ZEDCOR ENERGY INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed the unaudited condensed interim consolidated financial statements for the three and nine month periods ended September 30, 2017.

ZEDCOR ENERGY INC.
CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Stated in thousands of Canadian dollars)	September 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash	1,192	2,955
Restricted cash (note 12)	1,200	1,200
Accounts receivable	2,969	2,830
Income taxes recoverable	—	986
Prepaid expenses and deposits	719	643
Assets held for sale (note 12)	—	8,381
	6,080	16,995
Non-current assets:		
Property and equipment (note 4)	42,132	46,531
Intangibles and goodwill (note 5)	7,011	7,506
Deferred income taxes	7,228	6,617
	56,371	60,654
Total assets	62,451	77,649
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	999	1,794
Income taxes payable	211	—
Current debt (note 6)	20,365	29,041
Liabilities held for sale (note 12)	—	545
	21,575	31,380
Non-current liabilities:		
Note payable (note 7)	2,407	4,149
Total liabilities	23,982	35,529
Shareholders' equity		
Share capital (note 8)	106,886	105,071
Preferred equity (note 8)	2,864	2,864
Warrants (note 9)	300	—
Contributed surplus	1,361	1,160
Deficit	(72,942)	(66,975)
	38,469	42,120
Total liabilities and shareholders' equity	62,451	77,649

ZEDCOR ENERGY INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME

(Unaudited)

(Stated in thousands of Canadian dollars, except per share amounts)	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016
Revenues	**3,539**	**2,375**	**10,330**	**7,155**
Direct expenses				
Direct operating costs	1,179	1,131	3,876	3,113
Depreciation of equipment (note 4)	1,418	8,189	4,426	14,047
	2,597	9,320	8,302	17,160
Gross margin	**942**	**(6,945)**	**2,028**	**(10,005)**
Operating expenses				
General and administrative	1,104	1,857	5,106	5,448
Depreciation of other property and equipment	34	41	112	114
Amortization of intangible assets	165	165	495	495
Impairment of property and equipment	—	2,393	—	7,801
Business acquisition costs	—	49	—	471
	1,303	4,505	5,713	14,329
Other expenses				
Finance costs (note 11)	912	277	2,678	719
Purchase gain (note 3)	—	—	—	(2,664)
	912	277	2,678	(1,945)
Loss before income taxes	**(1,273)**	**(11,727)**	**(6,363)**	**(22,389)**
Income taxes (recovery)				
Current (recovery) expense	(15)	29	(22)	20
Deferred (recovery) expense	(4)	(3,077)	(590)	(5,899)
	(19)	(3,048)	(612)	(5,879)
Net loss and comprehensive loss from continuing operations	**(1,254)**	**(8,679)**	**(5,751)**	**(16,510)**
Net gain (loss) from discontinued operations, net of income tax (note 12)	211	(904)	(216)	(1,950)
Net loss and comprehensive loss	**(1,043)**	**(9,583)**	**(5,967)**	**(18,460)**
Basic and diluted loss per share				
From continuing operations	$(0.02)	$(0.21)	$(0.12)	$(0.41)
From discontinued operation	$0.00	$(0.02)	$(0.00)	$(0.05)
Weighted average number of shares outstanding				
Basic	51,284,016	41,199,931	46,982,049	40,055,280
Diluted	51,284,016	41,199,931	46,982,049	40,055,280

ZEDCOR ENERGY INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

(Stated in thousands of Canadian dollars)	Share capital	Preferred shares	Warrants	Share purchase loans	Contributed surplus	Deficit	Total
Balance – December 31, 2015	102,610	—	—	(22)	1,024	(42,345)	61,267
Stock based compensation	—	—	—	—	136	—	136
Shares purchase loan cancellation	(22)	—	—	22	—	—	—
Shares issued on business acquisition	2,484	2,864	—	—	—	—	5,348
Shares issue costs net of deferred tax benefit of $15	(41)	—	—	—	—	—	(41)
Dividends reinvested	40	—	—	—	—	—	40
Comprehensive (loss) income	—	—	—	—	—	(24,630)	(24,630)
Balance – December 31, 2016	105,071	2,864	—	—	1,160	(66,975)	42,120
Stock based compensation	—	—	—	—	6	—	6
Issuance of warrants	—	—	300	—	—	—	300
Shares issued as consideration for loan guarantee	25	—	—	—	—	—	25
Shares issued for partial repayment of note payable	1,800	—	—	—	195	—	1,995
Share issue costs net of deferred tax benefit of $4	(10)	—	—	—	—	—	(10)
Comprehensive (loss) income	—	—	—	—	—	(5,967)	(5,967)
Balance – September 30, 2017	106,886	2,864	300	—	1,361	(72,942)	38,469

ZEDCOR ENERGY INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)

(Stated in thousands of Canadian dollars)	Nine months ended September 30 2017	2016
Cash provided by (used in):		
Operating		
Net loss from continuing operations	(5,751)	(16,510)
Depreciation of property and equipment (note 4)	4,488	5,926
Loss on disposal of property and equipment (note 4)	51	8,235
Amortization of intangible assets (note 5)	495	495
Impairment of property and equipment	—	7,801
Purchase gain (note 3)	—	(2,664)
Gain on sale of operating segment (note 12)	(219)	—
Stock based compensation (note 10)	6	121
Income taxes recovered	986	441
Deferred income taxes	(590)	(5,899)
	(534)	(2,054)
Changes in non-cash working capital	(509)	2,192
Cash flow from (used by) continuing operating activities	(1,043)	138
Cash flow from discontinued operating activities (note 12)	203	1,176
Cash flow from (used by)operating activities	**(840)**	**1,314**
Investing		
Change in non-cash working capital related to investing activities	134	207
Repayment of debt assumed on business acquisition (note 3)	—	(12,789)
Purchase of property and equipment (note 4)	(329)	(455)
Proceeds on sale of operating segments	450	—
Proceeds from sale of property and equipment (note 4)	189	2,035
Proceeds from sale of assets held for sale	7,336	2,668
Cash flow from (used by) continuing investing activities	7,780	(8,334)
Cash flow used by discontinued investing activities (note 12)	(13)	(2,312)
Cash flow from (used by) investing activities	**7,767**	**(10,646)**
Financing		
Share issue costs	(14)	(56)
Dividends paid	—	(688)
Proceeds from long-term debt	20,400	12,900
Repayment of long-term debt	(29,076)	(600)
Repayment of obligations under finance leases	—	(11)
Cash flow from (used by) continuing financing activities	(8,690)	11,545
Cash flow used by discontinued financing activities	—	(223)
Cash flow from (used by) financing activities	**(8,690)**	**11,322**
Net change in cash in the period	(1,763)	1,990
Cash, beginning of year	2,955	3,327
Cash, end of period	**1,192**	**5,317**

1. CORPORATE INFORMATION:

Zedcor Energy Inc. (formerly Canadian Equipment Rentals Corp. and prior thereto CERF Incorporated) (the "Company") was formed under the laws of Alberta as a corporation on August 10, 2011. Prior to October 1, 2011, operations were carried on as Canadian Equipment Rental Fund Limited Partnership (the "Partnership"), which had been formed under the laws of Alberta as a limited partnership on January 21, 2005. On June 27, 2017, the Company received shareholder approval for the name change from Canadian Equipment Rentals Corp. to Zedcor Energy Inc.

The Company is presently engaged in energy services and in 2016 was also engaged in general equipment rentals and waste management services. Zedcor Energy Inc. is listed on the TSX Venture Exchange under the symbol ZDC.

2. BASIS OF PREPARATION:

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 – Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full financial disclosure. The disclosures provided below are incremental to those included in the annual financial statements and certain disclosures, which are normally required to be included in the notes to annual financial statements, have been condensed or omitted. The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the Company's annual financial statements for the year ended December 31, 2016. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto for the year ended December 31, 2016.

These consolidated financial statements were approved by the Board of Directors on November 14, 2017 and are presented in Canadian dollars, which is the Company's functional currency.

In the presentation of financial statements, Management is required to identify where events or conditions indicate that significant doubt may exist about the Company's ability to continue as a going concern.

After assessing internal budgets, plans, revised financing agreements and forecasts for the coming year, Management has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. See Note 6 for significant judgements involved in reaching this conclusion.

New accounting standards not yet adopted:

At the date of these financial statements, the following accounting standard and interpretation was issued but not effective until a future date:

- *Revenue from Contracts with Customers (IFRS 15)* – The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The company has assessed the potential impact on its consolidated financial statements and does not expect any significant difference to arise on adoption.

IN THOUSANDS OF CANADIAN DOLLARS

3. BUSINESS ACQUISITION

a) Zedcor Oilfield Rentals Ltd.

On February 2, 2016, the Company acquired all the outstanding common and preferred shares of Zedcor Oilfield Rentals Ltd. ("Zedcor"). The purchase price consisted of the issuance by the Company of 3,049,968 common shares and 4,400,000 preferred shares both at a deemed price of $0.70 per share, the payout of approximately $12,789 in debt and the assumption of a $5,000 subordinated vendor take-back note.

The purchase price of $21,190 consisted of $1,799 of (3,049,968) Zedcor Energy Inc. common shares issued at the market closing price of $0.59 per share on the acquisition date and $2,864 based on the issuance of 4,400,000 Zedcor Energy Inc. preferred shares with a stated value of $0.70 per share, fair valued at $2,864, plus the payout of $12,789 in debt and the assumption of a $5,000 subordinated vendor take back note fair valued at $3,738. The purchase price was allocated to the net assets acquired based on their estimated fair values as follows:

Fair value of acquired net assets:	
Working capital	1,997
Deferred tax liability	(957)
Property and equipment	22,474
	23,514
Financed as follows:	
Common shares issued	1,799
Preferred shares issued	2,864
Note payable	3,738
Debt assumed	12,789
	21,190
Purchase gain	2,324

The Company recorded a purchase gain for the excess of the estimated fair value of the acquired net assets over the purchase price. Before recording the estimates of fair values and concluding that a purchase gain was appropriate, a rigorous assessment of all identified assets acquired and liabilities assumed at the acquisition date was completed to determine whether any additional assets or liabilities should be recognized. All procedures in determining the measurement of identified assets acquired and liabilities assumed at the acquisition date were appropriate and in accordance with IFRS 3 Business Combinations. It was concluded the measurements appropriately reflect the consideration of all available information at the acquisition date, and the purchase gain is appropriate considering the nature and circumstances of the acquisition. Such circumstances included Zedcor's relatively new asset base and its expanded geographic footprint.

The Company incurred costs of $423 related to the Zedcor acquisition. These costs mainly relate to due diligence, legal fees and tax advisory fees. These costs have been included in business acquisition costs in the consolidated interim statements of income and loss.

IN THOUSANDS OF CANADIAN DOLLARS

b) Summit Star Energy Services Inc.

On May 6, 2016, the Company completed the acquisition of all the assets used in the business of Summit Star Energy Services Inc. ("Summit Star"). Summit Star's business involved the rental of light towers and electric pumps to the oil and natural gas industry in Western Canada.

The Company issued 1,713,318 common shares for the assets of Summit Star, which when multiplied by the volume weighted average price of the common shares of the Company over the 30 preceding trading days resulted in a stated purchase price of $750.

Under IFRS 3 Business Combinations, the market closing price of $0.40 per share on the acquisition date was used to value the 1,713,318 common shares, resulting in the recorded purchase price of $685. The purchase price was allocated to the assets acquired based on their estimated fair values as follows:

Fair value of acquired net assets:	
Property and equipment	1,025
Financed as follows:	
Common shares issued	685
Purchase gain	340

The Company recorded a purchase gain for the excess of the provisional estimated fair value of the acquired net assets over the purchase price. Before recording the provisional estimates of fair values and concluding that a purchase gain was appropriate, a rigorous assessment of all identified assets acquired at the acquisition date was completed to determine whether any additional assets or liabilities should be recognized. All procedures in determining the provisional measurement of identified assets acquired at the acquisition date were appropriate and in accordance with IFRS 3 Business Combinations. It was concluded the measurements appropriately reflect the consideration of all available information at the acquisition date, and the purchase gain is appropriate considering the nature and circumstances of the acquisition. Such circumstances included Summit Star's relatively new asset base and technologically advanced equipment.

The Company incurred costs of $48 related to the Summit Star acquisition. These costs mainly relate to due diligence, legal fees and tax advisory fees. These costs have been included in business acquisition costs in the consolidated statements of income and loss.

IN THOUSANDS OF CANADIAN DOLLARS

4. PROPERTY AND EQUIPMENT:

Cost	Buildings	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2015	4,801	91,191	14,275	1,882	358	112,507
Additions	—	2,998	3,733	331	—	7,062
Business acquisition	—	22,947	515	37	—	23,499
Assets held for sale	—	(35,174)	(16,759)	(1,427)	(249)	(53,609)
Disposals	—	(21,661)	(1,207)	(43)	—	(22,911)
Derecognition	(4,801)	—	—	—	—	(4,801)
At December 31, 2016	—	60,301	557	780	109	61,747
Additions	—	297	2	30	—	329
Disposals	—	(218)	(105)	(2)	—	(325)
At September 30, 2017	—	60,380	454	808	109	61,751

Accumulated depreciation	Buildings	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2015	1,760	24,544	7,955	732	201	35,192
Depreciation	137	10,170	1,702	846	34	12,889
Assets held for sale	—	(12,485)	(8,625)	(1,202)	(179)	(22,491)
Elimination on disposal	—	(7,583)	(876)	(18)	—	(8,477)
Derecognition	(1,897)	—	—	—	—	(1,897)
At December 31, 2016	—	14,646	156	358	56	15,216
Depreciation	—	4,275	96	103	14	4,488
Elimination on disposals	—	(42)	(42)	(1)	—	(85)
At September 30, 2017	—	18,879	210	460	70	19,619

Net Book Value	Buildings	Rental equipment	Automotive & other equipment	Office furniture & equipment	Leasehold improvements	Total
At December 31, 2016	—	45,655	401	422	53	46,531
At September 30, 2017	—	41,501	244	348	39	42,132

IN THOUSANDS OF CANADIAN DOLLARS

During the nine months ended September 30, 2017, the Company sold assets with a net book value of $240 for proceeds of $189, resulting in a loss of $51 (2016 - loss of $8,235 from continuing operations) which has been included in depreciation of equipment in comprehensive income.

5. INTANGIBLES AND GOODWILL:

Cost	Goodwill	Long term Contracts	Customer Relation-ships	Non-compete agreement	Brand names & other	Total
At December 31, 2015	**7,259**	**150**	**2,421**	**8**	**16**	**9,854**
Amortization	—	(150)	(661)	(8)	(12)	(831)
Disposition	(1,513)	—	—	—	(4)	(1,517)
At December 31, 2016	**5,746**	—	**1,760**	—	—	**7,506**
Amortization	—	—	(495)	—	—	(495)
At September 30, 2017	**5,746**	—	**1,265**	—	—	**7,011**

6. CREDIT FACILITIES:

	Interest rate	Final maturity	Facility maximum	Outstanding as at Sept. 30, 2017	Outstanding as at December 31, 2016
Revolving operating facility	—	—	—	—	29,041
Loan facility	12.75%	2018	20,365	20,365	—
Operating loan facility	6.0%		1,000	—	—
				20,365	29,041
Current portion				(20,365)	(29,041)
Long term debt				—	—

Revolving operating facility:

On April 28, 2016, the Company's Syndicated Bank Credit Facility was amended under the Third Amending Agreement to amend the financial covenant in respect of the Debt to EBITDA and Interest Coverage ratios.

On November 24, 2016 the Company's Syndicated Bank Credit facility was amended under the Fourth Amending agreement. The fourth amending agreement included a reduction in the revolving facility amount from $55 million to $46 million.

On December 15, 2016 the Company's Syndicated Bank Credit facility was amended under the Fifth Amending agreement. The fifth amending agreement included a reduction in the revolving facility amount from $46 million to $32.5 million and cancellation of the term facility commitment and swingline loans.

On February 16, 2017, the Company's Syndicated Credit Facility was amended under the Sixth Amending Agreement in which the lenders agreed to forbear from demanding repayment or enforcing its security under the agreement until April 28, 2017. The sixth amending agreement included a reduction in the revolving facility amount from $32.5 million to $20.97 million.

On April 21, 2017, the Syndicated Credit Facility was repaid in full and forthwith cancelled.

Loan and security facility:

On April 21, 2017, the Company entered into a Loan and Security Agreement with a new lender. The Loan and Security Agreement in the amount of $20.4 million was used to repay the Syndicated Credit Facility, bears interest at a rate of 12.75% and has a term of 12 months with an option to extend for an additional 12 months at the satisfaction of the lender. The Loan and Security Agreement is serviced by six months of interest only payments, followed by six months of blended principal and interest payments. The Loan and Security Agreement does not require quantitative financial covenants, but imposes restrictions on the Loan's collateral, being the property and equipment of the Company.

The Company issued the lender 3,651,501 share purchase warrants. Each warrant entitles the lender to acquire one common shares in the Company at an exercise price of $0.25 per warrant. The warrants expire 90 days after the term of the loan, July 21, 2019. The warrants fair value of $300 was recorded as a transaction cost of the loan and will be expensed over the term of the loan. (see note 9)

The Company is beginning to explore options for extension with the current lender, along with lower cost alternative financing with new lenders. Management is confident that either an extension or alternative financing will be secured by April 2018.

Operating loan facility:

On May 10, 2017, the Company signed a $1 million operating loan agreement bearing interest at a rate of prime plus 3.3% and secured by the Company's accounts receivables and restricted cash. The operating loan facility requires that the Company's current ratio does not fall below 1.50:1.00 and effective September 30, 2017, the debt service coverage ratio not be less than 1.50:1.00, calculated in accordance with the formula set forth in the agreement. As at September 30, 2017 the Company's current ratio, as defined to exclude the loan facility, was 5.2:1.00 and the debt service coverage ratio was 1.92:1.00

7. NOTE PAYABLE

On February 2, 2016, the Company issued a $5,000,000 Canadian dollar vendor take-back note as part of the Zedcor acquisition purchase price (see Note 3). The vendor take-back note matures five years from the issue date at its nominal value and bears interest at five per cent per annum, accruing daily from the issue date. Interest is payable annually. The vendor take-back note is unsecured and subordinated to the Credit Facilities and interest payments are subject to certain restrictions in the Credit Facility.

On April 27, 2017, the Company repaid $2.5 million of the principal amount of the vendor take-back note by issuing 10,000,000 Common Shares of the Company to the note holder, representing a price of $0.25 per share. The fair value of the shares on the date of repayment was $0.18 per share.

IN THOUSANDS OF CANADIAN DOLLARS

As at September 30, 2017, the note payable had a carrying value of $2,407.

Fair value of note payable:	
Note payable at 5.0% due February 2, 2021	5,000
Note payable discount	(1,262)
Fair value of note payable as at February 2, 2016	3,738
Principal settlement	(1,995)
Interest payable	365
Accretion of note payable discount	299
Balance, September 30, 2017	**2,407**

8. SHARE CAPITAL

Common shares issued and fully paid:	Number of shares	$
Balance, December 31, 2015	**36,380,460**	**102,610**
Issuance of common shares under dividend reinvestment program	65,370	40
Shares cancelled on forfeiture of share purchase loan	(9,185)	(22)
Issued as consideration in a business acquisition	3,049,968	1,799
Issued as consideration in an asset acquisition	1,713,318	685
Share issue costs, net of deferred tax benefit of $15	—	(41)
Balance, December 31, 2016	**41,199,931**	**105,071**
Issued for partial repayment of note payable	10,000,000	1,800
Issued as consideration for loan guarantee	132,502	25
Share issue costs, net of deferred tax benefit of $4	—	(10)
Balance, September 30, 2017	**51,332,433**	**106,886**

Preferred shares issued:	Number of shares	$
Balance, December 31, 2015	**—**	**—**
Issued as consideration in a business acquisition	4,400,000	2,864
Balance, December 31, 2016	**4,400,000**	**2,864**
Balance, September 30, 2017	**4,400,000**	**2,864**

IN THOUSANDS OF CANADIAN DOLLARS

On February 2, 2016, the Company issued 4,400,000 preferred shares at a stated value of $0.70 per share as part of the Zedcor acquisition (see Note 3). The fair value of the preferred shares at the acquisition date was estimated to be $2,864. The preferred shares valuation was determined using a Monte Carlo simulation and Longstaff-Schwartz algorithm. The assumptions used in the valuation include the historical stock price of the Company, the historical volatility of the Company stock price and a Company credit rating of B-.

The Preferred Shares are non-voting and non-transferrable, have a stated value of $0.70 per share and a term of five years. The Preferred Shares have a cumulative dividend of 5% of the stated value commencing on January 31, 2017 until January 31, 2018 and a 10% cumulative dividend from January 31, 2018 thereafter, with dividend payments being subject to certain restrictions in the Company's existing secured credit facilities, and at the discretion of the Board of Directors. The dividend can be settled at the discretion of the Company in either cash or through the issuance of Common Shares based on the conversion price of $0.70.

After January 31, 2019, the Preferred Shares may be converted by the holder thereof into the Company's Common Shares at a conversion price of $0.70 per share, subject to the right of Company to redeem the Preferred Shares prior to such conversion for a cash amount per share equal to the lesser of: (i) $2.00; and (ii) the current market price of the Common Shares.

Zedcor Energy Inc. shall have the right to redeem the Preferred Shares at any time if the current market price of the Common Shares exceeds $2.00 by either, at Company's sole option, (i) payment of cash of $2.00 per Preferred Share; or (ii) through the issuance of 4,400,000 Common Shares, subject to certain adjustments.
The Preferred Shares may be redeemed at the end of the term, at the Company's sole option, for either (i) a cash amount per share equal to the lesser of $2.00 and the current market price; or (ii) 4,400,000 Common Shares, subject to certain adjustments.

9. WARRANTS:

Changes in the outstanding number, weighted average exercise price and movements in warrants are as follows:

Warrants issued:	Number of warrants	$
Balance, December 31, 2016	**—**	**—**
Issued as consideration in financing arrangement	3,651,501	300
Balance, September 30, 2017	**3,651,501**	**300**

On April 27, 2017, the Company issued 3,651,501 share purchase warrants (see note 6). Each warrant can be used to acquire one common share in the Company at an exercise price of $0.25 per warrant. The warrants expire on July 21, 2019.

IN THOUSANDS OF CANADIAN DOLLARS

10. STOCK OPTIONS:

Changes in the outstanding and exercisable employee options are as follows:

	Number of options	Vested	Exercise price	Remaining contractual life in years	Weighted average exercise price
Options as at December 31, 2016	**2,128,500**	**272,164**	—	**4.00**	**0.76**
Options forfeited	(1,138,000)	(384,664)	0.94	—	—
Options vested	—	458,331	0.49	—	—
Options granted May 18, 2017	2,000,000	—	0.25	**4.63**	**0.25**
Options as at September 30, 2017	**2,990,500**	**345,831**	—	**4.22**	**0.35**

During the nine months ended September 30, 2017, $6 of stock based compensation related to these stock options was recorded in general and administrative expenses (2016 - $121).

11. FINANCE COSTS:

Finance costs are comprised of the following:

	For the three months ended		For the nine months ended	
	Sept. 30, 2017	Sept. 30, 2016	Sept. 30, 2017	Sept. 30, 2016
Bank charges and interest	4	2	11	6
Interest on long term debt	908	260	2,602	563
Loan syndication fees	—	15	65	150
	912	277	2,678	719

12. DISCONTINUED OPERATIONS:

a) 4-Way Equipment Rentals Corp.

On January 31, 2017, the Company executed a definitive asset purchase agreement to sell the net assets of the General Rentals operating segment and wholly owned subsidiary, 4-Way Equipment Rentals Corp. The transaction closed on February 9, 2017. The sale further aligns the Company with its objective of placing greater focus on its core energy rental division while reducing statement of financial position leverage. As at December 31, 2016 the assets and liabilities of 4-Way Equipment Rentals Corp. included in the asset purchase agreement were classified as held for sale. The comparative condensed consolidated interim statements of loss have been restated to show the discontinued operation separately from continuing operations.

(Stated in thousands of Canadian dollars)	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016
Revenues	—	**1,824**	**662**	**5,949**
Direct expenses				
Direct operating costs	—	1,180	426	3,068
Cost of sales of equipment, fuel and parts	—	127	99	744
Depreciation of equipment	—	790	(7)	2,277
	—	2,097	518	6,089
Gross margin	—	**(273)**	**144**	**(140)**
Operating expenses				
General and administrative	—	631	245	2,155
Depreciation of other property and equipment	—	61	—	184
Impairment of property and equipment	—	74	—	74
	—	766	245	2,413
Finance costs	—	185	115	756
Other gain	—	—	—	(766)
	—	185	115	(10)
Loss from operating activities	—	**(1,224)**	**(216)**	**(2,543)**
Current (recovery) expense	—	—	236	—
Deferred (recovery) expense	—	(320)	(17)	(681)
Net loss from operating activities, net of tax	—	**(904)**	**(435)**	**(1,862)**
Gain on sale of discontinued operations	(87)	—	(95)	—
Income tax on gain on sale of discontinued	—	—	—	—
Net (loss) income from discontinued operations	**87**	**(904)**	**(340)**	**(1,862)**
Net (loss) income per share from discontinued operation				
Basic and diluted	0.00	(0.02)	(0.01)	(0.05)

Cash flows from (used in) discontinued operations

	September 30, 2017	September 30, 2016
Net cash from (used in) operating activities	79	977
Net cash from (used in) investing activities	(13)	1,126
Net cash used in financing activities	—	(109)
Net cash flows for the year	**66**	**1,994**

Effect of disposal on the financial position of the Company

Property, plant and equipment	(5,992)
Trade and other receivables	(1,660)
Prepaid expenses and deposits	(145)
Inventory	(537)
Accounts payable and accrued liabilities	506
Net assets and liabilities	**(7,828)**
Consideration received, satisfied in cash	7,336
Restricted cash	500
Net cash flows for the year	**7,836**

On July 12, 2017, the $500 restricted cash was released in addition to funds related to a working capital surplus, resulting in a gain of $87.

b) MCL Waste Systems & Environmental Inc.

On November 30, 2016, the Company sold its Waste Management operating segment and wholly owned subsidiary, MCL Waste Systems & Environmental Inc. for $12 million by executing a definitive share purchase agreement. Management sold this segment in order to place greater focus on its core rentals division while concurrently reducing statement of financial position leverage. $1.2 million of the proceeds are currently held in trust pursuant to an escrow agreement. The full amount of the restricted cash is expected to be released as follows: $600 December 1, 2017 and $600 June 1, 2018. The comparative condensed consolidated interim statements of income or loss have been restated to show the discontinued operation separately from continuing operations.

	Three months ended		**Nine months ended**	
(Stated in thousands of Canadian dollars)	**Sept. 30, 2017**	**Sept. 30, 2016**	**Sept. 30, 2017**	**Sept. 30, 2016**
Revenues	—	**3,810**	—	**10,516**
Direct expenses				
Direct operating costs	—	2,772	—	7,521
Depreciation of equipment	—	436	—	1,233
	—	3,208	—	8,754
Gross margin	—	**602**	—	**1,762**
Operating expenses				
General and administrative	—	329	—	1,031
Depreciation of other property and equipment	—	4	—	14
Amortization of intangible assets	—	4	—	171
	—	337	—	1,216
Finance costs	—	282	—	683

IN THOUSANDS OF CANADIAN DOLLARS

Loss from operating activities	—	**(17)**	—	**(137)**
Deferred (recovery) expense	—	(17)	—	(49)
Net loss from operating activities, net of tax	—	—	—	**(88)**
Gain on sale of discontinued operations	(124)	—	(124)	—
Income tax on gain on sale of discontinued operations	—	—	—	—
Net (loss) income from discontinued operations	**124**	**—**	**124**	**(88)**
Net (loss) income per share from discontinued operations				
Basic and diluted	0.00	0.00	0.00	(0.00)

Cash flows from (used in) discontinued operations

	September 30, 2017	September 30, 2016
Net cash from operating activities	124	199
Net cash used in investing activities	—	(3,438)
Net cash used in financing activities	—	(114)
Net cash flows for the year	—	**(3,353)**

On July 28, 2017, the final working capital value was settled resulting in a gain of $124.