CANADIAN EQUIPMENT RENTALS

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 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 months ended March 31, 2017.

CANADIAN EQUIPMENT RENTALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(Stated in thousands of Canadian dollars)	March 31, 2017	December 31, 2016
Assets		
Current assets:		
Cash	1,433	2,955
Restricted cash (note 12)	1,100	1,200
Accounts receivable	3,141	2,830
Income taxes recoverable	751	986
Prepaid expenses and deposits	483	643
Assets held for sale (note 12)	—	8,381
	6,908	16,995
Non-current assets:		
Restricted cash (note 12)	600	—
Property and equipment (note 4)	45,173	46,531
Intangibles and goodwill (note 5)	7,341	7,506
Deferred income taxes	7,250	6,617
	60,364	60,654
Total assets	67,272	77,649
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	1,312	1,794
Current portion of long-term debt (note 6)	20,971	29,041
Liabilities held for sale (note 12)	—	545
	22,283	31,380
Non-current liabilities:		
Note payable (note 7)	4,266	4,149
Total liabilities	26,549	35,529
Shareholders' equity		
Share capital (note 8)	105,071	105,071
Preferred equity	2,864	2,864
Contributed surplus	1,159	1,160
Deficit	(68,371)	(66,975)
	40,723	42,120
Total liabilities and shareholders' equity	67,272	77,649

CANADIAN EQUIPMENT RENTALS CORP.

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

(Unaudited)

	Three months ended March 31	
(Stated in thousands of Canadian dollars, except per share amounts)	**2017**	**2016**
Revenues	**4,442**	**3,311**
Direct expenses		
Direct operating costs	1,785	1,108
Depreciation of equipment (note 4)	1,522	1,991
	3,307	3,099
Gross margin	**1,135**	**212**
Operating expenses		
General and administrative	1,803	1,601
Depreciation of other property and equipment	37	34
Amortization of intangible assets	165	165
Impairment of property and equipment (note 4)	—	5,152
Business acquisition costs	—	343
	2,005	7,295
Other expenses		
Finance costs (note 10)	714	194
Purchase gain (note 3)	—	(2,108)
	714	(1,914)
Loss before income taxes	**(1,584)**	**(5,169)**
Income taxes (recovery)		
Current (recovery) expense	—	117
Deferred (recovery) expense	(615)	(2,138)
	(615)	(2,021)
Net loss and comprehensive loss from continuing operations	**(969)**	**(3,148)**
Net loss from discontinued operations, net of income tax (note 12)	(427)	(954)
Net loss and comprehensive loss	**(1,396)**	**(4,102)**
Basic and diluted loss per share		
From continuing operations	$(0.02)	$(0.08)
From discontinued operation	$(0.01)	$(0.03)
Weighted average number of shares outstanding		
Basic	41,199,931	38,411,257
Diluted	41,199,931	38,411,257

CANADIAN EQUIPMENT RENTALS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(Unaudited)

(Stated in thousands of Canadian dollars)	Share capital	Preferred shares	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	—	—	—	(1)	—	(1)
Comprehensive (loss) income	—	—	—	—	(1,396)	(1,396)
Balance – March 31, 2017	105,071	2,864	—	1,159	(68,371)	40,723

CANADIAN EQUIPMENT RENTALS CORP.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW
(Unaudited)

(Stated in thousands of Canadian dollars)	Three months ended March 31 2017	2016
Cash provided by (used in):		
Operating		
Net loss from continuing operations	(969)	(3,148)
Depreciation of property and equipment (note 4)	1,528	2,030
Loss (gain) on disposal of property and equipment (note 4)	31	(5)
Amortization of intangible assets (note 5)	165	165
Impairment of property and equipment	—	5,152
Purchase gain (note 3)	—	(2,108)
Gain on sale of operating segment (note 12)	(8)	—
Stock based compensation (note 9)	(1)	(6)
Deferred income taxes	(615)	(2,138)
	131	(58)
Changes in non-cash working capital	(765)	323
Cash flow from (used by) continuing operating activities	(634)	265
Cash flow from (used by) discontinued operating activities (note 12)	(8)	285
Cash flow from (used by)operating activities	**(642)**	**550**
Investing		
Change in non-cash working capital related to investing activities	69	889
Repayment of debt assumed on business acquisition (note 3)	—	(12,789)
Purchase of property and equipment (note 4)	(211)	(220)
Proceeds from sale of property and equipment (note 4)	9	148
Proceeds from sale of operating segment (note 12)	7,336	—
Cash flow from (used by) continuing investing activities	7,203	(11,972)
Cash flow used by discontinued investing activities (note 12)	(13)	(2,354)
Cash flow from (used by) investing activities	**7,190**	**(14,326)**
Financing		
Share issue costs	—	(51)
Dividends paid	—	(688)
Proceeds from long-term debt	—	12,900
Repayment of long-term debt	(8,070)	(250)
Repayment of obligations under finance leases	—	(6)
Cash flow from (used by) continuing financing activities	(8,070)	11,905
Cash flow used by discontinued financing activities	—	(70)
Cash flow from (used by) financing activities	**(8,070)**	**11,835**
Net change in cash in the period	(1,522)	(1,941)
Cash, beginning of year	2,955	3,327
Cash, end of period	**1,433**	**1,386**

1. CORPORATE INFORMATION:

Canadian Equipment Rentals Corp. (formerly CERF Incorporated) (the "Company" or "Canadian Equipment Rentals") 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 22, 2016, the Company received shareholder approval for the name change from CERF Incorporated to Canadian Equipment Rentals Corp.

The Company is presently engaged in energy services and in 2016 was also engaged in general equipment rentals and waste management services. Canadian Equipment Rentals Corp. is listed on the TSX Venture Exchange under the symbol CFL.

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 May 16, 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.

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.

IN THOUSANDS OF CANADIAN DOLLARS

The purchase price of $21,190 consisted of $1,799 of (3,049,968) Canadian Equipment Rentals 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 Canadian Equipment Rentals 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.

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.

IN THOUSANDS OF CANADIAN DOLLARS

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 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 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 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.

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	—	182	2	27	—	211

IN THOUSANDS OF CANADIAN DOLLARS

Disposals	—	(53)	(2)	—	—	(55)
At March 31, 2017	—	60,430	557	807	109	61,903

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	—	1,450	37	36	5	1,528
Elimination on disposals	—	(14)	—	—	—	(14)
At March 31, 2017	—	16,082	193	394	61	16,730

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 March 31, 2017	—	44,348	364	413	48	45,173

During the three months ended March 31, 2017, the Company sold assets with a net book value of $45 for proceeds of $14, resulting in a loss of $31 (2016 - gain of $224) 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	—	—	(165)	—	—	(165)

IN THOUSANDS OF CANADIAN DOLLARS

At March 31, 2017	**5,746**	**—**	**1,595**	**—**	**—**	**7,341**

6. CREDIT FACILITIES:

	Effective interest rate	Final maturity	Facility maximum	Outstanding as at March 31, 2017	Outstanding as at December 31, 2016
Revolving operating facility	8.7%	2017	20,971	20,971	29,041
				20,971	29,041
Current portion				(20,971)	(29,041)
Long term debt				—	—

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 as follows.

Third Amending Agreement	Mar 31 2016	June 30 2016	Sept 30 2016	Dec 31 2016	Mar 31 2017	Thereafter
Debt to EBITDA*	5.75:1	5.50:1	5.50:1	4.00:1	3.50:1	3.00:1
Interest Coverage Ratio**	3.25:1	3.25:1	2.75:1	2.75:1	3.50:1	3.50:1

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.

Interest payable on all loans drawn under the credit facilities will range from bank prime rate plus 300 bps to bank prime rate plus 600 bps depending on the Company's Debt to EBITDA ratio. Under the terms of the Sixth Amending Credit Agreement, the Company was not in compliance of its financial leverage and interest coverage covenants as at March 31, 2017 and thus all debt held with the creditors is classified as current.

IN THOUSANDS OF CANADIAN DOLLARS

	Requirement	**Actual at March 31, 2017**
Debt to EBITDA*	Maximum of 3.50 times EBITDA	8.06 times EBITDA
Interest Coverage Ratio**	Minimum of 3.50 times adjusted cash flow	0.94 times adjusted cash flow

* EBITDA is a defined bank term and includes EBITDA of the trailing twelve months plus the pre-acquisition EBITDA of business acquisitions in the trailing twelve month period, and adjustments for acquisition transaction costs and severances incurred.
** Interest Coverage ratio is calculated as finance costs for the trailing twelve months divided into the trailing twelve month adjusted cash flow which is defined as EBITDA less taxes paid and dividends paid in the trailing twelve months.

A breach constitutes an event of default under the Agreement, which provides the lenders several alternatives including a waiver of the breach, an amendment to the Agreement to reset the covenant or a requirement to repay the borrowings.

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 existing 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 share purchase warrants entitling the lender to acquire common shares in the Company representing approximately 6.5% of the fully diluted equity at the time of exercise, at an exercise price of $0.25 per warrant. The warrants will expire 90 days after the term of the loan.

On May 10, 2017, the Company signed a $1 million operating loan facility 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.

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.

As at March 31, 2017, the note payable had a carrying value of $4,266.

Fair value of note payable:	
Note payable at 5.0% due February 2, 2021	5,000
Note payable discount	(1,262)

IN THOUSANDS OF CANADIAN DOLLARS

Fair value of note payable as at February 2, 2016	3,738
Interest payable	292
Accretion of note payable discount	236
Balance, March 31, 2017	**4,266**

On April 27, 2017, the Company converted $2.5 million of the principal amount of the vendor take-back note into 10,000,000 Common Shares of the Company, representing a price of $0.25 per share.

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**
Balance, March 31, 2017	**41,199,931**	**105,071**

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, March 31, 2017	**4,400,000**	**2,864**

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-.

IN THOUSANDS OF CANADIAN DOLLARS

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.

Canadian Equipment Rentals 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. STOCK OPTIONS:

Changes in 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	(803,000)	(281,332)	1.06	—	—
Options vested	—	308,332	0.50	—	—
Options as at March 31, 2017	**1,325,500**	**299,164**	—	**3.90**	**0.58**

During the three months ended March 31, 2017, $(1) of stock based compensation related to these stock options was recorded in general and administrative expenses (2016 - $(6)).

10. FINANCE COSTS:

Finance costs are comprised of the following:

	For the three months ended March 31,	
	2017	**2016**
Bank charges and interest	3	5
Interest on long term debt	646	159
Loan syndication fees	65	30
	714	194

IN THOUSANDS OF CANADIAN DOLLARS

11. OPERATING SEGMENTS:

The Company structured its 2016 operations in three operating and reportable segments: (i) Energy Services; (ii) General Rentals; and (iii) Waste Management, based on the way that management organizes the Company's businesses for making operating decisions and assessing performance. On December 1, 2016 the Company sold the Waste Management segment and on February 9, 2017 the General Rentals segment was sold. In 2017 the Company has one operating segment, Energy Services.

The Energy Services segment includes the aggregate operations of Zedcor Energy Services. The General Rentals segment includes the operations of 4-Way Equipment Rentals Corp, which is presented as a Discontinued Operation. The Waste Management segment includes the operations of MCL Waste Systems & Environmental Inc., which is presented as a Discontinued Operation. (see Note 12)

Information regarding the results of the segments is included below. Performance is measured based on segment profit as included in internal management reports. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Segment profit is calculated as revenue less operating expenses, administrative expenses, and depreciation expense.

The following is a summary of the Company's results by segment for the three months ended March 31, 2017 and 2016:

	Three months end March 31, 2017				
	Energy Services	General Rentals	Waste Management	Corporate	Total
		Discontinued	Discontinued		
Total segment revenue	4,442	662	—	—	5,104
Segment profit (loss)	256	(70)	—	(993)	(807)
Depreciation of property and equipment	1,546	(7)	—	13	1,552
Amortization of intangible assets	165	—	—	—	165
Finance costs	714	115	—	—	829
Income taxes expense (recovery)	(585)	219	—	(30)	(396)
Additions to property and equipment	209	25	—	2	236

	Three months end March 31, 2016				
	Energy Services	General Rentals	Waste Management	Corporate	Total
		Discontinued	Discontinued		
Total segment revenue	3,311	2,363	2,866	—	8,541
Segment profit (loss)	(950)	(405)	135	(1,280)	(2,500)
Depreciation of property and equipment	2,016	685	342	9	3,052
Amortization of intangible assets	165	—	112	—	277
Impairment of property and equipment	5,152	—	—	—	5,152
Finance costs	194	290	167	—	651
Income taxes expense (recovery)	(2,159)	(245)	(106)	138	(2,372)
Additions to property and equipment	132	10	2,455	88	2,685

IN THOUSANDS OF CANADIAN DOLLARS

Goodwill	**Energy Services**	**General Rentals**	**Waste Management**	**Corporate**	**Total**
		Discontinued	**Discontinued**		
As at March 31, 2017	5,746	—	—	—	5,746
At December 31, 2016	5,746	—	—	—	5,746

Total assets and liabilities of the reportable segments are as follows:

As at March 31, 2017	**Energy Services**	**General Rentals**	**Waste Management**	**Corporate**	**Total**
		Discontinued	**Discontinued**		
Total assets	63,939	—	—	3,333	67,272
Total liabilities	770	—	—	25,779	26,549

As at December 31, 2016	**Energy Services**	**General Rentals**	**Waste Management**	**Corporate**	**Total**
		Discontinued	**Discontinued**		
Total assets	64,584	10,577	—	2,488	77,649
Total liabilities	990	545	—	33,994	35,529

A reconciliation of segment (loss) profit to income (loss) before taxes is as follows:

	Three months ended March 31,	
	2017	**2016**
Segment (loss) profit	(737)	(2,230)
Deduct:		
Finance costs	714	194
Amortization of intangibles	165	165
Impairment of property and equipment	—	5,152
Intercompany charges	(32)	(464)
Bargain purchase gain	—	(2,108)
Income (loss) before taxes	(1,584)	(5,169)

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 statements of loss have been restated to show the discontinued operation separately from continuing operations.

	For the three months ended March 31,	
(Stated in thousands of Canadian dollars)	**2017**	**2016**
Revenues	**662**	**2,363**
Direct expenses		
Direct operating costs	426	973
Cost of sales of equipment, fuel and parts	99	440
Depreciation of equipment	(7)	624
	518	2,037
Gross margin	**144**	**326**
Operating expenses		
General and administrative	245	886
Depreciation of other property and equipment	—	61
	245	947
Finance costs	115	290
Loss from operating activities	**(216)**	**(911)**
Current (recovery) expense	236	—
Deferred (recovery) expense	(17)	(245)
Net loss from operating activities, net of tax	**(435)**	**(666)**
Gain on sale of discontinued operations	(8)	—
Income tax on loss on sale of discontinued operations	—	—
Net loss from discontinued operations	**(427)**	**(666)**
Net loss per share from discontinued operation		
Basic and diluted	(0.01)	(0.02)

Cash flows from (used in) discontinued operations

	March 31, 2017	March 31, 2016
Net cash from (used in) operating activities	(8)	66
Net cash from (used in) investing activities	(13)	553
Net cash used in financing activities	—	(48)
Net cash flows for the year	**(21)**	**571**

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**

b) MCL Waste Systems & Environmental Inc.

On December 1, 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 loss have been restated to show the discontinued operation separately from continuing operations.

	For the three months ended March 31,	
(Stated in thousands of Canadian dollars)	**2017**	**2016**
Revenues	—	**2,866**
Direct expenses		
Direct operating costs	—	2,186
Depreciation of equipment	—	337
	—	2,523
Gross margin	—	**343**
Operating expenses		
General and administrative	—	453
Depreciation of other property and equipment	—	5
Amortization of intangible assets	—	112
	—	570
Finance costs	—	167
Loss before income taxes	—	**(394)**
Deferred (recovery) expense	—	(106)
Net loss from discontinued operations	**—**	**(288)**

IN THOUSANDS OF CANADIAN DOLLARS

Net loss per share from discontinued operations		
Basic and diluted	—	(0.01)

Cash flows from (used in) discontinued operations

	March 31, 2017	March 31, 2016
Net cash from operating activities	—	219
Net cash used in investing activities	—	(2,907)
Net cash used in financing activities	—	(22)
Net cash flows for the year	—	**(2,710)**

13. SUBSEQUENT EVENTS:

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 existing 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 Loan and Security agreement is partially secured through a $2.5 million guarantee from a shareholder. The Company issued the lender share purchase warrants entitling the lender to acquire common shares in the Company representing approximately 6.5% of the fully diluted equity at the time of exercise, at an exercise price of $0.25 per warrant. The warrants will expire 90 days after the term of the loan.

On April 27, 2017, the Company entered into a Shares for Debt Agreement whereby the Company has agreed to pay a fee to the guarantor of the $2.5 million guarantee related to the Loan and Security Agreement equal to 3% per annum of the amount of the guarantee that is outstanding at each month end. The fee will be paid on a monthly basis through the issuance of Common Shares equal to the five day weighted average trading price of the Common Shares.

On April 27, 2017, the Company converted $2.5 million of the principal amount of the vendor take-back note into 10,000,000 Common Shares of the Company, representing a price of $0.25 per share.

On May 10, 2017, the Company signed a $1 million operating loan facility 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.