ASSURE HOLDINGS CORP.
(FORMERLY MONTREUX CAPITAL CORP.)
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2017

This Management's Discussion and Analysis ("MD&A") explains the variations in the consolidated operating results and financial position and cash flows of Assure Holdings Corp. ("Assure" or the "Company") as at and for the years ended December 31, 2017 and 2016. This analysis should be read in conjunction with Assure's Consolidated Financial Statements for the years ended December 31, 2017 and 2016 (restated) and related notes (the "Consolidated Financial Statements"). The Consolidated Financial Statements of Assure, and extracts of those Consolidated Financial Statements provided in this MD&A, were prepared in United States dollars and in accordance with International Financial Reporting Standards ("IFRS"). Readers are cautioned that this MD&A contains certain forward-looking information. Please see the "Forward Looking Statements" section below for a discussion of the use of such information in this MD&A.

The Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries Assure Holdings, Inc.; Assure Neuromonitoring, LLC ("Neuromonitoring"); and Assure Networks, LLC ("Networks"). All inter-company balances and transactions have been eliminated on consolidation.

The information in this report is dated as of August 7, 2018.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Our MD&A includes "forward-looking statements" that are subject to risks and uncertainties that may result in actual results differing from the statements we make. Certain information included or incorporated by reference in this report may contain forward-looking statements. This information may involve known and unknown risks, uncertainties, and other factors which may cause our actual results, performance, or achievements to be materially different from the future results, performance, or achievements expressed or implied by any forward-looking statements. Forward-looking statements, which involve assumptions and describe our future plans, strategies, and expectations, are generally identifiable by use of the words "may," "will," "should," "expect," "anticipate," "estimate," "believe," "plan," "intend" or "project" or the negative of these words or other variations on these words or comparable terminology. Certain risks underlying our assumptions are highlighted below; if risks materialize, or if assumptions prove otherwise to be untrue, our results will differ from those suggested by our forward-looking statements and our results and operations may be negatively affected.

Forward-looking statements in this report include statements regarding profitability, additional acquisitions, increasing revenue and adjusted EBITDA, continued growth of our business in line with historical growth rates, trends in our industry, financing plans, our anticipated needs for working capital and leveraging our capabilities. Actual events or results may differ materially from those discussed in forward-looking statements. There can be no assurance that the forward-looking statements currently contained in this report will in fact occur. The Company bases its forward-looking statements on information currently available to it. The Company disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law. Forward-looking information reflects current expectations of management regarding future events and operating performance as of the date of this document. Such information involves significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved.

A number of factors could cause actual results to differ materially from the results discussed in forward-looking information, including, without limitation: our need for additional financing and our estimates regarding our capital requirements, future revenues and profitability; if our patient volume does not grow as expected, or decreases, this could impact revenue and profitability; if we are unable to complete transactions, this could impact our future revenue growth and profitability; unfavorable economic conditions could have an adverse effect on our business; risks related to increased leverage resulting from incurring additional debt; the policies of health insurance carriers may affect the amount of revenue the Company receives; our ability to successfully market and sell our products and services; we may be subject to competition and technological risk which may impact the price and amount of services we can sell and the nature of services we can provide; regulatory changes that are unfavorable in the states where our operations are conducted or concentrated; our ability to comply and the cost of compliance with extensive existing regulation and any changes or amendments thereto; changes within the medical industry and third-party reimbursement policies and our estimates of associated timing and costs with the same; risks related to the Company's reliance on third-party billing and collection companies to appropriately bill healthcare payers and to maximize reimbursement during the collections process; risks related to the Affordable Care Act (the "ACA") or any replacement legislation in terms of patient volume and reimbursement and the corresponding effect on our business; changes in key United States federal or state laws, rules, and regulations; our ability to establish, maintain and defend intellectual property rights; risks related to United States antitrust regulations; risks related to record keeping and confidentiality by our affiliated physicians; our ability to recruit and retain qualified resources to provide our services; risks related to any affiliated physicians leaving our affiliated Provider Network Entities ("PNEs"); our ability to enforce non-competition and other restrictive covenants in our agreements; contracts with PNEs, or other customers may be terminated, or may not be renewed, by the counterparty; risks related to corporate practice of medicine and our ability to renew and maintain agreements our contractors; our ability and forecasts of expansion and the Company's management of anticipated growth; risks related to our dependence on complex information systems; our senior management has been key to our growth and we may be adversely affected if we are unable to retain them, conflicts of interest develop or we lose any key member of our senior management team; risks associated our dependence on third-party suppliers; changes in the industry and the economy may affect the Company's business; risks related to the competitive nature of the medical industry; evolving practices and regulation of corporate governance and public disclosure may result in additional corporate expenses; adverse events relating to our product or services could result in risks relating to product liability, medical malpractice, other legal claims, insurance and other liabilities; various risks associated with legal, regulatory or investigative proceedings; risks associated with governmental or other investigations or inquiries into marketing and other business practices; we are subject to health and safety risks within our industry; our ability to successfully identify and complete future transactions and integrate our acquisitions; anti-takeover provisions create risks related to lost opportunities; we may not continue to attract PNEs and other licensed providers to provide our services resulting in slower than expected growth;

risks associated with the trading of our common shares on a public marketplace which could result in changes to stock prices unrelated to our performance; risks related to the reduction in the reimbursement of our service procedure codes; changes in our effective income tax rates; risks related to our ability to retain and manage third-party service providers; risks related to the failure of our employees and third-party contractors to appropriately record or document services that they provide; risks that while the primary market for the Company's common stock is the TSX Venture Exchange and the Company is a "reporting issuer" in Canada, the Company is a Nevada corporation and its principal business is located in the United States, subject to United States federal and state securities laws, there may be uncertainty regarding the application of the federal and state securities laws to the shares of common stock issued in connection with the qualifying transaction with Assure Holdings, Inc. on May 26, 2017; and risks related to criminal or civil sanctions in connection with failure to comply with privacy regulations regarding the use and disclosure of personal identifiable or other patient information.

OVERVIEW

Assure is a North American company focused on providing physicians with a comprehensive suite of services for Intraoperative Neuromonitoring ("IONM"). IONM is a service that has been well established as a standard of care for over 20 years as a risk mitigation tool during invasive surgeries such as spine, ear, nose, and throat, cardiac, and many others. The Company's operations consist of a single reportable segment. In 2015, Assure Neuromonitoring, LLC was established to provide technical IONM services during such surgeries; however, this entity did not begin formal operations until March of 2016. This entity employs a technical staff that is on site in the operating room during each procedure and covers the case using industry standard, company-owned diagnostic machinery. On an ongoing basis since 2015, Assure has addressed the Professional IONM segment through a catalog of Provider Network Entities ("PNE's"). These PNEs are contracted with offsite neurologists/readers to provide IONM coverage from a remote location as a level of redundancy and risk mitigation in addition to the onsite technical services of the technical company. Collectively, the technical and professional IONM services offered and rendered provide a turnkey platform to help make surgeries safer. The Company's goal is to establish Assure as the premier provider of IONM services by offering a value-added platform that handles every component from scheduling to coverage, to billing and collections. The Company's strategy focuses on utilizing best of breed staff and partners to deliver outcomes that are beneficial to all stakeholders including patients, physicians, and shareholders. Assure in fiscal year 2017 provided services primarily in the state of Colorado where it employs its own technicians and deploys its own machinery in invasive surgeries on a daily basis.

In September 2017, the Company announced that it had expanded into the vascular surgery market. Historically, the Company had primarily been engaged in the neuromonitoring of spine and neurosurgeries. The expansion into additional surgical verticals is part of Assure's growth strategy. By applying its neuromonitoring platform to additional surgical verticals such as vascular, ear nose and throat, and several others, the addressable market for Assure's service is greatly expanded.

In November of 2017, the Company announced that it monitored its first case in the state of Texas. This Texas event marked the first case the Company has covered outside the state of Colorado. More importantly, this was the first successful step in the Company's geographic expansion initiatives. The Company in calendar year 2018 has expanded operations to Louisiana and Utah.

The Company believes that the geographic expansion initiatives coupled with the surgical vertical expansion efforts will combine to generate substantial growth opportunities going forward.

The Company has financed its cash requirements primarily from revenues generated from its services and from the sale of common stock. The Company's ability to maintain the carrying value of its assets is dependent on successfully marketing its services and maintaining future profitable operations, the outcome of which cannot be predicted at this time. The Company has also stated its intention to grow its operations by developing additional PNE relationships and directly contracting with hospitals and surgery centers for services. In the future, it may be necessary for the Company to raise additional funds for the continuing development of its business plan. For further information about Assure, please visit www.sedar.com.

RESULTS OF OPERATIONS

Financial and operating highlights for the year ended December 31, 2017 and to the date of this report

The following table provides selected financial information from the consolidated statements of income (loss) for the years ended December 31, 2017 and 2016 (restated):

	Year Ended December 31, 2017	Year Ended December 31, 2016 (restated)
Revenue		
Out-of-Network fees	$ 15,394,640	$ 6,149,693
Contract fees	401,180	201,443
Total revenue	15,795,820	6,351,136
Cost of revenues	(2,618,715)	(1,028,350)
Gross margin	13,177,105	5,322,786
Operating expenses		
General and administrative	3,092,222	1,014,254
Provision for performance share compensation	16,011,500	-
Depreciation and amortization	205,836	66,493
Sales and marketing	398,731	163,138
Total operating expenses	19,708,289	1,243,885
Income/(loss) from operations	(6,531,184)	4,078,901
Other income/(expenses)		
Earnings from equity method investments	2,266,035	1,464,364
Provision for stock option fair value	(261,866)	-
Provision for broker warrant fair value	(1,195,080)	-
Deemed share costs related to RTO	(1,551,126)	-
Interest, net	(48,780)	(17,544)
Total other income/(expenses)	(790,817)	1,446,820
Income/(loss) before income taxes	(7,322,001)	5,525,721
Income tax benefit/(expense)	1,820,843	(1,935,594)
Net income/(loss)	$ (5,501,158)	$ 3,590,127
Basic income/(loss) per common share	$ (0.17)	$ 0.16
Fully diluted income/(loss) per common share	$ (0.17)	$ 0.14

Except where otherwise indicated, all financial information discussed below is 100% of the consolidated results of the Company.

NON-IFRS FINANCIAL MEASURES

The following are non-IFRS measures. Investors are cautioned not to place undue reliance on them and are urged to read all IFRS accounting disclosures present in the Consolidated Financial Statements and accompanying notes to the Consolidated Financial Statements for the years ended December 31, 2017 and, 2016 (restated). In addition to results reported in accordance with IFRS, the Company uses certain non-IFRS financial measures as supplemental indicators of its financial and operating performance. These non-IFRS financial measures include Adjusted EBITDA and Adjusted Operating Expenses. The Company believes these supplementary financial measures reflect the Company's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in its business. The Company defines Adjusted EBITDA as net income before interest, taxes, depreciation, stock-based compensation, and related expenses. The Company discloses Adjusted EBITDA to capture the profitability of its business before the impact of items not considered in management's evaluation of performance. The Company defines Adjusted Operating Expenses as operating expenses before equity compensation, depreciation and fair value adjustments. The Company discloses Adjusted Operating Expenses to capture the non-operational expenses of the business before the impact of items not considered by management to impact operating decisions. Adjusted EBITDA and Adjusted Operating Expenses do not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. The Company cautions readers to consider these non-IFRS financial measures in addition to, and not as an alternative for, measures calculated in accordance with IFRS.

The non-IFRS measures for the years ended December 31, 2017 and 2016 are reconciled to reported IFRS figures in the tables below:

Adjusted EBITDA

	Year ended December 31, 2017	Year ended December 31, 2016 (restated)
Reported net income/(loss)	$ (5,501,158)	$ 3,590,127
Interest	48,780	17,544
Taxes	(1,820,843)	1,935,594
Depreciation and amortization	205,836	66,493
Share based compensation	74,148	324,547
Deemed share costs related to RTO	1,551,126	-
Performane share compensation	16,011,500	-
Provision for broker warrant fair value	1,195,080	-
Provision for stock option fair value	261,866	-
	$ 12,026,335	$ 5,934,305

Adjusted Operating Expenses:

	Year ended December 31, 2017	Year ended December 31, 2016
Reported operating expenses	$ 19,708,289	$ 1,243,885
Share based compensation	(74,148)	(324,547)
Performance share compensation	(16,011,500)	-
Depreciation and amortization	(205,836)	(66,493)
	$ 3,416,805	$ 852,845

Revenue

Revenues for the year ended December 31, 2017 increased 149% to $15,795,820 compared to $6,351,136 (restated) for the same period in 2016. The increase in revenue is attributed to continued commercial acceptance of Assure's neuromonitoring platform that has led to an increasing number of relationships in the state of Colorado. The Company also experienced an additional increase in revenue as a result of referrals.

For the year ended December 31, 2017 there were no material changes in reimbursement rates for any of the payors related to our services provided. The payor mix includes a combination of hospitals with which Assure contracts in addition to a significant mix of private pay insurers.

Revenues are generated from the rendering of Technical IONM services under which Assure is entitled to 100% of earned revenue. Professional IONM services are generated through the Assure's PNE (Provider Network Entities) under which Assure receives its Pro-Rata share of net income generated by individual Professional Network Entities. Contract fees are billings to hospital and surgery center customers at contracted rates for cases that private pay insurers are not involved. Technical billings are recorded as operating revenue, while the contribution from the PNEs are recorded as earnings from equity method investments, except for one PNE entity which is wholly owned by Assure Networks and utilized for cases when contractual relationships do not exist. Revenue from the single wholly owned PNE entity is consolidated and recorded as operating revenue.

For the year ended December 31, 2017 and 2016, out-of-network fees represent approximately 98% and 97%, respectively, of the Company's revenue. The Company continues to analyze payor rate data with regard to cash collection experience. This data impacts the Company's calculation of appropriate net realized revenue, valuing accounts receivable and reporting of revenue.

In the future, the Company expects revenue to continue to increase, as it has month over month, as it expands its physician network and increases physician adoption, expands into other verticals, and expands into other states or regions. The Company began exploring commercial expansion efforts into multiple new states and adjunct surgical verticals in the second quarter of 2017. No material income was generated from these initiatives during the year ended December 31, 2017.

Total Operating Expenses

For the year ended December 31, 2017, total operating expenses were $19,708,289, compared to $1,243,885 for the year ended December 31, 2016. Operating expenses primarily include professional fees, general and administrative, sales and marketing, and other related expenses. During the year ended December 31, 2017, the Company had considerable one-time non-cash expenses of $16,011,500 related to the fair value of performance share compensation (discussed in "Outstanding Share Capital" below). Additionally, the RTO transaction-related expenses due to legal, accounting, audit, exchange fees and share issuance costs accounted for $956,239 of general and administrative expenses for the year ended December 31, 2017. These expenses are largely non-recurring but for the costs associated with being an ongoing reporting issuer.

In the future, the Company expects operating expenses to increase as the Company continues to invest in activities designed to increase demand, expand its footprint, and increase commercial acceptance of its turnkey IONM platform. Additionally, as a public company, Assure expects to have increased expenses related to being an ongoing reporting issuer.

The Company expects sales and marketing expenses to increase in aggregate as this is the primary source of business development. Through the end of fiscal year 2017, Company did not rely on any forms of marketing such as trade shows, publications, or event sponsorship, but rather leveraged existing relationships and catered to prospective professional partners. In addition, there is an ongoing component of the sales and marketing expense that is devoted to retention of these key partnerships. To date, there have not been any clients of Assure that have left the partnerships aside from one physician who moved her practice to another state in which Assure does not currently operate and one physician who stopped practicing. Management attributes this to a high level of service and a high degree of overall value and satisfaction generated by the Assure platform.

Income/(Loss) from Operations and Income/(Loss) Before Tax

Loss from operations for the year ended December 31, 2017 was $6,531,184 compared to income from operations for the year ended December 31, 2016 of $4,078,901 (restated). The decrease is attributable to the one-time non-cash charge related to performance share compensation, partially offset by an increased volume of neuromonitoring services rendered compared to the prior year.

Loss before tax for the year ended December 31, 2017 was $7,322,001 compared to income before tax of $5,525,721 (restated) for the year ended December 31, 2016, largely resulting from the variance in income/(loss) from operations as discussed above.

Adjusted EBITDA

Adjusted EBITDA of the Company for the year ended December 31, 2017 was $12,026,335 compared to $5,934,305 (restated) for the same period in 2016. The Adjusted EBITDA is net income before other income and expenses, such as earnings from equity method investments, depreciation, provision for broker warrant fair value, equity-based compensation expense, deemed share costs related to the reverse takeover ("RTO"), taxes and interest expenses. The 102% increase in Adjusted EBITDA from December 31, 2016 to December 31, 2017 was attributed to continued commercial acceptance of Assure's neuromonitoring platform that has led to an increasing number of relationships in the state of Colorado. The Company also experienced an additional increase in revenue as a result of referrals.

Income Tax Benefit/Expense

For the year ended December 31, 2017, the Company recorded an income tax benefit of $1,820,843 compared to income tax expense of $1,935,594 (restated) for the year ended December 31, 2016. The company has provisioned for taxes on cash basis of receipts. The Company anticipates that its effective tax rate will increase and normalize as collections continue to increase and as the Company expands into additional states and multiple jurisdictions. The tax provisions recorded may differ from the ultimate annual tax liability based on income and expense variances throughout the year that lead to a higher or lower annual obligation. The effective tax rate will continue to lag normalized tax rates as the Company continues to grow.

Net Income/(Loss) and Earnings/(Loss) Per Common Share

For the year ended December 31, 2017, the Company recorded net loss attributable to shareholders of the Company of $5,501,158 ($0.17 per share), compared net income of $3,590,127 (restated) ($0.16 per share (restated)) for the same period in 2016. The Company's share count increased in the year ended December 31, 2017 as a result of the RTO transaction in conjunction with the private placement and the exercise of certain broker warrants. Weighted average common shares outstanding for deriving basic earnings per share increased 44% from December 31, 2016 to December 31, 2017.

Summary of Quarterly Results (unaudited, revised)

	December 31, 2017	September 30, 2017	June 30, 2017	March 31, 2017
Revenue	$ 4,710,581	$ 3,899,668	$ 4,119,000	3,066,571
Net Income/(loss)	(9,242,770)	951,854	517,427	2,272,331
Basic earnings/(loss) per common share	(0.35)	0.03	0.02	0.18
	December 31, 2016	**September 30, 2016**	**June 30, 2016**	**March 31, 2016**
Revenue	$ 3,490,935	$ 2,025,680	$ 834,521	$ -
Net Income/(loss)	1,027,782	1,602,680	802,823	156,842
Basic earnings/(loss) per common share	0.04	0.07	0.03	0.02

LIQUIDITY AND CAPITAL RESOURCES

For the year ended December 31, 2017, the Company's cash position increased $126,443 from December 31, 2016 to $215,326. The increase in cash is primarily a reflection of approximately $2.7 million in cash generated from the Company's private placement in 2017 less cash used to fund growth and cash utilized by related parties which are owed back to the company. Net working capital, excluding cash, increased $12,455,468 to $16,301,402 at December 31, 2017 compared to $3,845,934 (restated) at December 31, 2016, largely on the basis of an increase of approximately of $11,473,967 in net accounts receivables. The Company relies on payments from multiple private insurers and hospital systems that have various collection lifecycles. The Company is dependent on its third-party contractor for billing and collections. The Company believes that using a third-party billing and collection vendor benefits the Company with a lower cost to collect than developing an in-house billing and collection function. The extended cash cycle is mitigated by low corporate overhead, modest expenses related to generating revenue, and minimal capital expenditures. The Company feels that it is adequately capitalized and has sufficient liquidity to execute upon its business plan and to support modest multi-state expansion initiatives. An accelerated multi-state expansion initiative may require the company to obtain additional capital.

The Company expects to meet its short-term obligations, through cash earned through operating activities and utilizing its bank credit line. The Company has financed its operations primarily from revenues generated from services rendered and through equity and debt financings. The additional capital deployed in the second quarter from the proceeds of the private placement increased the liquidity of the Company and further strengthened its balance sheet.

Cash used in operating activities for the year ended December 31, 2017 was $2,675,278 compared to cash provided by operating activities of $333,531 (restated) for the same period in the preceding year. For the year ended 2017, cash was used to fund working capital increases primarily in accounts receivable related to the growth of the Company.

The Company's near-term cash requirements relate primarily to payroll expenses, trade payables, capital lease payments, and general corporate obligations. Based on the current business plan, the Company believes cash from operations will be sufficient to fund the Company's operating, debt repayment and capital requirements for the next 12 months. The Company updates its forecasts on a regular basis and will consider additional financing sources as appropriate. The following table summarizes the relative maturities of the financial liabilities of the Company:

December 31, 2017

	Total	Less than 1 year	1 - 3 years	4 - 5 years	Over 5 years
Trade and other payables	$ 2,504,519	$ 2,504,519	$ -	$ -	$ -
Finance leases	570,923	181,784	389,139	-	-
	$ 3,075,442	$ 2,686,303	$ 389,139	$ -	$ -

December 31, 2016 (restated)

	Total	Less than 1 year	1 - 3 years	4 - 5 years	Over 5 years
Trade and other payables	$ 890,585	$ 890,585	$ -	$ -	$ -
Finance leases	215,196	63,311	151,885	-	-
Short-term loan	184,658	184,658	-	-	-
	$ 1,290,439	$ 1,138,554	$ 151,885	$ -	$ -

As of December 31, 2017, the Company has no material cash contractual obligations, other than those obligations relating to its debt agreements as described above. The Company has a month-to-month lease arrangement with a related party.

OUTSTANDING SHARE CAPITAL

As of December 31, 2017, there were 35,505,105 (December 31, 2016: 24,000,000) common shares issued and outstanding. The Company has 3,200,000 options and 56,000 broker warrants outstanding under terms described in Note 11 to the Consolidated Financial Statements for the year ended December 31, 2017.

Performance share compensation - The Company entered into stock grant agreements with two executives (Messrs. Parsons and Willer respectively) on November 8, 2016, each of which *inter alia* defines a bonus share threshold as follows: should the Company meet or exceed a 2017 fiscal year EBITDA threshold of $7,500,000 CAD, the Company would issue 6,000,000 Common Shares of the surviving issuer at the trailing 30-day average closing price. Mr. Parsons has agreed to modify his stock grant agreement to change the threshold from EBITDA to cash received to achieve the equivalent EBITDA threshold. The Company is engaged in discussions with Mr. Willer regarding his stock grant agreement and other matters. As the Company achieved the EDITDA threshold for the year ended December 31, 2017, the Company has recorded a liability equivalent to the value of the shares to be issued while the agreements are modified and the cash collected threshold is achieved, which the Company deems probable.

On May 26, 2017, the Company announced the closing of our qualifying transaction with Assure Holdings, Inc., a private Colorado corporation ("Assure Colorado"), and the commencement of trading of our common stock on the TSX-V. The Company engaged United States and Canadian legal counsel to advise us on the qualifying transaction and related transactions. The Company relied upon exemptions from the registration requirements of Section 5 of the Securities Act and Rule 415 thereunder, including Section 4(a)(2), Rule 506(b) and Rule 903 of Regulation S. The issuance of certain securities may not have been exempt from the registration requirements under federal or state securities laws and may have been subject to a private right of action for rescission or damages. The statute of limitation for rescission expired on May 26, 2018, one year from the date of the violation. While the Company believes that the likelihood of a claim is remote and has determined that for the purpose of our financial reporting this matter is not material, there can be no assurance that a liability will not arise in the future in connection with this matter.

OFF BALANCE SHEET ARRANGEMENTS

The Company has no material undisclosed off-balance sheet arrangements that have or are reasonably likely to have, a current or future effect on our results of operations or financial condition.

PROPOSED TRANSACTIONS

The Company has no material undisclosed transactions in process.

TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its wholly owned and controlled subsidiaries have been eliminated on consolidation and are not disclosed in this note. Details of the transactions between the Company and other related parties are disclosed below:

	December 31, 2017	December 31, 2016
Due from PNEs(a)	$ 398,633	$ 23,450
Due from management (b)	1,915,095	-
Other	9,976	-
Due from related parties	$ 2,323,704	$ 23,450
Due to PNEs (a)	$ 67,587	$ 164,039
Due to related parties	$ 67,587	$ 164,039

(a) Amount due from or to a “Provider Network Entity” or “PNE” is interest-free and subject to repayment within one year.

Compensation to family members of the Company’s Founder and former Executive Chairman/CEO include business development services and patient advocate services rendered during the year ended December 31, 2017 and 2016 totaled $198,315 and $38,023, respectively. As of December 31, 2017, $nil (December 31, 2016: $10,637) is included in accounts payable and accrued liabilities.

The Company has a month-to-month lease agreement with one of the shareholders. Related party rent expense for the years ended December 31, 2017 and December 31, 2016 was $37,576 and $18,552, respectively.

(b) Amount due from management is related to personal expenses, distributions and compensation not authorized by an employment agreement or otherwise. The amounts due from the Company’s Founder and former Executive Chairman and CEO, Preston Parsons and former President and Corporate Secretary, Matthew Willer, are deemed collectable and considered a current asset. Mr. Parsons has agreed in principle to repay amounts due and has agreed to sign a secured promissory note to the Company formalizing that agreement. Mr. Parsons will utilize his significant equity position in the Company as collateral for obtaining a personal loan to repay the Company. The remainder of his balance will be repaid utilizing his considerable equity in the Company. Upon lifting of the Management Cease Trade Order and after the expiration of any blackout periods on Management to trade stock in the Company, Mr. Parsons plans to execute a private sale of a portion of his shares to raise additional cash to extinguish his remaining liability to the Company. Mr. Willer, who is no longer affiliated with the Company in any capacity, has not formally agreed to repay the Company. The Company has made formal written demands on Mr. Willer and will take all reasonable and appropriate actions regarding its rights and remedies vis a vis Mr. Willer, including *inter alia* in respect of his separation from the Company and determining whether or not he is legally entitled to certain equity compensation.

2016 RESTATEMENT

On June 26, 2018, the Company announced that during the preparation of materials for the Audited Financial Statements and MD&A for the period ended December 31, 2017, Management of the Company identified transactions which resulted in an under reporting of revenue in the period ended December 31, 2016 and an over reporting of revenue in the interim period ending March 31, 2017. Net patient service fee revenue is recognized in the period in which IONM services are rendered, at net realizable amounts from third-party payors when collections are reasonably assured and can be estimated. Additional net patient service revenue for cash collections exceeding the originally estimated amounts are accounted for the periods of cash collections. The restatement relates to cash collections which exceeded the original revenue recognized by the Company at the time of services rendered. The additional earnings were not accounted for in the periods when cash collections occurred, rather it was accounted for in a subsequent period. The Company originally accounted for the additional cash collected as reductions to the Accounts Receivable balance as unapplied cash with no impact to the income statement. Therefore, the Audited Financial Statements and MD&A for the period ended December 31, 2016 should have accounted for these transactions and the Company’s interim Financial Statements and MD&A for the period ended March 31, 2017 should have excluded these transactions. The Audit Committee of the Company recommended to the Board that a restatement of the 2016 Annual Financial Statements and MD&A is the most appropriate course of action given their interpretation of materiality. The Former Auditor agreed to cooperate with the Audit Committee's decision to restate the 2016 Financial Statements and complete the restatement.

The restatement of the Audited Financial Statements ending December 31, 2016 included adjustments to the following:

1. Increase in revenue for the additional cash collected in 2016.
2. Increase in cost of revenue for additional billing and collection fees associated with the additional revenue recognized.
3. Increase in earnings from equity method investments for the increase in revenue at the equity entities for the additional collections that occurred at those respective entities.
4. Adjusting the Company's tax provision as a result of the adjustments to revenue, earnings from equity method investments and billing and collection fees.
5. The tax provision was also adjusted for a change in the provision methodology from an accrual basis to cash basis, based on additional information that became available subsequently to the Company.
6. Adjusting the balance sheet for accounts receivable, accounts payable and accrued liabilities, equity method investments, deferred tax asset/liability, income taxes payable, and retained earnings.

Consolidated Statement of Financial Position

	As filed	Adjusting entries	Restated
ASSETS			
Current assets			
Cash	88,883	-	88,883
Accounts receivable, net	4,328,551	821,488	5,150,039
Deferred share issue costs	123,757	-	123,757
Total current assets	4,541,191	821,488	5,362,679
Equity method investments	703,363	423,866	1,127,229
Due from related parties	23,450	-	23,450
Deferred tax asset	164,778	(164,778)	-
Equipment and furniture, net	265,657	-	265,657
Total assets	5,698,439	1,080,576	6,779,015
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current			
Accounts payable and accrued liabilities	817,928	72,657	890,585
Current portion of finance leases	44,370	-	44,370
Current income taxes payable	504,023	(336,363)	167,660
Note payable	184,658	-	184,658
Due to related parties	164,039	-	164,039
Total current liabilities	1,715,018	(263,706)	1,451,312
Deferred tax liability	-	1,767,934	1,767,934
Finance leases, net of current portion	131,396	-	131,396
Total liabilities	1,846,414	1,504,228	3,350,642
SHAREHOLDERS' EQUITY			
Capital stock	675,556	-	675,556
Additional paid-in capital	324,547	-	324,547
Retained earnings	2,851,922	(423,652)	2,428,270
Total shareholders' equity	3,852,025	(423,652)	3,428,373
Total liabilities and shareholders' equity	5,698,439	1,080,576	6,779,015

Consolidated Statement of Income

	As filed		Adjusting entries		Restated	
Revenue						
Out-of-Network fees	$	5,328,205	$	821,488	$	6,149,693
Contract fees		201,443		-		201,443
Total revenue		5,529,648		821,488		6,351,136
Cost of revenues		(931,693)		(96,657)		(1,028,350)
Gross margin		4,597,955		724,831		5,322,786
Operating expenses						
General and administrative		1,010,340		3,914 (a)		1,014,254
Depreciation and amortization		66,493		-		66,493
Sales and marketing		191,052		(27,914) (a)		163,138
Total operating expenses		1,267,885		(24,000)		1,243,885
Income from operations		3,330,070		748,831		4,078,901
Other income/(expenses)						
Earnings from equity method investments		1,040,498		423,866		1,464,364
Interest, net		(17,544)		-		(17,544)
Total other income/(expenses)		1,022,954		423,866		1,446,820
Income before income taxes		4,353,024		1,172,697		5,525,721
Income taxes		(339,245)		(1,596,349)		(1,935,594)
Net income	$	4,013,779	$	(423,652)	$	3,590,127
Basic income per common share	$	0.17	$	(0.01)	$	0.16
Diluted income per common share	$	0.16	$	(0.02)	$	0.14

(a) These amounts have been reclassified to conform to the 2017 presentation. These reclasses did not have an impact on 2016 reported net income and were not related to the restatement.

AUDITOR RESIGNATION

The Company announced on March 12, 2018 that EKS&H LLLP (the "Former Auditor") resigned from its position as auditor of the Company. The Former Auditor had advised the Company that there was a "reportable event" with respect to "unresolved issues," as such terms are defined in NI 51-102 in connection with their resignation. The Company reported that it would not be in a position to file its Audited Financial Statements and MD&A for the period ended December 31, 2017 which were due on April 30, 2018.

APPONTMENT OF NEW AUDITOR

On May 15, 2018, the Company announced the appointment of Squar Milner LLP ("Squar Milner") as its new independent registered public auditing firm for its fiscal year ending December 31, 2017. Squar Milner is one of the 50 largest accounting firms in the United States and one of the largest independent accounting and advisory firms in the State of California with an active life sciences and healthcare practice group.

MANAGEMENT CEASE-TRADE ORDER

On March 12, 2018, in accordance with National Policy 12-203 – *Management Cease Trade Orders* ("NP-12-203"), the Company, in consultation with the Audit Committee, applied to the British Columbia Securities Commission ("BCSC"), as its principal regulator, to obtain a management cease trade order ("MCTO"). The Company issued a black-out policy in accordance with its insider trading policy and as a result, no directors, officers or consultants are able to trade in any of the securities of the Company until the Audited Financial Statements and MD&A are filed and the default is remedied. The MCTO was granted by the BCSC on May 1, 2018.

FORENSIC AUDIT

As disclosed on March 21, 2018, the Company, at the direction of the Audit Committee, retained RubinBrown LLP (“RubinBrown”), as a forensic accountant to address the concerns of the Former Auditor and related matters. The initial scope of work conducted by RubinBrown included the following: (i) a review of compensation paid to Mr. Parsons and Mr. Willer, the former President and former director of the Company; (ii) activity in the Company’s shareholders’ distribution accounts for Mr. Parsons and Mr. Willer; (iii) activity in the Company’s due to/from management accounts for Mr. Parsons and Mr. Willer; and (iv) use of the Company’s credit card for business expenses and personal expenses of Mr. Parsons and Mr. Willer.

On May 3, 2018, RubinBrown provided the Audit Committee with its confidential report (the “Forensic Report”). The Audit Committee reviewed the Forensic Report and recommended that its findings be accepted by the Board. On May 7, 2018, the Board accepted the May 3, 2018 Forensic Report and authorized RubinBrown to conduct additional work as described below.

Based on the findings of the Forensic Report, the Audit Committee recommended to the Board and the Board determined that the amount of $788,702 previously characterized as shareholders’ distributions in the interim period ending June 30, 2017 unaudited consolidated Financial Statements of the Company be reclassified as amounts due from related parties to be repaid to the Company. As a result, Mr. Parsons owes $600,000 to the Company and Mr. Willer owes $188,702.

In addition, the Forensic Report identified that Mr. Willer was paid a total amount of $30,956 in excess of compensation amounts authorized to him under his employment agreement in calendar year 2017 and that utilization of the Company Credit Card for personal use. From the completion of the RTO, on May 25, 2017 to March 31, 2018, personal expenses totaled $849,695 for Mr. Parsons and $39,531 for Mr. Willer. On the recommendation of the Audit Committee, accepted by the Board, these amounts were added as amounts due from related parties.

On June 26, 2018, the Company announced that the Board, on the advice of the Audit Committee, resolved that Mr. Parsons owes approximately $2.1 million to the Company. This amount is greater than the amount contemplated in the Company’s news release dated May 15, 2018 because a) the Board recommended and Mr. Parsons agreed to repay a substantial amount of professional and advisory fees incurred by the Company since the resignation of the Former Auditor, b) interest was assessed on all amounts owed from the dates incurred; and c) some expenses originally booked as business expenses were assessed by the Audit Committee to be more accurately defined as personal expenses and thus subject to repayment by Mr. Parsons. Although Mr. Parsons disagreed that some of these particular expenses should be re-classified as personal expenses, Mr. Parsons concluded that it would be in the best interest of the Company and its shareholders to agree to repay these amounts and put a final resolution to this matter. A similar arrangement will be required of Mr. Willer and the Company will be taking necessary steps to collect and resolve the outstanding amounts owed by Mr. Willer. Mr. Parsons has agreed to repay the amounts owed in full as soon as reasonably possible.

MANAGEMENT AND BOARD CHANGES

On May 15, 2018, the Company announced that Mr. John A. Farlinger (CPA, CA), a board member and previous Chair of the Audit Committee was appointed the Executive Chairman and Interim Chief Executive Officer of the Company, following the resignation of Mr. Parsons, the founder and now former Chairman and Chief Executive Officer of the Company. Mr. Parsons remains a board member of the Company and is focused exclusively on working to generate increased revenue by engaging new surgeons to its platform, executing on the Company's multi-state expansion strategy and focusing on expanding the Company's intraoperative neuromonitoring services to ENT, Cardiovascular and other highly invasive surgeries. As a result of the appointment of Mr. Farlinger, Mr. Farlinger is no longer an independent director of the Company. Mr. Farlinger remains a member of the Audit Committee, however, the role of Chair was assumed by independent director Martin Burian. Mr. Burian will step down from the position of Chair of the Compensation Committee, and independent board member Mr. Kent Lund assumed the role.

EXECUTIVE AND BOARD MEMBER RESIGNATION

On March 12, 2018, the Company announced in connection with the resignation by the Former Auditor, Mr. Willer, the President of the Company resigned from the Board and his position on the Audit Committee. Subsequently, on March 21, 2018, the Company announced that Mr. Willer submitted his resignation as President and Corporate Secretary of the Company effective immediately.

LEGAL PROCEEDINGS

The Company is a party to a variety of agreements in the ordinary course of business under which it may be obligated to indemnify third parties with respect to certain matters. These obligations include, but are not limited to, contracts entered into with physicians where the Company agrees, under certain circumstances, to indemnify a third party, against losses arising from matters including but not limited to medical malpractice and product liability. The impact of any such future claims, if made, on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to final outcome of these potential claims. The Company maintains general liability insurance policies in accordance with the standards and policy limits set forth by each hospital at which it renders services. The Company has not been a party to any legal proceedings since inception.