Condensed Consolidated Interim Financial Statements

Three and Nine Month Period Ended June 30, 2017

(expressed in Canadian Dollars)

BluMetric™ Environmental

Notice to Reader

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

The accompanying unaudited interim financial statements of the company have been prepared by, and are the responsibility of, the company's management.

The company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

BLUMETRIC ENVIRONMENTAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(in Canadian dollars) (unaudited)

	Notes	June 30 2017 $	September 30 2016 $
ASSETS			
Current assets			
Cash		16,323	314,360
Short term investments		-	100,000
Accounts receivable	3	4,371,196	4,547,825
Unbilled revenue		3,880,330	4,047,641
Prepaid expenses		431,695	512,806
Propery plant and equipment held for sale	17	652,800	-
Investment held for sale	5	5,542	-
Investment accounted for using the equity method	4	251,282	251,282
		9,609,168	**9,773,914**
Non-current assets			
Property, plant and equipment		333,554	1,148,402
Intangible assets		169,324	362,246
Long term investment	5	-	11,085
Goodwill		1,592,095	1,592,095
Total assets		**11,704,141**	**12,887,742**
LIABILITIES			
Current liabilities			
Bank indebtedness	6	479,351	556,662
Trade and other payables	7	2,775,954	4,974,764
Deferred revenue		1,324,027	564,623
Advances		-	8,627
Obligations under finance leases		-	562
Current portion of long term debt	8	141,406	146,519
Contingent consideration	4	156,282	156,282
		4,877,020	**6,408,039**
Non-current liabilities			
Long-term debt	8	4,303,243	4,342,111
Advances	9	60,000	60,000
Due to shareholders	10	55,502	55,502
Total liabilities		**9,295,765**	**10,865,652**
SHAREHOLDERS' EQUITY			
Share capital	11	5,356,053	5,356,053
Contributed surplus and other equity	11	591,255	593,119
Deficit		(3,538,932)	(3,927,082)
Total equity		**2,408,376**	**2,022,090**
Total liabilities and shareholders' equity		**11,704,141**	**12,887,742**

The accompanying notes are an integral part of these consolidated financial statements

APPROVED BY THE BOARD

"Vijay Jog" "Roger Woeller"

Vijay Jog, Director Roger Woeller, Director

BLUMETRIC ENVIRONMENTAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the nine months ended June 30, 2017 and 2016
(in Canadian dollars) (unaudited)

	Notes	Common shares #	Share capital $	Contributed surplus and other equity $	Deficit $	Total equity $
Balance at October 1, 2016		**27,880,140**	**5,356,053**	**593,119**	**(3,927,082)**	**2,022,090**
Share based compensation		-	-	(1,864)	-	(1,864)
Net income and comprehensive income for the period		-	-	-	388,150	388,150
Balance at June 30, 2017		**27,880,140**	**5,356,053**	**591,255**	**(3,538,932)**	**2,408,376**

	Notes	Common shares #	Share capital $	Contributed surplus and other equity $	Deficit $	Total equity $
Balance at October 1, 2015		**27,880,140**	**5,356,053**	**524,086**	**(4,515,447)**	**1,364,692**
Share based compensation		-	-	47,393	-	47,393
Net income and comprehensive income for the period		-	-	-	675,139	675,139
Balance at June 30, 2016		**27,880,140**	**5,356,053**	**571,479**	**(3,840,308)**	**2,087,224**

The accompanying notes are an integral part of these condensed consolidated interim financial statements

BLUMETRIC ENVIRONMENTAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
For the three and nine months ended June 30, 2017 and 2016
(in Canadian dollars, except the number of shares) (unaudited)

		For the three months ended June 30		For the nine months ended June 30	
		2017	2016	**2017**	2016
	Notes	**$**	$	**$**	$
Revenue	15	**7,434,291**	8,377,957	**22,941,695**	24,235,177
Cost of goods sold	12	**5,989,388**	6,507,281	**18,196,473**	18,975,480
Gross profit		**1,444,903**	1,870,676	**4,745,222**	5,259,697
Operating expenses:					
Selling, general and administrative expenses	12	**1,135,870**	1,261,786	**3,764,726**	4,091,807
Gain on disposal of property plant and equipment		**-**	7,516	**-**	(172,876)
Impairment of assets held for sale		**68,762**	-	**68,762**	-
Reversal of impairment loss on equity investment		**-**	-	**-**	(44,849)
Total operating expenses		**1,204,632**	1,269,302	**3,833,488**	**3,874,082**
Operating income		**240,271**	601,374	**911,734**	1,385,615
Share of net loss of an associated company	4	**-**	-	**-**	(19,843)
Finance costs	12	**(170,363)**	(230,699)	**(523,584)**	(690,633)
Net income and comprehensive income for the period		**69,908**	370,675	**388,150**	675,139
Net income per share:					
Basic		**$0.00**	$0.01	**$0.01**	$0.02
Diluted	14	**$0.00**	$0.01	**$0.01**	$0.02
Weighted average number of shares outstanding:					
Basic		**27,880,140**	27,880,140	**27,880,140**	27,880,140
Diluted	14	**27,931,569**	27,880,140	**27,931,569**	27,880,140

The accompanying notes are an integral part of these condensed consolidated interim financial statements

BLUMETRIC ENVIRONMENTAL INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
For the three and nine months ended June 30, 2017 and 2016
(in Canadian dollars) (unaudited)

		For the three months ended June 30		For the nine months ended June 30	
		2017	2016	**2017**	2016
	Notes	**$**	$	**$**	$
Cash flows from operating activities					
Net income for the period		**69,908**	370,675	**388,150**	675,139
Non-cash items:					
Depreciation of property, plant and equipment		**32,835**	34,036	**100,756**	140,443
Amortization of intangible assets		**64,308**	62,810	**192,922**	235,650
Gain on disposal of property plant and equipment		**-**	7,516	**-**	(172,876)
Interest accretion on convertible debenture		**-**	29,561	**-**	88,007
Interest accretion on long term debt		**5,366**	-	**20,899**	-
Reversal of impairment of equity investment		**-**	-	**-**	(44,849)
Impairment of asset held for sale	17	**68,762**	-	**68,762**	-
Share of net loss of an associated company	4	**-**	-	**-**	19,843
Unrealized gain on investment held for sale		**-**	-	**-**	(3,308)
Realized gain on investment held for sale	5	**-**	-	**(12,556)**	-
Share-based compensation	11	**(5,934)**	17,653	**(1,864)**	47,393
Changes in working capital items	13	**274,522**	(806,506)	**(1,014,355)**	(724,168)
Net cash generated by (used in) operating activities		**509,767**	**(284,255)**	**(257,286)**	**261,274**
Cash flows from investing activities					
Acquisition of property, plant and equipment		**-**	(7,695)	**(8,227)**	(9,260)
Acquisition of intangible assets		**-**	-	**-**	(12,321)
Change in short term investment		**-**	(3,193)	**-**	(92,509)
Proceeds from disposal of property plant and equipment		**757**	-	**757**	400,203
Proceeds from sale of investment held for sale		**-**	12,680	**18,098**	12,680
Proceeds on disposal of short term investments		**-**	-	**100,000**	-
Net cash generated in investing activities		**757**	**1,792**	**110,628**	**298,793**
Cash flows from financing activities					
Decrease in note, advances and loans payable		**-**	1,047	**(8,627)**	(221,177)
Repayments of long term debt		**(17,476)**	(12,790)	**(64,880)**	(343,506)
Principal payments on finance leases		**-**	(991)	**(562)**	(2,972)
Increase in use of credit facilities		**-**	600,000	**-**	60,000
Net cash generated by (used in) financing activities		**(17,476)**	**587,266**	**(74,069)**	**(507,655)**
Net change in cash and cash equivalents		**493,048**	**304,803**	**(220,726)**	**52,412**
Bank indebtedness – Beginning of period		**(956,076)**	(274,924)	**(242,302)**	(22,533)
Cash (bank indebtedness) – End of period		**(463,028)**	**29,879**	**(463,028)**	**29,879**
Cash (bank indebtedness) is composed of:					
Cash		**16,323**	29,879	**16,323**	29,879
Bank indebtedness		**(479,351)**	-	**(479,351)**	-
		(463,028)	29,879	**(463,028)**	29,879
Supplementary Information					
Interest paid - included in operating activities		**84,058**	186,667	**333,224**	246,826

The accompanying notes are an integral part of these condensed consolidated interim financial statements

1. Nature of Operations

BluMetric Environmental Inc. ("the Company") is an integrated product and service organization providing sustainable solutions to complex environmental issues in Canada and abroad. The Company serves clients in many industrial sectors, and at all levels of government, both domestically and internationally.

The Company focuses on two main areas:

- professional consulting services on environmental earth sciences and engineering, contaminated site remediation, water resource management, industrial hygiene, occupational health and safety, and renewable energy; and
- water and wastewater design-build and pre-engineered product solutions.

The head office of the Company is located at 3108 Carp Road, Ottawa, Ontario, Canada K0A 1L0. The Company's common shares are listed on the Toronto Venture Exchange ("TSX.V") in Canada.

2. Basis of Presentation and Summary of Accounting Policies

a. Basis of Presentation

These condensed consolidated interim financial statements have been prepared on the basis of the going concern assumption, meaning the Company will be able to realize its assets and discharge its liabilities in the normal course of operations. The ability for the Company to continue as a going concern is dependant on its ability to produce sufficient revenues and limit expenses to allow for the Company to service its debt and remain onside with its debt convenants.

The Company has generated positive earnings for the nine months ended June 30, 2017, as well as for the two years ended September 30, 2016 and September 30, 2015. The Company anticipates having sufficient funds over the next twelve months to discharge its liabilities, as well as sufficent earnings to meet all debt covenants.

In assessing whether this assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. If the going concern assumption was not appropriate for these financial statements, then adjustments would likely be necessary in the carrying amounts of assets and liabilities, revenues and expenses, the accumulated deficit and the classifications used in the consolidated statement of financial position. These adjustments could be material.

b. Statement of Compliance

These condensed interim consolidated financial statements have been prepared in compliance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). These condensed interim consolidated financial statements do not contain all the information and disclosures required for annual financial statements, and should be read in conjunction with the annual audited consolidated financial statements of the Company for the year ended September 30, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

c. Authorization of Financial Statements

The condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on August 29, 2017.

d. Presentation and Functional Currency

The Company’s presentation and functional currency is the Canadian dollar.

e. Basis of Measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis.

f. Accounting Policies

The accounting policies set out in the Company’s most recent annual financial statements have been applied consistently to all periods presented in these condensed consolidated interim financial statements. As such, it should be read in conjunction with the consolidated annual financial statements and related note disclosures for the year ended September 30, 2016.

In addition, non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell.

g. Future applicable accounting standards

Accounting standards issued but not yet applied

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company. The Company does not intend to early adopt these standards and is currently evaluating the impact of these new standards on the Financial Statements.

Management anticipates that all of the relevant pronouncements will be adopted in the Company's accounting policies for the first reporting period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.
The Company is assessing the impact of the new or revised IFRS standards in issue but not yet effective on its consolidated financial statements.

i. Amendments to IAS 12

IAS 12 Income Taxes are amended to clarify the following aspects:

- Unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use;

- The carrying amount of an asset does not limit the estimation of probable future taxable profits;

- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; and

- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilization of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

ii. **Disclosure Initiative (Amendments to IAS 7)**

IAS 7 Statement of Cash Flows is amended to improve information provided to users of financial statements about an entity's financial activities by making the following changes:

- The following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes;

- The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition; and

- Changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.

This amendment is applicable to annual periods beginning on or after January 1, 2017.

iii. **IFRS 9 "Financial Instruments" (IFRS 9)**

IFRS 9 was issued by the International Accounting Standards Board ("IASB") in November 2009 and October 2010 and will replace IAS 39. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Two measurement categories continue to exist to account for financial liabilities in IFRS 9, fair value through profit or loss ("FVTPL") and amortized cost. Financial liabilities held-for-trading are measured at FVTPL, and all other financial liabilities are measured at amortized cost unless the fair value option is applied. The treatment of embedded derivatives under the new standard is consistent with IAS 39 and is applied to financial liabilities and non-derivative hosts not within the scope of the standard. The effective date of IFRS 9 is January 1, 2018.

(In Canadian Dollars) (unaudited)

iv. IFRS 15 "Revenue from Contracts with Customers" (IFRS 15)

IFRS 15 was issued by the IASB in May 2014 and specifies how and when revenue should be recognized based on a five-step model, which is applied to all contracts with customers. On April 12, 2016, the IASB published final clarifications to IFRS 15 with respect to identifying performance obligations, principal versus agent considerations, and licensing. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, with early adoption permitted.

v. IFRS 16 "Leases"

IFRS 16 was issued by the IASB in January 2016 and specifies the requirements to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted.

3. Accounts Receivable

	June 30, 2017	September 30, 2016
	$	$
Trade receivables	**4,475,439**	4,638,291
Other receivables	**23,193**	25,258
Allowance for doubtful accounts	**(127,436)**	(115,724)
	4,371,196	4,547,825

All of the Company's trade and other receivables have been reviewed for indications of impairment. An allowance for doubtful accounts has been established for any receivable found to be impaired.

4. Investment Accounted for using the Equity Method

The Company's investment in Wasdell Falls Power Corporation is accounted for under the equity method. Wasdell Falls achieved commencement of operations during the quarter ended March 31, 2016. The Company is in the process of closing out the remaining 25% ownership and will receive the remaining cash and common shares of Coastal Hydro Corporation in exchange for its remaining interests in Wasdell Falls Power Corporation. During the nine months ended June 30, 2017, the Company recognized its share of the net loss of the investment of $Nil (nine months ended June 30, 2016 - $19,843).

5. Investment

On December 15, 2016, the Company sold half of its 17,828 Class A shares of Canzone Limited, a private company, for proceeds of $18,098 and recognized a gain on sale of $12,556. The remaining 8,914 Class A shares were sold on July 11, 2017 for proceeds of $17,504.

(In Canadian Dollars) (unaudited)

6. Credit Facilities

On September 12, 2016, the Company entered into new credit and loan arrangements.

The Company's short-term credit facilities consist of an operating demand loan in the amount of $2,500,000, with a $500,000 sublimit for letters of credit. Each letter of credit is 100% guaranteed through a separate program. This replaces the Company's previous line of credit which consisted of an operating line of credit in the amount of $2,000,000.

The operating demand loan is supported through a separate program by way of account performance security guarantees in favour of the bank.

The operating demand loan carries a floating rate of interest of prime plus 2.25% and is secured by a general security agreement over the Company's assets. The previous line of credit carried a floating rate of interest of prime plus 3.50%.

In addition to the operating demand loan, the Company entered into an agreement with another institution on September 12, 2016 for a secured five-year term loan in the amount of $2,500,000. This loan bears interest at a rate of 10%, paid monthly, and requires the Company to pay royalty fees on gross revenue beginning February 2018. The royalty rate is tiered and applies at a rate of 0.35% of gross revenue up to $38,000,000, and then decreases to 0.15% on gross revenue in excess of this amount. As of June 30, 2017, $80,835 (September 30, 2016 - $Nil) was accrued as payable.

At June 30, 2017, the Company had drawn $825,463 on its operating demand loan (September 30, 2016 - $949,691) and it had $207,145 outstanding letters of guarantee (September 30, 2016 - $Nil).

The Company has certain covenants in accordance with its new credit and loan arrangements on both a quarterly basis as well as rolling quarterly basis. As of June 30, 2017, the Company was in default of one of its covenants related to total funded debt. The Company rectified this default on July 4, 2017 when the sale of its office building at 3096 Carp Road in Ottawa closed (see note 17). As of September 30, 2016, all covenants were met.

7. Trade and Other Payables

	June 30, 2017	September 30, 2016
	$	$
Trade payables	**1,330,625**	3,256,661
Salaries and benefits payable	**767,754**	662,336
Other accrued liabilities and payables	**677,575**	1,055,767
	2,775,954	4,974,764

As at June 30, 2017, provisions in the amount of $30,000 (September 30, 2016 - $30,000) are included in other accrued liabilities and payables and are entirely with respect to product warranty provisions.

(In Canadian Dollars) (unaudited)

As at June 30, 2017, other accrued liabilities and payables includes amounts owing to key management personnel of $12,000 (September 30, 2016 - $89,996) and directors of $3,833 (September 30, 2016 - $84,062).

As at June 30, 2017 there was $81,875 (September 30, 2016 - $6,017) owed to government agencies included in other accrued liabilities and payables.

8. Long-Term Debt

	June 30, 2017 $	September 30, 2016 $
Term loan, net of deferred financing costs of $47,418 (September 30, 2016 - $52,209), bearing interest at 10%, due September 12 , 2021	**2,452,582**	2,447,791
Mortgage, bearing interest at 7.99%, repayable in monthly principal instalments of $8,083 plus interest, due July 16, 2018, secured by a collateral mortgage on land and building with a carrying value of $262,807 (September 30, 2016 - $306,573).	**1,005,008**	1,009,763
Mortgage, bearing interest at BDC Floating Base Rate 4.7% as at June 30, 2017 (4.7% as at September 30, 2016) plus 2.0%, repayable in monthly principal instalments of $3,900 plus interest, due June 15, 2029, secured by a collateral mortgage on land and building with a carrying value of $652,800 (September 30, 2016 - $745,015). (See note 17)	**561,600**	596,700
Ford Credit loan, bearing interest at prime, payable in monthly instalments of $3,190, due May 2017 and secured by a general security agreement.	**-**	6,132
Restructured trade debt	**425,459**	428,244
Total	**4,444,649**	**4,488,630**
Current portion of long-term debt	**141,406**	**146,519**
Long-term portion of long-term debt	**4,303,243**	**4,342,111**

9. Advances

Effective September 12, 2016, related party principal repayments of $60,000 have been postponed in favour of the Company’s bank. The advances continue to bear interest at a rate of 7% with no fixed terms of repayment. Interest on advances outstanding has not been postponed.

10. Due to Shareholders

Amounts due to shareholders are non-interest bearing, with no fixed terms of repayment. Additionally, effective September 12, 2016, repayments of $43,803 have been postponed in favour of the Company’s bank.

(In Canadian Dollars) (unaudited)

11. Shareholders' Equity

Share Options

Activity in the share option plan is summarized as follows:

	For the nine months ended			
	June 30, 2017		June 30, 2016	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	#	**$**	#	$
Outstanding, beginning of year	**1,818,225**	**0.44**	2,009,325	0.61
Granted	**120,000**	**0.32**	460,000	0.28
Expired	**(326,000)**	**0.58**	-	-
Forfeited	**(493,850)**	**0.37**	(576,366)	0.52
Outstanding, end of year	**1,118,375**	**0.42**	1,892,959	0.56
Exercisable, end of year	**818,375**	**0.47**	1,326,688	0.62

Options have an exercise price in the range of $0.20 - $1.00.

Share-Based Compensation

During the three months ended June 30, 2017, the Company recognized a recovery of $5,934 (June 30, 2016 – an expense of $17,653) in share based compensation expense.

12. Information Included in Consolidated Statements of Comprehensive Income

	For the three months ended June 30		For the nine months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Employee Benefit Expenses				
Salaries and short term benefits	**3,271,437**	3,169,702	**9,471,172**	10,105,708
Share based compensation cost (Note 8)	**(5,934)**	17,653	**(1,864)**	47,393
Pensions - defined contribution plans	**92,678**	87,950	**272,327**	256,374
Employee group benefit expense	**196,164**	174,252	**565,750**	425,729
	3,554,345	3,449,557	**10,307,385**	10,835,204
Finance Costs				
Convertible debenture	**-**	61,735	**-**	184,756
Restructured debt	**8,581**	3,241	**25,214**	63,468
Bank loans and line of credit	**104,479**	50,881	**308,254**	151,416
Mortgage	**32,221**	40,405	**97,605**	125,967
Bank charges	**15,694**	8,883	**34,770**	21,583
Other finance charges	**9,388**	65,554	**57,741**	143,444
	170,363	230,699	**523,584**	690,633
Other elements of expenses				
Foreign exchange loss (gain)	**18,281**	7,483	**(503)**	(112,383)

(In Canadian Dollars) (unaudited)

13. Changes in Working Capital Balances

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Accounts receivable	**3,024,716**	1,119,351	**176,629**	2,154,735
Unbilled revenue	**(1,041,143)**	(961,924)	**167,311**	(845,185)
Prepaid expenses	**44,603**	122,446	**81,111**	(119,118)
Trade and other payables	**(1,381,990)**	1,173	**(2,198,810)**	(1,558,113)
Deferred revenue	**(371,664)**	(1,087,552)	**759,404**	(356,487)
	274,522	(806,506)	**(1,014,355)**	(724,168)

14. Earnings per Share

The following table summarizes the calculation of the weighted average number of basic and diluted common shares:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	**2017**	2016
Weighted average number of basic common shares	**27,880,140**	27,880,140	**27,880,140**	27,880,140
Effect of share options on issue	**51,429**	-	**51,429**	-
Weighted average number of diluted common shares	**27,931,569**	27,880,140	**27,931,569**	27,880,140

Options that were anti-dilutive are not included in the computation of diluted common shares. For the nine months ended June 30, 2017, 938,375 options were excluded from the calculation because they were anti-dilutive (nine months ended June 30, 2016 – 1,892,959).

15. Segmented Disclosure

Revenue

The Company currently operates under two reportable segments as follows:

	For the three months ended June 30		For the nine months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Professional Services	**5,212,286**	5,568,807	**16,501,448**	16,964,681
Water Systems	**2,222,005**	2,809,150	**6,440,247**	7,270,496
	7,434,291	8,377,957	**22,941,695**	24,235,177

(In Canadian Dollars) (unaudited)

Geographical Segmentation

The Company operates in three principal geographical areas, Canada (Country of domicile), the United States and internationally, which represents wide distribution.

Sales reported by client location based on origin of purchase (i.e. domicile of contracting party) are as follows:

	For the three months ended June 30		For the nine months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Canada	**7,419,136**	7,534,459	**22,788,703**	21,850,809
International	**-**	365,074	**120,218**	1,123,181
United States	**15,155**	478,424	**32,774**	1,261,187
	7,434,291	8,377,957	**22,941,695**	24,235,177

Of total revenue for the three months ended June 30, 2017, approximately 39% was derived from two clients (June 30, 2016 -31% was derived from three clients). Of the revenue for the nine months end June 30, 2017, approximately 44% was derived from two clients (June 30, 2016 – 41% was derived from three clients).

The Company does not currently, or in the ordinary course of business, hold non-current assets outside of its domicile (Canada).

The Company reviews the following current assets and current liabilities at a segment level:

	June 30, 2017		September 30, 2016	
	$		$	
	Professional Services	**Water Systems**	Professional Services	Water Systems
Trade accounts receivable	**3,847,467**	**500,536**	3,492,810	1,029,757
Unbilled revenue	**2,750,305**	**1,130,026**	2,598,222	1,449,419
Deferred revenue	**681,182**	**642,845**	432,197	132,428

16. Related Party Transactions

All related party transactions are reflected under terms and conditions reflecting prevailing market conditions at the transaction date and are recorded at the amounts agreed upon by the parties. During the nine months ended June 30, 2017, the Company incurred $58,500 for board fees (nine months ended June 30, 2016 – $90,250). No balances are outstanding at June 30, 2017 (September 30, 2016 - $84,062).

(In Canadian Dollars) (unaudited)

Compensation of Key Management Personnel

The remuneration of key management personnel during the year was as follows:

	For the three months ended June 30		For the nine months ended June 30	
	2017	2016	**2017**	2016
	$	$	**$**	$
Salaries	**138,750**	192,750	**466,250**	632,750
Short term benefits	**27,362**	43,332	**92,997**	132,125
Share based compensation	**(817)**	2,431	**(257)**	6,527
	165,295	238,513	**558,990**	771,402

17. Subsequent Events

On June 1, 2017, the Company entered into a conditional agreement with a third party to sell its office building at 3096 Carp Road in Ottawa. Based on this offer, the Company reclassified the land and building from non-current assets to assets held for sale. At June 30, 2017, the carrying amount of the assets was $721,562 and the estimated fair value less costs to sell was $652,800. As a result, the Company recorded an impairment loss of $68,762 in the three months ended June 30, 2017. On July 4, 2017, the sale of the office building closed for net proceeds of $652,800 and the associated mortgage included in long term debt for the property of $561,500 was discharged.