Unaudited Interim Condensed Consolidated Financial Statements of

ONEnergy Inc.

As at and for the three months ended June 30, 2017

Notice of No Audit or Review of Interim Financial Statements

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

The accompanying interim condensed consolidated financial statements of ONEnergy Inc. (the "Company") have been prepared by and are the responsibility of the Company's management and have been approved by the Company's Board of Directors. The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

ONEnergy Inc.

Interim Condensed Consolidated Statements of Financial Position
(Unaudited, in thousands of Canadian dollars)

As at	Note	**June 30, 2017**	December 31, 2016
Assets			
Current assets			
Cash		**$ 1,652**	$ 2,746
Restricted cash		**4,209**	3,240
Accounts and other receivables		**6,633**	6,044
Inventory		**423**	610
Natural gas delivered in excess of consumption		**61**	187
Prepaid expenses and deposits		**119**	208
Current portion of energy derivatives	13	**-**	518
		13,097	13,553
Assets classified as held for sale	5	**18,104**	20,105
		31,201	33,658
Non-current assets			
Energy derivatives	13	**9**	3
Property and equipment		**238**	277
Intangible assets		**52**	195
Goodwill		**546**	546
Total assets		**$ 32,046**	$ 34,679
Liabilities and Shareholders' Equity			
Current liabilities			
Accounts payable and accrued liabilities		**$ 9,322**	$ 9,423
Payments received in advance of consumption		**46**	144
Credit facility	6	**3,974**	1,911
Advances from Cricket Energy Holdings Inc.	5	**4,659**	3,808
Current portion of energy derivatives	13	**770**	101
		18,771	15,387
Liabilities relating to assets classified as held for sale	5	**10,097**	11,617
		28,868	27,004
Non-current liabilities			
Energy derivatives	13	**262**	111
		29,130	27,115
Shareholders' equity			
Share capital	8	**39,236**	39,236
Contributed surplus		**1,322**	1,273
Accumulated other comprehensive income		**280**	272
Deficit		**(37,922)**	(33,217)
		2,916	7,564
Total liabilities and shareholders' equity		**$ 32,046**	$ 34,679

Commitments and contingencies (note 12)

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

Approved by the Board of Directors:

(Signed) – *David Rattee*
Director

(Signed) – *Stanley H. Hartt*
Director

ONEnergy Inc.

Interim Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Unaudited, in thousands of Canadian dollars, except per share amounts)

		Three months		Six months	
Periods ended June 30	Note	**2017**	2016	**2017**	2016
Continuing Operations					
Revenue	9	**$ 10,966**	$ 7,201	**$ 22,607**	$ 15,337
Cost of sales	9,10	**10,068**	6,308	**21,075**	13,268
Gross margin		**898**	893	**1,532**	2,069
Expenses					
Selling	10	**712**	934	**1,451**	1,979
General and administrative	10	**1,647**	856	**3,076**	2,594
		2,359	1,790	**4,527**	4,573
Loss before the undernoted		**(1,461)**	(897)	**(2,995)**	(2,504)
Other gains (expenses)					
Change in fair value of derivative instruments	13	**(357)**	1,138	**(1,359)**	(152)
Finance income		**6**	14	**12**	20
Finance cost		**(75)**	(44)	**(139)**	(93)
Foreign exchange gain (loss)		**(11)**	1	**(14)**	(4)
Legal settlement	12	**-**	-	**-**	7,175
Income (loss) from continuing operations		**(1,898)**	212	**(4,495)**	4,442
Discontinued Operations					
Income (loss) from discontinued operations	5	**(162)**	394	**(210)**	676
Total income (loss)		**(2,060)**	606	**(4,705)**	5,118
Other Comprehensive Income (loss)					
Item that may subsequently be reclassified to profit or loss					
Unrealized gain (loss) on translation of foreign operations		**10**	(19)	**8**	(8)
Other comprehensive income		**10**	(19)	**8**	(8)
Total comprehensive income (loss)		**$ (2,050)**	$ 587	**$ (4,697)**	$ 5,110
Earnings (loss) per share from continuing operations					
Basic and diluted	8	**$ (0.08)**	$ 0.01	**$ (0.19)**	$ 0.18
Earnings (loss) per share attributable to shareholders					
Basic and diluted	8	**$ (0.09)**	$ 0.03	**$ (0.20)**	$ 0.21
Weighted average number of shares outstanding					
Basic and diluted (in thousands)	8	**23,975**	24,122	**23,975**	24,122

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

ONEnergy Inc.

Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
(Unaudited, in thousands of Canadian dollars)

	Share capital (note 8)				Accumulated other	
	Shares	Amount	Deficit	Contributed surplus	comprehensive income	Shareholders' equity
Balance as at January 1, 2016	24,122	$ 39,477	$ (35,736)	$ 810	$ 214	$ 4,765
Net income for the period	-	-	5,118	-	-	5,118
Other comprehensive income	-	-	-	-	(8)	(8)
Stock compensation (note 8)	-	-	-	218	-	218
Balance as at June 30, 2016	**24,122**	**$ 39,477**	**$ (30,618)**	**$ 1,028**	**$ 206**	**$ 10,093**
Balance as at January 1, 2017	23,975	$ 39,236	$ (33,217)	$ 1,273	$ 272	$ 7,564
Net loss for the period	-	-	(4,705)	-	-	(4,705)
Other comprehensive income	-	-	-	-	8	8
Stock compensation (note 8)	-	-	-	49	-	49
Balance as at June 30, 2017	**23,975**	**$ 39,236**	**$ (37,922)**	**$ 1,322**	**$ 280**	**$ 2,916**

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

ONEnergy Inc.

Interim Condensed Consolidated Statements of Cash Flows

(Unaudited, in thousands of Canadian dollars)

		Three months		Six months	
Periods ended June 30	Note	**2017**	2016	**2017**	2016
Cash flows from the following:					
Operating activities					
Income (loss) from continuing operations		**$ (1,898)**	$ 212	**$ (4,495)**	$ 4,442
Items not affecting cash					
Depreciation of property and equipment		**18**	35	**38**	71
Amortization of intangible assets		**71**	78	**143**	155
Change in fair value of energy derivatives	13	**357**	(1,138)	**1,359**	152
Finance costs		**75**	44	**139**	93
Stock based compensation	8	**24**	30	**49**	218
Cash flows provided by (used in) operating activities of discontinued operations		**512**	601	**1,273**	1,129
Change in non-cash operating assets and liabilities	11	**(188)**	5,670	**(386)**	690
Cash provided by (used in) operating activities		**(1,029)**	5,532	**(1,880)**	6,950
Investing activities					
Decrease (increase) in restricted cash		**(865)**	(99)	**(969)**	20
Purchase of equipment		**-**	(5)	**-**	(11)
Cash flows provided by (used in) investing activities of discontinued operations		**11**	(1,198)	**946**	(2,303)
Cash used in investing activities		**(854)**	(1,302)	**(23)**	(2,294)
Financing activities					
Finance costs paid		**(65)**	(43)	**(129)**	(92)
Proceeds from credit facility		**11,433**	5,283	**20,864**	10,311
Repayments of credit facility		**(9,251)**	(4,877)	**(18,662)**	(9,905)
Increase in advances from Cricket Energy Holdings Inc.		**507**	-	**851**	-
Repayment of obligation under finance lease		**-**	-	**-**	(8)
Cash flows provided by (used in) financing activities of discontinued operations		**(889)**	(932)	**(1,949)**	(1,896)
Cash provided by (used in) financing activities		**1,735**	(569)	**975**	(1,590)
Effect of foreign currency translation		**(139)**	(12)	**(166)**	(131)
Increase (decrease) in cash		**(287)**	3,649	**(1,094)**	2,935
Cash and cash equivalents, beginning of period		**1,939**	462	**2,746**	1,176
Cash and cash equivalents, end of period		**$ 1,652**	$ 4,111	**$ 1,652**	$ 4,111

The accompanying notes are an integral part of the interim condensed 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 unaudited interim condensed 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"); and
(d) ONEnergy USA Holdings 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™. 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 June 30, 2017 and December 31, 2016; see note 5. 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 unaudited interim condensed consolidated financial statements were approved for issue by the Board of Directors on August 29, 2017.

2. Summary of significant accounting policies

Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain disclosures normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed. Accounting policies and methods of their application followed in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those used in the audited consolidated financial statements for the year ended December 31, 2016.

Basis of presentation

The notes presented in these unaudited interim condensed consolidated financial statements include only significant events and transactions and do not include all required disclosures as required under IFRS as issued by the IASB. The unaudited interim condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2016.

The unaudited interim condensed consolidated financial statements are presented in Canadian dollars, the functional currency of the Company, and all values are rounded to the nearest thousand, except per share amounts.

The unaudited interim condensed 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 unaudited interim condensed 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 June 30, 2017, the Company has an accumulated deficit of $37,922 (December 31, 2016 - $33,217), including a net loss of $2,060 and $4,705 for the three months and six months ended June 30, 2017, respectively (net income of $606 and $5,118 for the three months and six months ended June 30, 2016, respectively). To address its financing needs, the Company will work towards concluding the previously announced sale of its Home Comfort business and its acquisition of OZZ Electric Inc. 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.

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.

Principles of consolidation

The unaudited interim condensed 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.

3. Significant accounting judgments, estimates and assumptions

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited consolidated financial statements for the year ended December 31, 2016.

4. Accounting standards issued but not yet applied

The IASB has issued the following standards and interpretations not yet adopted by the Company but will have an impact on future periods:

- IFRS 9, *Financial Instruments* – effective for annual periods beginning on or after January 1, 2018.
- IFRS 15, *Revenue from Contracts with Customers* – effective for annual periods beginning on or after January 1, 2018 and is required to be applied retrospectively.
- IFRS 16, *Leases* – effective for annual periods beginning on or after January 1, 2019.

These changes are described in the audited consolidated financial statements for the year ended December 31, 2016. Management continues to assess the impact of each of the Standards on the consolidated financial statements. As at the date of these unaudited interim condensed consolidated financial statements, there have been no significant changes to the disclosure related to the implementation and potential effects of these Standards that was included in the audited consolidated financial statements for the year ended December 31, 2016.

5. Discontinued operations

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 June 30, 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 $507 and $851 in cash and working capital support during the three months and six months ended June 30, 2017, respectively. The advances carry no interest and are repayable on demand. The balance outstanding as at June 30, 2017 was $4,659 (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 sale is subject to regulatory and shareholder approval and is expected to close during 2017. The promissory notes will be non-interest bearing and will be payable on demand.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

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

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Revenue	**$ 602**	$ 693	**$ 1,244**	$ 1,399
Cost of sales	**-**	2	**12**	17
Gross margin	**602**	691	**1,232**	1,382
Expenses				
Selling	**21**	7	**43**	27
General and administrative	**69**	81	**227**	209
	90	88	**270**	236
Income before the undernoted	**512**	603	**962**	1,146
Other gains (expenses)				
Finance income	**-**	-	**-**	1
Finance cost	**(236)**	(294)	**(481)**	(601)
Gain on disposal of equipment	**9**	85	**36**	130
Impairment loss recognized on the remeasurement to estimated fair value less costs to sell	**(447)**	-	**(727)**	-
Income (loss) from discontinued operations	**$ (162)**	$ 394	**$ (210)**	$ 676
Earnings (loss) per share from discontinued operations				
Basic and diluted	**$ (0.01)**	$ 0.02	**$ (0.01)**	$ 0.03

Deferred tax assets have not been recognized for the following:

As at	**June 30, 2017**	December 31, 2016
Non-capital tax loss carry-forwards	**$ 387**	$ 441
Other	**531**	464
	$ 918	$ 905

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

Year	Amount
2032	705
2033	119
2034	359
	$ 1,183

(Unaudited, in thousands of Canadian dollars, except per share amounts)

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

As at	June 30, 2017	December 31, 2016
Assets		
Current assets		
Restricted cash	**$ 615**	$ 867
Accounts and other receivables	**-**	352
Inventory	**-**	11
	615	1,230
Non-current assets		
Property and equipment	**17,489**	18,875
Assets classified as held for sale	**$ 18,104**	$ 20,105
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ -**	$ 52
Current portion of long-term debt (note 7)	**1,759**	1,934
	1,759	1,986
Non-current liabilities		
Long-term debt (note 7)	**8,338**	9,631
Liabilities directly associated with assets classified as held for sale	**$ 10,097**	$ 11,617

6. 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 June 30, 2017, LIBOR was 1.30% (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 June 30, 2017, Gas & Power had $3,974 (US$3,062) (December 31, 2016 - $1,911) outstanding under the U.S. collateral credit facility and $NIL (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 June 30, 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. As at June 30, 2017, Gas & Power was non-compliant with covenants in the Shell credit agreements. An additional interest rate penalty of 0.5% is applied until Gas & Power becomes compliant with this covenant. 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%.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

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 June 30, 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 June 30, 2017 and December 31, 2016.

7. Long-term debt

As at		**June 30, 2017**		December 31, 2016
Equipment financing				
Principal	**$**	**10,078**	$	11,541
Accrued Interest payable		**19**		24
		10,097		11,565
Less: transfer to liabilities relating to assets classified as held for sale (note 5)		**(10,097)**		(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 $615 (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.

8. 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 June 30, 2017 and December 31, 2016	**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, 2017	7.01	733	$ 1.20
Granted		-	-
Forfeited		(5)	0.60
Outstanding as at June 30, 2017	**6.50**	**728**	**$ 1.21**
Exercisable as at December 31, 2016	6.99	486	1.24
Exercisable as at June 30, 2017	**6.48**	**553**	**$ 1.24**

The Company uses the Black-Scholes option pricing model to estimate fair value of options granted. No options were granted during the three months and six months ended June 30, 2017.

(d) Earnings (loss) per share

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Income (loss) from continuing operations	**$ (1,898)**	$ 212	**$ (4,495)**	$ 4,442
Income (loss) attributable to shareholders	**$ (2,060)**	$ 606	**$ (4,705)**	$ 5,118
Weighted average number of shares outstanding (in thousands)	**23,975**	24,122	**23,975**	24,122
Basic and diluted earnings (loss) per share from continuing operations	**$ (0.08)**	$ 0.01	**$ (0.19)**	$ 0.18
Basic and diluted earnings (loss) per share attributable to shareholders	**$ (0.09)**	$ 0.03	**$ (0.20)**	$ 0.21

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 June 30, 2017, of 728 (June 30, 2016 – 841) and Deferred Share Units ("DSUs"), as at June 30, 2017, of 410 have not been factored into the calculation as they are considered anti-dilutive. DSUs, as at June 30, 2016, of 244 have been factored into the calculation.

(e) Deferred share unit plan

During 2017, the Company awarded 66 DSUs to non-executive directors.

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
Outstanding as at January 1, 2017	344	$ 0.47
Granted	66	0.37
Outstanding as at June 30, 2017	**410**	**$ 0.45**

During the three months and six months ended June 30, 2017 the Company recorded compensation expense of $25 (three months ended June 30, 2016 - $8) and $25 (six months ended June 30, 2016 - $53), respectively, related to the DSUs granted. As at June 30, 2017, a liability of $154 (December 31, 2016 - $129) related to the DSUs granted is included in accrued liabilities.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

9. Segment disclosure

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 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 operating results of 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 unaudited interim condensed consolidated financial statements. The Company is not considered to have any key customers.

For the three months ended June 30, 2017

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 10,052	$ -	$ 914	$ 10,966
Cost of sales	9,283	-	785	10,068
Gross margin	769	-	129	898
Selling	463	-	249	712
General and administrative	593	-	1,054	1,647
Loss before the undernoted	(287)	-	(1,174)	(1,461)
Change in fair value of derivative instruments	(357)	-	-	(357)
Finance income	5	-	1	6
Finance cost	(73)	-	(2)	(75)
Foreign exchange gain (loss)	(17)	-	6	(11)
Loss from continuing operations	(729)	-	(1,169)	(1.898)
Discontinued operations (note 5)	-	(162)	-	(162)
Loss for the period	**$ (729)**	**$ (162)**	**$ (1,169)**	**$ (2,060)**

For the three months ended June 30, 2016

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 7,072	$ -	$ 129	$ 7,201
Cost of sales	6,185	-	123	6,308
Gross margin	887	-	6	893
Selling	563	-	371	934
General and administrative	475	-	381	856
Loss before the undernoted	(151)	-	(746)	(897)
Change in fair value of derivative instruments	1,138	-	-	1,138
Finance income	2	-	12	14
Finance cost	(43)	-	(1)	(44)
Foreign exchange gain	1	-	-	1
Income (loss) from continuing operations	947	-	(735)	212
Discontinued operations (note 5)	-	394	-	394
Income (loss) for the period	**$ 947**	**$ 394**	**$ (735)**	**$ 606**

For the six months ended June 30, 2017

(Unaudited, in thousands of Canadian dollars, except per share amounts)

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 21,056	$ -	$ 1,551	$ 22,607
Cost of sales	19,776	-	1,299	21,075
Gross margin	1,280	-	252	1,532
Selling	903	-	548	1,451
General and administrative	1,088	-	1,988	3,076
Loss before the undernoted	(711)	-	(2,284)	(2,995)
Change in fair value of derivative instruments	(1,359)	-	-	(1,359)
Finance income	10	-	2	12
Finance cost	(132)	-	(7)	(139)
Foreign exchange gain (loss)	(15)	-	1	(14)
Loss from continuing operations	(2,207)	-	(2,288)	(4,495)
Discontinued operations (note 5)	-	(210)	-	(210)
Loss for the period	**$ (2,207)**	**$ (210)**	**$ (2,288)**	**$ (4,705)**

For the six months ended June 30, 2016

	Gas & Power	Home Comfort	Corporate and Others	Consolidated
Revenue	$ 14,640	$ -	$ 697	$ 15,337
Cost of sales	12,689	-	579	13,268
Gross margin	1,951	-	118	2,069
Selling	1,099	-	880	1,979
General and administrative	916	-	1,678	2,594
Loss before the undernoted	(64)	-	(2,440)	(2,504)
Change in fair value of derivative instruments	(152)	-	-	(152)
Finance income	3	-	17	20
Finance cost	(90)	-	(3)	(93)
Foreign exchange loss	-	-	(4)	(4)
Legal settlement	-	-	7,175	7,175
Income (loss) from continuing operations	(303)	-	4,745	4,442
Discontinued operations (note 5)	-	676	-	676
Income (loss) for the period	**$ (303)**	**$ 676**	**$ 4,745**	**$ 5,118**

Geographic information

Revenue from continuing operations from external customers:

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Canada	**$ 1,717**	$ 835	**$ 3,462**	$ 2,233
United states	**9,249**	6,366	**19,145**	13,104
	$ 10,966	$ 7,201	**$ 22,607**	$ 15,337

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.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

10. Expenses

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Cost of gas and electricity	**$ 9,283**	$ 6,185	**$ 19,776**	$ 12,689
Cost of equipment sales	**785**	123	**1,299**	579
Selling cost	**186**	237	**400**	535
Personnel	**758**	1,029	**1,475**	2,813
Professional fees	**399**	198	**904**	347
Litigation costs (note 12(b))	**566**	-	**808**	26
Occupancy	**39**	83	**101**	186
Office and other expenses	**322**	130	**658**	440
Depreciation and amortization	**89**	113	**181**	226
	$ 12,427	$ 8,098	**$ 25,602**	$ 17,841

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Reported as				
Cost of sales	**$ 10,068**	$ 6,308	**$ 21,075**	$ 13,268
Selling	**712**	934	**1,451**	1,979
General and administrative	**1,647**	856	**3,076**	2,594
	$ 12,427	$ 8,098	**$ 25,602**	$ 17,841

11. Supplemental cash flow information

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

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Accounts receivable and other receivables	**$ (302)**	$ 6,778	**$ (589)**	$ (376)
Inventory	**152**	(112)	**187**	164
Natural gas delivered in excess of consumption	**(47)**	165	**126**	251
Prepaid expenses and deposits	**61**	18	**89**	16
Accounts payable and accrued liabilities	**(94)**	(1,059)	**(101)**	813
Payments received in advance of consumption	**42**	(120)	**(98)**	(178)
	$ (188)	$ 5,670	**$ (386)**	$ 690

12. Commitments and contingencies

(a) Commitments

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

June 30, 2017

	Less than one year	Between one and five years	More than five years	Total
Non-cancellable lease	$ 221	$ 486	$ -	**$ 707**
Non-cancellable sublease	(179)	(250)	-	**(429)**
	$ 42	**$ 236**	**$ -**	**$ 278**

(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 will be 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 have until September 9, 2017 to make a proposal subject to order of the court. 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 late 2017 or early 2018. ONEnergy 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.

The charges against Home Comfort are punishable by a maximum fine of $250,000 per count. The maximum fine to which the directors and employee are subject is $50,000 per count. Home Comfort is currently reviewing the allegations and disclosure made by the Ministry and at this time is unable to reasonably evaluate the extent of its potential financial exposure, if any. No date has been set for the trial of any of the charges.

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.

(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 6) upon certain triggering events occurring.

13. 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.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

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 period would have been $1,291 lower, whereas if forward spot prices decreased by 10%, loss for the period would have been $1,290 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.

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:

As at	June 30, 2017	December 31, 2016
Accounts and other receivables		
Current	**$ 6,421**	$ 5,812
31- 90 days	**14**	184
Over 90 days	**198**	48
	$ 6,633	$ 6,044

The Company's maximum assessed exposure to credit risk, as at June 30, 2017 and December 31, 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, financial leases, long-term debt and commitments.

(Unaudited, in thousands of Canadian dollars, except per share amounts)

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.

At June 30, 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)	13,888 MWh / 13,055 MWh
Total remaining notional volume	26,943 MWh
Maturity dates	September 30, 2017 to December 31, 2018
Fixed price per MWh (in dollars)	\$16.55 to \$47.34
Fair value favourable/(unfavourable)	\$(244)
Notional value	\$579

Physical electricity forward contracts – U.S.

Notional volumes (on-peak/off-peak)	130,482 MWh / 125,637 MWh
Total remaining notional volume	256,119 MWh
Maturity dates	September 30, 2017 to January 31, 2022
Fixed price per MWh (in U.S. dollars)	\$27.75 to \$60.50
Fair value favourable/(unfavourable)	\$(383)
Notional value	\$9,597

Natural gas forward contracts - Canada

Total remaining notional volume	454,212 GJ
Maturity dates	December 31, 2017 to October 31, 2020
Fixed price per GJ (in dollars)	\$2.29 to \$4.55
Fair value favourable/(unfavourable)	\$(286)
Notional value	\$1,165

Change in fair value of derivative instruments:

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Fixed-for-floating electricity swaps	**\$ (94)**	\$ 39	**\$ (137)**	\$ (63)
Physical electricity forward contracts	**(212)**	979	**(1,000)**	(189)
Natural gas forward contracts	**(51)**	120	**(222)**	100
	\$ (357)	\$ 1,138	**\$ (1,359)**	\$ (152)

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.

(Unaudited, 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 June 30, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 1,652	$ -	$ -	$ 1,652
Restricted cash	4,209	-	-	4,209
Accounts and other receivables	-	6,633	-	6,633
Energy derivatives	-	-	9	9
Financial liabilities				
Accounts payable and accrued liabilities	-	(9,322)	-	(9,322)
Payments received in advance of consumption	-	(46)	-	(46)
Credit facility	-	(3,974)	-	(3,974)
Advances from Cricket Energy Holdings Inc.	-	(4,659)	-	(4,659)
Energy derivatives	-	-	(1,032)	(1,032)
	$ 5,861	**$ (11,368)**	**$ (1,023)**	**$ (6,530)**

As at December 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Cash	$ 2,746	$ -	$ -	$ 2,746
Restricted cash	3,240	-	-	3,240
Accounts and other receivables	-	6,044	-	6,044
Energy derivatives	-	-	521	521
Financial liabilities				
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	-	-	(212)	(212)
	$ 5,986	**$ (9,242)**	**$ 309**	**$ (2,947)**

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:

	Three months		Six months	
Periods ended June 30	**2017**	2016	**2017**	2016
Balance, beginning of period	**$ (684)**	$ (1,798)	**$ 309**	$ (571)
Gains (losses)	**(541)**	337	**(501)**	(300)
Purchases	**(89)**	185	**(128)**	246
Settlements	**291**	603	**(703)**	(48)
Balance, end of period	**$ (1,023)**	$ (673)	**$ (1,023)**	$ (673)

Classification of financial assets and liabilities

As at June 30, 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 and credit facility approximates their fair value due to their short-term nature. The carrying value of the long-term debt 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. As a result of the Company's continued expansion of its U.S. operations, ONEnergy expects to have a greater exposure to U.S. currency fluctuations than in prior years.

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 six months ended June 30, 2017, assuming that all the other variables had remained constant, comprehensive loss would have been $60 lower/higher (six months ended June 30, 2016 – comprehensive income $21 lower/higher).

14. Acquisition of OZZ Electric Inc.

On December 21, 2016, ONEnergy announced it entered into a letter of intent ("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 TSX Venture Exchange (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.

The Arrangement

Commencing at the effective time of the Arrangement, among other things: (a) ONEnergy will sell and transfer to a wholly-owned subsidiary of ONEnergy to be incorporated prior to the closing of the Arrangement ("Newco"), all of ONEnergy's right, title and interest in substantially all of ONEnergy's business and assets and Newco will assume certain of ONEnergy's liabilities in exchange for 5,993,875 common shares of Newco ("Newco Shares"), which ONEnergy will distribute to its non-dissenting shareholders on a pro rata basis; (b) 728,015 outstanding stock options and 410,176 outstanding deferred share units of ONEnergy will be exchanged for 728,015 stock options and 410,176 deferred share units of Newco, respectively, with 0.25 Newco Shares being reserved for issuance pursuant to each such option and deferred share unit; (c) 98,000 outstanding common shares of OZZ (each, an "OZZ Share") (including OZZ Shares issued upon conversion of the Subscription Receipts assuming completion of the Minimum Financing (both as defined below)) will be exchanged for 49,000,000 Newco Shares; and (d) 1,000,000 outstanding common shares of OCE (each, an "OCE Share") will be exchanged for 2,500,000 Newco Shares. ONEnergy shareholders, except for those that duly exercise their rights of dissent pursuant to the Arrangement, will retain their current shares of ONEnergy.

Upon completion of the Arrangement, it is the intention of the parties that Newco will be renamed “OZZ Energy + Infrastructure Inc.” (the “Resulting Issuer”) and its shares (the “Resulting Issuer Shares”) will be listed for trading on the TSX Venture Exchange (the “TSXV”) under the ticker symbol “OZZ”.

ONEnergy has called a special meeting of its shareholders to be held on September 28, 2017 to approve the Arrangement (the “Meeting”). To be effective, the special resolution of the shareholders of ONEnergy approving the Arrangement must be approved by at least 66 2/3% of the votes cast in person or by proxy at the Meeting. Additional details of the Arrangement will be provided to ONEnergy shareholders in a Management Information Circular to be mailed in connection with the Meeting.

15. Subsequent Events

On August 14, 2017, the Company announced that it entered in an agreement to issue $1,200 in convertible notes (“Notes”). The Notes have a 12 month duration, a 12% coupon and will be convertible into common shares of the Company at a conversion rate of $0.50 per share. The Notes 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.