Sunwave Gas & Power Ohio
263 Tresser Boulevard 9th Floor Stamford, CT 06901
Phone: 416-444-4848
Fax: 647-253-2525
Email: CustomerService@GoSunwave.com
Web: www.GoSunwave.com

FILE

May 25, 2018

Secretary, Barcy F. McNeal
Public Utilities Commission of Ohio
180 E Broad Street
Columbus, OH 43215-3793

Re: Docket 14-1118-EL-CRS
Sunwave USA Holdings Inc., d/b/a Sunwave Gas & Power Ohio

Attached is Sunwave USA Holdings Inc., d/b/a Sunwave Gas & Power Ohio Licence Renewal.

Regards,

Laura Jurasek
Regulatory Affairs
Sunwave Gas & Power Ohio Inc.

Delaware

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "SUNWAVE USA HOLDINGS INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE TWENTY-FIFTH DAY OF FEBRUARY, A.D. 2016.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "SUNWAVE USA HOLDINGS INC." WAS INCORPORATED ON THE SEVENTEENTH DAY OF JANUARY, A.D. 2012.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE BEEN PAID TO DATE.

Jeffrey W. Bullock, Secretary of State

5095750 8300

SR# 20161145883

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 201887492

Date: 02-25-16

Ohio | Public Utilities Commission

Original AGG Case Number	Version
14 - 1118 -EL-AGG	May 2016

RENEWAL APPLICATION FOR ELECTRIC AGGREGATORS/POWER BROKERS

Please print or type all required information. Identify all attachments with an exhibit label and title (Example: Exhibit C-10 Corporate Structure). All attachments should bear the legal name of the Applicant. Applicants should file completed applications and all related correspondence with the Public Utilities Commission of Ohio, Docketing Division; 180 East Broad Street, Columbus, Ohio 43215-3793.

This PDF form is designed so that you may input information directly onto the form. You may also download the form, by saving it to your local disk, for later use.

A. RENEWAL INFORMATION

A-1 Applicant intends to be certified as: (check all that apply)

□ Power Broker □ Aggregator

A-2 Applicant's legal name, address, telephone number, PUCO certificate number, and web site address

Legal Name Sunwave USA Holdings Inc.
Address 263 Tresser Boulevard 9th Floor Stamford, CT 06901
PUCO Certificate # and Date Certified 14-849E July 21, 2004
Telephone # (416) 444-4848 Web site address (if any) www.gosunwave.com

A-3 List name, address, telephone number and web site address under which Applicant will do business in Ohio

Legal Name Sunwave USA Holdings Inc. dba Sunwave Gas &Power Ohio Inc.
Address 263 Tresser Boulevard 9th Floor Stamford, CT 06901
Telephone # (416) 444-4848 Web site address (if any) www.gosunwave.com

A-4 List all names under which the applicant does business in North America

Sunwave Gas & Power Massachusett
Sunwave Gas & Power Pennsylvania
Sunwave Gas & Power Connecticut I
Sunwave USA Holdings Inc.
Sunwave Gas & Power Inc. (Ontario`

A-5 Contact person for regulatory or emergency matters

Name Laura Jurasek
Title Regulatory Compliance and Operations
Business address 155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5
Telephone # (416) 992-0700 Fax # (647) 253-2525
E-mail address ljurasek@gosunwave.com

A-6 Contact person for Commission Staff use in investigating customer complaints

Name **Laura Jurasek**
Title **Regulatory Compliance and Operations**
Business address **155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5**
Telephone # **(416) 992-0700** Fax # **(647) 253-2525**
E-mail address **ljurasek@gosunwave.com**

A-7 Applicant's address and toll-free number for customer service and complaints

Customer Service address **155 Gordon Baker Rd. Suite 301, Toronto ON M2H 3N5**
Toll-free Telephone # **(855) 478-6928** Fax # **(647) 253-2525**
E-mail address **Customercare@gosunwave.com**

A-8 Applicant's federal employer identification number # 90-0786420

A-9 Applicant's form of ownership (check one)

☐ Sole Proprietorship
☐ Partnership
☐ Limited Liability Partnership (LLP)
☐ Limited Liability Company (LLC)
☑ Corporation
☐ Other ____________

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

A-10 **Exhibit A -10 "Principal Officers, Directors & Partners"** provide the names, titles, addresses and telephone numbers of the applicant's principal officers, directors, partners, or other similar officials.

B. APPLICANT MANAGERIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

B-1 **Exhibit B-1 "Jurisdictions of Operation,"** provide a list of all jurisdictions in which the applicant or any affiliated interest of the applicant is, at the date of filing the application, certified, licensed, registered, or otherwise authorized to provide retail or wholesale electric services including aggregation services.

B-2 **Exhibit B-2 "Experience & Plans,"** provide a description of the applicant's experience and plan for contracting with customers, providing contracted services, providing billing statements, and responding to customer inquiries and complaints in accordance with Commission rules adopted pursuant to Section 4928.10 of the Revised Code.

B-3 **Exhibit B-3 "Disclosure of Liabilities and Investigations,"** provide a description of all existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations, or any other matter that could adversely impact the applicant's financial or operational status or ability to provide the services it is seeking to be certified to provide.

B-4 Disclose whether the applicant, a predecessor of the applicant, or any principal officer of the applicant have ever been convicted or held liable for fraud or for violation of any consumer protection or antitrust laws within the past five years.
☑No ☐Yes

If yes, provide a separate attachment labeled as **Exhibit B-4 "Disclosure of Consumer Protection Violations"** detailing such violation(s) and providing all relevant documents.

B-5 Disclose whether the applicant or a predecessor of the applicant has had any certification, license, or application to provide retail or wholesale electric service including aggregation service denied, curtailed, suspended, revoked, or cancelled within the past two years.
☑No ☐Yes

If yes, provide a separate attachment labeled as **Exhibit B-5 "Disclosure of Certification Denial, Curtailment, Suspension, or Revocation"** detailing such action(s) and providing all relevant documents.

C. FINANCIAL CAPABILITY AND EXPERIENCE

PROVIDE THE FOLLOWING AS SEPARATE ATTACHMENTS AND LABEL AS INDICATED:

C-1 **Exhibit C-1 "Annual Reports,"** provide the two most recent Annual Reports to Shareholders. If applicant does not have annual reports, the applicant should provide similar information in Exhibit C-1 or indicate that Exhibit C-1 is not applicable and why. (This is generally only applicable to publicly traded companies who publish annual reports.)

C-2 **Exhibit C-2 "SEC Filings,"** provide the most recent 10-K/8-K Filings with the SEC. If the applicant does not have such filings, it may submit those of its parent company. An applicant may submit a current link to the filings or provide them in paper form. If the applicant does not have such filings, then the applicant may indicate in Exhibit C-2 that the applicant is not required to file with the SEC and why.

C-3 **Exhibit C-3 "Financial Statements,"** provide copies of the applicant's two most recent years of audited financial statements (balance sheet, income statement, and cash flow statement). If audited financial statements are not available, provide officer certified financial statements. If the applicant has not been in business long enough to satisfy this requirement, it shall file audited or officer certified financial statements covering the life of the business. If the applicant does not have a balance sheet, income statement, and cash flow statement, the applicant may provide a copy of its two most recent years of tax returns (with social security numbers and account numbers redacted).

C-4 **Exhibit C-4 "Financial Arrangements,"** provide copies of the applicant's financial arrangements to conduct CRES as a business activity (e.g., guarantees, bank commitments, contractual arrangements, credit agreements, etc.).

Renewal applicants can fulfill the requirements of Exhibit C-4 by providing a current statement from an Ohio local distribution utility (LDU) that shows that the applicant meets the LDU's collateral requirements.

First time applicants or applicants whose certificate has expired as well as renewal applicants can meet the requirement by one of the following methods:

1. The applicant itself stating that it is investment grade rated by Moody's, Standard & Poor's or Fitch and provide evidence of rating from the rating agencies.

2. Have a parent company or third party that is investment grade rated by Moody's, Standard & Poor's or Fitch guarantee the financial obligations of the applicant to the LDU(s).

3. Have a parent company or third party that is not investment grade rated by Moody's, Standard & Poor's or Fitch but has substantial financial wherewithal in the opinion of the Staff reviewer to guarantee the financial obligations of the applicant to the LDU(s). The guarantor company's financials must be included in the application if the applicant is relying on this option.

4. Posting a Letter of Credit with the LDU(s) as the beneficiary.

If the applicant is not taking title to the electricity or natural gas, enter "N/A" in Exhibit C-4. An N/A response is only applicable for applicants seeking to be certified as an aggregator or broker.

C-5 **<u>Exhibit C-5 "Forecasted Financial Statements,"</u>** provide two years of forecasted income statements for the applicant's **ELECTRIC related business activities in the state of Ohio Only**, along with a list of assumptions, and the name, address, email address, and telephone number of the preparer. The forecasts should be in an annualized format for the two years succeeding the Application year.

C-6 **<u>Exhibit C-6 "Credit Rating,"</u>** provide a statement disclosing the applicant's credit rating as reported by two of the following organizations: Duff & Phelps, Fitch IBCA, Moody's Investors Service, Standard & Poor's, or a similar organization. In instances where an applicant does not have its own credit ratings, it may substitute the credit ratings of a parent or an affiliate organization, provided the applicant submits a statement signed by a principal officer of the applicant's parent or affiliate organization that guarantees the obligations of the applicant. If an applicant or its parent does not have such a credit rating, enter "N/A" in Exhibit C-6.

C-7 **<u>Exhibit C-7 "Credit Report,"</u>** provide a copy of the applicant's credit report from Experion, Dun and Bradstreet or a similar organization. An applicant that provides an investment grade credit rating for Exhibit C-6 may enter "N/A" for Exhibit C-7.

C-8 **<u>Exhibit C-8 "Bankruptcy Information,"</u>** provide a list and description of any reorganizations, protection from creditors or any other form of bankruptcy filings made by the applicant, a parent or affiliate organization that guarantees the obligations of the applicant or any officer of the applicant in the current year or within the two most recent years preceding the application.

C-9 **<u>Exhibit C-9 "Merger Information,"</u>** provide a statement describing any dissolution or merger or acquisition of the applicant within the two most recent years preceding the application.

C-10 **<u>Exhibit C - 10 "Corporate Structure,"</u>** provide a description of the applicant's corporate structure, not an internal organizational chart, including a graphical depiction of such structure, and a list of all affiliate and subsidiary companies that supply retail or wholesale electricity or natural gas to customers in North America. If the applicant is a stand-alone entity, then no graphical depiction is required and applicant may respond by stating that they are a stand-alone entity with no affiliate or subsidiary companies.

______, PRESIDENT
Signature of Applicant & Title

Sworn and subscribed before me this 28 **day of** May, 2018
Month **Year**

Yang Wang
Barrister, Solicitor & Notary Public
Unit 115, 155 Gordon Baker Rd,
Toronto ON M2H 3N5
TEL: 416-495-8888 FAX: 416-490-7666

Signature of official administering oath **Print Name and Title**

[redacted]

My commission expires on N/A

AFFIDAVIT

Province
~~State~~ of Ontario :

__________ ss.
(Town)

City
~~County~~ of Toronto :

ROBERT WEIK, Affiant, being duly sworn/affirmed according to law, deposes and says that:

He/She is the PRESIDENT (Office of Affiant) of SUNWAVE USA HOLDINGS INC. (Name of Applicant);

That he/she is authorized to and does make this affidavit for said Applicant,

1. The Applicant herein, attests under penalty of false statement that all statements made in the application for certification renewal are true and complete and that it will amend its application while the application is pending if any substantial changes occur regarding the information provided in the application.

2. The Applicant herein, attests it will timely file an annual report with the Public Utilities Commission of Ohio of its intrastate gross receipts, gross earnings, and sales of kilowatt-hours of electricity pursuant to Division (A) of Section 4905.10, Division (A) of Section 4911.18, and Division (F) of Section 4928.06 of the Revised Code.

3. The Applicant herein, attests that it will timely pay any assessments made pursuant to Sections 4905.10, 4911.18, or Division F of Section 4928.06 of the Revised Code.

4. The Applicant herein, attests that it will comply with all Public Utilities Commission of Ohio rules or orders as adopted pursuant to Chapter 4928 of the Revised Code.

5. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, and its Staff on any utility matter including the investigation of any consumer complaint regarding any service offered or provided by the Applicant.

6. The Applicant herein, attests that it will fully comply with Section 4928.09 of the Revised Code regarding consent to the jurisdiction of Ohio Courts and the service of process.

7. The Applicant herein, attests that it will use its best efforts to verify that any entity with whom it has a contractual relationship to purchase power is in compliance with all applicable licensing requirements of the Federal Energy Regulatory Commission and the Public Utilities Commission of Ohio.

8. The Applicant herein, attests that it will comply with all state and/or federal rules and regulations concerning consumer protection, the environment, and advertising/promotions.

9. The Applicant herein, attests that it will cooperate fully with the Public Utilities Commission of Ohio, the electric distribution companies, the regional transmission entities, and other electric suppliers in the event of an emergency condition that may jeopardize the safety and reliability of the electric service in accordance with the emergency plans and other procedures as may be determined appropriate by the Commission.

10. If applicable to the service(s) the Applicant will provide, the Applicant herein, attests that it will adhere to the reliability standards of (1) the North American Electric Reliability Council (NERC), (2) the appropriate regional reliability council(s), and (3) the Public Utilities Commission of Ohio. (Only applicable if pertains to the services the Applicant is offering)

11. The Applicant herein, attests that it will inform the Commission of any material change to the information supplied in the renewal application within 30 days of such material change, including any change in contact person for regulatory purposes or contact person for Staff use in investigating customer complaints.

That the facts above set forth are true and correct to the best of his/her knowledge, information, and belief and that he/she expects said Applicant to be able to prove the same at any hearing hereof.

____
Signature of Affiant & Title

Sworn and subscribed before me this 28 day of May, 2018
Month Year

Yang Wang
Barrister, Solicitor & Notary Public
Unit 115, 155 Gordon Baker Rd,
Toronto ON M2H 3N5
TEL: 416-495-8888 FAX: 416-490-7666

[redacted]

____
Signature of official administering oath

Print Name and Title

My commission expires on N/A

Exhibit A-10 Principles, Officers Directors and Partners

Principal Officers, Directors & Partners

Officers and Directors of Sunwave Gas & Power Ohio Inc. (a wholly-owned subsidiary of ONEnergy Inc.)

President and Director: Robert Weir

Secretary: Ray de Ocampo

The business address and telephone number for the above officers and director is:

Address: 155 Gordon Baker Road, Suite 301
Toronto, ON, Canada M2H 3N5

Telephone: 1 (416) 444-4848

Officers and Directors of ONEnergy Inc.

Chairman of the Board of Directors: Stephen J.J. Letwin

Director: Lawrence Silber

Director:

Director: David Rattee

Director: Robert Weir

Chief Executive Officer: Stephen J.J Letwin

Chief Financial Officer: Ray de Ocampo

The business address and telephone number for the above officers and director is:

Address: 155 Gordon Baker Road, Suite 301
Toronto, ON, Canada M2H 3N5

Telephone: 1 (416) 444-4848

Exhibit B1 Jurisdictions of Operations

Pennsylvania (Sunwave Gas & Power Pennsylvania Inc.)
Massachusetts (Sunwave Gas & Power Massachusetts Inc.)
New York (Sunwave Gas & Power NY Inc.)
Ohio (Sunwave USA Holdings Inc., d/b/a Sunwave Gas & Power Ohio Inc.)
Connecticut (Sunwave Gas & Power Connecticut Inc.)
Illinois (Sunwave Gas & Power Illinois Inc.)
Ontario (Sunwave Gas & Power)

Sunwave Gas & Power is a licensed electric and natural gas supplier in the following utility service areas in Ontario, Canada:

St. Thomas Energy Inc.
Bluewater Power Distribution Corporation Thunder Bay Hydro Electricity Distribution Inc.
Brant County Power Inc. Tillsonburg Hydro Inc.
Brantford Power Inc. Toronto Hydro-Electric System Limited
Burlington Hydro Inc. Veridian Connections Inc.
Cambridge and N. Dumfries Hydro Inc. Waterloo North Hydro Inc.
Canadian Niagara Power Inc. Welland Hydro - Electric System Corp.
Centre Wellington Hydro Ltd. West Coast Huron Energy Inc.
Chatham Kent Hydro Westario Power Inc.
Collus PowerStream Whitby Hydro Electric Corp.
Cooperative Hydro Embrun Inc. Woodstock Hydro Services Inc.
Enersource Hydro Mississauga Inc. E.L.K. Energy Inc.
Entegrus Powerlines Inc. Guelph Hydro Electric Systems Inc.
ENWIN Utilities Ltd. Wellington North Power Inc.
Erie Thames Powerlines Corporation Hydro Ottawa Limited
Essex Powerlines Corporation Milton Hydro Distribution Inc.
Festival Hydro Inc. Greater Sudbury Hydro Inc.
Goderich Hydro (West Coast Huron Energy) Renfrew Hydro Inc.
Grimsby Power Incorporated Wasaga Distribution Inc.
Haldimand County Hydro Inc. Hydro One Networks Inc.
Halton Hills Hydro Inc. Kingston Hydro Corporation
Horizon Utilities Corporation PUC Distribution Inc.
Hydro One Brampton Networks

Exhibit B2 Experience & Plans

A) Contract disclosure. The rules shall include requirements that an electric utility, electric services company, electric cooperative, or governmental aggregator subject to certification under section 4928.08 of the Revised Code do both of the following:

(1) Provide consumers with adequate, accurate, and understandable pricing and terms and conditions of service, including any switching fees, and with a document containing the terms and conditions of pricing and service before the consumer enters into the contract for service;
(2) Disclose the conditions under which a customer may rescind a contract without penalty.

(B) Service termination. The rules shall include disclosure of the terms identifying how customers may switch or terminate service, including any required notice and any penalties.

(C) Minimum content of customer bills. The rules shall include all of the following requirements, which shall be standardized:
(1) Price disclosure and disclosures of total billing units for the billing period and historical annual usage;
(2) To the maximum extent practicable, separate listing of each service component to enable a customer to recalculate its bill for accuracy;
(3) Identification of the supplier of each service;
(4) Statement of where and how payment may be made and provision of a toll-free or local customer assistance and complaint number for the electric utility, electric services company, electric cooperative, or governmental aggregator, as well as a consumer assistance telephone number or numbers for state agencies, such as the commission, the office of the consumers' counsel, and the attorney general's office, with the available hours noted;
(5) Other than for the first billing after the starting date of competitive retail electric service, highlighting and clear explanation on each customer bill, for two consecutive billing periods, of any changes in the rates, terms, and conditions of service.

(D) Disconnection and service termination, including requirements with respect to master-metered buildings. The rules shall include policies and procedures that are consistent with sections 4933.121 and 4933.122 of the Revised Code and the commission's rules adopted under those sections, and that provide for all of the following:
(1) Coordination between suppliers for the purpose of maintaining service;
(2) The allocation of partial payments between suppliers when service components are jointly billed;
(3) A prohibition against blocking, or authorizing the blocking of, customer access to a noncompetitive retail electric service when a customer is delinquent in payments to the electric utility or electric services company for a competitive retail electric service;
(4) A prohibition against switching, or authorizing the switching of, a customer's supplier of competitive retail electric service without the prior consent of the customer in accordance with

appropriate confirmation practices, which may include independent, third-party verification procedures.

(5) A requirement of disclosure of the conditions under which a customer may rescind a decision to switch its supplier without penalty;
(6) Specification of any required notice and any penalty for early termination of contract.

(E) Minimum service quality, safety, and reliability. However, service quality, safety, and reliability requirements for electric generation service shall be determined primarily through market expectations and contractual relationships.

(F) Generation resource mix and environmental characteristics of power supplies. The rules shall include requirements for determination of the approximate generation resource mix and environmental characteristics of the power supplies and disclosure to the customer prior to the customer entering into a contract to purchase and four times per year under the contract. The rules also shall require that the electric utility, electric services company, electric cooperative, or governmental aggregator provide, or cause its billing and collection agent to provide, a customer with standardized information comparing the projected, with the actual and verifiable, resource mix and environmental characteristics. This disclosure shall occur not less than annually or not less than once during the contract period if the contract period is less than one year, and prior to any renewal of a contract.

(G) Customer information. The rules shall include requirements that the electric utility, electric services company, electric cooperative, or governmental aggregator make generic customer load pattern information available to other electric light companies on a comparable and nondiscriminatory basis, and make customer-specific information available to other electric light companies on a comparable and nondiscriminatory basis unless, as to customer-specific information, the customer objects. The rules shall ensure that each such utility, company, cooperative, or aggregator provide clear and frequent notice to its customers of the right to object and of applicable procedures. The rules shall establish the exact language that shall be used in all such notices.

Exhibit B3 Disclosure of Liabilities and Investigations

Sunwave is not part of any pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigations or any matter that could adversely impact Sunwave's financial or operational status or ability to provide the services it is seeking to be certified.

Attachment C1

Audited Consolidated Financial Statements of

ONEnergy Inc.

As at and for the year ended December 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements of ONEnergy Inc. (the "Company") and its subsidiaries and all the information in the Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Company's financial position, financial performance and cash flows. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements.

Management of the Company is responsible for the internal controls that provides reasonable assurance that transactions are properly authorized and recorded, financial records are reliable and form a proper basis for the preparation of consolidated financial statements and that the Company's assets are properly accounted for and safeguarded.

The Board of Directors is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through its Audit and Corporate Governance Committee (the "Audit Committee").

The Audit Committee meets periodically with management, as well as with external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues; to satisfy itself that each party is properly discharging its responsibilities; and to review Management's Discussion and Analysis, the consolidated financial statements and the external auditors' report. The Audit Committee reports its findings to the Board of Directors for consideration when approving the consolidated financial statements for issuance to the shareholders. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

The consolidated financial statements have been audited by BDO Canada LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. BDO Canada LLP has full and free access to the Audit Committee.

(Signed) – *Stephen J.J. Letwin*
Stephen J.J. Letwin
Chairman

(Signed) – *Ray de Ocampo*
Ray de Ocampo
Chief Financial Officer

April 30, 2018

BDO

Tel: 905 946 1066
Fax: 905 946 9524
www.bdo.ca

BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9 Canada

Independent Auditor's Report

To the Shareholders of
ONEnergy Inc.

We have audited the accompanying consolidated financial statements of ONEnergy Inc., which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016 and the consolidated statements of income (loss) and comprehensive income (loss), changes in shareholder's equity and cash flows for the years ended December 31, 2017 and December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of ONEnergy Inc. as at December 31, 2017 and December 31, 2016 and its financial performance and its cash flows for the years ended December 31, 2017 and December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 2 to the consolidated financial statements, which indicates that the Company has an accumulated deficit of $41,408 including a net loss of $8,145 for the year ended December 31, 2017. These conditions, along with other matters disclosed in Note 2 of the consolidated financial statements indicate the existence of material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
April 23, 2018

ONEnergy Inc.

Consolidated Statements of Financial Position
(In thousands of Canadian dollars)

As at December 31	Note	2017	2016
Assets			
Current assets			
Cash		**$ 268**	$ 2,746
Restricted cash	6	**-**	3,240
Accounts and other receivables	7	**681**	6,044
Inventory		**83**	610
Natural gas delivered in excess of consumption		**-**	187
Prepaid expenses and deposits		**23**	208
Current portion of energy derivatives	25	**-**	518
		1,055	13,553
Assets classified as held for sale	11	**28,800**	20,105
		29,855	33,658
Non-current assets			
Energy derivatives	25	**-**	3
Property and equipment	8	**204**	277
Intangible assets	9	**1**	195
Goodwill	10	**-**	546
Total assets		**$ 30,060**	$ 34,679
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities	12	**$ 6,210**	$ 9,423
Payments received in advance of consumption		**-**	144
Credit facility	13	**-**	1,911
Advances from Cricket Energy Holdings Inc.	11	**3,478**	3,808
Convertible note payable	14	**1,183**	-
Promissory note payable	15	**203**	-
Current portion of energy derivatives	25	**-**	101
		11,074	15,387
Liabilities relating to assets classified as held for sale	11	**19,470**	11,617
		30,544	27,004
Non-current liabilities			
Energy derivatives	25	**-**	111
		30,544	27,115
Shareholders' equity			
Share capital	17	**39,236**	39,236
Contributed surplus		**1,370**	1,273
Accumulated other comprehensive income		**318**	272
Deficit		**(41,408)**	(33,217)
		(484)	7,564
Total liabilities and shareholders' equity		**$ 30,060**	$ 34,679

Commitments and contingencies (note 23)

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors:

(Signed) – *David Rattee*
Director

(Signed) – *Lawrence Silber*
Director

ONEnergy Inc.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(In thousands of Canadian dollars, except per share amounts)

Years ended December 31	Note	**2017**	2016
Continuing Operations			
Revenue	18	$ **2,004**	$ 1,702
Cost of sales	18,19	**2,096**	1,388
Gross margin		**(92)**	314
Expenses			
Selling	19	**1,001**	1,632
General and administrative	19	**2,534**	2,587
		3,535	4,219
Loss before the undernoted		**(3,627)**	(3,905)
Other gains (expenses)			
Finance income		**2**	31
Finance cost		**(131)**	(11)
Foreign exchange gain (loss)		**(6)**	(7)
Impairment loss on assets	8,9,10	**-**	(270)
Legal settlement	23	**-**	7,175
Income (loss) from continuing operations		**(3,762)**	3,013
Discontinued Operations			
Loss from discontinued operations	11	**(4,429)**	(494)
Total income (loss)		**(8,191)**	2,519
Other comprehensive income			
Unrealized gain on translation of foreign operations, classified as discontinued operations		**46**	58
Other comprehensive income		**46**	58
Total comprehensive income (loss)		$ **(8,145)**	$ 2,577
Income (loss) per share from continuing operations			
Basic and diluted	17	$ **(0.16)**	$ 0.13
Income (loss) per share attributable to shareholders			
Basic and diluted	17	$ **(0.34)**	$ 0.11
Weighted average number of shares outstanding			
Basic and diluted (in thousands)	17	**23,975**	24,059

The accompanying notes are an integral part of the consolidated financial statements.

ONEnergy Inc.

Consolidated Statements of Changes in Shareholders' Equity
(In thousands of Canadian dollars)

	Share capital (note 17)					
	Shares	Amount	Deficit	Contributed surplus	Accumulated other comprehensive income	Shareholders' equity
Balance as at January 1, 2016	24,122	$ 39,477	$ (35,736)	$ 810	$ 214	$ 4,765
Net income for the year	-	-	2,519	-	-	2,519
Other comprehensive income	-	-	-	-	58	58
Stock compensation (note 17)	-	-	-	282	-	282
Normal course issuer bid purchase of Common Shares (note 17(g))	(147)	(241)	-	181	-	(60)
Balance as at December 31, 2016	**23,975**	**$ 39,236**	**$ (33,217)**	**$ 1,273**	**$ 272**	**$ 7,564**
Balance as at January 1, 2017	23,975	$ 39,236	$ (33,217)	$ 1,273	$ 272	$ 7,564
Net loss for the year	-	-	(8,191)	-	-	(8,191)
Other comprehensive income	-	-	-	-	46	46
Stock compensation (note 17)	-	-	-	97	-	97
Balance as at December 31, 2017	**23,975**	**$ 39,236**	**$ (41,408)**	**$ 1,370**	**$ 318**	**$ (484)**

The accompanying notes are an integral part of the consolidated financial statements.

ONEnergy Inc.

Consolidated Statements of Cash Flows
(In thousands of Canadian dollars)

Years ended December 31	Note	2017	2016
Cash flows from the following:			
Operating activities			
Income (loss) from continuing operations		**$ (3,762)**	$ 3,013
Items not affecting cash			
Depreciation of property and equipment		**71**	95
Amortization of intangible assets		**10**	27
Finance costs		**131**	11
Stock based compensation	17	**97**	282
Impairment loss on assets		**-**	270
Other		**-**	2
Cash flows provided by operating activities of discontinued operations		**(2,429)**	1,707
Change in non-cash operating assets and liabilities	20	**2,905**	266
Cash provided by operating activities		**(2,977)**	5,673
Investing activities			
Decrease (increase) in restricted cash		**3,240**	(637)
Purchase of equipment		**-**	(11)
Cash flows used in investing activities of discontinued operations		**(2,473)**	(4,269)
Cash used in investing activities		**767**	(4,917)
Financing activities			
Finance costs paid		**(16)**	(12)
Proceeds from (Repayments of) advances from Cricket Energy Holdings Inc.		**(330)**	3,808
Repayment of obligation under finance lease		**-**	(8)
Proceeds from convertible note payable		**1,068**	-
Proceeds from promissory note payable		**203**	-
Purchase of Common Shares for cancellation		**-**	(60)
Cash flows provided by (used in) financing activities of discontinued operations		**(809)**	(2,912)
Cash provided by (used in) financing activities		**116**	816
Effect of foreign currency translation		**(384)**	(2)
Increase (decrease) in cash		**(2,478)**	1,570
Cash, beginning of year		**2,746**	1,176
Cash, end of year		**$ 268**	$ 2,746

The accompanying notes are an integral part of the consolidated financial statements.

1. Nature of operations

Look Communications Inc. ("Look") was formed on October 31, 1999 under the *Canada Business Corporations Act* ("CBCA"). On July 8, 2013, pursuant to articles of amendment, Look changed its name to ONEnergy Inc. ("ONEnergy"). On July 9, 2013, ONEnergy completed a change-of-business transaction and a concurrent private placement. On May 19, 2015 the Shareholders approved a resolution continuing the Company under the *Business Corporations Act* (Ontario) ("OBCA") and discontinuing the Company under the CBCA. On August 4, 2015, the Company continued under the OBCA.

The consolidated financial statements are comprised of ONEnergy and its wholly owned subsidiaries which include:

(a) Sunwave Gas & Power Inc. ("Sunwave"), Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc., Sunwave Gas & Power Connecticut Inc., Sunwave Gas & Power Pennsylvania Inc. and Sunwave Gas & Power Ohio Inc. (collectively referred to as "Gas & Power");
(b) Sunwave Home Comfort Inc. (referred to as "Home Comfort");
(c) 0867893 B.C. Ltd. dba PVL Projects ("PVL");
(d) ONEnergy USA Holdings Inc.; and
(e) 2594834 Ontario Inc.

References to the Company and/or its various subsidiaries include ONEnergy, Gas & Power, Home Comfort and PVL. The Company is domiciled in Canada and the address of its registered office is 155 Gordon Baker Road, Suite 301, Toronto, Ontario, Canada M2H 3N5.

ONEnergy operates in the Gas & Power, Home Comfort and Energy Efficiency (as described below) businesses. The Company's Gas & Power business involves the sale of natural gas and electricity in Ontario, and electricity in Connecticut, Pennsylvania, Massachusetts and Ohio, to residential and commercial customers under short or long-term fixed-price, price-protected or variable-priced contracts, under the brand name Sunwave Gas & Power™. Gas & Power was classified as held for sale as at December 31, 2017; see note 11. The Company's Home Comfort business, under the brand name Sunwave Home Comfort™, owns a portfolio of furnaces, boilers and air conditioners ("HVAC") and water heaters, which are rented to residential customers in Ontario and Alberta, under long-term water heater and HVAC rental programs. In addition, Home Comfort sells and installs HVAC and water heaters directly to residential customers. Home Comfort was classified as held for sale as at December 31, 2017 and December 31, 2016; see note 11. Under its Energy Efficiency business, the Company provides a variety of products and services including high efficiency lighting, commercial HVAC products and services, energy storage (battery) products and services, energy auditing services, energy management software products and services and commercial solar photovoltaic design and construction to help commercial, industrial, manufacturing, retail and institutional clients minimize their energy consumption under the ONEnergy brand.

The Common Shares of the Company are listed on the TSX Venture Exchange (the "Exchange") under the symbol OEG.

These consolidated financial statements were approved for issue by the Board of Directors on April 30, 2018.

2. Summary of significant accounting policies

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively "IFRS") issued by the International Accounting Standards Board ("IASB").

Basis of presentation

The consolidated financial statements are presented in Canadian dollars and all values are rounded to the nearest thousand, except per share amounts. The consolidated financial statements are prepared on a going concern basis under the historical cost convention except for the initial accounting for business acquisitions and for certain financial assets and liabilities which are stated at fair value.

The consolidated financial statements are prepared on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities and commitments in the normal course of operations. The consolidated financial statements do not include any adjustments to the amounts and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

As at December 31, 2017, the Company has an accumulated deficit of $41,408 (December 31, 2016 - $33,217), including a net loss of $8,191 for the year ended December 31, 2017 (net income of $2,519 for the year ended December 31, 2016). To address its financing needs, the Company will work towards concluding the previously announced sale of its Home Comfort business, entering into and concluding the sale of the Gas & Power business as well as securing additional debt and/or equity financing. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations or develop and deploy any further products without future financing. If adequate funds are not available or the Company is unable to obtain additional customers and contracts, the Company may have to substantially reduce or eliminate planned expenditures and seek additional financing from shareholders or lenders. If the Company is unable to obtain additional financing when and if required, the Company may be unable to continue operations.

Principles of consolidation

The consolidated financial statements include the accounts of the Company and all of its wholly-owned subsidiaries for which it has the power to govern the financial and operating policies. All material inter-company balances and transactions are eliminated. For any new acquisitions, the results of operations are reflected from the dates of acquisition.

Cash

Cash is held with financial institutions. At any time, cash in banks may exceed federally insured limits.

Restricted cash

Restricted cash is pledged as collateral for issued letters of credit and as security for long-term debt. Letters of credit are posted with State regulatory entities, independent system operators, local distribution companies ("LDCs"), or other counterparties as required collateral in order to operate in certain markets or for other financial assurance programs. A portion of the proceeds from long-term debt is held by the lender as a reserve against default.

Accounts receivable

The Company delivers gas and electricity to its customers through LDCs, many of which guarantee amounts due from customers for consumed gas or electricity. Accounts receivable include amounts due for gas or electricity consumed by customers.

The Company collects monthly rental revenue on the HVAC rental directly from customers or through LDCs. Accounts receivable include amounts due for monthly rental payments as defined in the rental contracts.

The Company primarily operates in LDC markets which have purchase of receivables ("POR") programs in place under which the LDCs assume the credit risk associated with the customer billings. Consequently, in these markets, the Company's exposure to credit risk concentration is limited primarily to those LDCs that collect and remit receivables to the Company. For Home Comfort, there are certain LDC markets where POR programs are not in place for its products or services, consequently Home Comfort bills the customer directly and assumes the credit risk associated with customer billings.

The Company delivers and installs high efficiency lighting and other energy efficiency services to customers. Accounts receivable include amounts due for high efficiency lighting and other services delivered to customers.

Inventory

Inventory consists of lighting equipment, HVAC equipment and water heaters. Inventory is stated at the lower of cost and net realizable value with cost being determined on a first-in-first-out basis.

Natural gas delivered in excess of consumption/ Payments received in advance of consumption

Natural gas delivered to LDCs in excess of consumption by customers is stated at the lower of cost and net realizable value. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Property and equipment

Property and equipment are initially recognized at cost and subsequently at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and capitalized borrowing costs.

Depreciation commences when the assets are available for use and is recognized on a straight-line basis to depreciate the cost of these assets to their estimated residual value over their estimated useful lives. When significant parts of an item of property and equipment have different useful lives, they are accounted for as separate components of the asset and depreciated over their estimated useful life on a straight-line basis.

Estimated useful lives are as follows:

Asset category	Depreciation method	Estimated useful lives
Rental equipment	Straight line	15 years
Computer hardware	Straight line	2-3 years
Office furniture and equipment	Straight line	5 years
Leasehold improvement	Straight line	Term of lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if appropriate.

Intangible assets

Intangible assets are initially measured at cost and are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization method and useful life of an intangible asset with a finite useful life is reviewed at least once annually. Changes in the expected life or pattern of consumption of future economic benefits are accounted for by changing the amortization period or method, as appropriate, and treated as a change in accounting estimate and recorded on a prospective basis. The amortization expense related to intangible assets with finite lives is recognized in the consolidated statement of income (loss) in selling expense and general and administrative expense.

Intangible assets primarily consist of purchased customer contracts and computer software.

Estimated useful lives are as follows:

Asset category	Amortization method	Estimated useful lives
Customer contracts	Straight line	3 – 15 years
Computer software	Straight line	3 years
Non-compete agreement	Straight line	2 years

Goodwill

Goodwill is measured as the excess of the cost of the business combination over the net fair value of the identifiable assets acquired and liabilities assumed including non-controlling interest. Any negative difference is recognized as a gain directly in the consolidated statement of comprehensive income (loss). If the fair values of the assets, liabilities and non-controlling interest can only be calculated on a provisional basis the business combination is recognized using provisional values. Any adjustments resulting from the completion of the measurement process are recognized within twelve months of the date of acquisition.

Goodwill is considered to have an indefinite useful life and is not amortized, but rather is tested annually for impairment. After initial recognition, goodwill is measured at cost, less any accumulated impairment losses.

Leases

As lessee

Leases entered into by the Company as lessee that transfer substantially all the benefits and risks of ownership to the Company are record as finance leases and are included in property and equipment and obligations under finance leases. Obligations under finance lease are reduced by lease payments net of imputed interest. All other leases are classified as operating leases under which lease payments are expensed on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease cost, over the term of the lease.

As lessor

Leases where the Company does not transfer substantially all the risks and benefits of ownership are classified as operating leases. Direct costs associated with initializing the operating lease are added to the carrying amount of the rental equipment and recognized over the term of the lease.

Impairment of non-financial assets

At each statement of financial position date, the Company reviews the carrying amounts of its finite life non-financial assets, including property and equipment and finite life intangible assets to determine whether there is any indication of impairment.

For the purposes of reviewing finite life non-financial assets for impairment, asset groups are reviewed at their lowest level for which identifiable cash inflows are largely independent of cash inflows of other assets or groups of assets. This grouping is referred to as a cash generating unit ("CGU"). Corporate assets are tested for impairment at the minimum collection of CGUs to which the corporate asset can be allocated reasonably and consistently.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount of a CGU exceeds its recoverable amount. Impairment losses are recognized in profit and loss in the period in which they occur. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss will only be reversed if there will be a change in the assumptions used to determine the asset's recoverable amount since the time the impairment loss was recognized. Where impairment subsequently reverses, the carrying amount of the asset is increased to the extent that the carrying value of the underlying asset does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized. Impairment reversals are recognized in profit and loss in the period in which they occur.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Financial instruments

Financial instruments are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial instrument has been classified as "fair value through profit or loss," "loans and receivables," "available-for-sale," "held-to-maturity" or "other financial liabilities."

All derivative instruments are classified as fair value through profit and loss and are subsequently measured at fair value. Subsequent measurement and recognition of changes in the fair value are recognized in profit or loss.

Financial assets classified as loans and receivables, held-to-maturity and other financial liabilities are subsequently measured at amortized cost using the effective interest method of amortization.

Financial assets classified as available-for-sale are subsequently measured at fair value, with changes in fair value recognized in other comprehensive income ("OCI").

The Company's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Subsequent Measurement
Cash	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Accounts and other receivables	Loans and receivables	Amortized cost
Derivative financial assets	Fair value through profit or loss	Fair value
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payments received in advance of consumption	Other financial liabilities	Amortized cost
Credit facility	Other financial liabilities	Amortized cost
Advances from Cricket Energy Holdings Inc.	Other financial liabilities	Amortized cost
Convertible note payable	Other financial liabilities	Amortized cost
Promissory note payable	Other financial liabilities	Amortized cost
Derivative financial liabilities	Fair value through profit or loss	Fair value
Long-term debt	Other financial liabilities	Amortized cost

Transaction costs of financial instruments are capitalized to the carrying amount of the instrument and amortized using the effective interest method, other than those related to financial instruments classified as fair value through profit or loss, which are expensed as incurred.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each period end. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding accounts receivable, is directly reduced by the impairment loss. The carrying amount of accounts receivable is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the consolidated statement of income (loss).

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease relates to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the consolidated statement of income (loss). On the date of impairment reversal, the carrying amount of the financial asset cannot exceed its amortized cost had impairment not been recognized.

Revenue recognition

Revenue is recognized when significant risks and rewards of ownership are transferred to the customer. Revenue is measured at the fair value of the consideration received.

Gas & Power

The transfer of risks and rewards generally coincide with consumption of the commodity by the customer. Revenue is recognized based on consumption used by customers at the agreed prices.

Natural gas delivery is based on estimated customer historical usage and is regularly reconciled to determine if customers consumed more gas than has been delivered or if consumption is less than has been delivered. Gas delivered in excess of consumption by customers is recognized as an asset at the lower of cost and net realizable value. Consumption by customers in excess of gas delivered is recognized as accrued gas payable at amortized cost. Any payments received from LDCs in advance of consumption by customers are recognized as a liability at amortized cost.

Revenue for electricity is recognized upon consumption of power by the customer. Consumption for a reporting period is estimated based on historical usage rates by that customer at their agreed upon selling price. Upon receipt of customer billing information from the LDC, estimated consumption is reconciled to actual usage, with any change from estimates recorded in a subsequent period.

Home Comfort

Revenue from sales of HVAC equipment is recognized upon installation, when the selling price has been determined, and the ability to collect is reasonably assured. Revenue from the rental of HVAC equipment is recognized straight line based on rental rates over the term commencing from the installation date.

Energy Efficiency

Revenue from sales of Energy Efficiency equipment is recognized upon delivery or installation, when the selling price has been determined, and the ability to collect is reasonably assured.

Foreign currency translation

Functional and presentation currency

Items included in the consolidated financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company's US based Gas & Power operations is the US dollar. The functional currency of the Company's Canadian based Gas & Power, Home Comfort and Energy Efficiency operations is the Canadian dollar. The consolidated financial statements are presented in Canadian dollars, which is the parent Company's presentation and functional currency.

Transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statement of income (loss).

Translation of foreign operations

The results and consolidated financial position of all the subsidiary entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position; and
- income and expenses for each consolidated statement of income (loss) are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the foreign operations are recorded to other comprehensive income (loss).

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Per share amounts

The computation of earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share are computed in a similar way to basic earnings per share except that the weighted average number of shares outstanding is increased to include additional shares assuming the exercise of stock options and deferred share units, if dilutive.

Share-based compensation plans

Stock option plans

ONEnergy accounts for its share-based options compensation as equity-settled transactions. The cost of share-based options compensation is measured by reference to the fair value at the date on which it was granted. Options awards are valued at the grant date and are not adjusted for changes in the prices of the underlying shares and other measurement assumptions. The cost of equity-settled transactions is recognized, together with the corresponding increase in equity, over the period in which the performance or service conditions are fulfilled, ending on the date on which the relevant grantee becomes fully entitled to the award. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting period reflects the extent to which the vesting period has expired and ONEnergy's best estimate of the number of shares that will ultimately vest. The expense or credit recognized for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Deferred share unit plan

Non-executive directors are eligible to receive part or all of their quarterly directorship fees in deferred share units ("DSUs"). DSUs are expensed on the date of grant since they vest immediately, although they are not payable until a director's separation date. DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company. The DSUs are classified as a liability once vested, and are re-measured to fair value at each reporting date and included in accounts payable and accrued liabilities. Fair value is based on the number of units vested and the underlying price of the Company's shares. The DSUs are governed by the provisions of the Company's Deferred Share Unit Plan.

Equity transaction costs

Transaction costs incurred by the Company in issuing, acquiring or selling its own equity instruments are accounted for as a deduction from equity to the extent that they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Income taxes

Income tax expense consists of current and deferred tax expense.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax assets and liabilities are recognized for deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries, branches and associates, and interest in joint ventures where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a deferred tax asset will be recovered, the deferred tax asset is not recognized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its tax assets and liabilities on a net basis.

Non-current assets held for sale and discontinued operations

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of income (loss). Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

3. Significant accounting judgments, estimates and assumptions

The preparation of these consolidated financial statements requires the use of estimates and assumptions to be made in applying accounting policies that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities, at the date of the consolidated financial statements, and the reported income and expenses during the reporting period.

Judgment is commonly used in determining whether a balance or transaction should be recognized in the consolidated financial statements and estimates and assumptions are more commonly used in determining the measurement of recognized transactions and balances. However, judgment and estimates are often interrelated. As the basis for its judgments, management uses estimates and related assumptions which are based on previous experience and various commercial, economic and other factors that are considered reasonable under the circumstances. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised. Actual outcomes may differ from these estimates under different assumptions and conditions.

Judgments and estimates made by management in the application of IFRS that have a significant impact on the consolidated financial statements relate to the following:

Revenue recognition

Accounts receivable includes an unbilled receivables component, representing the amount of energy consumed by customers as at the end of the period but not yet billed. Unbilled receivables are estimated by the Company based on the number of units of energy consumed but not yet billed, based on usage data available, multiplied by the current customer average sales price per unit.

Provisions

A provision is a liability of uncertain timing or amount. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Fair value of financial instruments

Determining the value of derivative instruments requires judgment and is based on market prices or management's best estimates if there is no market and/or if the market is illiquid. Where the fair value of financial instruments recorded cannot be derived from active markets, they are determined using valuation techniques including making internally generated adjustments to quoted prices in observable markets and discounted cash flow models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The estimate includes consideration of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Impairment of non-financial assets

In assessing the value of goodwill or other non-financial assets for potential impairment, assumptions are made regarding future cash flows. These calculations require the use of estimates. If these estimates change in the future, the Company may be required to record impairment charges related to intangible assets, goodwill and other non-financial assets.

4. Accounting standards issued but not yet applied

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

The following is a description of the new standards:

IFRS 9, *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model where the basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. Management's preliminary assessment is the adoption of this standard will not have a significant impact on the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"): In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programs. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17, Leases. This Standard requires revenue to be recognized in a method that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

i. Identify the contract with a customer;

ii. Identify the performance obligations in the contract;

iii. Determine the transaction price;

iv. Allocate the transaction price to the performance obligations in the contract; and

v. Recognize revenue when each performance obligation is satisfied.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfilment costs.

Management's preliminary assessment that the application of the new standard may have an impact on the reported results, including specifically the treatment of acquiring customer contracts. The treatment of costs incurred in acquiring customer contracts will be impacted as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into operating expenses over time. Currently, these costs are expensed as incurred.

This standard is effective for annual periods beginning on or after January 1, 2018 and is required to be applied retrospectively.

IFRS 16, *Leases* ("IFRS 16"): In January 2016, the IASB issued IFRS 16 which supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will present the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019.

Management is assessing the impact of this standard on the consolidated financial statements. However, management believes that the result will be a significant increase to assets and liabilities, as the Company is required to record a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position for its operating leases. Management also believes there will be a decrease in operating costs due to the reduction of operating lease expense, an increase in finance costs, due to the accretion of the lease liability, and an increase in depreciation and amortization, due to the amortization of the right-of-use asset.

5. Seasonality

The customers of Gas & Power typically consume more natural gas during the winter months than the summer months and while they typically consume more electricity during the summer months electricity consumption is subject to less seasonality than natural gas. The combined impact of natural gas and electricity consumption seasonality on the results of the Company is that revenue and cost of sales will be typically higher in the quarters ended December 31 and March 31.

6. Restricted cash

Restricted cash includes cash where availability of funds is restricted by debt arrangements:

- The Company had deposits of $2,993 at December 31, 2016 held as collateral to support letters of credit issued by the Company and as financial assurance against our operations in certain U.S. and Canadian markets. The deposits have been reclassified to assets held for sale.
- The Company had cash of $247 at December 31, 2016 that is pledged as collateral against energy purchases and other obligations under its commodity supply and credit facility agreement with Shell Energy North America (Canada) Inc. and Shell Energy North America (US), L.P. (collectively "Shell Energy"). The cash has been reclassified to assets held for sale.

(In thousands of Canadian dollars, except per share amounts)

7. Accounts and other receivables

Accounts and other receivables are set out in the following table:

As at December 31	2017	2016
Trade receivables	$ 363	$ 3,188
Unbilled receivables	146	2,734
Other receivables	172	122
Total	$ 681	$ 6,044

8. Property and equipment

As at December 31, 2017

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2017	$ -	$ 102	$ 176	$ 401	$ 679
Additions	2,145	-	-	-	2,145
Transfer to assets classified as held for sale (note 11)	(2,145)	-	-	-	(2,145)
Balance at December 31, 2017	**-**	**102**	**176**	**401**	**679**
Accumulated depreciation					
Balance at January 1, 2017	-	97	131	174	402
Depreciation	-	2	19	52	73
Balance at December 31, 2017	**-**	**99**	**150**	**226**	**475**
Net book value					
As at December 31, 2017	**$ -**	**$ 3**	**$ 26**	**$ 175**	**$ 204**

As at December 31, 2016

	Rental equipment	Computer hardware	Office furniture and equipment	Leasehold improvement	Total property and equipment
Cost					
Balance at January 1, 2016	$ -	$ 102	$ 176	$ 413	$ 691
Additions	5,118	-	-	11	5,129
Disposal	-	-	-	(6)	(6)
Impairment loss on assets	-	-	-	(17)	(17)
Transfer to assets classified as held for sale (note 11)	(5,118)	-	-	-	(5,118)
Balance at December 31, 2016	**-**	**102**	**176**	**401**	**679**
Accumulated depreciation					
Balance at January 1, 2016	-	88	84	110	282
Depreciation	-	9	47	70	126
Disposal	-	-	-	(6)	(6)
Balance at December 31, 2016	**-**	**97**	**131**	**174**	**402**
Net book value					
As at December 31, 2016	**$ -**	**$ 5**	**$ 45**	**$ 227**	**$ 277**

(In thousands of Canadian dollars, except per share amounts)

9. Intangible assets

As at December 31, 2017

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2017	$ 919	$ 204	$ -	$ 1,123
Balance at December 31, 2017	**919**	**204**	**-**	**1,123**
Accumulated amortization				
Balance at January 1, 2017	767	161	-	928
Amortization	152	42	-	194
Balance at December 31, 2017	**919**	**203**	**-**	**1,122**
Net book value				
As at December 31, 2017	**$ -**	**$ 1**	**$ -**	**$ 1**

As at December 31, 2016

	Customer contracts	Computer software	Non-compete agreement	Total intangible assets
Cost				
Balance at January 1, 2016	$ 919	$ 204	$ 25	$ 1,148
Disposals, retirements and other	-	-	(20)	(20)
Impairment loss on assets	-	-	(5)	(5)
Balance at December 31, 2016	**919**	**204**	**-**	**1,123**
Accumulated amortization				
Balance at January 1, 2016	546	89	8	643
Amortization	221	72	12	305
Disposals, retirements and other	-	-	(20)	(20)
Balance at December 31, 2016	**767**	**161**	**-**	**928**
Net book value				
As at December 31, 2016	**$ 152**	**$ 43**	**$ -**	**$ 195**

10. Goodwill

Cost	
Balance at January 1, 2016	$ 794
Impairment loss on assets	(248)
Balance at December 31, 2016	**546**
Transfer to assets classified as held for sale (note 11)	(546)
Balance at December 31, 2017	**$ -**

11. Discontinued operations

(a) Home Comfort

In December 2015 the Company formally commenced the process to sell Home Comfort. Home Comfort has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. As a result, management has decided this is a non-core business. At December 31, 2017 and December 31, 2016 Home Comfort was classified as held for sale and as a discontinued operation.

(In thousands of Canadian dollars, except per share amounts)

During 2015, the Company reviewed a number of proposals to acquire Home Comfort. In December 2015, Cricket Energy Holdings Inc. ("Cricket") expressed an interest in acquiring Home Comfort. As an indication of their interest, Cricket advanced $1,109 in cash and working capital support during the year ended December 31, 2017. The advances carry no interest and are repayable on demand. The balance outstanding as at December 31, 2017 was $3,478 (December 31, 2016 - $3,808). On March 9, 2017, the Company entered into a letter of intent ("LOI") with Cricket whereby Cricket will acquire Home Comfort for $8,300. One of Cricket's significant shareholders is also a shareholder of ONEnergy. The purchase price will be satisfied with cash and a promissory note. In addition, the Company will deliver a promissory note to Cricket for the working capital advances outstanding on closing. The promissory notes will be non-interest bearing and will be payable on demand. The disposition of Home Comfort was approved by shareholders at a special meeting of shareholders held on September 28, 2017 (the "Special Meeting"). Cricket and the Company are currently negotiating a definitive agreement (the "Home Comfort Sale Agreement") which will set forth the detailed terms of Home Comfort's sale to Cricket. The Home Comfort Sale Agreement was expected to be executed in conjunction with the completion of the Transaction with OZZ Electric Inc. However, the Transaction was terminated due to circumstances beyond the Company's control (see note 26 for additional information). The sale is subject to final regulatory approval and is expected to close during 2018.

The results of Home Comfort for the year are presented below:

Years ended December 31	**2017**	2016
Revenue	**$ 2,414**	$ 2,745
Cost of sales	**11**	71
Gross margin	**2,403**	2,674
Expenses		
Selling	**106**	79
General and administrative	**366**	385
	472	464
Income before the undernoted	**1,931**	2,210
Other gains (expenses)		
Finance income	**4**	1
Finance cost	**(913)**	(1,156)
Gain on disposal of equipment	**107**	233
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell	**(1,942)**	(1,600)
Loss from discontinued operations	**$ (813)**	$ (312)
Loss per share from discontinued operations		
Basic and diluted	**$ (0.03)**	$ (0.01)

Deferred tax assets have not been recognized for the following:

Years ended December 31	**2017**	2016
Non-capital tax loss carry-forwards	**$ 170**	$ 441
Excess of tax over book basis – property and equipment	**950**	464
	$ 1,120	$ 905

(In thousands of Canadian dollars, except per share amounts)

Unrecognized losses available for carryforward will expire in the taxation years ending December 31 as follows:

Year		Amount
2032		164
2033		119
2034		359
	$	642

The major classes of assets and liabilities of Home Comfort classified as held for sale are as follows:

As at December 31		**2017**		2016
Assets				
Current assets				
Restricted cash	**$**	**466**	$	867
Accounts and other receivables		**-**		352
Inventory		**-**		11
		466		1,230
Non-current assets				
Property and equipment		**14,346**		18,875
Assets classified as held for sale	**$**	**14,812**	$	20,105
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**-**	$	52
Current portion of long-term debt (note 16)		**1,736**		1,934
		1,736		1,986
Non-current liabilities				
Long-term debt (note 16)		**7,145**		9,631
Liabilities directly associated with assets classified as held for sale	**$**	**8,881**	$	11,617

Following the classification as discontinued operations, an impairment loss of $1,942 was recognized during the year ended December 31, 2017 (2016 - $1,600) to reduce the carrying amount of the assets in the disposal group to the fair value less costs to sell. This was recognized in discontinued operations in the consolidated statement of income (loss).

The major categories of expenses are as follows:

Years ended December 31		**2017**		2016
Cost of equipment sales	**$**	**11**	$	71
Selling cost		**54**		31
Personnel		**80**		41
Professional fees		**19**		29
Office and other expenses		**319**		363
	$	**483**	$	535

Years ended December 31		**2017**		2016
Reported as				
Cost of sales	**$**	**11**	$	71
Selling		**106**		79
General and administrative		**366**		385
	$	**483**	$	535

(In thousands of Canadian dollars, except per share amounts)

(b) Gas & Power

In November 2017 the Company formally commenced a process to sell Gas & Power. Gas & Power has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. As a result, management has decided this is a non-core business. The disposal of Gas & Power is due to be completed within the next 12 months. At December 31, 2017 Gas & Power was classified as held for sale and as a discontinued operation.

The results of Gas & Power for the year are presented below:

Years ended December 31		2017		2016
Revenue	$	**44,016**	$	34,609
Cost of sales		**43,107**		30,844
Gross margin		**909**		3,765
Expenses				
Selling		**1,703**		2,132
General and administrative		**2,394**		2,456
		4,097		4,588
Loss before the undernoted		**(3,188)**		(823)
Other gains (expenses)				
Change in fair value of derivative instruments (note 25)		**(83)**		829
Finance income		**33**		10
Finance cost		**(369)**		(198)
Foreign exchange loss		**(9)**		-
Loss from discontinued operations	**$**	**(3,616)**	$	(182)
Loss per share from discontinued operations				
Basic and diluted	**$**	**(0.15)**	$	(0.01)

Deferred tax assets have not been recognized for the following:

Years ended December 31		2017		2016
Non-capital tax loss carry-forwards	**$**	**3,209**	$	2,686
Excess of tax over book basis		**189**		58
	$	**3,398**	$	2,744

Unrecognized losses available for carryforward will expire in the taxation years ending December 31 as follows:

Year	Amount
2032	676
2033	1,726
2034	4,875
2035	5
2036	783
2037	3,118
	$ 11,183

(In thousands of Canadian dollars, except per share amounts)

The major classes of assets and liabilities of Gas & Power classified as held for sale are as follows:

As at December 31		2017
Assets		
Current assets		
Cash	**$**	**14**
Restricted cash		**5,567**
Accounts and other receivables		**6,643**
Natural gas delivered in excess of consumption		**361**
Prepaid expenses and deposits		**37**
Current portion of energy derivatives (note 25)		**649**
		13,271
Non-current assets		
Energy derivatives (note 25)		**171**
Goodwill (note 10)		**546**
Assets classified as held for sale	**$**	**13,988**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$**	**5,004**
Payments received in advance of consumption		**354**
Credit facility (note 13)		**4,729**
Current portion of energy derivative (note 25)		**418**
		10,505
Non-current liabilities		
Energy derivative (note 25)		**84**
Liabilities directly associated with assets classified as held for sale	**$**	**10,589**

The major categories of expenses are as follows:

Years ended December 31		2017		2016
Cost of gas and electricity	**$**	**43,107**	$	30,844
Selling cost		**734**		845
Personnel		**1,678**		2,039
Professional fees		**339**		259
Litigation costs (note 23(b))		**-**		-
Occupancy		**8**		16
Office and other expenses		**1,152**		1,120
Depreciation and amortization		**186**		309
	$	**47,204**	$	35,432

Years ended December 31		2017		2016
Reported as				
Cost of sales	**$**	**43,107**	$	30,844
Selling		**1,703**		2,132
General and administrative		**2,394**		2,456
	$	**47,204**	$	35,432

(In thousands of Canadian dollars, except per share amounts)

12. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are set out in the following table:

As at December 31	2017	2016
Accounts payable	$ 2,846	$ 1,572
Accrued liabilities	3,364	7,851
Total	$ 6,210	$ 9,423

13. Credit facility

On November 20, 2013, Gas & Power entered into agreements with Shell Energy under which Shell Energy will supply energy, credit support, and environmental commodities to Gas & Power in multiple North American natural gas and power retail markets.

The commodity supply agreements allow for Shell Energy to provide Gas & Power with wholesale electricity, natural gas, carbon offsets, and renewable energy credits in Canada and six US states, namely Connecticut, New York, Pennsylvania, Illinois, Massachusetts and Ohio. The agreements can be further expanded to cover additional states as Gas & Power moves into additional deregulated markets for natural gas and electricity.

Under the credit facility agreements Shell Energy has provided Gas & Power credit arrangements for its Canadian and U.S. operations. Under the Canadian revolving credit facility Shell Energy provides Gas & Power with advances of up to $1,000 for commodity purchases and financial derivatives and related services. Interest is payable on outstanding advances at 4% plus the greater of: (i) 3% or (ii) LIBOR. Under the U.S. revolving credit and collateral credit facilities Shell Energy provides Gas & Power with advances of up to US$15,000 for commodity purchases, certain working capital uses, collateral security support and financial derivatives and related services. Interest is payable on outstanding advances under the revolving credit facility at 4% plus the greater of: (i) 3% or (ii) LIBOR, and under the collateral credit facility at 4% plus the greater of: (i) 4% or (ii) LIBOR. On December 31, 2017, LIBOR was 1.69% (December 31, 2016 – 1.00%). An additional interest rate penalty of 0.50% applies to all facilities in the event that Gas & Power were to be in default of certain financial covenants. Interest is repayable in the month following the month that advances were made. Principal on the revolving credit facility is repayable in the month following the month that advances were made. Principal on the collateral credit facility is repayable by November 20, 2018. No further advances can be made after November 20, 2018.

The agreements are secured by a general security agreement and a pledge of Gas & Power's assets and subject to certain covenant restrictions. As at December 31, 2017, Gas & Power was non-compliant with two covenants in the Shell credit agreements. An additional interest rate penalty of 0.5% is applied until Gas & Power becomes compliant with this covenant.

As at December 31, 2017, Gas & Power had $4,081 (US$3,253) (December 31, 2016 - $1,911) outstanding under the U.S. collateral credit facility and $648 (US$517) (December 31, 2016 - $NIL) outstanding under the U.S. revolving credit facility. In 2016 and 2017, no advances were drawn on the Canadian credit facilities. Under the U.S. credit facilities, amounts are available in US$5,000 tranches depending on monthly delivered volumes. As at December 31, 2017, a total of US$5,000 (December 31, 2016 – US$5,000) was available to be drawn on these facilities. Under the Canadian credit facilities, a total of $1,000 (December 31, 2016 - $1,000) was available to be drawn. Interest is provided at 8.0% per annum on the collateral credit facility plus an interest penalty of 0.5%; and at 7.0% per annum on the revolving credit facility plus an interest penalty of 0.5%.

As partial consideration for entering into the agreements above, Gas & Power has agreed to provide Shell Energy with a "participation" payment based upon the performance of Gas & Power during the term of the agreements. A participation payment is payable to Shell Energy upon Gas & Power reaching certain milestones such as customer count thresholds, an acquisition of control of Gas & Power, a disposition of Gas & Power's assets or a material public share issuance by Gas & Power or the Company. The payment is based on a certain percentage of Gas & Power's equity value at the time of the triggering event. The payment, if and when triggered, is a one-time event. For clarity, the calculation of the payment is based on Gas & Power's equity value at the time of the triggering event, and not upon the equity value of the Company. Given that various events could result in the achievement of triggering milestones, and that the milestones that would trigger a payment may occur at any point over the life of the agreements, as at December 31, 2017 and December 31, 2016 management does not believe it is reasonably possible to estimate either the timing or the amount of such participation payment. No amount for a participation payment to Shell Energy has been accrued as at December 31, 2017 and December 31, 2016.

(In thousands of Canadian dollars, except per share amounts)

The credit facility has been reclassified to liabilities relating to assets held for sale.

14. Convertible note payable

As at December 31	2017	2016
Principal	$ 1,200	$ -
Accrued interest payable	60	-
Less: unamortized transaction costs	(77)	-
	$ 1,183	$ -

On August 3, 2017, the Company entered into an agreement to issue a $1,200 convertible note (the "Convertible Note"). The Convertible Note has a 12 month duration, a 12% coupon and is convertible into common shares of the Company at a conversion rate of $0.50 per share. The Convertible Note may be redeemable by the noteholder at par plus $85 plus accrued and unpaid interest upon 30 days written notice. The securities issued under this private placement will be subject to a four-month hold period. The Company incurred transaction costs of $132 and has shown the Convertible Note net of the unamortized transaction costs. The Convertible Note contained an equity component which was considered nominal.

15. Promissory note payable

As at December 31	2017	2016
Principal	$ 210	$ -
Less: unamortized transaction costs	(7)	-
	$ 203	$ -

During November and December 2017, the Company entered into agreements to issue $210 of promissory notes (the "Promissory Notes"). The Promissory Notes bear interest at 8% per annum and mature on March 31, 2018. The Company incurred transaction costs of $7 and has shown the Promissory Notes net of the unamortized transaction costs.

16. Long-term debt

As at December 31	2017	2016
Equipment financing		
Principal	$ 8,862	$ 11,541
Accrued Interest payable	19	24
	8,881	11,565
Less: transfer to liabilities relating to assets classified as held for sale (note 11)	(8,881)	(11,565)
	$ -	$ -

The Company finances the cost of rental equipment over a period of seven to ten years. The loans bear interest at rates of 8.9% per annum. Principal and interest are repayable on a monthly basis. The lender retains a portion of the financing proceeds as security ("financing reserve"). This financing reserve is currently at $466 (December 31, 2016 - $673) and is included in assets classified as held for sale. The financing reserve becomes available to the Company as the debt is repaid. The loans are secured by the rental contracts and the rental equipment that is financed. The loans have been reclassified to liabilities relating to assets held for sale.

17. Share capital

(a) Authorized

Unlimited Preference Shares – non-voting, issuable in series. The number of shares under each series, designation, privileges, restrictions and conditions attaching thereto to be determined by the Board of Directors prior to issue. No such shares are issued and outstanding.

Unlimited Common Shares - voting, entitled to one vote per share (except at separate meetings of holders of shares of any other class), subject to the rights of holders of any preference shares, entitled to dividends and to the receipt of any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company.

(b) Issued and outstanding

Shares (in thousands)	Common Shares	
Balance, as at January 1, 2016	24,122	$ 39,477
Normal course issuer bid purchase of Common Shares (note 17(g))	(147)	(241)
Balance, as at December 31, 2016	**23,975**	**$ 39,236**
Balance, as at December 31, 2017	**23,975**	**$ 39,236**

(c) Stock option plans

On July 9, 2013, the Board approved the 2013 Stock Option Plan ("2013 Plan"). Details of the stock options transactions are as follows:

	Weighted average remaining contractual life	Number of options (in thousands)	Weighted average exercise price
Outstanding as at January 1, 2016	7.84	1,910	$ 1.29
Granted		-	-
Forfeited		(1,177)	1.34
Outstanding as at December 31, 2016	7.01	733	1.20
Granted		-	-
Forfeited		(71)	0.86
Outstanding as at December 31, 2017	**5.85**	**662**	**$ 1.24**
Exercisable as at December 31, 2016	6.99	486	1.24
Exercisable as at December 31, 2017	**5.78**	**553**	**$ 1.28**

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the years ended December 31, 2017 and December 31, 2016.

(d) Earnings (loss) per share

Years ended December 31	2017	2016
Income (loss) from continuing operations	**$ (3,762)**	$ 3,013
Income (loss) attributable to shareholders	**$ (8,191)**	$ 2,519
Weighted average number of shares outstanding (in thousands)	**23,975**	24,059
Basic and diluted earnings (loss) per share from continuing operations	**$ (0.16)**	$ 0.13
Basic and diluted earnings (loss) per share attributable to shareholders	**$ (0.34)**	$ 0.11

Basic earnings (loss) per share is calculated by dividing the total income (loss) by the weighted average number of shares outstanding during the period. Outstanding stock options, as at December 31, 2017, of 662 (December 31, 2016 – 733) and Deferred Share Units ("DSUs"), as at December 31, 2017, of 506 have not been factored into the calculation as they are considered anti-dilutive. DSUs of 344, as at December 31, 2016, have been factored into the calculation.

(e) Deferred share unit plan

The Company awarded 162 DSUs to a director during the year ended December 31, 2017 (2016 – 211 to non-executive directors). These DSUs vest immediately and expire between January 2027 and December 2027.

DSUs are settled at the option of the holder in (i) cash; (ii) Common Shares in the Company or (iii) a combination of cash and Common Shares in the Company.

	Deferred share unit (in thousands)	Weighted average grant price [1]
Outstanding as at January 1, 2016	133	$ 0.57
Granted	211	0.40
Outstanding as at December 31, 2016	344	0.47
Granted	162	0.30
Outstanding as at December 31, 2017	**506**	**$ 0.42**

During the year ended December 31, 2017 the Company recorded a recovery of $28 (2016 – compensation expense of $89) related to the DSUs granted. As at December 31, 2017, a liability of $101 (December 31, 2016 - $129) related to the DSUs granted is included in accounts payable and accrued liabilities (note 12).

(f) Purchase of shares for cancellation pursuant to normal course issuer bid

On October 7, 2015 the Company announced its intention to make a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,209 of its Common Shares from October 12, 2015 to October 7, 2016 through the facilities of the Exchange. During the year ended December 31, 2016 the Company purchased 147 Common Shares for cancellation through the facilities of the Exchange pursuant to the NCIB. The excess of the average stated value over the purchase price of shares purchased for cancellation is credited to contributed surplus. The Company ceases to consider shares outstanding on the date of purchase of the shares, although the actual cancellation of the shares by the transfer agent and registrar occurs on a timely basis on a date shortly thereafter. The NCIB expired on October 7, 2016 and was not renewed by the Company.

18. Segment disclosure

For the year ended December 31, 2017, the Company reports operations in two reportable segments: Gas & Power and Home Comfort. The Company has chosen to organize the entity around differences in products and service. Substantially all of its revenue for the year ended December 31, 2017 was derived from these two business segments. The balance of revenue was derived from the Energy Efficiency business which does not meet the quantitative thresholds to be disclosed as a separate reportable segment. The revenue for the Energy Efficiency business is disclosed under Corporate & Others.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. The Company is not considered to have any key customers.

(In thousands of Canadian dollars, except per share amounts)

For the year ended December 31, 2017

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ -	$ -	$ 2,004	$ 2,004
Cost of sales	-	-	2,096	2,096
Gross margin	-	-	(92)	(92)
Selling	-	-	1,001	1,001
General and administrative	-	-	2,534	2,534
Loss before the undernoted	-	-	(3,627)	(3,627)
Finance income	-	-	2	2
Finance cost	-	-	(131)	(131)
Foreign exchange loss	-	-	(6)	(6)
Loss from continuing operations	-	-	(3,762)	(3,762)
Discontinued operations	(3,616)	(813)	-	(4,429)
Loss for the year	**$ (3,616)**	**$ (813)**	**$ (3,762)**	**$ (8,191)**

For the year ended December 31, 2016

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ -	$ -	$ 1,702	$ 1,702
Cost of sales	-	-	1,388	1,388
Gross margin	-	-	314	314
Selling	-	-	1,632	1,632
General and administrative	-	-	2,587	2,587
Loss before the undernoted	-	-	(3,905)	(3,905)
Change in fair value of derivative instruments	-	-	-	-
Finance income	-	-	31	31
Finance cost	-	-	(11)	(11)
Foreign exchange loss	-	-	(7)	(7)
Impairment loss on assets	-	-	(270)	(270)
Legal settlement	-	-	7,175	7,175
Income from continuing operations	-	-	3,013	3,013
Discontinued operations	(182)	(312)	-	(494)
Income (loss) for the year	**$ (182)**	**$ (312)**	**$ 3,013**	**$ 2,519**

Geographic information

Revenue from total operations from external customers:

Years ended December 31	**2017**	2016
Canada	**$ 7,914**	$ 7,575
United states	**40,520**	31,481
	$ 48,434	$ 39,056

Non-current assets

Non-current assets consist of energy derivatives, property and equipment, intangible assets and goodwill. The energy derivatives and a portion of goodwill are held in the U.S. All other non-current assets are held in Canada.

(In thousands of Canadian dollars, except per share amounts)

19. Expenses

Years ended December 31	2017	2016
Cost of equipment sales	$ 2,096	$ 1,388
Selling cost	141	159
Personnel	735	2,600
Professional fees	1,220	799
Litigation costs (note 23(b))	1,000	102
Occupancy	207	325
Office and other expenses	151	112
Depreciation and amortization	81	122
	$ 5,631	$ 5,607

Years ended December 31	2017	2016
Reported as		
Cost of sales	$ 2,096	$ 1,388
Selling	1,001	1,632
General and administrative	2,534	2,587
	$ 5,631	$ 5,607

20. Supplemental cash flow information

Change in non-cash operating assets and liabilities consist of the following:

Years ended December 31	2017	2016
Accounts and other receivables	$ 5,363	$ (2,295)
Inventory	527	312
Natural gas delivered in excess of consumption	187	142
Prepaid expenses and deposits	185	(31)
Accounts payable and accrued liabilities	(3,213)	2,242
Payments received in advance of consumption	(144)	(104)
	$ 2,905	$ 266

21. Related party transactions

(a) Compensation of key management personnel

The Company's key management personnel are comprised of the Board of Directors and officers of the Company.

Years ended December 31	2017	2016
Salaries, bonuses, fees, separation payments and short-term employee benefits	$ 620	$ 1,353
Stock-based compensation	128	335
	$ 748	$ 1,688

(b) Promissory note payable

Included in the Promissory Notes (see note 15) is $100 advanced by a director.

(In thousands of Canadian dollars, except per share amounts)

22. Income taxes

The provision for income taxes differs from the results that would be obtained by applying consolidated Canadian Federal, Provincial (Ontario), U.S. Federal and State statutory income tax rates to profit or loss from continuing operations before income taxes.

This difference results from the following:

Years ended December 31	2017	2016
Income (loss) from continuing operations before income taxes	**$ (3,762)**	$ 3,013
Statutory income tax rate	**26.5%**	26.5%
Income tax expense (recovery) at combined Federal and Provincial rates	**$ (997)**	$ 798
Increase (decrease) in income tax resulting from:		
Non-deductible expenses	**23**	165
Change in unrecognized deferred tax assets	**974**	(963)
Income tax expense	**$ -**	$ -

Deferred tax assets have not been recognized for the following:

Years ended December 31	2017	2016
Non-capital tax loss carry-forwards	**$ 43,305**	$ 42,353
Excess of tax over book basis	**371**	349
	$ 43,676	$ 42,702

Deferred taxes, in respect of the Company's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses from continuing operations, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	5,084
2029	115,583
2030	5,748
2031	19,992
2032	3,457
2033	3,702
2034	2,967
2035	3,290
2037	3,593
	$ 163,416

23. Commitments and contingencies

(a) Commitments

The minimum payments required under the terms of non-cancellable operating leases are as follows:

December 31, 2017

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 233	$ 365	$ -	**$ 598**
Non-cancellable sublease	(179)	(161)	-	**(340)**
	$ 54	**$ 204**	**$ -**	**$ 258**

(In thousands of Canadian dollars, except per share amounts)

December 31, 2016

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 207	$ 598	$ -	$ 805
Non-cancellable sublease	(171)	(340)	-	(511)
	$ 36	$ 258	$ -	$ 294

(b) Contingencies

(i) Statement of Claim against certain former directors and officers of Look:

On July 6, 2011, the Company issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20,000 of "restructuring awards" accrued in fiscal 2009 and paid during the first quarter of fiscal 2010 (the "Sale Awards"), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by the Company on the sale of its spectrum license in 2009. The former officers and directors named in the Claim collectively resigned effective July 21, 2010.

The Company also issued a Statement of Claim against McMillan LLP ("McMillan") on August 20, 2012 (the "McMillan Claim"). The McMillan Claim seeks recovery of the advances paid in June of 2010 in the amount of $1,550, which were paid to McMillan and other law firms before the former directors and officers resigned on July 21, 2010.

On October 14, 2015 the Company reached a conditional settlement (the "Proposed Settlement"), subject to Court approval, with certain defendants to the Claim. On November 18, 2015, the Company reached a conditional settlement with McMillan ("McMillan Settlement") that is contingent on the Court approval of the Proposed Settlement. The Court convened to review the proposal on November 19, 2015, however did not issue a decision on the Proposed Settlement and did not schedule a new trial date. On March 1, 2016, the Ontario Superior Court of Justice released a decision approving the Proposed Settlement by which the Company will recover, along with the McMillan Settlement, a total of $7,175. The Company received the funds on April 1, 2016, following a 30 day appeal period.

The Proposed Settlement does not include the Company's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants"). The Claim against the McGoey Defendants was limited to their proportionate and several liability for up to a maximum of $5,600 (being the amounts they received from the Company) plus the McGoey Defendants' proportionate and several share of amounts paid by the Company as advances to law firms for the payment of legal fees and expenses.

The trial against the McGoey Defendants began on April 10, 2017 and concluded on May 23, 2017. On June 1, 2017, Justice Conway of the Ontario Superior Court of Justice granted judgment in favour of the Company against the McGoey Defendants, in the amount of $5,766 plus legal costs and interest, for breach of fiduciary duty in respect of the decision of the former board of directors of the Company to award certain equity cancellation payments and performance bonuses to Look's senior management and directors. The judgment also grants both a constructive trust and a tracing order over the damages owing.

On June 27, 2017, the McGoey Defendants filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act, and had until September 9, 2017 to make a proposal subject to order of the court. The deadline to file a proposal was extended to October 24, 2107 and further extended to November 14, 2017, by which date a proposal (the "Proposal") was filed with the court. In connection with the Proposal, the Company filed a Proof of Claim in respect of the amounts owing. At the General Meeting of Creditors ("Creditors' Meeting") held on December 12, 2017, creditors who were qualified to vote at the Creditors' Meeting did not approve the Proposal with the result that the McGoey Defendants were each deemed to have thereupon made an assignment in bankruptcy. The Company is now pursuing its collection effort through the bankruptcy process.

On June 30, 2017, the McGoey Defendants filed a Notice of Appeal with the Court of Appeal for Ontario. ONEnergy expects the appeal to be heard in 2018 and is confident the appeal will be dismissed.

(ii) Proceedings under the Ontario Consumer Protection Act:

In December 2016 the Ontario Ministry of Government and Consumer Services (the "Ministry") laid 16 charges against Home Comfort, 16 charges against two current directors of Home Comfort, and 2 charges against a current employee of Home Comfort, alleging breaches of the Consumer Protection Act, 2002 (Ontario). The Ministry alleges that Home Comfort engaged in unfair practices by making misrepresentations to consumers, that it failed to refund payments to consumers within 15 days of notice of cancellation of a consumer agreement, and failed to provide either consumer agreements or disclosure statements containing all required information to consumers. The directors are alleged to have failed to have taken reasonable care to prevent Home Comfort from committing the offences.

All of the offences are alleged to have occurred during the period between September 2014 and April 2015, inclusive, and relate to the sale of heating, ventilation and air conditioner products to consumers at their homes. Home Comfort no longer utilizes the door to door business model.

The charges against Home Comfort are punishable by a maximum fine of $250 per count. The maximum fine to which the directors and employee are subject is $50 per count.

Home Comfort attended the Ontario Court of Justice ("Ontario Court") on several dates in November 2017 and the matter was resolved with nominal fines to Home Comfort. All charges against Home Comfort's directors and employee were withdrawn by the Ministry.

(iii) In the normal course of its operations, the Company may be subject to other litigation and claims.

(iv) The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

(v) Gas & Power is subject to a participation payment to Shell Energy (note 13) upon certain triggering events occurring.

24. Management of capital

The Company's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. ONEnergy considers capital to be primarily cash, credit facility, long-term debt and shareholders' equity.

The Company invests its capital in high-return bank accounts to obtain adequate returns, targeted asset acquisitions and new infrastructure to support expansion into new markets. During 2017 and 2016, the Company used a combination of cash, credit facility financing and debt financing to meet its investment strategy. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

25. Financial instruments and risk management

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies by the Company's management. Periodically throughout the year, the Board of Directors receive reports from the Company's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. The Company's activities expose it to a variety of market risks, principally from fluctuating commodity prices in Gas & Power. The Company has established risk management policies and procedures designed to reduce the potentially adverse effects of price volatility on operating results and distributions. The Company maintains commodity risk management strategies that use derivative instruments, within approved risk tolerances to minimize significant, unanticipated fluctuations in earnings caused by market price volatility. Further details regarding these policies are set out below.

Risk management

The main risks arising from the Company's financial instruments are commodity pricing and mark-to-market risk, credit risk, liquidity risk, interest rate risk and currency risk. These risks arise from exposure that occur in the normal course of business and are managed on a consolidated basis.

Commodity pricing and mark-to-market risk

The Company purchases both physical energy commodities, such as natural gas, and financially settled energy instruments such as electricity swap contracts. These commodity products are subject to market fluctuations based upon market supply and demand for such products. The Company experiences fluctuations in the unrealized valuation of its contracts to purchase energy commodities. The Company is also subject to cancellations by customers that may leave the Company with an excess of commodity supply, which may have to be sold into the open market at an indeterminate price. Management actively monitors these positions on a daily basis in accordance with its Risk Management Policy. This policy sets out a variety of limits, most importantly thresholds for open positions in the electricity and natural gas portfolios. The Company's exposure to market risk is affected by a number of factors, including accuracy of estimation of customer commodity requirements, commodity prices, volatility and liquidity of markets. The Company enters into derivative instruments in order to manage exposures to changes in commodity prices. The inability or failure of the Company to manage and monitor the above market risks could have a material adverse effect on the operations and cash flow of the Company.

The fair values of the Company's financial instruments are significantly influenced by the variability of forward spot prices for electricity and natural gas. Period to period changes in forward spot prices could cause significant changes in the mark to market valuation ("MTM valuation") of these contracts. If forward spot prices increased by 10%, loss for the year would have been $1,921 lower, whereas if forward spot prices decreased by 10%, loss for the year would have been $1,920 higher, primarily as a result of the change in fair value of the Company's derivative instruments.

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 obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and accounts and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

The LDCs provide billing & collection services and assume the risk of any bad debts from customers for a fee. Therefore, the Company receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. For Home Comfort, in markets where LDCs do not provide billing & collection services for a fee, the customer is billed directly by Home Comfort. The Company's customers are individually insignificant and geographically dispersed. The Company currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote. For Energy Efficiency, the Company receives deposits in advance of performing installations thereby reducing its overall exposure on individual projects, such that the Company is not susceptible to an individually significant write-off.

(In thousands of Canadian dollars, except per share amounts)

Other receivables are comprised primarily of refundable taxes receivable from the Canada Revenue Agency ("CRA"). Refundable taxes are subject to review by the CRA, which may delay receipt. Management believes the risk of the CRA failing to deliver payment to the Company is minimal.

The Company's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Years ended December 31	**2017**	2016
Accounts and other receivables		
Current	**$ 6,943**	$ 6,149
31- 90 days	**283**	184
Over 90 days	**98**	63
	$ 7,324	$ 6,396

The Company's maximum assessed exposure to credit risk, as at December 31, 2017 and 2016, is the carrying value of its accounts and other receivables.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital and regulatory requirements and obligations, and debt repayments under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, payments received in advance of consumption, derivative instruments, credit facility, notes payable, long-term debt and commitments. The payments due by period, excluding liabilities relating to assets classified as held for sale, are set out in the following table:

(In thousands of Canadian dollars, except per share amounts)

As at December 31, 2017

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 6,210	$ -	$ -	**$ 6,210**
Advances from Cricket Energy Holdings Inc.	3,478	-	-	**3,478**
Convertible note payable	1,183	-	-	**1,183**
Promissory note payable	203	-	-	**203**
Commitments	54	204	-	**258**
	$ 11,128	**$ 204**	**$ -**	**$ 11,332**

As at December 31, 2016

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 9,423	$ -	$ -	**$ 9,423**
Payments received in advance of consumption	144	-	-	**144**
Credit facility	1,911	-	-	**1,911**
Advances from Cricket Energy Holdings Inc.	3,808			**3,808**
Energy derivatives	12,618	2,156	-	**14,774**
Commitments	36	258	-	**294**
	$ 27,940	**$ 2,414**	**$ -**	**$ 30,354**

Derivative financial instruments

The Company has fixed-for-floating electricity swaps and gas and electricity forward contracts that are considered financial instruments. The fair value of financial instruments is the estimated amount that the Company would pay or receive to dispose of these supply contracts in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The Company has estimated the value of these contracts using a discounted cash flow method which employs market forward curves. The market forward curves are sourced from third parties.

(In thousands of Canadian dollars, except per share amounts)

At December 31, 2017, the Company had the following financial instruments classified as fair value through profit and loss:

Fixed-for-floating electricity swaps - Canada

Notional volumes (on-peak/off-peak)	5,152 MWh / 4,754 MWh
Total remaining notional volume	9,906 MWh
Maturity dates	March 31, 2018 to December 31, 2018
Fixed price per MWh (in dollars)	\$20.65 to \$47.34
Fair value favourable/(unfavourable)	\$(104)
Notional value	\$196

Physical electricity forward contracts – U.S.

Notional volumes (on-peak/off-peak)	202,174 MWh / 185,999 MWh
Total remaining notional volume	388,173 MWh
Maturity dates	February 28, 2018 to November 30, 2022
Fixed price per MWh (in U.S. dollars)	\$26.20 to \$71.40
Fair value favourable/(unfavourable)	\$637
Notional value	\$16,144

Natural gas forward contracts - Canada

Total remaining notional volume	286,262 GJ
Maturity dates	March 31, 2018 to October 31, 2020
Fixed price per GJ (in dollars)	\$2.47 to \$4.55
Fair value favourable/(unfavourable)	\$(382)
Notional value	\$556

Change in fair value of derivative instruments:

Years ended December 31	**2017**	2016
Fixed-for-floating electricity swaps	**\$ 2**	\$ 188
Physical electricity forward contracts	**233**	400
Natural gas forward contracts	**(318)**	241
	\$ (83)	\$ 829

Fair Values

IFRS 7 Financial Instruments: Disclosures requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

(In thousands of Canadian dollars, except per share amounts)

The following tables illustrates the classification of financial assets / (liabilities) in the FV hierarchy.

As at December 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 282	$ -	$ -	$ 282
Restricted cash	6,033	-	-	6,033
Accounts and other receivables	-	7,324	-	7,324
Energy derivatives	-	-	820	820
Financial liabilities				
Accounts payable and accrued liabilities	-	(11,214)	-	(11,214)
Payments received in advance of consumption	-	(354)	-	(354)
Credit facility	-	(4,729)	-	(4,729)
Advances from Cricket Energy Holdings Inc.	-	(3,478)	-	(3,478)
Convertible note payable	-	(1,183)	-	(1,183)
Promissory note payable	-	(203)	-	(203)
Energy derivatives	-	-	(502)	(502)
Long-term debt	-	(8,881)	-	(8,881)
	$ 6,315	**$ (22,718)**	**$ 318**	**$ (16,085)**

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 2,746	$ -	$ -	$ 2,746
Restricted cash	4,107	-	-	4,107
Accounts and other receivables	-	6,396	-	6,396
Energy derivatives	-	-	521	521
Financial liabilities				
Accounts payable and accrued liabilities	-	(9,475)	-	(9,475)
Payments received in advance of consumption	-	(144)	-	(144)
Credit facility	-	(1,911)	-	(1,911)
Advances from Cricket Energy Holdings Inc.	-	(3,808)	-	(3,808)
Energy derivatives	-	-	(212)	(212)
Long-term debt	-	(11,565)	-	(11,565)
	$ 6,853	**$ (20,507)**	**$ 309**	**$ (13,345)**

Key assumptions used when determining the significant unobservable inputs included in Level 3 of the FV hierarchy consist of:

(i) discount for lack of marketability up to 1.5%. Discount for lack of marketability represents the amounts the Company has determined that market participants would take into account when pricing these derivative instruments;

(ii) discount for counterparty non-performance risk in the range of 0.19% to 0.34%; and

(iii) discount rate of 7%.

The following table illustrates the changes in net fair value of financial assets (liabilities) classified as Level 3 in the FV hierarchy for the periods ended:

Years ended December 31	**2017**	2016
Balance, beginning of period	**$ 309**	$ (571)
Gains (losses)	**(333)**	59
Purchases	**767**	538
Settlements	**(425)**	283
Balance, end of period	**$ 318**	$ 309

Classification of financial assets and liabilities

As at December 31, 2017 and December 31, 2016 the carrying value of cash, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, payments in advance of consumption, credit facility and advances from Cricket Energy Holdings Inc. approximates their fair value due to their short-term nature. The carrying value of the convertible note payable and promissory note payable approximates its fair value as its interest payable on outstanding amounts approximates the Company's current cost of debt.

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its floating rate credit facility. The Company's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material interest rate risk.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of the Company's U.S. operations.

Although the Company is headquartered in Ontario, the majority of the Company's customers and revenues are in the U.S. A material portion of ONEnergy's income is generated in U.S. dollars and will be subject to currency fluctuations.

ONEnergy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged. With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended December 31, 2017, assuming that all the other variables had remained constant, comprehensive loss would have been $182 lower/higher (2016 – comprehensive income $42 higher/lower).

26. Termination of Arrangement Agreement with OZZ Electric Inc.

On December 21, 2016, ONEnergy announced it entered into an LOI with OZZ Electric Inc. ("OZZ"), which contemplates an acquisition of all of the common shares of OZZ in exchange for the issuance of common shares of a successor corporation to ONEnergy (the "Transaction"). The controlling shareholder of OZZ is also a shareholder of ONEnergy and one of Cricket's significant shareholders. Completion of the Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the Exchange.

On August 10, 2017, ONEnergy, OZZ and OZZ Clean Energy Inc. ("OCE") entered into an arrangement agreement (the "Arrangement Agreement"), whereby ONEnergy, OZZ and OCE propose to effect a plan of arrangement (the "Arrangement") in accordance with Section 182 of the Business Corporations Act (Ontario). Subsequent to entering into the previously announced letter of intent with respect to the proposed Arrangement, ONEnergy and OZZ agreed to include OCE as part of the proposed Arrangement. OCE is a private company that is an affiliate of OZZ.

At the Special Meeting held on September 28, 2017, the shareholders approved the Arrangement. On August 14, 2017, the Ontario Superior Court (the "Court") granted interim approval of the Arrangement. On October 4, 2017, after receiving shareholder approval, the Company received final approval of the Arrangement from the Court.

The Arrangement Agreement was contingent on completing several conditions precedent, including the completion of a proposed minimum financing of $23,000 (the "Minimum Financing") to finance the combined entity. Several conditions precedent were not completed, including the Minimum Financing which could not be completed on favourable terms acceptable to the parties to the Arrangement, and as a result, on November 13, 2017, the parties to the Arrangement entered into an agreement mutually terminating the Arrangement.

27. Subsequent Events

On April 26, 2018, the Company announced it entered into an LOI with Suske Capital Inc. ("Suske Capital"), on behalf of certain Suske Capital subsidiaries and other entities (collectively, the "Suske Parties"), that outlines the basic terms and conditions of a proposed reorganization of ONEnergy and a subsequent business combination (the "Transaction") with the Suske Parties. Completion of the Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the Exchange.

The LOI will be followed by negotiations between ONEnergy and Suske Capital, on behalf of the Suske Parties, that are expected to result in a definitive agreement ("Definitive Agreement"), which will set forth the detailed terms and conditions of the Transaction as are customary for transactions of this nature.

Exhibit e3 e4

Management's Discussion and Analysis of Financial Condition and Results of Operations of

ONEnergy Inc.

As at and for the year ended December 31, 2017

April 30, 2018

As at and for the year ended December 31, 2017

April 30, 2018

1. CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This management's discussion and analysis of financial condition and results of operations ("MD&A") includes forward-looking statements and information concerning expected future events, the future performance of ONEnergy Inc. ("ONEnergy" or the "Company"), its operations, and its financial performance and condition. These forward-looking statements and information include, among others, statements with respect to our objectives and strategies to achieve those objectives, as well as statements with respect to our beliefs, plans, expectations, anticipations, estimates, and intentions. When used in this MD&A, the words "believe", "anticipate", "may", "should", "intend", "estimate", "expect", "project", and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such words. These forward-looking statements and information are based on current expectations.

The Company cautions that all forward-looking statements and information are inherently uncertain and actual future results, conditions, actions, or events may differ materially from the targets, assumptions, estimates, or expectations reflected or contained in the forward-looking statements and information, and that actual future results, conditions, actions, events, or performance will be affected by a number of factors including economic conditions and competitive factors, many of which are beyond the Company's control. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict these events or the effect that they may have on the Company.

Certain statements in this MD&A, other than statements of historical fact, may include forward-looking information that involves various risks and uncertainties. This may include, without limitation, statements based on current expectations involving a number of risks and uncertainties. These risks and uncertainties include, but are not restricted to: (i) tax-related matters, (ii) financial risk related to short-term investments (including credit risks and reductions in interest rates), (iii) human resources developments including competition for, and the availability of, qualified employees and contractors, (iv) business integrations and internal reorganizations, (v) business process risks including the use of, and reliance on, external vendors and contractors, (vi) regulatory developments and changes including regulatory requirements for sales channels used by the Company and financial surety requirements from utilities and regulators, (vii) the outcome of litigation and legal matters, (viii) any prospective acquisitions or divestitures, (ix) commodity pricing volatility and availability, (x) disruption to transmission systems for energy commodities that could impair the Company's ability to serve its customers, (xi) other risk factors related to the Company's historic business, (xii) risk factors related to the Company's future operations, and (xiii) changes to and compliance with applicable laws and regulations. For a more detailed discussion of factors that may affect actual results or cause actual results to differ materially from any conclusion, forecast or projection in these forward-looking statements and information, see *Section 4 Overview and Business Strategy* and *Section 17 Operating Risks and Uncertainties.*

Therefore, future events and results may vary significantly from what the Company currently foresees. Readers are cautioned that the forward-looking statements and information made by the Company in this MD&A are stated as of the date of this MD&A, are subject to change after that date, are provided for the purposes of this MD&A and may not be appropriate for other purposes. We are under no obligation to update or alter the forward-looking statements whether as a result of new information, future events, or otherwise, except as required by National Instrument 51-102, and we expressly disclaim any other such obligation.

All financial information in this MD&A is expressed in thousands of Canadian dollars, unless otherwise noted. All references to the "Company" or "ONEnergy" refer to ONEnergy Inc., including its predecessor and successor companies, and its consolidated subsidiaries, unless the context requires otherwise. All information is as at April 30, 2018, unless otherwise indicated. Certain totals, subtotals and percentages may not reconcile due to rounding.

2. INTRODUCTION

The information provided in this MD&A is intended to help the reader understand ONEnergy's operations, financial performance and present and future business environment. This MD&A is supplementary to, and should be read in conjunction with the audited consolidated financial statement for the year ended December 31, 2017. The following MD&A, dated April 30, 2018, has been prepared with all information available up to and including April 30, 2018. ONEnergy's audited consolidated financial statements and other disclosure documents are available on www.sedar.com and on ONEnergy's website at www.onenergyinc.com.

The audited annual consolidated financial statements of ONEnergy are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The audited annual consolidated financial statements of ONEnergy are presented in thousands of Canadian dollars.

3. THE COMPANY

ONEnergy is a corporation incorporated under the *Business Corporations Act* (Ontario). The names "ONEnergy" and the "Company" all refer to the same legal entity and the use of each are dependent upon the context of the topic covered in this MD&A.

The Company is comprised of ONEnergy, and its wholly-owned subsidiaries including:

(a) Sunwave Gas & Power Inc. ("Sunwave"), Sunwave USA Holdings Inc., Sunwave Gas & Power New York Inc., Sunwave Gas & Power Illinois Inc., Sunwave Gas & Power Massachusetts Inc., Sunwave Gas & Power Connecticut Inc., Sunwave Gas & Power Pennsylvania Inc. and Sunwave Gas & Power Ohio Inc. (collectively referred to as "Gas & Power");
(b) Sunwave Home Comfort Inc. (referred to as "Home Comfort");
(c) 0867893 B.C. Ltd. operating as PVL Projects ("PVL");
(d) ONEnergy USA Holdings Inc.; and
(e) 2594834 Ontario Inc.

The Home Comfort business was classified as held for sale and as discontinued operations as of December 31, 2017 and December 31, 2016. The Gas & Power business was classified as held for sale and as discontinued operations as of December 31, 2017. As a result, the financial results from operations for prior periods have been restated to reflect results from continuing and discontinued operations for comparative purposes. See *Section 7 Discontinued Operations* for additional information.

In this MD&A, the terms "we", "us", "our", and "Company" refer to ONEnergy, Gas & Power, Home Comfort and PVL.

4. OVERVIEW AND BUSINESS STRATEGY

(a) Business

The Company operates its business under two primary brand names: Sunwave Gas & Power, for the sale of natural gas and electricity to residential and commercial customers; and, since April 2016, ONEnergy, for energy efficiency products and services.

ONEnergy focuses on continually improving and expanding the value proposition offered to customers by offering complementary services and products as part of their relationship with ONEnergy. ONEnergy via its Sunwave and ONEnergy branded businesses specializes in helping customers use energy more wisely by minimizing their energy consumption and then cost-effectively managing the balance. ONEnergy intends to provide its customers with a steadily expanding range of value-added services designed to enhance the customer experience, thereby increasing the margin derived from each customer while improving overall customer satisfaction and retention.

(b) Energy Efficiency

The Company sells commercial energy efficiency products and services business under the ONEnergy brand. ONEnergy offers commercial, industrial, manufacturing, retail and institutional clients a range of energy efficiency products and services including high efficiency lighting, commercial HVAC products and services, energy storage (battery) products and services, energy auditing services, energy management software products and services and commercial solar photovoltaic design and construction.

The Company expanded into energy efficiency services during 2014 as it identified demand for such services as customers looked to reduce their energy consumption and costs. More specifically, the LED lighting retrofit market was identified as both a high-growth market based on various factors including the phase-out of older lighting technologies, attractive government incentive programs in various provinces and states that encourage the adoption of more advanced lighting products and the need to assist our customers in first reducing their electrical load and then actively managing the remaining load via our Gas & Power business.

ONEnergy has developed a strong group of suppliers to address virtually every customer need. In its LED retrofit business, the Company works directly with multiple lighting manufacturers to cover not only the general white lighting market but also application-specific lighting such as lighting for horticulture, food processing and hazardous locations to name a few..

ONEnergy markets its products and services through a combination of its own salesforce and via a network of independent commission-based salespeople.

(c) Geographic focus

The Company's primary geographic focus across all of its businesses is on markets in Canada and the northeast U.S.

Gas & Power has customers in the northeast U.S. markets specifically the Connecticut, Pennsylvania and Massachusetts electricity retailing markets. It operates in two electric distribution service territories in Connecticut, three in Pennsylvania, two in Massachusetts and three in Ohio. Gas & Power has a pending electric supplier licensing application in New York. In Ontario, Gas & Power serves customers at approximately 68 electric LDCs as well as both major gas utilities.

Energy Efficiency has customers with multiple locations throughout Canada.

ONEnergy is continually evaluating new markets which have the appropriate growth and profitability profiles, and additional markets may be pursued by one or more of the ONEnergy or Sunwave branded businesses in the future.

(d) Discontinued operations

Home Comfort

Home Comfort owns and operates a portfolio of furnaces, air conditioners, boilers and ancillary equipment ("HVAC") and water heaters, which are rented to residential customers in Ontario and Alberta, under long-term water heater and HVAC rental programs. In addition, Home Comfort sells and installs HVAC and water heaters directly to residential customers. Since mid-2015, Home Comfort has focused principally on the Ontario new home construction market.

Home Comfort has a long-term financing agreement with Home Trust Company ("Home Trust") for the funding of HVAC and water heater rentals. The Home Trust loan is serviced from the payments received from the end customer over the seven to ten year life of the loan.

In December 2015 the Company formally commenced the process to sell Home Comfort. As at December 31, 2017, December 31, 2016 and December 31, 2015, Home Comfort was classified as held for sale and as discontinued operations. See *Section 7 Discontinued Operations* for additional information and the financial results of Home Comfort.

Gas & Power

ONEnergy's energy retailing business currently involves the sale of electricity to residential and commercial customers in Connecticut, Pennsylvania, Massachusetts and Ohio and the sale of electricity and natural gas to residential and commercial customers in Ontario under long-term fixed-price or variable-priced contracts under the brand name Sunwave Gas & Power™. Gas & Power's strategy is to focus on markets that provide a strong value proposition for its customers while providing the Company with attractive margins and return on capital.

By fixing the price of natural gas or electricity under its fixed-price program for a period of up to five years, ONEnergy's customers reduce or eliminate their exposure to volatility in the price of electricity and natural gas. In certain markets Gas & Power's variable rate products allow customers to maintain competitive rates while retaining the ability to lock into a fixed price at their discretion. Gas & Power also provides its customers with the option of purchasing environmentally-friendly "green" energy in addition to conventionally-produced energy. ONEnergy's general risk management policy is to match the forecast consumption requirements of its customers by purchasing offsetting volumes of natural gas or electricity through either physical or financial transactions in the wholesale markets.

Gas & Power purchases its energy requirements from various wholesale energy markets, including both physical and financial markets, and Gas & Power purchases its wholesale energy requirements at various city gates for natural gas and various utility load zones for electricity. Gas supply and electricity is generally purchased concurrently with the execution of an end-user contract.

Gas & Power's gross margin is derived from the difference between the price charged to its customers and the price paid to its wholesale energy suppliers. Gas & Power also incurs selling expenses to compensate third-party energy brokers as well as telemarketing firms for customer acquisition activities. Customer acquisition costs paid to these third party sales channels are comprised of a combination of hourly charges plus per customer acquired payments for telemarketing, and through a mixture of upfront payments and residual-based payments. All such costs are recognized as expenses in the period incurred. In addition, Gas & Power incurs general, administrative and finance expenses to operate its business.

In Ontario, the natural gas volumes delivered from Gas & Power's wholesale suppliers remain constant throughout the year as required by the local natural gas distribution companies ("LDCs"). During the winter, gas is consumed at a rate that is greater than delivery and, in the summer, deliveries to LDCs on Gas & Power's behalf exceed customer consumption. These volume variances result in either excess or short supply positions that are accrued in a physical balance account with the applicable gas distribution company. Typically, the LDCs require the balance account to be reconciled within defined tolerance bands on an annual basis. In the case of deliveries exceeding consumption, the excess supply may be sold in the spot market resulting in either a gain or loss compared to the weighted average cost of supply. In the case of customer consumption exceeding deliveries, Gas & Power must purchase additional supply in the spot market, resulting in either a gain or loss compared to the weighted average cost of supply. To the extent that the supply balancing is not fully covered through active supply and risk management, Gas & Power's gross margin may be reduced or increased depending on market conditions at the time of balancing.

Gas & Power purchases electricity supply concurrently with the execution of contracts for residential and commercial customers. In some cases Gas & Power is required to aggregate sufficient volume in order to transact in the wholesale supply markets. This introduces a short term execution risk that is managed by Gas & Power pricing policies. The fixed price products are load-shaped, for a single load profile for residential customers and each utility. For a commercial customer, their historical usage data defines their load profile. Gas & Power purchases wholesale energy in the form of on peak and off peak blocks, hedging between 96% and 102% of the actual customer consumption profiles. The LDC provides Gas & Power with historical customer usage which enables Gas & Power to purchase the expected normal customer load. To the extent that balancing requirements are outside of the forecasted purchase, Gas & Power bears the financial responsibility for excess or short supply caused by fluctuations in customer usage within its residential and small commercial portfolio. For its large commercial portfolio, Gas & Power has provisions to pass through large consumption variances relative to historical consumption. To the extent that the supply balancing is not fully covered through active supply and risk management or customer pass-through, Gas & Power's gross margin may be affected by the cost of balancing.

The Company markets its energy commodity products through various sales channels. Gas & Power markets energy commodity to commercial customers in both the U.S. and Canada through a network of direct sales agents who provide customers with a highly interactive and customized sales process. In U.S. residential markets, Gas & Power markets and sells to both residential and commercial customers via the Company's www.gosunwave.com website as well as via state-operated energy shopping websites in Connecticut (www.energizeCT.com), Pennsylvania (www.PApowerswitch.com), Massachusetts (www.cessweb.azurewebsites.net) and Ohio (www.energychoice.ohio.gov). Additionally Gas & Power utilizes both independent telemarketing services and targeted, customized direct mailings to reach potential customers in its chosen U.S. markets.

In November 2017 the Company formally commenced the process to sell Gas & Power. As at December 31, 2017, Gas & Power was classified as held for sale and as discontinued operations. See *Section 7 Discontinued Operations* for additional information and the financial results of Gas & Power.

5. SELECTED ANNUAL INFORMATION

Years ended December 31	2017	2016	2015
Revenue	$ 2,004	$ 1,702	$ 1,159
Income (loss) from continuing operations	(3,762)	3,013	(5,462)
Loss from discontinued operations	(4,429)	(494)	(4,311)
Total income (loss)	(8,191)	2,519	(9,773)
Total comprehensive income (loss)	(8,145)	2,577	(9,605)
Income (loss) per share from continuing operations, basic and diluted	(0.16)	0.13	(0.23)
Total assets	30,060	34,679	28,010
Total non-current financial liabilities	-	111	243

2017 vs 2016

Revenue rose in 2017 as a result of continued organic growth in the Energy Efficiency business.

Income from continuing operations in 2016 included a legal settlement of $7,175 reached with certain of the defendants to the Statement of Claim against former officers and directors and $270 of asset impairment losses related to PVL. Excluding the legal settlement and the impairment loss, loss from continuing operations would have been $3,892 in 2016, consistent with the loss from continuing operations in 2017.

The Company's assets are comprised primarily of its cash, restricted cash, accounts and other receivables, property and equipment, and intangible assets. Total assets decreased by 13% in 2017 from 2016.

The Company's non-current financial liabilities are comprised of energy derivatives which was presented as held for sale in 2017.

2016 vs 2015

Revenue rose in 2016 reflecting the full year of PVL.

Income from continuing operations in 2016 included a legal settlement of $7,175 reached with certain of the defendants to the Statement of Claim against former officers and directors and $270 of asset impairment losses related to PVL. Excluding the legal settlement and the impairment loss, loss from continuing operations would have been $3,892 in 2016, a decrease of $1,570 from 2015.

The Company's assets are comprised primarily of its cash, restricted cash, accounts and other receivables, property and equipment, and intangible assets. Total assets increased by 24% in 2016 from 2015.

The Company's non-current financial liabilities were relatively unchanged from 2015 to 2016.

6. RESULTS OF CONTINUING OPERATIONS

Home Comfort is presented as discontinued operations as it was classified as held for sale as of December 31, 2017, December 31, 2016 and December 31, 2015. Gas & Power is presented as discontinued operations as it was classified as held for sale as of December 31, 2017. Home Comfort and Gas & Power are therefore excluded from the operating results presented below.

Selected financial information

Years ended December 31	2017	2016
Loss and comprehensive loss		
Revenue	**$ 2,004**	$ 1,702
Cost of sales	**2,096**	1,388
Gross margin	**(92)**	314
Selling	**1,001**	1,632
General and administrative	**2,534**	2,587
Finance income	**2**	31
Finance cost	**(131)**	(11)
Impairment loss on assets	**-**	(270)
Legal settlement	**-**	7,175
Income (loss) from continuing operations	**(3,762)**	3,013
Income (loss) per share from continuing operations – basic and diluted	**(0.16)**	0.13

As at December 31	2017	2016
Financial position		
Current assets	**$ 1,055**	$ 13,553
Non-current assets	**205**	1,021
Current liabilities	**11,074**	15,387
Non-current liabilities	**-**	111
Shareholders' equity	**(484)**	7,564

Revenue

Revenue for the year ended December 31, 2017 was $2,004 compared to $1,702 for the year ended December 31, 2016. The increase is a result of the Company's continued organic growth in the Energy Efficiency business.

Cost of sales

Cost of sales for the year ended December 31, 2017 was $2,096 compared to $1,388 for the year ended December 31, 2016. The increase is a result of higher revenue in the Energy Efficiency business.

Selling

Selling for the year ended December 31, 2017 were $1,001 compared to $1,632 for the year ended December 31, 2016.

Selling costs arise from customer aggregation activity including (i) commissions; (ii) other customer acquisition costs; and (iii) management and back-office support costs. A summary of selling expenses is set out below:

Years ended December 31	2017	2016
Commissions	**$ 119**	$ 122
Customer acquisition and marketing	**7**	18
Management and back-office support	**875**	1,492
Total selling expenses	**$ 1,001**	$ 1,632
Personnel costs included in management and back-office support	**$ 338**	$ 964

General and administrative

General and administrative expenses include personnel costs, professional fees, occupancy, information technology, and other administrative overheads for the Company. A summary of the key components of general and administrative expenses is set out below:

Years ended December 31		2017		2016
Personnel	$	**397**	$	1,636
Professional fees		**823**		508
Litigation costs		**1,000**		102
Occupancy		**124**		179
Operations		**13**		23
Other expenses		**128**		78
Depreciation and amortization		**49**		61
Total general and administrative expenses	$	**2,534**	$	2,587

Personnel

Personnel costs include wages, salaries, benefits, separation payments and share-based payments. Personnel costs decreased by $1,239 for the year ended December 31, 2017 compared to the year end December 31, 2016 primarily due to the recognition of the costs of the separation agreement with the Company's former CEO during the first quarter of 2016.

Professional fees

Professional fees are comprised of legal, accounting, audit and consulting fees. Professional fees increased by $315 for the year ended December 31, 2017 compared to the year ended December 31, 2017 due to costs incurred for the Transaction with OZZ Electric Inc. (see *Section 22 Termination of Arrangement Agreement with OZZ Electric Inc.* for additional information).

Former Officer and Director litigation costs

Litigation costs are the legal fees and other related costs to the Statement of Claim as discussed under *Section 16 Former Officer and Director Litigation.* Litigation costs increased by $898 for the year ended December 31, 2017 compared to the year ended December 31, 2016 as the Company prepared for trial against the McGoey Defendants in 2017.

Occupancy

Occupancy costs decreased by $55 for the year ended December 31, 2017 compared to the year ended December 31, 2016 as a Vancouver regional office was sublet in 2017.

Operations

Operations expenses decreased $10 for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Other expenses

Other expenses include costs for investor relations, costs for the shareholders' annual and special meeting, insurance and other general & administrative costs. Other expenses increased by $50 for the year ended December 31, 2017 compared to the year ended December 31, 2016.

Finance income

Interest income recognized on cash and cash equivalents balances for the year ended December 31, 2017 was $2 compared to $31 for the year ended December 31, 2016 reflecting the lower average cash balance during 2017 compared to 2016.

Finance costs

Finance costs were $131 for the year ended December 31, 2017 compared to $11 for the year ended December 31, 2016 as a result of interest on the convertible note payable entered into during 2017.

Impairment loss on assets

An impairment loss of $270 was recognized during the year ended December 31, 2016 to reduce the carrying amount of goodwill, intangible assets and capital assets related to PVL to $NIL as the PVL operations were closed in December 2016.

Legal settlement

A legal settlement of $7,175 was reached with certain of the defendants to the Statement of Claim against former officers and directors. The settlement was received on April 1, 2016 and recognized during the first quarter of 2016. See *Section 16 Former Officer and Director Litigation* for additional information.

Income (loss) from continuing operations

Loss from continuing operations amounted to $3,762 or $0.16 per basic and diluted share for the year ended December 31, 2017. Income from continuing operations amounted to $3,013 or $0.13 per basic and diluted share for the year ended December 31, 2016.

7. DISCONTINUED OPERATIONS

(a) *Home Comfort*

In December 2015 the Company formally commenced the process to sell Home Comfort. Home Comfort has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. As a result, management has decided this is a non-core business. At December 31, 2017, December 31, 2016 and December 31, 2015 Home Comfort was classified as held for sale and as a discontinued operation.

During 2015, the Company reviewed a number of proposals to acquire Home Comfort. In December 2015, Cricket Energy Holdings Inc. ("Cricket") expressed an interest in acquiring Home Comfort. As an indication of their interest, Cricket advanced $1,109 in cash and working capital support during the year ended December 31, 2017. The advances carry no interest and are repayable on demand. The balance outstanding as at December 31, 2017 was $3,478 (December 31, 2016 - $3,808). On March 9, 2017, the Company entered into a letter of intent ("LOI") with Cricket whereby Cricket will acquire Home Comfort for $8,300. One of Cricket's significant shareholders is also a shareholder of ONEnergy. The purchase price will be satisfied with cash and a promissory note. In addition, the Company will deliver a promissory note to Cricket for the working capital advances outstanding on closing. The promissory notes will be non-interest bearing and will be payable on demand. The disposition of Home Comfort was approved by shareholders at a special meeting of shareholders held on September 28, 2017 (the "Special Meeting"). Cricket and the Company are currently negotiating a definitive agreement (the "Home Comfort Sale Agreement") which will set forth the detailed terms of Home Comfort's sale to Cricket. The Home Comfort Sale Agreement was expected to be executed in conjunction with the completion of the Transaction with OZZ Electric Inc. However, the Transaction was terminated due to circumstances beyond the Company's control (see *Section 22 Termination of Arrangement Agreement with OZZ Electric Inc.* for additional information). The sale is subject to final regulatory approval and is expected to close during 2018.

Results of operations

Home Comfort's revenue is comprised of rental revenue from its portfolio of HVAC and water heater rental equipment. This is supplemented with equipment sales. Revenue for the year ended December 31, 2017 was $2,414 compared to $2,745 for the year ended December 31, 2016.

Home Comfort's cost of sales is comprised of amortization of the rental equipment cost and, for equipment sales, the cost of the equipment and installation. Home Comfort's cost of sales for the year ended December 31, 2017 was $11 compared to $71 for the year ended December 31, 2016.

Loss from discontinued operations amounted to $813 or $0.03 per basic and diluted share for the year ended December 31, 2017. Loss from discontinued operations amounted to $312 or $0.01 per basic and diluted share for the year ended December 31, 2016.

(b) Gas & Power

In November 2017 the Company formally commenced the process to sell Gas & Power. Gas & Power has been operating in a highly competitive environment which has seen its major competitors consolidate, making it difficult for management to derive real growth and profitability from the segment. As a result, management has decided this is a non-core business. The disposal of Gas & Power is due to be completed within the next 12 months. At December 31, 2017 Gas & Power was classified as held for sale and as a discontinued operation.

Results of operations

Gas & Power's revenue for the year ended December 31, 2017 was $44,016 compared to $34,609 for the year ended December 31, 2016. The increase is a result of higher average number of electricity customers from net new customer additions, particularly in the Pennsylvania market. Revenue is derived from sales of natural gas and electricity to customers in Ontario and sales of electricity in Connecticut, Pennsylvania, Massachusetts and Ohio. U.S. operations contributed $40,520 of revenues for 2017 compared to $31,481 for 2016.

Gas & Power's cost of sales is comprised of the cost of natural gas or electricity, along with costs to deliver to the LDCs. Cost of sales for the year ended December 31, 2017 was $43,107 compared to $30,844 for the year ended December 31, 2016. Margins were impacted throughout 2017 as a result of a mild winter in the first quarter followed by a mild summer during the third quarter. ISO New England also increased capacity costs significantly during the third quarter. Increased competition in Gas & Power's primary sales channel created further margin compression and higher customer attrition as selling prices decreased at various times during the year. The Company enters into financial swap contracts and forward contracts for electricity in order to manage exposures to changes in electricity prices. The Company experienced $427 of losses for the year ended December 31, 2017 compared to $428 of losses for the year ended December 31, 2016 under these contracts.

Loss from discontinued operations amounted to $3,616 or $0.15 per basic and diluted share for the year ended December 31, 2017. Loss from discontinued operations amounted to $182 or $0.01 per basic and diluted share for the year ended December 31, 2016.

8. ADJUSTED EARNINGS FROM CONTINUING OPERATIONS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("ADJUSTED EBITDA")

The following table reconciles Adjusted EBITDA to net loss from continuing operations for the respective periods as determined under IFRS:

Years ended December 31		**2017**		2016
Income (loss) from continuing operations	**$**	**(3,762)**	$	3,013
Add/(subtract)				
Depreciation and amortization		**81**		122
Finance income		**(2)**		(31)
Finance costs		**131**		11
Foreign exchange loss		**6**		7
Impairment loss on assets		**-**		270
Legal settlement		**-**		(7,175)
Adjusted EBITDA[1]	**$**	**(3,546)**	$	(3,783)

[1] Management views Adjusted EBITDA as an important measure of operating performance of the Company; however, since Adjusted EBITDA does not have any standardized meaning prescribed by IFRS, it may not be considered in isolation of IFRS measures such as (1) net loss, as an indicator of operating performance, or (2) cash flows from operating, investing and financing activities, as a measure of liquidity. We believe, however, that it is an important measure as it allows us to assess our ongoing business without the impact of depreciation or amortization expenses as well as non-operating factors. It is intended to indicate our ability to incur or service debt and invest in capital assets while allowing us to compare our business to our peers and competitors. This measure is not a defined term under IFRS and might not be comparable to similar measures presented by other issuers.

9. QUARTERLY FINANCIAL RESULTS FROM CONTINUING OPERATIONS

The table below sets out financial information from continuing operations for the past eight quarters:

	2017				2016			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	**$ 294**	$ 159	$ 914	$ 637	$ 290	$ 715	$ 129	$ 568
Cost of sales	**587**	210	785	514	258	551	123	456
Gross margin	**(293)**	(51)	129	123	32	164	6	112
Operating expenses before the undernoted	**(19)**	978	1,283	1,212	448	1,162	717	1,770
Adjusted EBITDA	**(274)**	(1,029)	(1,154)	(1,089)	(416)	(998)	(711)	(1,658)
Depreciation and amortization	**(18)**	(22)	(20)	(21)	(24)	(27)	(35)	(36)
Finance income	**-**	-	1	1	6	8	12	5
Finance costs	**(74)**	(50)	(2)	(5)	(5)	(3)	(1)	(2)
Unrealized foreign exchange gain (loss)	**(13)**	6	6	(5)	(1)	(2)	-	(4)
Impairment loss on assets	**-**	-	-	-	(270)	-	-	-
Legal settlement	**-**	-	-	-	-	-	-	7,175
Income (loss) from continuing operations	**$ (379)**	$ (1,095)	$ (1,169)	$ (1,119)	$ (710)	$ (1,022)	$ (735)	$ 5,480
Earnings (loss) per share from continuing operations								
Basic and diluted	**$ (0.02)**	$ (0.04)	$ (0.05)	$ (0.05)	$ (0.03)	$ (0.04)	$ (0.03)	$ 0.23

Analysis of the Fourth Quarter

Revenue

Revenue for the three months ended December 31, 2017 was $294 compared to $290 for the same period in 2016.

Cost of sales

Cost of sales for the three months ended December 31, 2017 was $587 compared to $258 for the same period in 2016. The increase is a result of obsolescence charges for the Energy Efficiency inventory incurred during the three months ended December 31, 2017.

Operating expenses

Operating expenses, excluding depreciation and amortization, for the three months ended December 31, 2017 was a recovery of $19 compared to a cost of $448 for the same period in 2016 primarily due to the reversal of personnel-related accruals during the three months ended December 31, 2017.

Finance income

Interest income recognized on cash and cash equivalents balances for the three months ended December 31, 2017 was $NIL compared to $6 for the three months ended December 31, 2016.

Finance costs

Finance costs were $74 for the three months ended December 31, 2017 compared to $5 for the three months ended December 31, 2016. The increase is primarily a result of interest on the convertible note payable entered into during 2017.

Impairment loss on assets

An impairment loss of $270 was recognized during the three months ended December 31, 2016 to reduce the carrying amount of goodwill, intangible assets and capital assets related to PVL to $NIL as the PVL operations were closed in December 2016.

Loss from continuing operations

Loss from continuing operations amounted to $379 or $0.02 per basic and diluted share for the three months ended December 31, 2017. Loss from continuing operations amounted to $710 or $0.03 per basic and diluted share for the three months ended December 31, 2016.

10. LIQUIDITY AND CAPITAL RESOURCES

The following sources of funding for future expenditures are expected by management to be available: (i) existing cash and working capital; (ii) internally generated cash flow from operations; (iii) borrowing capacity under our Shell Energy credit facility; (iv) external debt financing; and (v) new equity capital through the issuance of additional shares.

The Company's total cash liquidity is $268 comprised of cash. Unrestricted cash was $268 at December 31, 2017 compared with $2,746 at December 31, 2016. Restricted cash was $NIL at December 31, 2017 compared to $3,240 at December 31, 2016 as the restricted cash related to Gas & Power was reclassified to assets held for sale as of December 31, 2017. Cash was used to grow the Energy Efficiency business and to support operating activities in Home Comfort and Gas & Power.

As at December 31, 2017, the Company has an accumulated deficit of $41,408 (December 31, 2016 - $33,217), including a net loss of $8,191 for the year ended December 31, 2017 (net income of $2,519 for the year ended December 31, 2016). To address its financing needs, the Company will work towards concluding the previously announced sale of its Home Comfort business, entering into and concluding the sale of the Gas & Power business as well as securing additional debt and/or equity financing. Whether and when the Company can achieve the above is uncertain. As a result, there is material uncertainty related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

There can be no assurance that the Company will have sufficient capital to fund its ongoing operations or develop and deploy any further products without future financing. If adequate funds are not available or the Company is unable to obtain additional customers and contracts, the Company may have to substantially reduce or eliminate planned expenditures and seek additional financing from shareholders or lenders. If the Company is unable to obtain additional financing when and if required, the Company may be unable to continue operations.

Under the credit facility agreements Shell Energy has provided Gas & Power credit arrangements for its Canadian and U.S. operations. Under the Canadian revolving credit facility Shell Energy provides Gas & Power with advances of up to $1,000 for commodity purchases and financial derivatives and related services. Interest is payable on outstanding advances at 4% plus the greater of: (i) 3% or (ii) LIBOR. Under the U.S. revolving credit and collateral credit facilities Shell Energy provides Gas & Power with advances of up to US$15,000 for commodity purchases, certain working capital uses, collateral security support and financial derivatives and related services. Interest is payable on outstanding advances under the revolving credit facility at 4% plus the greater of: (i) 3% or (ii) LIBOR, and under the collateral credit facility at 4% plus the greater of: (i) 4% or (ii) LIBOR. On December 31, 2017, LIBOR was 1.69% (December 31, 2016 – 1.00%). An additional interest rate penalty of 0.50% applies to all facilities in the event that Gas & Power were to be in default of certain financial covenants. Interest is repayable in the month following the month that advances were made. Principal on the revolving credit facility is repayable in the month following the month that advances were made. Principal on the collateral credit facility is repayable by November 20, 2018. No further advances can be made after November 20, 2018.

The agreements are secured by a general security agreement and a pledge of Gas & Power's assets and subject to certain covenant restrictions. As at December 31, 2017, Gas & Power was non-compliant with two covenants in the Shell credit agreements. An additional interest rate penalty of 0.5% is applied until Gas & Power becomes compliant with this covenant.

As at December 31, 2017, Gas & Power had $4,081 (US$3,253) (December 31, 2016 - $1,911) outstanding under the U.S. collateral credit facility and $648 (US$517) (December 31, 2016 - $NIL) outstanding under the U.S. revolving credit facility. In 2016 and 2017, no advances were drawn on the Canadian credit facilities. Under the U.S. credit facilities, amounts are available in US$5,000 tranches depending on monthly delivered volumes. As at December 31, 2017, a total of US$5,000 (December 31, 2016 – US$5,000) was available to be drawn on these facilities. Under the Canadian credit facilities, a total of $1,000 (December 31, 2016 - $1,000) was available to be drawn. Interest is provided at 8.0% per annum on the collateral credit facility plus an interest penalty of 0.5%; and at 7.0% per annum on the revolving credit facility plus an interest penalty of 0.5%.

As partial consideration for entering into the agreements above, Gas & Power has agreed to provide Shell Energy with a "participation" payment based upon the performance of Gas & Power during the term of the agreements. A participation payment is payable to Shell Energy upon Gas & Power reaching certain milestones such as customer count thresholds, an acquisition of control of Gas & Power, a disposition of Gas & Power's assets or a material public share issuance by Gas & Power or the Company. The payment is based on a certain percentage of Gas & Power's equity value at the time of the triggering event. The payment, if and when triggered, is a one-time event. For clarity, the calculation of the payment is based on Gas & Power's equity value at the time of the triggering event, and not upon the equity value of the Company. Given that various events could result in the achievement of triggering milestones, and that the milestones that would trigger a payment may occur at any point over the life of the agreements, as at December 31, 2017 and December 31, 2016 management does not believe it is reasonably possible to estimate either the timing or the amount of such participation payment. No amount for a participation payment to Shell Energy has been accrued as at December 31, 2017 and December 31, 2016.

The credit facility has been reclassified to liabilities relating to assets held for sale.

Home Comfort has a long-term financing agreement with Home Trust for the funding of HVAC and water heater rentals. Under the Home Trust agreement, Home Comfort receives funds equal to the amount of the seven or ten year cash flow (depending on product) of the HVAC and water heater contracts discounted to present value at the contracted rate, which is currently 8.9%. The Home Trust loan is serviced from the payments received from the rental customer over the 7 to 10 year life of the loan. The loan is secured by each rental agreement, the related equipment and a cash reserve held by Home Trust.

The change in cash is summarized as follows:

Years ended December 31	**2017**	2016
Cash provided by (used in) operating activities of continuing operations	**$ (548)**	$ 3,966
Cash provided by (used in) investing activities of continuing operations	**3,240**	(648)
Cash provided by financing activities of continuing operations	**925**	3,728
Effect of foreign currency translation	**(384)**	(2)
Increase in cash from continuing operations	**3,233**	7,044
Decrease in cash from operating activities of discontinued operations	**(5,711)**	(5,474)
Increase (decrease) in cash	**$ (2,478)**	$ 1,570

Cash used in operating activities of continuing operations for the year ended December 31, 2017 was $548 compared to cash provided by operating activities of continuing operations of $3,966 for the year ended December 31, 2016, a decrease of $4,514. The decrease was primarily a result of income from continuing operations decreasing by $6,775 and impairment loss on assets decreasing by $270 offset by non-cash operating assets and liabilities increasing by $2,639.

Cash provided by investing activities of continuing operations for the year ended December 31, 2017 was $3,240 as a result of restricted cash reclassified to assets held for sale as of December 31, 2017. This compares to cash used in investing activities of continuing operations for the year ended December 31, 2016 of $648 made up of purchases of equipment of $11 and an increase in restricted cash of $637. Restricted cash is cash collateral held as security for letters of credit issued by and other initiatives of the Company.

Cash provided by financing activities of continuing operations for the year ended December 31, 2017 was $925 compared to cash provided by financing activities of continuing operations of $3,728 for the year ended December 31, 2016. The provision of cash in 2017 was comprised of proceeds from the convertible note payable and promissory note payable of $1,271 net of repayments of advances from Cricket of $330 and finance costs of $16. The provision of cash for 2016 was comprised of proceeds from advances from Cricket of $3,808 net of repurchase of shares of $60 and principal repayments and interest of $20.

11. OFF-BALANCE SHEET ARRANGEMENTS

Gas & Power is required to post financial assurance in order to operate in certain states or utility service territories. Energy Efficiency is required, on certain contracts, to post financial assurance to assure satisfactory completion of its installation contracts. The Company has issued letters of credit to satisfy the financial assurance requirement. If these letters of credit were withdrawn by the Company, it would be required to post another form of financial assurance satisfactory to the regulatory agency or utility in order to continue to operate in that electricity retailing market, or to the customer in order to secure the contract. The Company has deposited $1,569 with a financial institution as security for outstanding letters of credit. As at December 31, 2017, the Company has $1,554 (December 31, 2016 - $1,441) in outstanding letters of credit.

12. SHARE CAPITAL

As at December 31, 2017 there were 23,975 Common Shares issued and outstanding (December 31, 2016 – 23,975).

The Company announced its intention to make a Normal Course Issuer Bid ("NCIB") to repurchase up to 1,209 of its Common Shares from October 12, 2015 to October 7, 2016 through the facilities of the TSX Venture Exchange ("Exchange"). During the year ended December 31, 2016, the Company purchased 147 Common Shares for cancellation through the facilities of the Exchange pursuant to the NCIB compared to 60 Common Shares for the year ended December 31, 2015. The NCIB expired on October 7, 2016 and was not extended by the Company.

In determining diluted income (loss) per share for the years ended December 31, 2017 and 2016, the weighted average number of shares outstanding was not increased for stock options outstanding as they are considered anti-dilutive.

13. STOCK BASED COMPENSATION

Stock option plans

For the year ended December 31, 2017, stock option costs totaling $97 were incurred related to employees and contractors, compared to $282 for 2016. The options were recognized as selling expenses and general and administrative expenses and have been recorded in contributed surplus.

The Company did not grant any options to purchase Common Shares of the Company during year ended December 31, 2017.

Deferred share units

For the year ended December 31, 2017, deferred share units ("DSUs") totaling $50 were granted to a non-executive director compared to $85 granted to non-executive directors for 2016. The DSUs were recognized as general and administrative expenses and recorded as current liabilities.

14. TAX LOSSES

The Company's tax attributes may be utilized by the Company in its future operations, or may be utilized by a potential acquirer to offset income, provided certain tests are satisfied including those related to a change in control of the Company.

Deferred taxes, in respect of the Company's loss carry-forwards, are recognized to the extent that it is probable that they can be utilized. The Company has the following Federal non-capital income tax losses from continuing operations, which may be carried forward to reduce future years' taxable income. These losses will expire in the taxation years ending December 31 as follows:

Year	Amount
2028	5,084
2029	115,583
2030	5,748
2031	19,992
2032	3,457
2033	3,702
2034	2,967
2035	3,290
2037	3,593
	$ 163,416

15. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

The Company's key management personnel are comprised of the Board of Directors and members of the executive team of the Company.

Years ended December 31		**2017**		2016
Salaries, bonuses, fees, separation payments and short-term employee benefits	$	**620**	$	1,353
Stock-based compensation		**128**		335
	$	**748**	$	1,688

(b) Promissory note payable

During November and December 2017, the Company entered into agreements to issue $210 of promissory notes (the "Promissory Notes"). The Promissory Notes bear interest at 8% per annum and mature on March 31, 2018. Included in the Promissory Notes is $100 advanced by a director.

16. FORMER OFFICER AND DIRECTOR LITIGATION

On July 6, 2011, the Company issued a Statement of Claim (the "Claim") in the Ontario Superior Court of Justice (the "Court") against certain former directors and certain former officers of Look in connection with the payment of approximately $20,000 of "restructuring awards" accrued in fiscal 2009 and paid during the first quarter of fiscal 2010 (the "Sale Awards"), of which approximately $15,700 was paid to the directors and senior officers named in the Claim (or their personal holding companies, as applicable) from the net proceeds of approximately $64,000 realized by the Company on the sale of its spectrum license in 2009. The former officers and directors named in the Claim collectively resigned effective July 21, 2010.

The Company also issued a Statement of Claim against McMillan LLP ("McMillan") on August 20, 2012 (the "McMillan Claim"). The McMillan Claim seeks recovery of the advances paid in June of 2010 in the amount of $1,550, which were paid to McMillan and other law firms before the former directors and officers resigned on July 21, 2010.

On October 14, 2015 the Company reached a conditional settlement (the "Proposed Settlement"), subject to Court approval, with certain defendants to the Claim. On November 18, 2015, the Company reached a conditional settlement with McMillan ("McMillan Settlement") that is contingent on the Court approval of the Proposed Settlement. The Court convened to review the proposal on November 19, 2015, however did not issue a decision on the Proposed Settlement and did not schedule a new trial date. On March 1, 2016, the Ontario Superior Court of Justice released a decision approving the Proposed Settlement by which the Company will recover, along with the McMillan Settlement, a total of $7,175. The Company received the funds on April 1, 2016, following a 30 day appeal period.

The Proposed Settlement does not include the Company's former CEO Gerald McGoey and his personal service company Jolian Investments Limited (collectively the "McGoey Defendants"). The Claim against the McGoey Defendants was limited to their proportionate and several liability for up to a maximum of $5,600 (being the amounts they received from the Company) plus the McGoey Defendants' proportionate and several share of amounts paid by the Company as advances to law firms for the payment of legal fees and expenses.

The trial against the McGoey Defendants began on April 10, 2017 and concluded on May 23, 2017. On June 1, 2017, Justice Conway of the Ontario Superior Court of Justice granted judgment in favour of the Company against the McGoey Defendants, in the amount of $5,766 plus legal costs and interest, for breach of fiduciary duty in respect of the decision of the former board of directors of the Company to award certain equity cancellation payments and performance bonuses to Look's senior management and directors. The judgment also grants both a constructive trust and a tracing order over the damages owing.

On June 27, 2017, the McGoey Defendants filed a Notice of Intention to Make a Proposal under the Bankruptcy and Insolvency Act, and had until September 9, 2017 to make a proposal subject to order of the court. The deadline to file a proposal was extended to October 24, 2107 and further extended to November 14, 2017, by which date a proposal (the "Proposal") was filed with the court. In connection with the Proposal, the Company filed a Proof of Claim in respect of the amounts owing. At the General Meeting of Creditors ("Creditors' Meeting") held on

December 12, 2017, creditors who were qualified to vote at the Creditors' Meeting did not approve the Proposal with the result that the McGoey Defendants were each deemed to have thereupon made an assignment in bankruptcy. The Company is now pursuing its collection effort through the bankruptcy process.

On June 30, 2017, the McGoey Defendants filed a Notice of Appeal with the Court of Appeal for Ontario. ONEnergy expects the appeal to be heard in 2018 and is confident the appeal will be dismissed.

17. OPERATING RISKS AND UNCERTAINTIES

Management of capital

The Company's overall strategy with respect to management of capital is to maintain financial flexibility to support profitable growth and expansion into new markets. ONEnergy considers capital to be primarily cash, credit facility, long-term debt and shareholders' equity.

The Company invests its capital in high-return bank accounts to obtain adequate returns, targeted asset acquisitions and new infrastructure to support expansion into new markets. During 2017 and 2016, the Company used a combination of cash, credit facility financing and debt financing to meet its investment strategy. The investment decision is based on cash management to ensure working capital is available to meet the Company's short-term obligations while maximizing liquidity and returns of unused capital.

Financial instruments and risk management

The Company's activities may expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate, foreign currency risk and commodity and equity price risk).

Risk management is carried out by the Company's management team with guidance from the Audit Committee and the Risk Management Committee under policies approved by the Board of Directors. The Board of Directors also provides regular guidance for overall risk management.

Electricity and natural gas derivatives

The Company has entered into contracts with customers to provide electricity or natural gas at either variable or fixed prices, with the majority of the electricity and natural gas provided by the Company to customers pursuant to fixed price contracts. Fixed price contracts expose the Company to changes in market prices of electricity and natural gas as the Company is obligated to purchase the electricity or natural gas at floating wholesale market prices for the electricity or natural gas consumed by its customers. To reduce its exposure to short-term and long-term movements in commodity prices arising from the procurement of electricity or natural gas at floating prices, the Company uses derivative financial and physical contracts to secure fixed price commodity supply to cover its estimated fixed price delivery. The derivative financial contracts are fixed-for-floating swaps whereby the Company agrees with a counterparty, principally Shell Energy, to cash settle the difference between the floating price and the fixed price on a notional quantity of electricity for a specified time frame. The cash flow from these instruments is expected to be effective in offsetting the Company's price exposure and serves to fix the Company's wholesale cost of electricity or natural gas to be delivered to the customer. The Company remains subject to commodity risk for any volumetric differences between the actual quantities used by customers and the forecasted quantities upon which the commodity hedging is based.

Realized swap settlements under derivative instruments are included in cost of sales in the Gas & Power results. Unrealized gains or losses resulting from changes in the fair value of the swaps, generally referred to as mark-to-market gains or losses, have been recognized as the change in fair value on derivative instruments in the Gas & Power results.

The fair value of derivative financial instruments is the estimated amount that the Company would pay or receive to dispose of these derivative instruments in the market, in the unlikely event that the Company was required to dispose of its derivative instruments. The Company has estimated the value of derivative instruments using market-based forward wholesale price curves.

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 obligations. Financial instruments, which are potentially subject to credit risk for the Company, consist primarily of cash and accounts and other receivables.

Credit risk associated with cash is minimized by ensuring this financial asset is placed with financial institutions with high credit ratings.

The LDCs provide billing & collection services and assume the risk of any bad debts from customers for a fee. Therefore, the Company receives the collection of customer account balances directly from the LDCs. Management believes that the risk of the LDCs failing to deliver payment to the Company is minimal. For Home Comfort, in markets where LDCs do not provide billing & collection services for a fee, the customer is billed directly by Home Comfort. The Company's customers are individually insignificant and geographically dispersed. The Company currently believes that its susceptibility to an individually significant write-off as a result of concentrations of customer accounts receivable with those LDCs is remote. For Energy Efficiency, the Company receives deposits in advance of performing installations thereby reducing its overall exposure on individual projects, such that the Company is not susceptible to an individually significant write-off.

The Company's maximum exposure to credit risk at the end of the reporting period under its financial instruments is summarized as follows:

Years ended December 31		**2017**		2016
Accounts and other receivables				
Current	**$**	**6,943**	$	6,149
31- 90 days		**283**		184
Over 90 days		**98**		63
	$	**7,324**	$	6,396

All of the Company's cash is held with major financial institutions in Canada and in the U.S., and management believes the exposure to credit risk with these institutions is not significant. The Company's maximum assessed exposure to credit risk, as at December 31, 2017 and 2016, is the carrying value of its accounts and other receivables.

Liquidity risk

Liquidity risk is the risk the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled in cash or other financial assets. The Company's approach is to ensure it will have sufficient liquidity to meet operations, tax, capital, regulatory requirements and obligations, and debt repayments under both normal and stressed circumstances. Cash flow projections are prepared and reviewed by management to ensure a sufficient continuity of funding exists.

Contractual Obligations

In the normal course of business, ONEnergy is obligated to make future payments under various non-cancellable contracts and other commitments.

The Company's financial liabilities are comprised of its accounts payable and accrued liabilities, payments received in advance of consumption, derivative instruments, credit facility, notes payable, long-term debt and commitments. As at December 31, 2017, the payments due by period, excluding liabilities relating to assets classified as held for sale, are set out in the following table:

	Payment due by period			
	Less than one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 6,210	$ -	$ -	**$ 6,210**
Advances from Cricket Energy Holdings Inc.	3,478	-	-	**3,478**
Convertible note payable	1,183	-	-	**1,183**
Promissory note payable	203	-	-	**203**
Commitments	54	204	-	**258**
	$ 11,128	**$ 204**	**$ -**	**$ 11,332**

Interest rate risk

The Company is exposed to interest rate fluctuations associated with its floating rate credit facility. The Company's current exposure to interest rate risk does not economically warrant the use of derivative instruments and the Company does not currently believe that it is exposed to material interest rate risk.

Currency risk

Foreign currency risk is created by fluctuations in the fair value or cash flows of financial instruments due to changes in foreign exchange rates and exposure as a result of the Company's U.S. operations.

Although the Company is headquartered in Ontario, the majority of the Company's customers and revenues are in the U.S. A material portion of ONEnergy's income is generated in U.S. dollars and will be subject to currency fluctuations.

ONEnergy may, from time to time, experience losses resulting from fluctuations in the values of its foreign currency transactions, which could adversely affect its operating results. Translation risk is not hedged. With respect to translation exposure, if the Canadian dollar had been 5% stronger or weaker against the U.S. dollar for the year ended December 31, 2017, assuming that all the other variables had remained constant, comprehensive loss would have been \$182 lower/higher (2016 – comprehensive income \$42 higher/lower).

Fair Values

IFRS 7 Financial Instruments: Disclosures requires disclosure of a three-level hierarchy ("FV hierarchy") that reflects the significance of the inputs used in making fair value measurements and disclosures. Fair values of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include those whose valuations are determined using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are those based on inputs that are unobservable and significant to the overall fair value measurement.

The fair values of short-term financial assets and liabilities, including cash, restricted cash, accounts and other receivables, accounts payable and accrued liabilities, payments in advance of consumption and credit facility as presented in the consolidated statements of financial position, approximate their carrying amounts due to the short period to maturity of these financial instruments.

Supplier Risk

Gas & Power purchases all of the natural gas and electricity delivered to its customer through long-term contracts entered into with various suppliers. The Company has an exposure to supplier risk as the ability to continue to deliver natural gas and electricity to its customers is reliant upon ongoing operations of these suppliers and their ability to fulfill their contractual obligations.

Both Home Comfort and Energy Efficiency work with multiple vendors for the sourcing of their products, and neither are reliant on a single supplier for any material amount of products or services.

18. OTHER RISK FACTORS

In addition to operating risks described in *Section 17 Operating Risks and Uncertainties* are other risk and uncertainties that ONEnergy can foresee. This list is not intended to be an exhaustive list, as some future risks may be yet unknown and other risks, currently regarded as immaterial, could turn out to be material.

Electricity supply – balancing risk

It is the Company's policy to procure the estimated electricity requirements of its customers with offsetting electricity derivatives. Depending on several factors, including weather, the Company's customers may use more or less electricity than the volume purchased by the Company for delivery to them. The Company is able to invoice some of its existing electricity customers for balancing charges or credits when the amount of energy used is greater than or less than the amount of energy that the Company has estimated. For other customers, the Company bears the risk of fluctuation in customer consumption. In addition, under certain circumstances, there can be balancing issues for which the Company is responsible when customer aggregation forecasts are not realized. The inability or failure of the Company to manage and monitor these balancing risks could have a material adverse effect on its operations and cash flow.

Natural gas supply – balancing risk

It is the Company's policy to procure the estimated gas requirements of its customers with offsetting gas purchases (see *Section 17 Operating Risks and Uncertainties – Financial Instruments and Risk Management – Electricity and Natural Gas Derivatives*) in advance of obtaining customers. Depending on several factors including weather, the Company's customers may use more or less gas than the volume purchased by the Company for delivery to them. The Company does not invoice its natural gas customers for balancing and, accordingly, bears the risk of fluctuation in customer consumption. The Company monitors gas consumption and actively manages forecast differences in customer consumption due to weather variations as well as forecast LDC balancing requirements. To the extent that forecast balancing requirements are beyond initial estimates, the Company will bear financing responsibility, be exposed to market risk and, furthermore, may also be exposed to penalties by the LDCs. The inability or failure of the Company to manage and monitor these balancing risks could have a material adverse effect on its operations and cash flow.

Restrictive covenants and the terms of the Shell Energy agreements may make it more difficult for us to operate.

The terms of the Shell Energy agreements may constrain the ability of the Company to operate because it must comply with certain financial, organizational, operational and other covenants. Among other things, the Shell Energy agreements may restrict the Company's ability to undertake the following activities or subject to the approval of Shell Energy:(i) deal with other energy suppliers; (ii) enter into hedging transactions (iii) amend or terminate material contracts; (iv) amend or modify its Risk Management Policy; (v) make capital expenditures; (vi) invest in or acquire certain other businesses or entities; (vii) enter new markets and expand its business; (viii) enter into certain commercial transactions; (ix) incur indebtedness, suffer liens or grant security on its assets; (x) sell, liquidate or dissolve its assets; (xi) merge, amalgamate or consolidate with another entity; and (xii) release any utility, LDC or Independent system operator ("ISO") from its contractual obligations.

A default under the Shell Energy agreements could impact our business.

The Shell Energy agreements contain numerous covenants by the Company, including covenants relating to the operation and conduct of its business, ownership and maintenance of assets, regulatory approvals and licenses, compliance with laws, delivery of financial information, the incurrence of indebtedness, its Risk Management Policy, the maintenance of certain financial ratios, and restrictions on undertaking certain transactions without Shell Energy's consent. A breach of any of the covenants in the Shell Energy agreements constitutes an event of default, subject to cure periods in limited circumstances. Additional events of default include the revocation of certain licenses, exceeding certain exposure limits, the loss of key employees, the existence of unsatisfied judgments in excess of a threshold, the termination of material contracts and change of control. Upon an event of default, Shell Energy is entitled to suspend its performance under or terminate the Shell Energy agreements, including the supply of energy to the Company under the Shell Energy agreements. In addition, Shell Energy may elect not to enter into any further transactions under the Shell Agreements unless the representations and warranties contained in the Shell Energy agreements are true and correct and there has not been a material adverse change (as defined in the Shell Energy agreements). Any such termination or election not to enter into further transactions by Shell Energy would likely have an adverse economic impact on the business of the Company.

Our business is dependent on our contracts with our commodity suppliers and their inability to perform their obligations under the contracts could adversely affect our margins on electricity and natural gas sales.

Our business model is based on contracting for supply of natural gas and electricity, through physical and financial transactions, to fix margins. If our commodity suppliers experience financial difficulties or are otherwise unable to perform their obligations to us, we may suffer losses, including as a result of being unable to secure energy supply on a timely basis. As a result, our ability to earn margins on electricity and natural gas sales could be affected. If the Company cannot identify an alternative supply of natural gas and electricity in a timely manner, our business will be adversely affected as the Company may not be able to meet its obligations to its customers.

We may suffer economic losses where risk management policies and programs do not work as planned.

The Company's risk management programs may not work as planned. For example, actual electricity and natural gas prices may be significantly different or more volatile than the historical trends and assumptions upon which the Company based its risk management calculations. In addition, unforeseen market disruptions could decrease market depth and liquidity, negatively impacting the Company's ability to enter into new transactions. Similarly, interest rates or foreign currency exchange rates could change in significant ways that the Company's risk management procedures were not designed to address. As a result, the Company cannot always predict the impact that its risk management decisions may have on its business if actual events result in greater losses or costs than predicted by the Company's risk models, or if there is greater than expected volatility in the Company's results of operations.

In addition, the Company's trading, marketing and hedging activities are exposed to counterparty credit risk and market liquidity risk. If counterparties fail to perform, the Company may be forced to enter into alternative arrangements at then-current market prices. In that event, the Company's results of operations may be adversely affected.

Our business is reliant on the services provided by LDCs, and any disruptions to these services could adversely impact our results of operations and cash flow.

LDCs provide many essential services to the Company, including energy delivery, billing and collections and meter reading. The Company is reliant on LDCs to deliver the electricity and natural gas that it sells to customers. LDCs are reliant upon the continuing availability of existing distribution infrastructure. Any disruptions in this infrastructure could result in the Company invoking force majeure clauses in its contracts. Under such severe circumstances there would be no revenue or gross margin to report for the affected areas as the Company would have no alternative way to deliver energy to its customers.

The Company is reliant on LDCs to perform billing and collection services in utility consolidated billing markets, which includes paying the Company for its energy service delivered to customers. If LDCs cease to perform these services, the Company would have to seek a third party billing provider or develop internal systems and processes to perform these functions, which may require a significant capital expenditure and increased operating expenses to support the internal billing and collections functions.

The Company is reliant on LDCs to measure and record customer electricity and natural gas meter usage rates, which is used to calculate commodity charges billed to the customer. If the LDCs do not accurately measure or record customer usage rates and the customer is under-billed relative to their actual usage rates, the Company may not receive full payment for energy that has been supplied to its customers.

There can be no assurance that the practices or policies of LDCs in the future will not limit the growth or profitability of the Company.

Financing agreement

Home Comfort has entered into a long-term financing agreement with respect to the installation of water heaters, air conditioners, and furnaces. In the event this financing became unavailable, the Company would have to otherwise fund the Home Comfort business, and there is no assurance that such replacement financing would be available to the Company on acceptable terms or at all.

We operate in a highly competitive market and our customers may switch to another retail energy provider or to the LDC.

A number of retail energy providers compete with the Company in the residential and commercial markets. It is possible that the existing competition and additional new entrants may compete directly for the customer base that the Company targets, slowing growth or reducing its market share. It is also possible that new entrants may be better capitalized, or that their existing customer base will provide them with a competitive advantage over the Company. Changes in customer behaviour, government regulation or increased competition may affect (potentially adversely) attrition and retention rates in the future, and these changes could adversely impact the future cash flow or margin of the Company.

Our revenues and results from operations may fluctuate on a seasonal and quarterly basis as a result of our high concentration of residential customers.

The Company's revenues and results of operations may fluctuate significantly on a seasonal basis depending on the demand for electricity and natural gas. Generally, demand for electricity peaks in winter and summer months while demand for natural gas peaks in the winter months for residential customers. The impact may be exaggerated as a result of extreme weather conditions, resulting in variances in forecasted electricity and natural gas consumption. Depending on prevailing market prices for electricity and natural gas, these and other unexpected circumstances may reduce our revenues and results of operations.

Customers may not widely accept retail energy providers as their energy supplier.

The Company believes that its profitability and growth will depend upon the broad acceptance of retail energy providers in North America. There can be no assurance that customers will widely accept retail energy providers as their energy supplier. The acceptance of our products may be adversely affected by our ability to offer a competitive value proposition, concerns relating to product reliability, general resistance to change, and price of alternative methods of supply (e.g. residential and commercial solar programs). Unfavourable publicity involving customer experiences with other retail energy providers could also adversely affect its acceptance. Market acceptance could also be affected by regulatory developments. The failure of retail energy providers to achieve deep market penetration may have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is required to be licenced by the regulatory body in each market in which we operate, and the denial of a new licence or revocation of an existing licence may impact the Company's financial results.

In each state and province in which we operate, the Company is required to be licenced by the relevant regulators. The Company's expansion strategy is dependent on continuing to be licenced in existing markets and receiving approval for additional licences in new and existing markets. For example, at the current time, the Company is in the process of applying for electricity licences in New York. If the Company is denied new licences, has a licence revoked or is not granted renewal of a licence, the Company's financial results may be negatively impacted.

Changes by regulators to the utility service rate may affect the Company's ability to remain competitive.

The Company considers the utility service rate in each market to be the competitive benchmark for our products. The utility service rate in each state or province is regulated by the regulators. From time to time, utilities and government agencies propose changes to the utility service rate structure which may impact the Company's ability to offer a competitive value proposition to customers, which may increase customer attrition and negatively impact the Company's financial performance.

The utility service rate may not reflect actual wholesale energy market conditions, which may make the Company's value proposition for customers less competitive.

The Company considers the utility service rate in each market to be the competitive benchmark for our products. The utility service rate in each state or province is regulated by the regulators. In many of the states in which the Company operates, the utility service rate charged to customers is set yearly, quarterly, or monthly by the utility and is based on the price paid by the utility to procure electricity or natural gas for that period of time, which may have occurred over a period of up to three years. As a result, the service rate does not necessarily reflect actual market conditions, which may create circumstances where the Company is unable to offer a competitive value proposition to the customer and, as a result, may increase customer attrition and negatively impact the Company's financial performance.

The Company and its predecessors have limited historical data that can be utilized to assess the performance of the Company.

The Company acquired several operating businesses starting in 2013, including Sunwave (2013), Home Comfort (2014) and PVL (2015). Each of these acquisitions have a limited operating history from which investors can evaluate its business and prospects.

The Company's prospects must be considered in light of the risks and uncertainties encountered by an early stage business, and in rapidly evolving markets such as the retail electricity and natural gas markets. Some of these risks relate to the Company's potential inability to: effectively manage its business and operations; recruit and retain key personnel; successfully maintain a low-cost structure as it expands the scale of its business; manage rapid growth in personnel and operations; develop new products that complement its existing business; and successfully address the other risks it faces.

If the Company cannot successfully address these risks, its business, future results of operations and financial condition may be materially adversely affected.

Our business is dependent on information systems to support business operations, and any failures or disruptions in our information systems could have a material adverse effect on our results of operations.

The Company is dependent on third party information systems to track, monitor and correct or otherwise verify a high volume of data to ensure the accuracy of our sales, financial, accounting and other data. The Company has arrangements with various third parties to provide support for its energy load forecasting, electronic data interchange services, billing services and various marketing channels. Management also relies on information systems to provide the Company's independent contractors with updated marketing and compensation information and record each customer interaction. Our business and results of operations could be materially adversely affected if any of our information systems fail or have other significant shortcomings. We may also be subject to disruptions of our informational systems arising from events that are wholly or partially beyond our control (such as natural disasters, acts of terrorism, epidemics, computer viruses and telecommunications outages). Third party systems on which we rely could also suffer disruptions. Any failure of the information systems on which we rely or our failure to maintain and upgrade our information systems could have a material adverse effect on our business and results of operations.

Our expansion strategy involves numerous risks that could impact our viability and harm our business.

The Company plans to grow its business by expansion in new and existing deregulated markets through organic growth and acquisitions. The Company's expansion strategy involves numerous risks, which could harm the Company's business and results of operations, including: difficulties in integrating, supporting and transitioning customers' accounts; difficulties in realizing value from the expansion of new and existing products and marketing channels; assets of the target company may exceed the value the Company realizes, or the value it could have realized if it had allocated the purchase price or other resources to another opportunity; risks of entering new markets or customer segments in which the Company has limited or no experience or are outside its core competencies; and inability to generate sufficient revenue to offset acquisition or expansion costs.

The Company may require additional financing should an appropriate acquisition be identified and it may not have access to the funding required for the expansion of its business or such funding may not be available to the Company on acceptable terms. Future acquisitions or expansion could result in the incurrence of additional debt and related interest expense, as well as unforeseen liabilities, all of which could have a material adverse effect on business, results of operations and financial condition. The failure to successfully evaluate and execute acquisitions or otherwise adequately address the risks associated with acquisitions could have a material adverse effect on the Company's business, results of operations and financial condition. There can be no assurance that the Company will determine to pursue any acquisition or that such an opportunity, if pursued, will be successful.

The Company will incur increased costs as a result of complying with the reporting requirements, rules and regulations affecting public issuers.

As a public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, which could adversely affect our business and financial condition.

Our marketing channels may be contingent upon the viability of our independent sales contractors and telemarketing outsourcing arrangements.

Our independent contractors are essential to our commercial sales efforts and to our telemarketing programs in the Gas & Power business. Our ability to increase revenues in the future will depend significantly on the services of our independent contractors. If the Company is unable to attract new independent contractors and retain existing independent contractors, the Company's growth may be materially reduced. There can be no assurance that competitive conditions will allow these independent contractors, who are not employees of the Company, to continue to successfully sign up new customers or independent contractors. Further, if our products are not attractive to, or do not generate sufficient revenue for, our independent contractors, we may lose our existing relationships, which would have a material adverse effect on our business, revenues, results of operations and financial condition. In addition, the decline in landlines reduces the number of potential customers that may be reached by our independent telemarketers and as a result our telemarketing sales channel may become less viable, which may materially impact our business and results of operations.

Our independent contractors may expose us to risks.

We are subject to reputational risks that may arise from the actions of our independent sales contractors that are wholly or partially beyond our control, such as violations of our marketing policies and procedures as well as any failure to comply with applicable laws and regulations. In the case of our Gas & Power and Home Comfort businesses, if our independent contractors engage in marketing practices that are not in compliance with local laws and regulations, we may be in breach of applicable laws and regulations which may result in regulatory proceeding or the revocation of our energy retailer licence, which would materially impact our results of operations.

Our independent contractors are essential to our marketing channels and sales. Independent contractors are not considered employees under the applicable tax rules. The Company monitors and complies with regulations in the applicable tax rules regarding the tax status of independent contractors. If the applicable tax rules was amended in a way that altered the employment status of independent contractors, or if the Company was successfully challenged by the tax authority or its independent contractors regarding the employment status of our independent contractors, our independent contractors could be considered employees of the Company. This could result in adverse financial consequences to the Company.

Risks Relating to the Legal and Regulatory Environment

The Company operates in markets in which government and utility incentives or rebates are an important factor in purchasing decisions by our customers.

In many of the markets served by both Energy Efficiency and Home Comfort, attractive government and utility incentives are available to our customers. These incentives, which are intended to speed the adoption of more energy efficient equipment, are provided by government agencies or utilities and generally take the form of cash rebates on the purchase price of a product. The availability of such rebates is often a significant factor in the purchasing decision process for our customers, and as such the reduction or elimination of such incentives could negatively impact the ability of Energy Efficiency or Home Comfort to sell their products and services.

If energy deregulation is reversed or discontinued, the Company's prospects and financial condition could be materially adversely affected.

In some retail energy markets, legislators, government agencies and other interested parties have made proposals to change the use of market-based pricing, re-regulate areas of these markets that have previously been competitive, or permit electricity delivery companies to construct or acquire generating facilities. Although the Company generally expects retail electricity and natural gas markets to continue to be competitive, other proposals to re-regulate this industry may be made, and legislative or other actions affecting the electricity and natural gas restructuring process may cause the process to be delayed, discontinued or reversed in markets in which the Company currently operates or may in the future operate.

The Company operates in regulated industries and is exposed to legislative and regulatory risks that could harm the Company's interests.

The Company currently operates in the regulated retail electricity and natural gas sectors in each of its relevant jurisdictions. The Company must comply with the legislation and regulations in these jurisdictions in order to maintain its licenced status to continue its operations and to expand to new markets and/or products. Further, the Home Comfort business is required to comply with various laws and regulations relating to sales to residential customers as well as compliance with telemarketing laws and regulations. Regulatory compliance affects how quickly we can expand organically or through acquisitions. Compliance is costly and we may be prohibited from expanding or operating if we fail to comply with regulations. There is potential for changes to the legislation and regulatory requirements that may unfavourably impact the Company's business model. As part of doing business through the Company's various marketing channels, the Company receives complaints from customers. The failure of the Company to successfully resolve complaints could result in sanctions by the regulators, such as a loss of a licence, which would have a material adverse effect on the Company. Increased fragmentation of the retail energy industry, resulting in a greater number of energy retail providers operating in the same jurisdictions as the Company, may result in more customer complaints and heightened customer protection legislation. There can be no assurance that future decisions of federal and provincial or state regulatory bodies having jurisdiction over the Company's business activities, or rules enacted by them, or new legislation or regulations or changes to existing legislation or regulations, will not adversely affect the operations or cash flow of the Company. There can be no assurance that future decisions of the regulatory bodies having jurisdiction over the Company's business activities, or rules enacted by them, or new legislation or regulations or changes to existing legislation or regulations, including any change in regulatory policy, rules, legislation or regulations which would impact the Company's ability to renew customer contracts on the expiration of their term, will not adversely affect the results of operations or cash flow of the Company.

The Company is subject to consumer protection laws and regulations

The Company is subject to consumer protection laws and regulations (including the Consumer Protection Act, 2002 (Ontario)). Although the Company believes that it is in compliance with such consumer protection laws and regulations in all material respects, given the likelihood that regulatory determinations could favour consumers in the event of any ambiguity in such laws or regulations (of which there are many), no assurance can be given that the Company will be able to comply with such laws or regulations. Furthermore, changes to any of the consumer protection laws and regulations could have a significant impact on the Company's business, including its compliance costs. There can be no assurance that the Company will be able to comply with any future laws, rules, regulations and policies or, if it does so comply, what the impact may be on its costs to so comply. Failure by the

Company to comply with applicable laws, rules, regulations and policies may subject it to civil or regulatory proceedings, including fines, injunctions, recalls or seizures, which may have a material adverse effect on the Company's financial condition and results of operations.

Ontario Consumer Protection Act

The Company was subject to charges, and may in the future be subject to regulatory proceedings, under the Consumer Protection Act, 2002 (Ontario) which could cause the Company to incur additional expenditures or modify the way the Company conducts its business. The period of time necessary to address and resolve such charges or to adequately respond to such allegations is uncertain, and these matters could require significant additional attention and resources that could otherwise be devoted to the operation of the Company's business. The outcome with respect to outstanding, pending or future charges, or any future proceedings, cannot be predicted with certainty and may be determined in a manner adverse to the Company or its officers and directors and as a result, could have a material adverse effect on the Company's business, prospects, results of operation and financial condition. Even if the Company prevails in respect of any such charges or proceedings, it could be costly and time-consuming and may divert the attention of management and key personnel from the Company's business operations which could have a material adverse effect on its financial condition and results of operations.

In addition, the Company's insurance coverage may not cover its total liabilities in connection with any charges or proceedings relating to the events and practices that are the subject of such allegations. The Company has indemnity obligations (including for legal expenses) for former and current directors, officers and employees. If the coverage under the Company's insurance policies is not available for all of these matters, the Company may have to self-fund the indemnification amounts owed to such directors and officers.

19. COMMITMENTS AND CONTINGENCIES

(a) Commitments

The minimum payments required under the terms of non-cancellable operating leases are as follows:

December 31, 2017

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 233	$ 365	$ -	**$ 598**
Non-cancellable sublease	(179)	(161)	-	**(340)**
	$ 54	**$ 204**	**$ -**	**$ 258**

December 31, 2016

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 207	$ 598	$ -	**$ 805**
Non-cancellable sublease	(171)	(340)	-	**(511)**
	$ 36	**$ 258**	**$ -**	**$ 294**

(b) Proceedings

In December 2016 the Ontario Ministry of Government and Consumer Services (the "Ministry") laid 16 charges against Home Comfort, 16 charges against two current directors of Home Comfort, and 2 charges against a current employee of Home Comfort, alleging breaches of the Consumer Protection Act, 2002 (Ontario). The Ministry alleges that Home Comfort engaged in unfair practices by making misrepresentations to consumers, that it failed to refund payments to consumers within 15 days of notice of cancellation of a consumer agreement, and failed to provide either consumer agreements or disclosure statements containing all required information to consumers. The directors are alleged to have failed to have taken reasonable care to prevent Home Comfort from committing the offences.

All of the offences are alleged to have occurred during the period between September 2014 and April 2015, inclusive, and relate to the sale of heating, ventilation and air conditioner products to consumers at their homes. Home Comfort no longer utilizes the door to door business model.

The charges against Home Comfort are punishable by a maximum fine of $250 per count. The maximum fine to which the directors and employee are subject is $50 per count.

Home Comfort attended the Ontario Court of Justice ("Ontario Court") on several dates in November 2017 and the matter was resolved with nominal fines to Home Comfort. All charges against Home Comfort's directors and employee were withdrawn by the Ministry.

(c) Contingencies

In the normal course of its operations, the Company may be subject to other litigation and claims.

The Company indemnifies its directors, officers, consultants, and employees against claims and costs reasonably incurred and resulting from the performance of their services to the Company, and maintains liability insurance for its directors and officers.

20. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management's discussion and analysis of operating results and financial condition are made with reference to the Company's audited consolidated financial statements for the year ended December 31, 2017 which have been prepared in accordance with IFRS. The Company's significant accounting policies are summarized in detail in Note 2 of the Company's audited consolidated financial statements for year ended December 31, 2017.

21. ACCOUNTING STANDARDS ISSUED BUT NOT YET APPLIED

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the consolidated financial statements are disclosed below. The Company intends to adopt these standards when they become effective.

The following is a description of the new standards:

IFRS 9, *Financial Instruments* ("IFRS 9") is part of the IASB's wider project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model where the basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The standard is effective for annual periods beginning on or after January 1, 2018. Management's preliminary assessment is the adoption of this standard will not have a significant impact on the consolidated financial statements.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"): In May 2014, the IASB issued IFRS 15 which supersedes existing standards and interpretations including IAS 18, Revenue and IFRIC 13, Customer Loyalty Programs. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs such as IAS 17, Leases. This Standard requires revenue to be recognized in a method that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services. This is achieved by applying the following five steps:

i. Identify the contract with a customer;

ii. Identify the performance obligations in the contract;

iii. Determine the transaction price;

iv. Allocate the transaction price to the performance obligations in the contract; and

v. Recognize revenue when each performance obligation is satisfied.

IFRS 15 also provides guidance relating to the treatment of contract acquisition and contract fulfilment costs.

Management's preliminary assessment that the application of the new standard may have an impact on the reported results, including specifically the treatment of acquiring customer contracts. The treatment of costs incurred in acquiring customer contracts will be impacted as IFRS 15 requires certain contract acquisition costs (such as sales commissions) to be recognized as an asset and amortized into operating expenses over time. Currently, these costs are expensed as incurred.

This standard is effective for annual periods beginning on or after January 1, 2018 and is required to be applied retrospectively.

IFRS 16, *Leases* ("IFRS 16"): In January 2016, the IASB issued IFRS 16 which supersedes IAS 17, Leases. This standard introduces a single lessee accounting model. The new standard will present the initial present value of unavoidable future lease payments as lease assets and lease liabilities on the statement of financial position, including for most leases which are currently accounted for as operating leases. The Standard is effective for annual periods beginning on or after January 1, 2019.

Management is assessing the impact of this standard on the consolidated financial statements. However, management believes that the result will be a significant increase to assets and liabilities, as the Company is required to record a right-of-use asset and a lease liability on the Consolidated Statement of Financial Position for its operating leases. Management also believes there will be a decrease in operating costs due to the reduction of operating lease expense, an increase in finance costs, due to the accretion of the lease liability, and an increase in depreciation and amortization, due to the amortization of the right-of-use asset.

22. TERMINATION OF ARRANGEMENT AGREEMENT WITH OZZ ELECTRIC INC.

On December 21, 2016, ONEnergy announced it entered into an LOI with OZZ Electric Inc. ("OZZ"), which contemplates an acquisition of all of the common shares of OZZ in exchange for the issuance of common shares of a successor corporation to ONEnergy (the "Transaction"). The controlling shareholder of OZZ is also a shareholder of ONEnergy and one of Cricket's significant shareholders. Completion of the Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the Exchange.

On August 10, 2017, ONEnergy, OZZ and OZZ Clean Energy Inc. ("OCE") entered into an arrangement agreement (the "Arrangement Agreement"), whereby ONEnergy, OZZ and OCE propose to effect a plan of arrangement (the "Arrangement") in accordance with Section 182 of the Business Corporations Act (Ontario). Subsequent to entering into the previously announced letter of intent with respect to the proposed Arrangement, ONEnergy and OZZ agreed to include OCE as part of the proposed Arrangement. OCE is a private company that is an affiliate of OZZ.

At the Special Meeting held on September 28, 2017, the shareholders approved the Arrangement. On August 14, 2017, the Ontario Superior Court (the "Court") granted interim approval of the Arrangement. On October 4, 2017, after receiving shareholder approval, the Company received final approval of the Arrangement from the Court.

The Arrangement Agreement was contingent on completing several conditions precedent, including the completion of a proposed minimum financing of $23,000 (the "Minimum Financing") to finance the combined entity. Several conditions precedent were not completed, including the Minimum Financing which could not be completed on favourable terms acceptable to the parties to the Arrangement, and as a result, on November 13, 2017, the parties to the Arrangement entered into an agreement mutually terminating the Arrangement.

23. STANLEY H. HARTT

Stanley H. Hartt, an independent member of the Company's Board of Directors, passed away on January 3, 2018. Mr. Hartt was appointed to the Board of Directors in 2013 and was the Chair of the Company's Compensation and Human Resources Committee, as well as a member of the Audit & Corporate Governance Committee.

It is the current intention of the Company to continue with a Board of Directors comprised of three members being Mr. Letwin, David Rattee and Lawrence Silber. Messrs. Rattee and Silber are independent directors.

24. SIGNIFICANT EVENTS

On April 26, 2018, the Company announced it entered into an LOI with Suske Capital Inc. ("Suske Capital"), on behalf of certain Suske Capital subsidiaries and other entities (collectively, the "Suske Parties"), that outlines the basic terms and conditions of a proposed reorganization of ONEnergy and a subsequent business combination (the "Transaction") with the Suske Parties. Completion of the Transaction would potentially result in a reverse takeover and change of business of the Company under the policies of the Exchange.

The LOI will be followed by negotiations between ONEnergy and Suske Capital, on behalf of the Suske Parties, that are expected to result in a definitive agreement ("Definitive Agreement"), which will set forth the detailed terms and conditions of the Transaction as are customary for transactions of this nature.

25. ADDITIONAL INFORMATION

Additional information regarding the Company's financial statements and corporate documents is available on SEDAR at www.sedar.com and on the Company's website at www.ONEnergyinc.com.

ONEnergy Inc.

SHAREHOLDER INFORMATION

Board of Directors

Chairman of the Board
Stephen J.J. Letwin
President & CEO, IAMGOLD Corporation

Directors
David Rattee
Corporate Director

Lawrence Silber
Partner, Kelly Santini LLP

Officers
Stephen J.J. Letwin
Chairman

Ray de Ocampo
Chief Financial Officer

Robert K. Weir
Chief Operating Officer

Auditors
BDO Canada LLP
60 Columbia Way, Suite 300
Markham ON L3R 0C9
(905) 946-1066

Transfer Agent and Registrar
Computershare Investor Services Inc.
100 University Street, 8th Floor
Toronto, Ontario M5J 2Y1
(416) 885 9858

Shareholder enquiries
ONEnergy Inc. Investor Relations
155 Gordon Baker Road, Suite 301
Toronto, ON M2H 3N5
(416) 444-4848
irinfo@onenergyinc.com

Stock exchange listing
ONEnergy's shares are listed on Tier 1 of the TSX Venture Exchange under the symbol OEG

139 East Fourth
EM740
Cincinnati, Ohio 45202

May 22, 2018

Sunwave Gas and Power has the following amount held with Duke Energy for Collateral as of May 22, 2018.

Electric Energy Collateral = $13,500

Sunwave Gas and Power has met the Collateral obligations for Duke Energy Corporation.

Donna Burns

Duke Energy Corp
Certified Supplier Business Center
Donna.Burns@Duke-Energy.com

Exhibit C5

Sunwave USA Holdings Inc. dba Sunwave Gas & Power Ohio Inc.
Balance Sheet
As at March 31, 2018
Stated in U.S. dollars
UNAUDITED

ASSETS	
Current Assets	
Cash and cash equivalents	1,332
Restricted Cash	20,257
Accounts and other receivables	13,255
Inventory	
Natural gas delivered in excess of consumption	
Prepaid expenses and deposits	
Current portion of energy derivative asset	
Total current assets	34,844
Non-Current Assets	
Energy derivative asset	
Property and equipment	
Intangible asset	
Goodwill	
Investment in subsidiaries	
Total non-current assets	
Total assets	34,844
LIABILITIES	
Current Liabilities	
Accounts payable and accrued liabilities	528
Payments received in advance of consumption	
Credit Facility	
Current portion of obligation under finance lease	
Current portion of energy derivative liability	
Current portion of long-term debt	
Convertible Note Payable	
Promissory Note Payable	
Due to related party	
Intercompany payable (receivable)	51,320
Total current liabilities	51,848
Non-Current Liabilities	
Obligation under finance lease	
Energy derivative liability	
Long-term debt	
Total non-current liabilities	
Total liabilities	51,848
SHAREHOLDERS' EQUITY	
Share capital	*1,000*
Contributed Surplus	
Accumulated other comprehensive income	61
Deficit	(18,065)
Total shareholders' equity	(17,004)
Total liabilities and shareholders' equity	34,844

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Sunwave USA Holdings Inc. dba Sunwave Gas & Power Ohio Inc.
Income Statement
For the 3 months ended March 31, 2018
Stated in U.S. dollars
UNAUDITED

Revenue	22,789
Cost of sales	20,977
Gross margin	1,812
Customer acquisition	
Customer service	
Sales & marketing	66
Operations	389
People costs	
Litigation	
Legal	
Professional fees	518
Consulting fees	
Occupancy	
Insurance	
Travel & entertainment	
Office & general	
Public company costs	355
Settlement	
Total expenses	1,328
Adjusted EBITDA	484
Depreciation & amortization	
Change in fair value of derivative instruments	
Finance cost	(69)
Finance income	30
Gain (loss) on disposal	
Impairment of assets	
Foreign exchange gain (loss)	
Gain on legal settlement	
Cost allocation	-
Net income (loss) before income taxes	444
Income tax recovery (expense)	
Net income (loss)	444
Other comprehensive income (loss)	
Total comprehensive income (loss)	444

Exhibit C-6 Credit Rating

Sunwave does not have a credit rating

Exhibit C7 Credit Report

NA

There is no credit report from Experion, Dun and Bradstreet or a similar organization

Exhibit C 8 Bankruptcy Information

NA

Exhibit C 9 Merger Information

NA

Exhibit C 10 Corporate Structure