



MANAGEMENT'S DISCUSSION AND ANALYSIS

August 10, 2017

WESTERNO INC.

Suite 910, 925 West Georgia Street • Vancouver • British Columbia • Canada • V6C 3L2 • Telephone (604) 678-4042 • Fax (604) 681-5969



MANAGEMENT'S DISCUSSION AND ANALYSIS

August 10, 2017

The following management's discussion and analysis ("MD&A") should be read in conjunction with the condensed consolidated interim financial statements and accompanying notes ("Financial Statements") of WesternOne Inc. and its direct and indirect subsidiaries (collectively known as "WesternOne" or the "Company" below, unless the context otherwise requires) for the three and six months ended June 30, 2017. Results have been prepared in accordance with International Financial Reporting Standards ("IFRS") and reported in Canadian dollars unless otherwise indicated.

This MD&A contains forward-looking information. Please see "Forward-Looking Information" and "Risk Factors" for a discussion of the risks, uncertainties and assumptions relating to such information. This MD&A also makes reference to certain non-IFRS measures to assist in assessing the Company's financial performance. Non-IFRS measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Non-IFRS Measures".

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute 'forward-looking' information within the meaning of applicable securities laws that involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements or industry results, to be materially different from any future results, performance, achievements or industry results expressed or implied by such forward-looking information. Forward-looking information is identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will", "would", and similar terms and phrases, including references to assumptions. Such information includes, but is not limited to, statements with respect to strategies, expectations, planned operations, projections or other characterizations of future events or circumstances, and the Company's objectives, goals, strategies, beliefs, intentions, plans, estimates, projections and outlook. Forward-looking information in this MD&A includes, but is not limited to, statements with respect to: the Company's reliance on its operating loans for working capital financing; the expectation of management that the Company's liabilities will be discharged by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments; the investment of surplus cash in money market funds or bank money market deposits; the impact of seasonality on the Company's operations; the Company's growth strategy; the maturity date of the leasehold improvement loan; the minimum principal repayments relating to the outstanding loans; rental, finance lease and operating lease commitments; the intention of the Company to vigorously defend the securities class action filed against the Company; the terms of the Amended Credit Facility (as defined herein) and the manner in which the interest rate charged thereon will be determined and adjusted; the terms of repayment under the Amended Credit Facility; the Company meeting the Fixed Charge Coverage Ratio under the Amended Credit Facility; the determination of the annual standby fee for the unutilized portions of the Amended Credit Facility; the interest rate charged on the B/G Subfacility (as defined herein); the potential impact of critical accounting estimates on results of operations, financial condition and cash flows from continuing operations; the maturity dates of the Company's leased premises; management's expectation that rental activity levels will continue its stabilizing trend and that mildly improving conditions may occur; management's expectation in respect of the macroeconomic conditions of the Company's

primary markets in Western Canada and the related impact on residential and commercial construction activities, rental fleet utilization, supply condition of rental equipment in the market place and rental volumes and rates; management's expectation of comparatively higher rental activity levels in the construction and film and TV production sectors in BC; and management's intention to continue to refine its marketing strategy to focus sales efforts to its target customers, evaluate returns on fleet investments and redeploy and/or right-size the fleet as necessary, and monitor operational efficiency through cost management.

Forward-looking information in this MD&A is based on certain key expectations and assumptions made by the Company, including, without limitation: net receivables are collectible, payments to suppliers will continue under current terms, and the bank guarantee will follow the terms in the Amended Facility Letter (as defined herein); the stability of the economy in Western Canada; the impact of the current economic climate in Western Canada on the Company's operations will remain consistent with the Company's current expectations; the increased competitive environment in which the Company and its business units operate; a protracted period of lower crude oil prices; rental rates will remain compressed throughout 2017; the supply of and demand for the Company's products and services and the related impact on the pricing on such products and services will remain consistent with the Company's current expectations; management's assessment of future plans and operations; the Company will be able to grow through acquisitions and organic expansion; the Company will be able to: (i) fund debt maturities and to meet current and future obligations; (ii) collect net receivables; (iii) integrate newly acquired businesses; (iv) maintain payments to suppliers under current terms; and (v) expand its product offering and customer base; critical accounting estimates; the Company will be able to discharge its liabilities; the future repayments of the Amended Credit Facility; the basis on which the interest rates and standby fee relating to the Amended Credit Facility are calculated; the impact from the wind-down of the Britco Australia (as defined herein) operations will remain consistent with the Company's current expectations; the impact from estimating the cost of a non-cancellable lease contract and finalization of post-closing adjustments in the sale of the assets of Pacific Coast (as defined herein); the impact from macroeconomic headwinds on the Company's primary markets in Western Canada and the related impact on residential and commercial construction activities, particularly in Alberta, will remain consistent with the Company's current expectations; rental activity levels are expected to continue to stabilize and may mildly improve; and the contractual requirements of the Company under the Amended Credit Facility are met and the demand feature is not exercised by the Bank (as defined herein). Although forward-looking information contained in this MD&A is based upon what the Company's management believes to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such information. Undue reliance should not be placed on the forward-looking information since no assurance can be given that it will prove to be correct.

Forward-looking information in this MD&A reflects current expectations of management regarding future events and operating performance as of the date of this MD&A. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the following factors: current economic conditions; industry conditions and cyclicality; competition; dependence on significant customers; volatility of commodity industry conditions; failure to access financing; credit facilities risk; financial health of the Company and cash flows; leverage and restrictive covenants; adverse weather conditions; seasonality and fluctuations in results; reliance on key personnel; workforce availability; employee relations; dependence on information systems and technology; security breach or cyber-attack; dependence on existing sites; supply disruptions; resale of rental fleet; inventory obsolescence; insurance coverage; foreign exchange; interest rate fluctuations; import product restrictions and foreign trade risks; unpredictability and volatility of security prices; dilution of existing shareholders; prior ranking indebtedness; discontinuation of tax incentives and change in provincial sales tax structure; environmental regulation, health and safety matters and other government regulations; regulatory risk; regulatory filing and licensing requirements; income taxes; legal proceedings; unknown

liabilities; winding down of the Britco Australia operations; expansion; failure to realize anticipated benefits of acquisitions; competition for acquisition targets; limitations on future growth and cash flow; indemnities under acquisition agreements; prevailing yields on similar securities; investment eligibility; and conflict of interest. Readers are cautioned that the foregoing list is not exhaustive. For additional information with respect to risks and uncertainties, readers should carefully review and consider the risk factors described under the section “Risk Factors” elsewhere in this MD&A.

The forward-looking information contained herein is expressly qualified in its entirety by this cautionary statement. Forward-looking information reflects management’s current beliefs and is based on information currently available to the Company. Such information reflects current assumptions regarding future events and operating performance, and speaks only as of the date of this discussion. The forward-looking information is made as of the date of this MD&A and the Company assumes no obligation to update or revise such information to reflect new events or circumstances, except as may be required by applicable law.

BASIS OF MANAGEMENT’S DISCUSSION AND ANALYSIS

On July 29, 2014, the Company announced the winding down of its Australian operations (“**Britco Australia**”) through voluntary administration. In addition, on May 2, 2017, the Company completed the sale of substantially all of the assets of its subsidiary Pacific Coast Modular Construction LP (formerly Britco LP) (“**Pacific Coast**”). The Company applied IFRS 5 – *Non Current Assets Held for Sale and Discontinued Operations* and classified Britco Australia and Pacific Coast as discontinued operations for the three and six months ended June 30, 2017 and the related comparative prior periods. For the purposes of discussing the Company’s operating results in this MD&A, management has presented the Company’s financial information based on the Company’s continuing operations for WIS (as defined herein) and has excluded the Pacific Coast operations, unless otherwise noted.

On October 31, 2016, the Company completed a consolidation of its issued and outstanding common shares on the basis of one post-consolidation common share for every 35 pre-consolidation common shares (the “**Consolidation**”). The Company’s common shares began trading on a post-consolidation basis on the Toronto Stock Exchange (the “**Exchange**”) on November 3, 2016. All common share and per share information in this MD&A give effect to the Consolidation on a retroactive basis, unless otherwise indicated.

The term “**Debentures**” collectively refers to the Company’s series 2 extendible convertible unsecured subordinated debentures (the “**2011 Debentures**”), which were redeemed on August 5, 2016, and the series 3 unsecured convertible subordinated debentures (the “**2013 Debentures**”).

OVERVIEW OF THE COMPANY

The Company is headquartered in Vancouver, British Columbia (“**BC**”), and seeks to acquire and grow businesses in the construction and infrastructure services sectors in Western Canada. The Company was incorporated on July 1, 2012 under the Canada Business Corporations Act (“**CBCA**”), and it is the successor to WesternOne Equity Income Fund following the completion of a conversion from an income trust structure to a corporation according to the previously announced plan of arrangement under Section 192 of the CBCA.

Following completion of the sales of the Pacific Coast businesses, the Company’s principal business platform is WesternOne Infrastructure Services (“**WIS**”). WIS is a leading provider of construction heat services and aerial equipment rentals to businesses in the construction, infrastructure, film and television industries in Western Canada. As at the date of this MD&A, WIS has 13 locations in BC, Alberta and

Manitoba.

As at June 30, 2017, the Company had \$99.2 million of assets and employed approximately 320 employees in Western Canada relating to the continuing operations of WIS.

The Company's common shares and 2013 Debentures trade on the Exchange under the respective symbols WEQ and WEQ.DB.

SUMMARY FINANCIAL REVIEW

| (\$000's except per share amounts) | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|---|--------------------|------------------|------------------|------------------|---------------------|-------------------|---------------------|----------------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | | June 30 | |
| | | | | | \$ | % | \$ | % |
| Total revenue from continuing operations | \$ 14,132 | \$ 12,692 | \$ 40,159 | \$ 35,038 | \$ 1,440 | 11.3% | \$ 5,121 | 14.6% |
| Net loss from continuing operations attributable to shareholders | (9,801) | (19,116) | (14,568) | (18,312) | 9,315 | 48.7% | 3,744 | 20.4% |
| - Basic and diluted loss per share | (0.58) | (16.87) | (0.86) | (16.16) | 16.29 | 96.6% | 15.30 | 94.7% |
| Net loss from discontinued operations attributable to shareholders | (2,664) | (7,132) | (2,832) | (8,227) | 4,468 | 62.6% | 5,395 | 65.6% |
| - Basic and diluted loss per share | (0.16) | (6.29) | (0.17) | (7.26) | 6.13 | 97.5% | 7.09 | 97.7% |
| Total net loss attributable to shareholders | (12,465) | (26,248) | (17,400) | (26,539) | 13,783 | 52.5% | 9,139 | 34.4% |
| - Basic and diluted loss per share | (0.74) | (23.16) | (1.03) | (23.42) | 22.42 | 96.8% | 22.39 | 95.6% |
| Adjusted EBITDA ⁽¹⁾ | (1,789) | (158) | 4,355 | 6,078 | (1,631) | (1,032.2%) | (1,723) | (28.3%) |
| Total assets ⁽²⁾ | 99,194 | 148,037 | 99,194 | 148,037 | (48,843) | (33.0%) | (48,843) | (33.0%) |
| Long term liabilities ⁽²⁾ | 49,572 | 69,398 | 49,572 | 69,398 | (19,826) | (28.6%) | (19,826) | (28.6%) |

Notes:

(1) See definition of adjusted EBITDA under "Non-IFRS Measures" below.

(2) The comparative amount for 2016 represents the year-end balance as at December 31, 2016.

FINANCIAL HIGHLIGHTS FOR THE 3-MONTH PERIOD ENDING JUNE 30, 2017

- Consolidated revenue increased 11.3% or \$1.4 million from the prior year period due to increased rental volume and related fuel sales and service revenues.
- Rental activity levels increased from the prior year period, leading to a modest growth in dollar utilization due in part to a combination of a cooler spring season increasing heat-related rentals, the Company's increased sales efforts, and more effective fleet redeployment within existing branches.
- Cash flow from operating activities of continuing operations was \$5.6 million, compared to \$2.8 million in the prior year period primarily due to increased accounts receivable collections from the previous construction heat season.

OPERATING METRICS AND PERFORMANCE

The following table illustrates WIS's key operating metrics for the three and six months ended June 30, 2017 and 2016.

| OPERATING METRICS AND PERFORMANCE | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|---|--------------------|--------|------------------|--------|---------------------|---------|---------------------|---------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | June 30 | June 30 | June 30 |
| | | | | | \$ | % | \$ | % |
| OEC on rent ⁽¹⁾ | | | | | | | | |
| Heat | 11,140 | 8,200 | 18,000 | 13,580 | 2,940 | 35.9% | 4,420 | 32.5% |
| Aerial | 35,041 | 33,294 | 32,085 | 32,323 | 1,747 | 5.2% | (238) | (0.7%) |
| Total | 46,181 | 41,494 | 50,085 | 45,903 | 4,687 | 11.3% | 4,182 | 9.1% |
| Dollar utilization of rental fleet ⁽²⁾ | 37.8% | 37.4% | 50.2% | 50.2% | | | | |
| Fuel volume sales (000's of Liters) | 4,502 | 2,838 | 16,544 | 11,794 | 1,664 | 58.6% | 4,750 | 40.3% |
| Total headcount (people) | 307 | 288 | 307 | 288 | 19 | 6.6% | 19 | 6.6% |

Notes:

- (1) Represents the average original equipment costs ("OEC") of fleet that were on rent for the period.
- (2) Rental fleet dollar utilization for the period is calculated as annualized rental and related services revenue divided by the average total OEC fleet value for the period.

Discussion for the three months ended June 30, 2017

The company uses OEC on rent as a measure of rental activity levels. OEC on rent of heat equipment increased from the prior year period primarily due to a comparatively cooler spring season in Alberta increasing seasonal rentals of heaters and generators in major markets including Calgary and Edmonton and major projects in Northern Alberta. OEC on rent of aerial equipment also increased from the prior year period due in part to WIS's increased sales efforts and more effective fleet redeployment within existing branches.

Dollar utilization increased from the prior year period due to the growth in OEC on rent, but was partially offset by compressed rental rates, driven by competition particularly in the Alberta markets. Average total fleet base for the period increased due to replacing aging and underutilized equipment and meeting demand. WIS continued to approach the markets with competitive pricing and a focus on customer service to maintain existing market share and generate sales from newly targeted sectors, although this was offset by reduced rental margins, as further discussed in "Financial Results".

Fuel sales volume increased by 58.6% from the prior year period as the comparatively cooler spring season in Alberta increased seasonal rentals of heaters and generators and related fuel sales. The higher heat-related business activity levels also prompted a 6.6% increase in total headcount (mostly seasonal hiring) as compared to the prior year period.

Discussion for the six months ended June 30, 2017

OEC on rent of heat equipment increased from the prior year period due to comparatively cooler temperatures in Alberta, prompting higher heat-related rentals. The cooler temperatures in Alberta had a negative impact on aerial rentals, particularly in the first quarter, as construction activities were hampered which reduced demand for aerial equipment. Aerial rental volumes increased in the second quarter due to reasons discussed above, essentially flat for the six month period when compared to the prior year period.

Dollar utilization stayed consistent as effects of compressed rental rates were offset by increased rental volume as discussed above.

Fuel sales volume increased by 40.3% from the prior year period as the comparatively cooler weather in

Alberta gave rise to higher demand for heater rentals and related fuels.

FINANCIAL RESULTS

Revenue

The following table summarizes revenues from continuing operations of the Company for the three and six months ended June 30, 2017 and 2016.

| SUMMARY OF REVENUES (\$000's) | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|----------------------------------|--------------------|------------------|------------------|------------------|---------------------|--------------|---------------------|--------------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | | June 30 | |
| | | | | | \$ | % | \$ | % |
| Rentals and related services | \$ 10,657 | \$ 10,139 | \$ 28,397 | \$ 27,265 | \$ 518 | 5.1% | \$ 1,132 | 4.2% |
| Product sales | 3,460 | 2,547 | 11,746 | 7,759 | 913 | 35.8% | 3,987 | 51.4% |
| Total WIS | 14,117 | 12,686 | 40,143 | 35,024 | 1,431 | 11.3% | 5,119 | 14.6% |
| Other | 15 | 6 | 16 | 14 | 9 | 149.5% | 2 | 15.7% |
| Total revenue | \$ 14,132 | \$ 12,692 | \$ 40,159 | \$ 35,038 | \$ 1,440 | 11.3% | \$ 5,121 | 14.6% |

Discussion for the three months ended June 30, 2017

Revenue from equipment rentals and related services increased 5.1% or \$0.5 million as compared to the prior year period mainly due to the growth in both heat and aerial rental activity levels as discussed above. The effects of the increase in rental volume, however, were partially offset by compressed rental rates due to continued competition in the market place.

Revenue from product sales increased 35.8% or \$0.9 million as compared to the prior year period as a result of increased fuel sales volume driven by comparatively cooler spring temperatures in Alberta.

Discussion for the six months ended June 30, 2017

Revenue from equipment rentals and related services increased 4.2% or \$1.1 million as compared to the prior year period due to factors in the three-month period discussion above.

Revenue from product sales increased 51.4% or \$4.0 million as compared to the prior year period due to factors in the three-month period discussion above.

Gross margin and gross profit

The following table summarizes gross margin and profit from continuing operations of the Company for the three and six months ended June 30, 2017 and 2016.

| SUMMARY OF GROSS MARGIN AND GROSS PROFIT (\$000's) | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|---|--------------------|-----------------|------------------|------------------|---------------------|----------------|---------------------|---------------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | | June 30 | |
| | | | | | \$ | % | \$ | % |
| Rentals and related services | \$ 272 | \$ 818 | \$ 6,925 | \$ 7,652 | \$ (546) | (66.7%) | \$ (727) | (9.5%) |
| <i>Gross margin</i> | 2.5% | 8.0% | 24.4% | 28.1% | | | | |
| Product sales | 1,729 | 1,423 | 5,038 | 4,552 | 306 | 21.5% | 486 | 10.7% |
| <i>Gross margin</i> | 50.0% | 55.9% | 42.9% | 58.7% | | | | |
| Fleet sales | 95 | 865 | 801 | 1,243 | (770) | (89.0%) | (442) | (35.6%) |
| <i>Gross margin</i> | 27.0% | 53.3% | 43.7% | 48.4% | | | | |
| Other | 15 | 5 | 16 | 13 | 10 | 197.8% | 3 | 24.5% |
| Total gross profit | \$ 2,111 | \$ 3,111 | \$ 12,780 | \$ 13,460 | \$ (1,000) | (32.2%) | \$ (680) | (5.1%) |
| <i>Gross margin</i> | 14.9% | 24.5% | 31.8% | 38.4% | | | | |

Discussion for the three months ended June 30, 2017

Gross margin and gross profit relating to equipment rentals and related services were 2.5% and \$0.3 million,

respectively, compared to 8.0% and \$0.8 million for the prior year period. The decrease was mainly attributable to lower rental rates due to competition, coupled with higher costs incurred to close out activities from heat rentals for the winter season, increase sales efforts, and fleet redeployment within existing branches.

Gross margin and gross profit relating to product sales were 50.0% and \$1.7 million, respectively, compared to 55.9% and \$1.4 million for the prior year period. Gross margin and gross profit under this category mostly relate to sales of new equipment, fuel, retail merchandise and parts. Despite an increase in fuel sales volume generating increased gross profit, fuel-related margins were compressed due to higher commodity input costs and competition. Lower margins were also realized on the sale of new equipment, retail merchandise and parts due to product mix.

Gross margin and gross profit relating to rental fleet sales were 27.0% and \$0.1 million, respectively, compared to 53.3% and \$0.9 million for the prior year period. Margins under this category tend to fluctuate from time to time depending on the type and age of fleet equipment sold and customers' specific product needs. The decrease in gross profit was primarily due to significantly reduced fleet turnover in order to maintain fleet available for rent.

Discussion for the six months ended June 30, 2017

Gross margin and gross profit relating to equipment rentals and related services were 24.4% and \$6.9 million, respectively, compared to 28.1% and \$7.7 million for the prior year period.

Gross margin and gross profit relating to product sales were 42.9% and \$5.0 million, respectively, compared to 58.7% and \$4.6 million for the prior year period.

Gross margin and gross profit relating to rental fleet sales were 43.7% and \$0.8 million, respectively, compared to 48.4% and \$1.2 million for the prior year period.

The explanations for these variances are the same as the three-month period discussion above.

General and administration expenses

The following table summarizes the general and administration expenses from continuing operations of the Company for the three and six months ended June 30, 2017 and 2016.

| SUMMARY OF GENERAL AND ADMINISTRATION EXPENSES (\$000's) | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|--|--------------------|-----------------|------------------|-----------------|---------------------|-------------|---------------------|-------------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | | June 30 | |
| | | | | | \$ | % | \$ | % |
| Operating expenses | | | | | | | | |
| WIS | \$ 5,991 | \$ 5,343 | \$12,699 | \$11,004 | \$ 648 | 12.1% | \$ 1,695 | 15.4% |
| Corporate | 817 | 910 | 1,803 | 2,282 | (93) | (10.3%) | (479) | (21.0%) |
| Total operating expenses | 6,808 | 6,253 | 14,502 | 13,286 | 555 | 8.9% | 1,216 | 9.2% |
| Depreciation and amortization of operating and intangible assets | 992 | 1,536 | 1,965 | 3,063 | (544) | (35.4%) | (1,098) | (35.8%) |
| Total general and administration expenses | \$ 7,800 | \$ 7,789 | \$16,467 | \$16,349 | \$ 11 | 0.1% | \$ 118 | 0.7% |

Discussion for the three months ended June 30, 2017

WIS's operating expenses were \$6.0 million (42.4% of WIS's total revenue), compared with \$5.3 million (42.1% of WIS's total revenue) in the prior year period. The increase was mainly due to higher business activity levels including a new branch in Winnipeg which opened in the fourth quarter of 2016, and increased marketing-related costs. The operating cost ratio remained relatively consistent, reflecting

management's continuous focus on cost containment.

Corporate operating expenses were \$0.8 million (5.8% of the Company's total revenue), compared with \$0.9 million (7.2% of the Company's total revenue) in the prior year period. The decrease was primarily due to headcount and salary reductions.

The Company's depreciation and amortization of operating and intangible assets decreased by 35.4% or \$0.5 million, as compared to the prior year period due mainly to decreased amortization expenses relating to lower intangible assets.

Discussion for the six months ended June 30, 2017

WIS's operating expenses were \$12.7 million (31.6% of WIS's total revenue), compared with \$11.0 million (31.4% of WIS's total revenue) in the prior year period.

Corporate operating expenses were \$1.8 million (4.5% of the Company's total revenue), compared with \$2.3 million (6.5% of the Company's total revenue) in the prior year period.

The Company's depreciation and amortization of operating and intangible assets decreased by 35.8% or \$1.1 million, as compared to the prior year period.

The explanations for the variances are the same as the three-month period discussion above.

Adjusted EBITDA

The following table summarizes adjusted EBITDA (see "Non-IFRS Measures") from continuing operations of the Company for the three and six months ended June 30, 2017 and 2016.

| SUMMARY OF ADJUSTED EBITDA (\$000's) | Three months ended | | Six months ended | | Increase/(Decrease) | | Increase/(Decrease) | |
|---|--------------------|-----------------|------------------|-----------------|---------------------|-------------------|---------------------|----------------|
| | June 30 | | June 30 | | Three months ended | | Six months ended | |
| | 2017 | 2016 | 2017 | 2016 | June 30 | | June 30 | |
| | | | | | \$ | % | \$ | % |
| WIS | \$ (986) | \$ 644 | \$ 5,974 | \$ 8,132 | \$ (1,630) | (253.0%) | \$ (2,158) | (26.5%) |
| Corporate | (803) | (802) | (1,619) | (2,054) | (1) | (0.1%) | 435 | 21.2% |
| Total adjusted EBITDA | \$ (1,789) | \$ (158) | \$ 4,355 | \$ 6,078 | \$ (1,631) | (1,030.3%) | \$ (1,723) | (28.3%) |

Changes in the Company's adjusted EBITDA for the three and six months ended June 30, 2017, compared to the respective prior year periods, are due to factors explained above.

Finance costs

Finance costs were \$4.1 million for the three months ended June 30, 2017 compared to \$21.0 million in the prior year period. Excluding non-cash items relating to the revaluation of the liability component of the Debentures resulting in a loss of \$3.0 million (2016 – \$18.1 million), the interest rate swap and amortization of financing-related transaction costs in accordance with IFRS, finance costs were \$1.1 million for the three months ended June 30, 2017, compared to \$2.9 million in the prior year period. The decrease was primarily due to lower interest costs as a result of the redemption of the 2011 Debentures in August 2016 and lower bank indebtedness.

Finance costs were \$10.9 million for the six months ended June 30, 2017 compared to \$21.6 million in the prior year period. Excluding non-cash items relating to the revaluation of the liability component of the Debentures resulting in a loss of \$8.0 million (2016 – \$15.8 million), the interest rate swap and amortization of financing-related transaction costs in accordance with IFRS, finance costs were \$2.5 million for the six months ended June 30, 2017, compared to \$5.7 million in the prior year period. The explanations for the

variances are the same as the three-month period discussion above.

Net loss from continuing operations attributable to shareholders

Net loss from continuing operations attributable to shareholders was \$9.8 million (\$0.58 per share) for the three months ended June 30, 2017, compared to \$19.1 million (\$16.87 per share) for the prior year period. The change was due to the factors discussed above.

Net loss from continuing operations attributable to shareholders was \$14.6 million (\$0.86 per share) for the six months ended June 30, 2017, compared to \$18.3 million (\$16.16 per share) for the prior year period. The change was due to the factors discussed above.

Net loss from discontinued operations attributable to shareholders

Net loss from discontinued operations attributable to shareholders was \$2.7 million (\$0.16 per share) for the three months ended June 30, 2017, compared to \$7.1 million (\$6.29 per share) for the prior year period.

Net loss from discontinued operations attributable to shareholders was \$2.8 million (\$0.17 per share) for the six months ended June 30, 2017, compared to \$8.2 million (\$7.26 per share) for the prior year period.

Total assets

Total assets were \$99.2 million as at June 30, 2017, compared with \$148.0 million as at December 31, 2016. The decrease was mainly due to a decrease in assets held for sale as Pacific Coast was sold, partially offset by an increase in cash proceeds (net of bank debt repayments) from the sale.

Long-term liabilities

Long-term liabilities were \$49.6 million as at June 30, 2017, compared with \$69.4 million as at December 31, 2016. The decrease was mainly due to a \$25.7 million lump sum repayment of capital loans and reclassification of capital loans to short term liabilities as the Amended Credit Facility is due on demand. This was partially offset by revaluation of the liability component of the 2013 Debentures in accordance with IFRS.

Deferred income tax

Deferred income taxes are recorded on the temporary differences arising between the accounting and tax bases of assets and liabilities on the statement of financial position.

As at June 30, 2017, in accordance with IFRS, the Company concluded that it was not probable that sufficient taxable profits would be available against which deductible temporary differences could be utilized; therefore, the Company did not recognize any deferred income tax assets.

SELECTED QUARTERLY FINANCIAL INFORMATION

The following table provides quarterly historical financial data of the Company for each of the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited Financial Statements and related notes thereto.

SELECTED QUARTERLY FINANCIAL INFORMATION

(\$000's except per share amounts)

| | Q2 '17 | Q1 '17 | Q4 '16 | Q3 '16 | Q2 '16 | Q1 '16 | Q4 '15 | Q3 '15 |
|---|--------------------|-------------------|--------------------|--------------------|--------------------|------------------|--------------------|-------------------|
| Revenue | | | | | | | | |
| Continuing Operations | \$ 14,132 | \$ 26,027 | \$ 20,733 | \$ 13,155 | \$ 12,692 | \$ 22,346 | \$ 20,462 | \$ 15,201 |
| Discontinued Operations | 1,763 | 14,240 | 12,180 | 12,543 | 12,485 | 9,646 | 15,457 | 31,560 |
| Total revenue | \$ 15,895 | \$ 40,267 | \$ 32,913 | \$ 25,698 | \$ 25,177 | \$ 31,992 | \$ 35,919 | \$ 46,761 |
| Adjusted EBITDA ^{(1) (2) (3)} | \$ (1,789) | \$ 6,144 | \$ 3,080 | \$ (1,175) | \$ (158) | \$ 6,236 | \$ 4,547 | \$ 1,062 |
| Net income/(loss) | | | | | | | | |
| Continuing Operations | \$ (9,801) | \$ (4,767) | \$ (31,894) | \$ (12,457) | \$ (19,116) | \$ 804 | \$ 29,312 | \$ (6,042) |
| Discontinued Operations | (2,411) | (209) | (10,721) | (1,345) | (7,156) | (1,159) | (39,537) | (1,003) |
| Total net loss | \$ (12,212) | \$ (4,976) | \$ (42,615) | \$ (13,802) | \$ (26,272) | \$ (355) | \$ (10,225) | \$ (7,045) |
| Basic income/(loss) per share ⁽²⁾ | | | | | | | | |
| Continuing Operations | \$ (0.58) | \$ (0.28) | \$ (1.87) | \$ (1.14) | \$ (16.87) | \$ 0.71 | \$ 25.87 | \$ (5.33) |
| Discontinued Operations | (0.16) | (0.01) | (0.62) | (0.12) | (6.29) | (0.97) | (34.85) | (0.93) |
| Total basic loss per share | \$ (0.74) | \$ (0.29) | \$ (2.50) | \$ (1.26) | \$ (23.16) | \$ (0.26) | \$ (8.98) | \$ (6.27) |
| Diluted income/(loss) per share ⁽²⁾ | | | | | | | | |
| Continuing Operations | \$ (0.58) | \$ (0.28) | \$ (1.87) | \$ (1.14) | \$ (16.87) | \$ 0.71 | \$ 20.24 | \$ (5.33) |
| Discontinued Operations | (0.16) | (0.01) | (0.62) | (0.12) | (6.29) | (0.97) | (25.82) | (0.93) |
| Total diluted loss per share | \$ (0.74) | \$ (0.29) | \$ (2.50) | \$ (1.26) | \$ (23.16) | \$ (0.26) | \$ (5.58) | \$ (6.27) |

Notes:

- (1) See definition of adjusted EBITDA under "Non-IFRS Measures" below.
- (2) Represents amount attributable to shareholders.
- (3) Represents amount from continuing operations.

Seasonality

At WIS, the aerial and general construction equipment rental business is generally lower from January through March as the winter weather hampers construction activity. Heater rentals and related fuel services during the winter months compensate for the traditionally slower winter business cycle in the aerial and general construction equipment rental sectors. From April through July, the rental demand for aerial and general construction equipment grows gradually as rental activities accelerate into the summer months. From August through November, the demand for rental equipment typically continues as construction companies strive to meet construction targets prior to the start of the holiday season in December. The heat business generally starts in November and continues through to the spring of the following year.

In addition to the seasonal nature of the Company's business, the quarterly changes above are also due to the changes in the Company's business activity levels and the timing of business acquisitions and dispositions.

CASH FLOWS AND LIQUIDITY

The following table provides an overview of the Company's cash flows from continuing operations for the three and six months ended June 30, 2017 and 2016.

| SUMMARY OF CASH FLOWS (\$000's) | Three months ended | | Six months ended | |
|---|--------------------|------------|------------------|-------------|
| | June 30 | | June 30 | |
| | 2017 | 2016 | 2017 | 2016 |
| Net change of cash related to: | | | | |
| Operations | | | | |
| Cash generated from (used in) operating earnings | \$ (1,834) | \$ (1,027) | \$ 5,137 | \$ 4,938 |
| Changes in working capital | 7,415 | 3,860 | 5,847 | 4,226 |
| Investing | 912 | (1,398) | 44,527 | (1,553) |
| Financing | (2,458) | (7,921) | (36,571) | (19,476) |
| Net change in cash during the period from continuing operations | \$ 4,035 | \$ (6,486) | \$ 18,940 | \$ (11,865) |

As discussed above, the revenue and operating results of the Company have historically displayed seasonal variations throughout a year. While certain of the Company's variable costs can be managed to match seasonal patterns, a significant portion of its costs are fixed and cannot be adjusted for seasonality. The fluctuation in future results of operations may require the Company to rely on its operating loans for working capital financing at certain times of the year.

The Company recorded a cash inflow of \$5.6 million from operating activities from its continuing operations for the three months ended June 30, 2017, compared with cash inflow of \$2.8 million for the same period in the prior year. The increase in cash flow generation from operating activities was primarily due to collection of accounts receivable generated in the first quarter as a result of increased heat-related business activity levels.

As at June 30, 2017, the Company has an operating loan with the Bank with an approved capacity of up to \$10.0 million on an interest-only basis. As at June 30, 2017, the Company had \$10.9 million of cash and cash equivalent on hand, net of operating loans drawn.

Working capital management continues to be an important element of cash generation for the Company. As at June 30, 2017, management expected that net receivables were collectible, payments to suppliers would continue under current terms, and the bank guarantee would follow the terms in the Amended Facility Letter.

During the three months ended June 30, 2017, the Company purchased rental equipment and other operating assets for \$1.5 million and received proceeds of \$0.4 million from the sale of fleet equipment from its continuing operations. The Company received net cash proceeds of \$2.5 million for the sale of Canada Modular Manufacturing (as defined herein). Net of advances, the Company repaid \$1.4 million, consisting primarily of its Amended Credit Facility and finance lease obligations. The Company also paid \$1.1 million of interest (net of interest income received) primarily for the outstanding senior debt and 2013 Debentures related to its continuing operations.

Liquidity Risks

Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk through cash and debt management. As at June 30, 2017, the Company had available unused approved credit facilities (operating and capital loans combined and based

on margin and other funding requirements pursuant to the Amended Facility Letter) of \$8.2 million. The Company also had accounts receivable of \$11.3 million and cash and cash equivalents totaling \$18.0 million. Management expects to discharge the Company's liabilities by means of cash flow generated from operations, existing cash reserves and refinancing of debt instruments.

A centralized treasury function ensures that the Company maintains funding flexibility by assessing future cash flow expectations. Cash flow estimates are based on rolling forecasts of operating, investing and financing cash flows. Such forecasting also takes into account borrowing limits, cash restrictions and compliance with debt covenants.

Cash which is surplus to working capital requirements is managed by the centralized treasury function which invests it in money market funds or bank money market deposits, choosing maturities which are aligned with expected cash needs based on the rolling forecast process.

CAPITAL RESOURCES

On March 6, 2017, the Company entered into a facility letter (the "**Amended Facility Letter**") with a Canadian chartered bank (the "**Bank**") under which the Bank provided a demand credit facility with an aggregate limit of \$20.0 million (the "**Amended Credit Facility**").

Provided a certain Fixed Charge Coverage Ratio is met (as defined in the Amended Facility Letter), the Amended Credit Facility comprises a \$10.0 million revolving operating loan and a \$10.0 million revolving capital expenditure loan. A general security agreement providing a charge over all assets of the Company has been provided as collateral to the Bank.

Under the Amended Credit Facility, the revolving operating loan carries interest at a rate to be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter). The margins range from 1.25% to 3.25% for prime-based borrowing and range from 2.50% to 4.50% for banker's acceptance-based borrowing.

The revolving operating loan is secured by a margin requirement (the "**Margin Requirement**") of: (i) 50% of acceptable inventory (up to \$6.5 million); (ii) 75% of acceptable non-investment grade accounts receivable; (iii) 85% of acceptable investment grade accounts receivable; and (iv) 90% of accepted insured receivables (as defined in the Amended Facility Letter), minus priority claims.

As a sublimit of the revolving operating loan, the Bank also extended a bank guarantee facility with an authorized limit of the lesser of: (i) \$10.0 million; and (ii) the Margin Requirement (the "**B/G Subfacility**"). The B/G Subfacility carries interest at a rate to be determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter) for banker's acceptance-based borrowing.

Unless repayable on demand to the Bank, the revolving capital expenditure loan under the Amended Credit Facility will be repaid by consecutive quarterly payments comprised of principal installments equal to 4.0% of the original principal amount of each applicable advance, plus applicable interest accrued.

The unutilized portions of the Amended Credit Facility have an annual standby fee determined based on the ratio of Senior Debt to EBITDA (as defined in the Amended Facility Letter), ranging from 0.50% to 0.90%.

Pursuant to the Amended Facility Letter, the Bank also extended a demand bank guarantee facility with an authorized limit of \$3.0 million (the "**Bank Guarantee Facility**") for advance payment, performance and warranty guarantees as required. The Bank Guarantee Facility carries interest at 2.5%.

The Amended Facility Letter also has, among other things, amendments to financial covenants, restrictions on paying dividends to shareholders, making payments of principal on the 2013 Debentures, and future acquisitions without the prior written consent of the Bank.

On July 25, 2017, the Company entered into an amended and restated facility letter with the Bank, under which the Bank amended the Bank Guarantee Facility from an authorized limit of \$3.0 million to \$1.5 million for advance payment, performance and warranty guarantees as required.

As at June 30, 2017, the Company was in compliance with all bank covenants associated with the Amended Facility Letter.

On January 12, 2017, the Company obtained a leasehold improvement loan of \$1.4 million which bears interest at 6.0%. The leasehold improvement loan was for the new branch location in Burnaby, BC. The loan will mature in January 2022.

NON-IFRS MEASURES

References in this MD&A to “**adjusted EBITDA**” are to net income or loss from continuing operations before interest, taxes, depreciation and amortization, and other specified items that would impact comparability including, where applicable, non-operational income and expenses, securities-based compensation and other gains or losses. The use of the term “non-operational income and expenses” is defined by the Company as those that do not impact operating decisions taken by the Company’s management as well as items of an unusual nature that do not reflect the Company’s ongoing operations.

In addition to results reported in accordance with IFRS, the Company uses adjusted EBITDA as a supplemental indicator of its financial and operating performance. Adjusted EBITDA is not an earnings measure recognized by IFRS, does not have standardized meanings prescribed by IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. The Company’s management believes that adjusted EBITDA is an important supplemental financial measure in evaluating the Company’s performance and discloses adjusted EBITDA to capture the profitability of its business before the impact of items not considered in management’s evaluation of operating performance.

The following table reconciles the Company’s net loss from continuing operations and adjusted EBITDA for the three and six months ended June 30, 2017 and 2016.

| RECONCILIATION OF NET LOSS FROM CONTINUING OPERATIONS AND ADJUSTED EBITDA (\$000's) | Three months ended | | Six months ended | |
|---|--------------------|-------------|------------------|-------------|
| | June 30 | | June 30 | |
| | 2017 | 2016 | 2017 | 2016 |
| Net loss from continuing operations | \$ (9,801) | \$ (19,116) | \$ (14,568) | \$ (18,312) |
| Finance costs | 4,106 | 21,028 | 10,875 | 21,611 |
| Depreciation and amortization | 3,943 | 4,430 | 7,900 | 8,882 |
| Income tax expense (recovery) | 6 | (6,590) | 6 | (6,188) |
| Share based compensation | - | 88 | 4 | 187 |
| Severance | 17 | - | 202 | - |
| Others | (60) | 2 | (64) | (102) |
| Adjusted EBITDA | \$ (1,789) | \$ (158) | \$ 4,355 | \$ 6,078 |

OFF-BALANCE SHEET FINANCING

The Company has no off-balance sheet arrangements, except for the operating leases relating to the Company’s various operating assets. The operating lease arrangements represent a normal course of the Company’s businesses.

CONTRACTUAL OBLIGATIONS

As at June 30, 2017, the minimum principal repayments required for the then outstanding loans are as follows:

LOANS PAYABLE

| (\$000's) | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter |
|--------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Capital Loan | \$ 800 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 1,600 | \$ 2,351 |
| Other loans | 516 | 1,072 | 1,127 | 803 | 317 | 27 |
| | <u>\$ 1,316</u> | <u>\$ 2,672</u> | <u>\$ 2,727</u> | <u>\$ 2,403</u> | <u>\$ 1,917</u> | <u>\$ 2,378</u> |

The Company expects to discharge the loan obligations with cash flow generated from operations, existing cash reserves and refinancing of debt instruments. The above table represents the principal repayment schedule in respect of the Amended Credit Facility and other loans. See “Capital Resources” for the principal repayment terms for the Amended Credit Facility.

As at June 30, 2017, the Company had the following rental, finance lease and operating lease commitments from continuing operations:

CONTRACTUAL OBLIGATIONS

| (000's) | 2017 | 2018 | 2019 | 2020 | 2021 | Thereafter |
|--------------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|
| Rental commitments | \$ 2,033 | \$ 4,029 | \$ 3,339 | \$ 3,039 | \$ 2,758 | \$ 12,490 |
| Finance leases | 891 | 1,163 | 377 | 263 | 261 | 96 |
| Operating leases | 9 | 17 | 13 | - | - | - |
| | <u>\$ 2,933</u> | <u>\$ 5,209</u> | <u>\$ 3,729</u> | <u>\$ 3,302</u> | <u>\$ 3,019</u> | <u>\$ 12,586</u> |

LONG TERM INCENTIVE PLAN

Board of Directors, officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the Company’s long term incentive plan (the “LTIP”). The purpose of the LTIP is to provide eligible participants with compensation opportunities that will enhance the Company’s ability to attract, retain and motivate key personnel and reward key employees for significant performance that results in the Company exceeding its available cash targets. Pursuant to the LTIP, the Company may set aside a pool of funds based upon the amount, if any, by which available cash per common share (as measured on a fully diluted basis) exceeds certain defined threshold amounts. A third-party trustee purchases common shares of the Company in the market with this pool of funds and holds the common shares until such time as ownership vests to each participant. LTIP participants are entitled to receive dividends, if any, on all common shares of the Company held for their account prior to the applicable vesting date. Unvested common shares held by the third-party trustee for an LTIP participant will be forfeited if the participant resigns or is terminated for cause prior to the applicable vesting date, and those common shares will be sold and the proceeds returned to the Company.

The Company’s compensation committee has the power to, among other things: (i) determine those individuals who will participate in the LTIP; (ii) determine the level of participation of each participant; and (iii) determine the time or times when LTIP awards will vest or be paid to each participant.

For the three and six months ended June 30, 2017, the Company’s compensation committee did not approve any payments under the LTIP.

WESTERNONE SECURITIES-BASED COMPENSATION PLAN

The purpose of the WesternOne Securities-Based Compensation Plan (the “**WesternOne SBC Plan**”) is to promote the interest and long-term success of the Company by: (i) furnishing certain directors, officers, employees or consultants of the Company (or other persons as the Company’s compensation committee may determine) (together, the “**SBC Plan Participants**”) with greater incentive to further develop and promote the business and financial success of the Company; (ii) further align the interests of the SBC Plan Participants with those of the shareholders generally through a proprietary ownership interest in the Company; and (iii) assisting the Company in attracting, retaining and motivating the SBC Plan Participants.

The Company’s compensation committee has the power to, among other things: (i) determine persons who are eligible for the WesternOne SBC Plan; (ii) grant awards to the SBC Plan Participants; (iii) determine the types of securities-based awards to be granted; (iv) determine the times such awards will be granted; and (v) the pricing, vesting and other terms of the grant.

The number of securities that may be allotted and issued under the WesternOne SBC Plan is determined by the compensation committee, provided that the maximum number of securities to be reserved for issuance from treasury under the WesternOne SBC Plan does not exceed 10% of the issued and outstanding common shares of the Company on a “rolling” basis, net of the 14,285 common shares that may be issued under the EPP, as described in further detail below.

As at the date of this MD&A, the Company had 38,773 options, 85,612 equity-settled restricted stock units and 1,272,537 cash-settled restricted stock units outstanding.

On June 19, 2017, the Company’s Compensation Committee granted 85,612 equity-settled RSUs to the directors of the Company under the WesternOne SBC Plan. These equity-settled RSUs will vest upon the earlier of: (i) June 19, 2020; (ii) the director ceasing to be a director of the Company, and (iii) upon a Change of Control (as defined in the WesternOne SBC Plan).

EMPLOYEE PURCHASE PLAN

The purpose of the Employee Purchase Plan (“**EPP**”) is to promote the interests of the Company and its shareholders by enabling the Company to attract and retain highly talented employees who are in a position to make significant contributions to the success of the Company, to reward them for their contributions to the success of the Company and to encourage them, through ownership, to increase their proprietary interest in the Company and their personal interest in its continued success and progress.

Officers and key employees of the Company and its direct and indirect subsidiaries are eligible to participate in the EPP. Under the EPP, an eligible participant elects to make a personal contribution to the plan based on the type and amount of cash remuneration received by such individual during a year, up to a maximum percentage of the remuneration. The percentage is determined based on criteria including but not limited to the participant’s position within the Company, his or her past performance and contributions to the Company’s success and remuneration received during the year. The Company makes a contribution to the EPP on behalf of that participant in an amount equal to that percentage of the participant’s personal contribution. A third-party trustee administers the EPP through using the contributions to either purchase common shares of the Company in the market or through treasury issuances at fair market value. The common shares of the Company purchased under the EPP are subject to vesting and hold period requirements.

The Company’s compensation committee has the power to determine, among other things: (i) those individuals who will participate in the EPP; (ii) the level of participation of each participant and the level of contribution by the Company; (iii) the purchase of common shares of the Company in the open market

or through treasury issuances; and (iv) the vesting and hold period requirements of common shares under the EPP.

The number of common shares of the Company that may be allotted and issued under the EPP is determined by the Board of Directors, provided that the maximum number of common shares of the Company to be reserved for issuance from treasury under the EPP does not exceed 14,285 common shares in the aggregate, as adjusted following the completion of the Consolidation.

For the three and six months ended June 30, 2017, the Company's compensation committee did not approve any contributions to the EPP.

TRANSACTIONS WITH RELATED PARTIES

For the three and six months ended June 30, 2017, the Company rented premises in Calgary, Alberta from Eastlake Properties Inc. which an officer of the Company holds an interest in. The Company paid an aggregate of \$0.1 million (2016 - \$0.1 million) and \$0.1 million (2016 - \$0.1 million) in rent to related parties and maintained a rental deposit of \$36,858 (2016 - \$36,858) during the three and six months ended June 30, 2017. The rent between the parties was at fair market value. The term of the lease matures in July 2023 with an option to renew.

SECURITIES AND PRINCIPAL SHAREHOLDERS

As at August 10, 2017, 17,017,044 common shares of the Company are issued and outstanding, each of which entitles the holder to one vote at shareholder meetings. Furthermore, 51,750 2013 Debentures are issued and outstanding with an outstanding face value of approximately \$51.8 million. Upon conversion of the 2013 Debentures based on the adjusted conversion price of \$411.25 per common share following the completion of the Consolidation (\$11.75 per common share prior to the completion of the Consolidation), an additional 125,835 common shares of the Company are issuable.

To the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, common shares of the Company carrying more than 10% of the voting rights attached to all the issued and outstanding common shares, other than as set out below:

| Registered and Beneficial Owner Name | Shares | Percentage of Issued and Outstanding Shares |
|---|------------------------------|---|
| Verition Canada Master Fund Ltd. ⁽¹⁾ | 93,900,682 ⁽²⁾⁽³⁾ | 15.8% ⁽⁴⁾ |
| Ewing Morris & Co. Investment Partners Ltd. | 2,658,315 ⁽⁵⁾⁽⁶⁾ | 15.6% ⁽⁷⁾ |

Notes:

- (1) Verition Canada Master Fund Ltd. is controlled, indirectly, by Manousos Vourkoutiotis. In addition, Arceus Partnership, a partnership controlled by Mr. Vourkoutiotis, owns 16,671,538 common shares, which, together with the 93,900,682 common shares owned by Verition Canada Master Fund Ltd., represents approximately 18.6% of the issued and outstanding common shares (18.3% on a fully-diluted basis). The number of common shares disclosed in this footnote does not reflect adjustments resulting from the Consolidation.
- (2) The number of common shares disclosed do not reflect adjustments resulting from the Consolidation.
- (3) The information as to common shares of the Company beneficially owned by Verition Canada Master Fund Ltd. and Arceus Partnership, not being within the knowledge of the Company, has been obtained from the Alternative Monthly Report filed by Verition Advisors (Canada) ULC, the portfolio manager for Verition Canada Master Fund Ltd., on September 7, 2016.
- (4) 15.5% on a fully-diluted basis.
- (5) In addition, Ewing Morris & Co. Investment Partners Ltd. currently holds 13,811 2013 Debentures with an outstanding face value of \$13.8 million which, if converted at its discretion, would result in Ewing Morris & Co. Investment Partners Ltd. holding an additional 33,584 common shares of the Company representing 0.2% of the issued and outstanding common shares.
- (6) The information as to common shares of the Company beneficially owned by Ewing Morris & Co. Investment Partners Ltd., has been obtained from the Alternative Monthly Report filed by Ewing Morris & Co. Investment Partners Ltd. on June 9, 2017.
- (7) 15.6% on a fully-diluted basis.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

As at June 30, 2017, the Company's financial assets and liabilities consisted primarily of cash and cash equivalents, accounts receivable, operating loans, accounts payable and accrued liabilities, other loans, the Amended Credit Facility, and the 2013 Debentures. These financial instruments arose from the Company's normal course of business, with respect to the financing of its day-to-day operations, capital expenditures and acquisitions.

The carrying values of the financial instruments, except for the capital loans, other loans, and the 2013 Debentures, were considered to approximate their fair values due to their short-term nature. The carrying values of the Amended Credit Facility and other loans approximated their fair values as the related interest rates of the loans were at market as at June 30, 2017. The Company has considered credit risk in making this determination and concluded no material adjustments would be required. The fair value of the liability component of the 2013 Debentures was determined based on discounted cash flow analysis using expected future cash flows and a market-related discount rate.

In addition to liquidity risk described in "Cash Flows and Liquidity" above, the Company is exposed to credit, interest rate and foreign exchange risks associated with its financial assets and liabilities. Overall, the Board of Directors has the responsibility for the establishment and approval of the Company's risk management policies. Management continually performs risk assessments to ensure that all significant risks related to the Company's operations have been reviewed and assessed to reflect changes in market conditions and the Company's operating activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The maximum exposure to credit risk is the full carrying value of the financial instrument. The Company is exposed to credit risk with respect to its accounts receivable, particularly from customers in the construction and resource industries in Western Canada due to its concentration of business in those sectors. The Company mitigates the risk by means of a diverse customer base in construction (industrial, commercial, infrastructure and residential), resource (oil and gas and energy) as well as other sectors. As at June 30, 2017, there were no accounts receivable balances in excess of 10% of the Company's consolidated accounts receivable balance. In general, in assessing the credit risks in relation to accounts receivable balances, management has considered the financial health of the respective companies in terms of working capital position, financial leverage, ability to generate operating cash flow, revenue base and profitability. Management also reviews the payment history and average collection cycle of these accounts and makes provisions where necessary. The Company mitigates its credit risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses. As at June 30, 2017, the Company had provisions for potential uncollectible accounts receivable of \$0.9 million. Related bad debt expenses of \$0.2 million and \$0.6 million for the three and six months ended June 30, 2017, were recorded in general and administration expenses in the Company's statement of income for continuing operations.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's finance leases, leasehold improvement loan and the 2013 Debentures all bear fixed interest rates, and hence are not exposed to any interest rate risk. The Company's Amended Credit Facility and equipment financing loan bear interest at variable rates. The Company manages its interest rate risk relating to the Amended Credit Facility and other loans through entering into an interest rate swap agreement as needed with the Bank for a portion of the outstanding senior credit facilities. As at June 30, 2017, the Company did not have any interest rate swap agreements

outstanding. The Company does not hold or use any derivative instruments for trading or speculative purposes. Interest expense is classified as part of finance costs in the Company's statement of income.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company's cash flow exposure to foreign exchange risk mainly relates to purchases of rental equipment and replacement parts from suppliers in the United States.

For the three and six months ended June 30, 2017, the Company recorded foreign exchange gain of \$0.1 million (2016 – nil) and foreign exchange gain of \$0.1 million (2016 –\$0.1 million), respectively, from its continuing operations. Foreign exchange gains or losses are classified as part of general and administration expenses in the Company's statement of income.

As at June 30, 2017, the Company's consolidated statement of financial position included \$0.4 million of accounts receivable (2016 - \$0.4 million), \$0.2 million of accounts payable (2016 - \$1.1 million) and \$1.7 million of cash net of operating loans (2016 - \$3.1 million operating loans net of cash) which were foreign currency denominated and were subject to foreign exchange risk.

The Company does not use, hold or issue foreign exchange contracts for trading or speculative purposes. At June 30, 2017, the Company had no foreign exchange contracts outstanding.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as at the date of the Financial Statements and the reported amounts of revenue and expenses during the reporting period. The Company has taken into account the current economic environment when determining the provision for inventory obsolescence, provision for doubtful accounts and any impairment of goodwill and other assets. As conditions change, actual results could differ from those estimates. The Company's significant accounting policies are described in note 3 of the Financial Statements for the year ended December 31, 2016. The Company bases its estimates on historical experience and various other assumptions that are believed to be reasonable in the circumstances. The Company considers the following to be most critical in understanding the judgments that are involved in preparing the Financial Statements and the uncertainties that could affect the Company's results of operations, financial condition and cash flows from continuing operations.

Provision of obsolescence of inventory

The value of the Company's inventory, which includes equipment for resale and parts inventories, is evaluated by management throughout each year. When required, reserves are recorded to ensure that the book value of the resale equipment is valued at the lower of cost or estimated net realizable value. Management identifies slow moving or obsolete parts inventories (if any) and estimates appropriate obsolescence provisions related thereto. Assumptions underlying management's evaluation of inventory obsolescence include stability in inventory price levels, estimates of customer demand and projected level of repairs and maintenance needed for the rental fleet. Depending on the future economic environment, there is a risk that the Company could have an increase in inventory obsolescence which would result in an increased charge to the statement of income.

Provision for doubtful accounts

The Company is exposed to credit risks with respect to its accounts receivable. In general, the Company mitigates the risk by following a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. The Company maintains provisions for potential credit losses, and any such losses to date have been within management's expectations. Assumptions underlying management's evaluation of provision for doubtful accounts include stability of the business environment that customers operate in and financial health of customers. The provision for doubtful accounts at June 30, 2017 did not reflect any significant increase in expected losses compared to prior years. However, depending on the future economic environment, there is a risk that the Company could experience a greater number of defaults which would result in an increased charge to the statement of income.

Impairment of assets

Management reviews the Company's non-financial assets, inventories and deferred tax assets (if any) at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Management also reviews goodwill and intangible assets that have indefinite useful lives or that are not yet available for use for impairment at least annually or whenever events or changes in circumstances indicate possibility of impairment.

Impairment is recognized if the recoverable amount determined as the higher of the estimated fair value less cost to sell or the discounted future cash-flows generated from use and eventual disposal from an asset or cash generating unit ("CGU") is less than their carrying value. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of a CGU are allocated first to reduce the carrying value of goodwill allocated to the CGU and any excess is allocated to the carrying amount of the other assets in the CGU on a pro rata basis.

Assumptions underlying management's evaluation of asset impairments include estimates of future operations of, and related cash flow generated from, the assets or CGUs, marketplace data, and future costs of capital. Depending on the future economic environment, there is a risk that the Company could have an increase in impairments which would result in an increased charge to the statement of income.

Accrual of unbilled revenue

Revenue from rental contracts and related services is generated through cycle billing to customers. Accrual of revenue relating to invoices not yet issued to customers at period-end is estimated by management based on rental rates specified in rental contracts and expected length of rental periods. Depending on the magnitude of the difference between management's estimates and the actual rental rates and length of rental periods, there is a risk that the Company could have to adjust for the related difference, which would result in an increased charge to the statement of income.

Deferred income taxes

Deferred income tax assets and liabilities are determined based on the temporary differences between the tax basis of the Company's assets and liabilities and the amounts reported in the Financial Statements, to the extent that such temporary differences are expected to reverse in future periods. Deferred tax assets or liabilities are calculated using the tax rates for the periods in which the differences are expected to be settled. Deferred tax assets are recognized to the extent that they are considered more likely than not to be realized. Assumptions underlying the composition of deferred income tax assets include estimates of future results of operations, the timing of reversal of temporary differences, as well as the tax rates and laws in each jurisdiction at the time of the expected reversal. The composition of deferred income tax assets is reasonably likely to change from period to period due to the uncertainties surrounding these assumptions, and therefore would result in an increased charge to the statement of income.

Loss on sale of discontinued operations

The loss on the sale of Britco Australia was calculated using the best estimates from management and the administrators of the voluntary administration and liquidation of Britco Australia. Such estimates include: (i) the recoverable value of the net assets of Britco Australia; (ii) costs required to complete the disposal of Britco Australia; and (iii) costs to terminate outstanding lease commitments. Depending on the actual results of these items, there is a risk that the Company could incur additional costs which would result in increased charges to the statement of income. This accounting estimate is applicable to Britco Australia.

The gain (loss) on the sales of the Pacific Coast businesses were calculated using best estimates from management. Such estimates include costs to terminate outstanding lease commitments and finalization of post-closing adjustments. Depending on the actual results of these items, there is a risk that the Company could incur additional costs which would result in increased charges to the statement of income. This accounting estimate is applicable to Pacific Coast.

CONTINGENCY

On December 10, 2014, Robert Krten and 2381371 Ontario Inc. filed a securities class action against the Company and certain of its directors and executives alleging misrepresentation. The proceeding was commenced by a statement of claim filed in the Windsor registry of the Ontario Superior Court. The claim was subsequently amended to substitute Frederick Cass and Edward Allan McCaffrey as the plaintiffs. The action was transferred to Toronto. The Company intends to vigorously defend the claim. The case remains in its initial phase of pleading and a reasonable estimate of the obligation cannot be made at this time.

RISK FACTORS

For a detailed description of the risk factors associated with the Company and its business, refer to the Company's annual information form dated March 30, 2017 (the "**Annual Information Form**"). The Company is not aware of any significant changes to its risk factors from those disclosed in the Annual Information Form except for the sale of the assets of the Canadian manufacturing division of Pacific Coast ("**Canada Modular Manufacturing**"). As a result of the sale, the Company is no longer subject to the risks related to the ongoing ownership of Canada Modular Manufacturing.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, under the supervision and with the participation of its Chief Executive Officer ("**CEO**") and Chief Financial Officer ("**CFO**"), is responsible for establishing and maintaining disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**"). DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. Furthermore, DC&P are designed to ensure that information required to be disclosed by the Company in annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the Company's management, including its CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Company's ICFR may not prevent or detect all misstatements because of the inherent limitations of any control system. Projections of any evaluation of effectiveness to future periods are subject to the risk

that controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with the Company's policies and procedures.

The Company's management, under the supervision of and with the participation of the CEO and CFO, has completed an evaluation of the design of the Company's DC&P and ICFR. In making this evaluation, management used a top-down risk-based approach using the criteria established in the Internal Control – Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (“**COSO**”). Based on this evaluation, the CEO and CFO have concluded that the design of the Company's DC&P and ICFR were effective as at June 30, 2017.

There has been no change in the Company's DC&P and ICFR that occurred during the six months ended June 30, 2017 that has materially affected, or is reasonably likely to materially affect, the Company's DC&P and ICFR.

OUTLOOK

The following discussion is qualified in its entirety by the section “Forward-Looking Information” at the beginning of this MD&A, and the section titled “Risk Factors”.

Management expects rental activity levels, measured as OEC on rent, to continue its stabilizing trend and may display mild improvement from the prior year period for the remainder of 2017. Rental rates, however, are expected to remain compressed as the prevailing macroeconomic headwinds in Western Canada continue to weigh on residential and commercial construction activities, particularly in Alberta. In BC, WIS expects to see comparatively higher rental activity levels in the construction and film and TV production sectors.

Management will continue to: (i) refine its marketing strategy to focus sales efforts to its target customers, including identification of new markets and/or closure of existing branches; (ii) evaluate returns on fleet investments and redeploy and/or right-size the fleet as necessary; and (iii) monitor operational efficiency through cost management.

ADDITIONAL INFORMATION

Additional information relating to the Company, including the Annual Information Form and other public filings, is available on SEDAR at www.sedar.com or on the Company's website at www.weq.ca.

For more information about this MD&A, please contact:

Carlos Yam, Chief Financial Officer
WesternOne Inc.
Suite 910, 925 West Georgia Street
Vancouver, BC V6C 3L2
Phone: (604) 678-4042
E-mail: cyam@weq.ca

For investor relations information, please contact:

Andrew Greig, Manager of Investor Relations
WesternOne Inc.
Suite 910, 925 West Georgia Street
Vancouver, BC V6C 3L2
Phone: (604) 678-4042
E-mail: agreig@weq.ca

TRADING SYMBOLS

Toronto Stock Exchange: WEQ and WEQ.DB