000
2032	5,218,000	5,378,000	10,596,000
2033	3,251,000	7,746,000	10,997,000
2034	-	6,978,000	6,978,000
2035	-	5,135,000	5,135,000
2036	-	6,664,000	6,664,000
Indefinite	-	58,000	58,000
	$ 8,469,000	$ 44,260,000	$ 53,089,000

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, 2016, there are 27,417,479 (2015 – 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, 2015 and December 31, 2016 Noble Iron had no restricted shares issued.

There are no preferred shares outstanding as of December 31, 2016 and December 31, 2015.

(b) Issued:

There were no changes to share capital during the years ended December 31, 2016 and 2015.

No options have been exercised in 2016 or 2015.

(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, 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.

12. Share capital (continued):

(c) Stock-based compensation (continued):

The following table shows the options issued and 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

During the year ended December 31, 2015, the Company granted 950,000 options to purchase common shares. The options expire at varying dates to December 2025.

The following table shows the options issued and the related vesting schedule related to options granted during the year ended December 31, 2015:

Options Issued	Exercise Price	Initial vesting amount	Initial vesting date	Remaining vesting schedule
500,000	1.30	250,000	1 year from issue	monthly
10,000	1.00	5,000	1 year from issue	monthly
100,000	1.00	100,000	immediately	-
40,000	1.00	20,000	1 year from issue	monthly
300,000	1.00	100,000	1 year from issue	monthly

12. Share capital (continued):

(c) Stock-based compensation (continued):

The following table reflects activity under the stock option plan from January 1, 2015, through to December 31, 2016, and the weighted average exercise prices:

	Number of common shares under option	Weighted average exercise price
Outstanding, January 1, 2015	1,346,300	$ 1.05
Granted	950,000	1.16
Exercised	-	-
Forfeited	(180,600)	0.96
Outstanding, December 31, 2015	2,115,700	1.10
Granted	630,000	1.00
Exercised	-	-
Forfeited	(330,000)	1.03
Outstanding, December 31, 2016	2,415,700	1.09
Exercisable at December 31, 2015	752,366	0.93
Exercisable at December 31, 2016	1,419,242	$ 1.04

No options expired in 2016 or 2015. At December 31, 2016, 2,415,700 (2015 – 2,115,700) options remain outstanding and with exercise prices ranging from $0.50 to $5.00 (2015 - $0.50 to $5.00) per share.

Information related to the stock options outstanding at December 31, 2016 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	1,270,100	7.90	$ 0.89	792,392	$ 0.82
$1.01 - $2.00	1,145,000	8.04	1.31	626,250	1.31
$4.01 - $5.00	600	0.09	5.00	600	5.00
	2,415,700	7.97	$ 1.09	1,419,242	$ 1.04

12. Share capital (continued):

(c) Stock-based compensation (continued):

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 publically 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, 2016 was $425,813 (2015 - $457,980) and is included in general and administration expenses for 2016—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:

	2016	2015
Weighted average fair value of each option	$ 0.58	$ 0.62
Assumptions:		
Weighted average expected volatility	214%	214%
Weighted average risk free interest rate	1.28%	1.42%
Weighted average expected life in years	5.35 years	5.43 years
Estimated forfeiture rate	0.00%	0.00%

13. Net loss per share:

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

	2016	2015
Net loss from continuing operations	$ (8,214,484)	$ (8,626,755)
Net income(loss) from discontinued operations	(990,082)	(1,605,525)
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	$ (0.30)	$ (0.31)
Basic and diluted from discontinued operations	$ (0.04)	$ (0.06)

There are 2,415,700 stock options outstanding as at December 31, 2016 (December 31, 2015 – 2,115,700). The stock options are excluded from the weighted average common shares in the calculation of diluted loss per share as they are not dilutive.

14. Employee benefits:

	2016	2015
Short-term employee benefits	$ 10,182,085	$ 12,009,071
Compulsory social security contributions	69,804	884,926
Stock-based compensation	425,813	457,980
	$ 11,247,700	$ 13,351,977

15. 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.

	2016	2015
Rental revenue	$ 13,553,806	$ 15,107,147
Distribution revenue	3,010,738	2,042,130
	$ 16,564,544	$ 17,149,277

The cost of rental equipment sold during 2016 recognized as cost of rental and distribution revenue was $779,190 (2015 - $322,379).

16. 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:

2017	$ 989,539
2018	997,708
2019	1,025,887
2020	1,054,913
2021	1,084,808
Thereafter	3,442,904
Total	$ 8,595,759

16. Leases and commitments (continued):

Leases:

Lease expense recognized during the year ended December 31, 2016 totaled $992,507 (2015 - $1,266,766).

During the year ended December 31, 2015, the group exited leases in Escondido, Ventura, Long Beach, and Riverside, California

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. During 2015, the Group entered into various contracts for computer services and vehicles. The Group is committed to future payments under these contracts with terms to 2020. Minimum contract payments over this period are as follows:

Other Commitments						
		Computer Software		Vehicles		Total
2017	$	573,774	$	216,948	$	790,722
2018		583,320		216,948		800,268
2019		415,730		216,948		632,678
2020		-		151,502		151,502
Total	$	1,572,824	$	802,346	$	2,375,170

17. Change in non-cash operating working capital:

		2016		2015
Accounts receivable	$	773,815	$	(704,237)
Inventories		45,505		(153,924)
Prepaid expenses and other assets		(117,892)		365,811
Accounts payable and accrued liabilities		(313,977)		1,115,709
Deferred revenue		66,909		20,757
	$	394,359	$	644,116

18. 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.

18. Related party transactions (continued):

As at December 31, 2016, 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 in the amount of $7,500.(2015 - $102,000) The former officer pledged his shares in the company as collateral for the loan.

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. Subsequent to year-end, 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 are classified as short-term debt on the consolidated balance sheet (note 21).

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:

	2016	2015
Short-term employee benefits	$ 780,465	$ 823,130
Stock-based compensation	344,335	408,848
	$ 1,124,800	$ 1,231,978

Board compensation:

For the year ended December 31, 2016 board compensation was nil. For the year ended December 31, 2015 board members received compensation in the amount of $112,500USD in the form of promissory notes. The promissory notes carry an interest rate of 10% per annum and have a maturity date of April 1, 2017.

Shareholdings:

Key management of the Company directly control 37.3% of the Company's outstanding voting common shares as at December 31, 2016 (14.8% as at December 31, 2015).

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, 2016 (50.4% as at December 31, 2015). During the year ended December 31, 2016 no common shares were issued to related parties. (2015 - nil) (note 12).

19. Financial instruments:

(a) Financial assets:

Management has determined the carrying amount of its short-term financial assets, including cash and accounts receivable, approximates fair value at the reporting date. The amortized cost related to these items as of December 31, 2016 was $3,243,199 (2015 - $4,830,924). The carrying value of the short-term loan receivable approximates fair value.

(b) Financial liabilities:

Management has determined that the carrying amount of its short-term financial liabilities, including accounts payable and accrued liabilities and 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, 2016 was $2,334,890 (2015 - $3,267,169).

Management has determined that the carrying amounts of its short-term debt and current portion of license obligation approximates fair value at the reporting date due to the short-term maturity of these obligations. The amortized costs related to these items as of December 31, 2015 was $24,060,744 (2015 - $361,030). Management asserts that there have been no significant changes to interest rates and that the fair value of the short-term debt and current portions of license obligation approximate fair value.

Management has determined that the carrying amount of the Company's long-term debt and long-term portion of license obligation approximate fair value using the present value of future principal and interest payments discounted at market based interest rates available to the Company for similar debt instruments with similar maturities. The amortized cost related to these items as of December 31, 2016 was $1,106,964 (2015 - $34,577,693).

(c) The Company did not have any financial instruments that are measured at fair value at December 31, 2016, and December 31, 2015.

20. 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, 2015, and no assurance can be provided that these strategies will continue to be effective.

20. Financial risk management (continued):

(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.

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. All of the revenues and expenses of the Company's equipment rental business is conducted exclusively in US dollars.

The Canadian dollar equivalent of accounts receivable billed in US dollars at December 31, 2016, is $2,163,73 (2015 - $4,022,585), Australian dollars at December 31, 2016, is $16,310 (2015 - $21,089) and New Zealand dollars at December 31, 2016, is $ 66,678 (2015 - $34,544).

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, 2016, is $22,268,285 (2015 - $3,317,118), and Australian dollars at December 31, 2016, is $143,562 (2015 - $136,391). The Canadian dollar equivalent of long-term debt and license obligations held in US dollars at December 31, 2016, is $626,097 (2015 - $34,655,381).

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, 2016 is a decrease to Company equity of approximately $2,011,420 (2015 – $1,395,647). 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 $2,011,420 (2015 - $1,395,647).

(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, 2016, the Company's financial liability exposure to variable rate instruments totaled $19,275,659 (2015 - $33,594,683). As of December 31, 2016, the Company's exposure to fixed rate instruments totaled $5,866,860 (2015 - $1,602,745).

The Company had no financial assets that has significant interest rate risk for the year ended December 31, 2016.

20. Financial risk management (continued):

(b) Interest rate risk (continued):

The impact of a one percent increase in interest rates would increase the Company's net loss and reduce the Company's equity, by approximately $192,756 (2015 - $246,511). Accordingly, a one percent decrease in interest rates would reduce the Company's net loss and increase the Company's equity, by approximately $192,756 (2015 - $246,511).

(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, 2016, $335,795 (2015 – $734,552) or 13.3% (2015 – 17%) of accounts receivable were more than 90 days past due. Trade accounts receivable are recorded net of an allowance for doubtful accounts totaling $179,204 (2015 - $265,558) as at December 31, 2016.

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

Balance, December 31, 2014	$	280,688
Additions		46,981
Write-offs		(135,246)
Recoveries		24,968
Currency translation		48,167
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

20. Financial risk management (continued):

(c) Credit risk (continued):

The following is an aging of the Company's accounts receivable as at December 31, 2016 and 2015:

		2016		2015
Current	$	960,645	$	2,194,290
30 – 59 days		1,061,607		1,116,569
60 - 89		344,606		548,993
90 and over		335,795		734,552
Less: allowance for doubtful accounts		(179,204)		(265,558)
	$	2,523,449	$	4,328,846

(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.

A significant portion of the Company's debt is financed through revolving loan and security agreements, with the available borrowing base determined largely by the appraised value of the rental equipment (note 9). As a result, the Company's ability to access funds under the revolving loan and security agreement is subject to change based on rental equipment appraisal values provided by a third party. If the market value of used equipment were to decline faster or further than management expectations, the Company would be at risk of having an insufficient borrowing base to support its outstanding debt. If the debt outstanding was in excess of the borrowing base, this could result in a default under the facility if the Company were not in a position to cure the default.

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 continues to anticipate raising additional funds to finance its objectives. 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. See Note 24 for additional information related to the Company's cash status.

20. Financial risk management (continued):

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

December 31, 2016	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Long-term debt	$ 1,011,573	$ 1,066,551	$ 235,578	$ 167,676	$ 327,184	$ 336,113	$ -
Short-term 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	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-
	$ 27,502,597	$ 28,100,551	$ 22,705,910	$ 4,640,320	$ 418,209	$ 336,113	$ -

December 31, 2015	Carrying amount	Contractual cash flows	6 months or less	7 - 12 months	2 years	3 - 5 years	More than 5 years
Long-term debt	$ 34,577,694	$ 36,308,245	$ 700,136	$ 630,936	$ 34,305,398	$ 671,774	$ -
Short-term debt	216,755	219,985	219,985	-	-	-	-
License obligation	144,275	151,548	101,032	50,516	-	-	-
Accounts payable and accrued liabilities	3,267,169	3,267,169	3,267,169	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-
	$ 38,205,893	$ 39,946,947	$ 4,288,322	$ 681,452	$ 34,305,398	$ 671,774	$ -

21. Determination of fair values:

Financial assets and liabilities:

	Carrying Amount				Fair Value
	Non-current assets	Current Assets			
	Trade and other receivables	Trade and other receivables	Cash	Total	
December 31, 2016					
Financial assets not measured at fair value					
Trade and other receivables	$ -	$ 2,523,449	$ -	$ 2,523,449	$ 2,523,449
Cash	-	-	719,750	719,750	719,750
Loan receivable	-	149,378	-	149,378	149,378
	$ -	$ 2,672,827	$ 719,750	$ 3,392,577	$ 3,392,577
December 31, 2015					
Financial assets not measured at fair value					
Trade and other receivables	$ -	$ 4,328,846	$ -	$ 4,328,846	$ 4,328,846
Cash	-	-	502,078	502,078	502,078
Loan receivable	-	102,000	-	102,000	102,000
	$ -	$ 4,430,846	$ 502,078	$ 4,932,924	$ 4,932,924

At December 31, 2016, accounts receivable with a carrying amount of $2,163,173 (2015 - $3,932,782) are pledged against certain secured loans (note 9).

21. Determination of fair values (continued):

Financial assets and liabilities:

	Carrying Amount				Fair Value
	Non-current liabilities	Current Liabilities			
	Loans and borrowings	Trade and other payables	Loans and borrowings	Total	
December 31, 2016					
Financial liabilities not measured at fair value					
Accounts payable and accrued liabilities	$ -	$ (2,334,890)	$ -	$ (2,334,890)	$ (2,334,890)
Other current liabilities	-	-	-	-	-
License obligation	(95,391)	-	(79,020)	(174,411)	(174,411)
Short-term debt	-	-	(23,981,724)	(23,981,724)	(23,981,724)
Long-term debt	(655,073)	-	(356,501)	(1,011,574)	(1,011,574)
	$ (750,464)	$ (2,334,890)	$ (24,417,245)	$ (27,502,599)	$ (27,502,599)
December 31, 2015					
Financial liabilities not measured at fair value					
Accounts payable and accrued liabilities	$ -	$ (3,267,169)	$ -	$ (3,267,169)	$ (3,267,169)
Other current liabilities	-	-	-	-	-
License obligation	-	-	(144,275)	(144,275)	(144,275)
Short-term debt	-	-	(216,755)	(216,755)	(216,755)
Long-term debt	(34,253,851)	-	(323,842)	(34,577,693)	(34,577,693)
	$ (34,253,851)	$ (3,267,169)	$ (684,872)	$ (38,205,892)	$ (38,205,892)

22. 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 subject to externally imposed capital requirements. Refer to Note 9 for a description of such capital requirements. The Company constantly monitors such requirements to ensure that sufficient capital exists to satisfy its operational needs. There has been no change with respect to the overall capital risk management strategy during the year ended December 31, 2016. Subsequent to year-end, the Company sold substantially all of the assets of the equipment rental and distribution business. The Company expects to utilize the funds to repay the short-term debt in the business unit.

The Company's capital structure consists of the following:

	2016	2015
Long-term debt	$ 1,011,573	$ 34,253,851
License obligation	174,411	144,275
Short-term debt	23,981,724	216,755
Total debt	25,167,708	34,614,881
Equity	(8,392,124)	(230,722)
Total capital	$ 16,775,584	$ 34,384,159

The Company was compliant with its debt covenant obligations during the years ended December 31, 2016 and December 31, 2015. (note 9)

23. Segmented information:

The Group operates in two reportable segments being, i) Enterprise Asset Management Software, and ii) Construction and Industrial Equipment Rental and Distribution. Each segment has its own management that is accountable and responsible 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 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 Rental and Distribution segment, operates a rental and distribution unit of construction and industrial equipment in the Southern California.

The chief operating decision-maker assesses segment performance based on segment revenue, segment operating income (loss), total assets, and total liabilities for the Enterprise Asset Management Software segment, and for the Construction and Industrial Equipment Rental and Distribution segment. In addition to operating income, the chief operating decision-maker also monitors key items including asset additions and disposals, and 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 year ended December 31, 2016, no single customer, in either reportable segment, accounted for 10% or more of total Company revenue. As of December 31, 2016 and 2015, no one customer accounted for more than 10% of accounts receivable.

23. Segmented information (continued):

		2016		2015
Segment revenue				
Construction and industrial equipment rental and distribution	$	16,564,544	$	17,149,277
Enterprise asset management software		4,928,746		4,683,080
Total segment revenue	$	21,493,290	$	21,832,357
Segment operating income (loss)				
Construction and industrial equipment rental and distribution	$	(2,118,343)	$	(3,294,240)
Enterprise asset management software		1,268,947		1,031,596
Total segment operating loss	$	(849,396)	$	(2,262,644)
Reconciliation to consolidated loss before income taxes:				
Total segment operating loss	$	(849,396)	$	(2,262,644)
Other expenses		(5,845,841)		(5,077,591)
Interest costs		(1,190,836)		(743,960)
Foreign exchange		(84,306)		(324,559)
Loss from continuing operations before income taxes	$	(7,970,389)	$	(8,408,754)

		2016		2015
Additions to property and equipment and intangible assets				
Construction and industrial equipment rental and distribution	$	260,699	$	306,618
Enterprise asset management software		72,369		2,444
Other		-		33,873
	$	333,068	$	342,935
Disposals from property and equipment and intangible assets				
Construction and industrial equipment rental and distribution	$	(2,763,566)	$	(2,968,358)
Enterprise asset management software		-		-
Other		-		-
	$	(2,763,566)	$	(2,968,358)
Depreciation and amortization				
Construction and industrial equipment rental and distribution	$	6,235,218	$	6,240,442
Enterprise asset management software		215,297		132,383
Other		82,692		73,038
	$	6,533,207	$	6,445,863

23. Segmented information (continued):

		2016		2015
Total reportable assets				
Construction and industrial equipment rental and distribution	$	17,085,142	$	36,028,471
Enterprise asset management software		1,651,931		1,751,950
Other		646,459		402,191
	$	19,383,532	$	38,182,612
Total reportable liabilities				
Construction and industrial equipment rental and distribution	$	21,584,620	$	36,555,664
Enterprise asset management software		929,090		986,640
Other		5,261,945		871,030
	$	27,775,655	$	38,413,334

Revenue by geographic segment		2016		2015
US	$	16,564,544	$	17,149,277
Canada		3,761,809		3,856,650
Australia & New Zealand		1,166,937		826,430
	$	21,493,290	$	21,832,356

Property and equipment and intangible assets by geographic segment		2016		2015
US	$	13,702,645	$	30,667,847
Canada		618,815		485,607
Australia		6,730		6,598
	$	14,328,190	$	31,160,053

24. Noble Iron Inc. entities:

The following table lists the significant subsidiaries of the Company.

Subsidiary	Segment	Country of Incorporation	Ownership 2016	Ownership 2015	Functional Currency
Noble Iron (U.S.), Inc.	Other	United States	100%	100%	US Dollar
Noble Rents, Inc.	Equipment Rental and Distribution	United States	100%	100%	US Dollar
Noble Equipment, Inc.	Equipment Rental and Distribution	United States	100%	100%	US Dollar
Systematic Computer Services Corporation	Enterprise Asset Management Software	Canada	100%	100%	Canadian Dollar
Texada Software Pty Ltd.	Enterprise Asset Management Software	Australia	100%	100%	Australian Dollar

25. Subsequent Events

On March 28, 2017 the Company announced a $3,000,000 loan facility, of which $2,000,000 has been committed, to fund working capital. The loan has a term of one year and is secured by assets of the Company. Terms of the financing include an annual interest rate of 15% payable quarterly with no principal payments due until maturity. There is an early exit fee in the amount of 12% if the loan is repaid within six months and 10% if paid back beyond six months. Related parties participated for $1,500,000 million of the committed proceeds.

On May 1, 2017 the Company announced that it had entered into an agreement to sell the assets of its Los Angeles, California based equipment rental operations to Sunbelt Rental's Inc., a third party. The sale price for the assets is approximately $46,338,530 ($33,823,743 USD), to be paid in cash, after deduction of an escrow amount of $1,370,000 ($1,000,000 USD) for any adjustments to the purchase price following closing. Parts of the proceeds of the sale will be used to repay the credit facility and other obligations. Included in the sale are equipment rental fleet, vehicles, inventory, accounts receivable, and other tangible personal property used in the business. Certain intangible assets, including tradenames and other sundry assets are not part of the Agreement. No liabilities are included in the transaction. The Company is responsible for all liabilities incurred prior to closing.