

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Quarterly Period Ended September 30, 2021

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 001-40785



ASSURE HOLDINGS CORP.

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or other jurisdiction of incorporation or organization)

82-2726719

(I.R.S. Employer Identification No.)

4600 South Ulster Street, Suite 1225 Denver, Colorado

(Address of Principal Executive Offices)

80237

(Zip Code)

(720) 287-3093

(Registrant's Telephone Number, including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| Title of each class                       | Trading Symbol(s) | Name of each exchange on which registered       |
|---|-------------------|---|
| Common Stock, \$0.001 par value per share | IONM              | Nasdaq Stock Market LLC (Nasdaq Capital Market) |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-Accelerated Filer ☒ Smaller Reporting Company ☒ Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The number of the registrant's shares of common stock outstanding as of November 8, 2021 was 11,839,304.

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FORM 10Q  
FOR THE QUARTER ENDED SEPTEMBER 30, 2021  
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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(in thousands, except share and par amounts)  
(unaudited)

|   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| <b>ASSETS</b>   |                       |                      |
| <b>Current assets</b>   |                       |                      |
| Cash  | \$ 918                | \$ 4,386             |
| Accounts receivable, net  | 22,683                | 14,965               |
| Income tax receivable   | 150                   | 150                  |
| Other current assets  | 104                   | 618                  |
| Due from PEs  | 5,734                 | 4,856                |
| Total current assets  | 29,589                | 24,975               |
| Equity method investments   | 638                   | 608                  |
| Fixed assets  | 109                   | 356                  |
| Operating lease right of use asset  | —                     | 124                  |
| Finance lease right of use asset  | 877                   | 608                  |
| Deferred tax asset, net   | 144                   | —                    |
| Intangibles, net  | 3,763                 | 4,115                |
| Goodwill  | 4,448                 | 2,857                |
| Total assets  | \$ 39,568             | \$ 33,643            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                       |                      |
| <b>LIABILITIES</b>  |                       |                      |
| <b>Current liabilities</b>  |                       |                      |
| Accounts payable and accrued liabilities  | \$ 2,069              | \$ 2,871             |
| Current portion of debt   | —                     | 4,100                |
| Current portion of lease liability  | 579                   | 521                  |
| Current portion of acquisition liability  | 306                   | —                    |
| Other current liabilities   | 10                    | 96                   |
| Total current liabilities   | 2,964                 | 7,588                |
| Lease liability, net of current portion   | 750                   | 772                  |
| Debt, net of current portion  | 10,451                | 2,251                |
| Acquisition liability   | 561                   | —                    |
| Acquisition share issuance liability  | 540                   | 540                  |
| Fair value of stock option liability  | 40                    | 16                   |
| Performance share issuance liability  | —                     | 2,668                |
| Deferred tax liability, net   | —                     | 599                  |
| Total liabilities   | 15,306                | 14,434               |
| Commitments and contingencies (Note 8)  |                       |                      |
| <b>SHAREHOLDERS' EQUITY</b>   |                       |                      |
| Common stock: \$0.001 par value; 180,000,000 shares authorized; 11,839,304 and 11,275,788 shares issued and outstanding, as of September 30, 2021 and December 31, 2020, respectively | 12                    | 11                   |
| Additional paid-in capital  | 38,385                | 30,886               |
| Accumulated deficit   | (14,135)              | (11,688)             |
| Total shareholders' equity  | 24,262                | 19,209               |
| Total liabilities and shareholders' equity  | \$ 39,568             | \$ 33,643            |

*See accompanying notes to condensed consolidated financial statements.*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(in thousands, except share and per share amounts)  
(unaudited)

|   | Three Months Ended September 30, |           | Nine Months Ended September 30, |             |
|---|----------------------------------|-----------|---------------------------------|-------------|
|   | 2021                             | 2020      | 2021                            | 2020        |
| <b>Revenue</b>  |                                  |           |                                 |             |
| Patient service fees, net   | \$ 6,443                         | \$ 2,965  | \$ 13,087                       | \$ (6,342)  |
| Hospital, management and other  | 2,103                            | 998       | 6,446                           | 3,902       |
| Total revenue   | 8,546                            | 3,963     | 19,533                          | (2,440)     |
| Cost of revenues  | 4,254                            | 2,232     | 9,956                           | 5,062       |
| Gross margin  | 4,292                            | 1,731     | 9,577                           | (7,502)     |
| <b>Operating expenses</b>   |                                  |           |                                 |             |
| General and administrative  | 3,180                            | 1,957     | 10,275                          | 5,853       |
| Sales and marketing   | 247                              | 349       | 748                             | 801         |
| Depreciation and amortization   | 293                              | 249       | 965                             | 769         |
| Total operating expenses  | 3,720                            | 2,555     | 11,988                          | 7,423       |
| Income (loss) from operations   | 572                              | (824)     | (2,411)                         | (14,925)    |
| <b>Other income (expenses)</b>  |                                  |           |                                 |             |
| Income (loss) from equity method investments                              | 139                              | (232)     | 136                             | (1,449)     |
| Other income (expense), net   | (27)                             | (3)       | (29)                            | 50          |
| Accretion expense   | (171)                            | (227)     | (386)                           | (619)       |
| Interest expense, net   | (264)                            | (58)      | (500)                           | (164)       |
| Total other expense   | (323)                            | (520)     | (779)                           | (2,182)     |
| Income (loss) before income taxes   | 249                              | (1,344)   | (3,190)                         | (17,107)    |
| Income tax benefit (expense)  | (158)                            | 367       | 743                             | 2,396       |
| Net income (loss)   | \$ 91                            | \$ (977)  | \$ (2,447)                      | \$ (14,711) |
| <b>Income (loss) per share</b>  |                                  |           |                                 |             |
| Basic   | \$ 0.01                          | \$ (0.14) | \$ (0.21)                       | \$ (2.11)   |
| Diluted   | \$ 0.01                          | \$ (0.14) | \$ (0.21)                       | \$ (2.11)   |
| Weighted average number of shares used in per share calculation – basic   | 11,838,032                       | 6,988,058 | 11,528,371                      | 6,968,728   |
| Weighted average number of shares used in per share calculation – diluted | 15,724,103                       | 6,988,058 | 11,528,371                      | 6,968,728   |

*See accompanying notes to condensed consolidated financial statements.*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(in thousands)  
(unaudited)

|   | Nine Months Ended September 30, |               |
|---|---------------------------------|---------------|
|   | 2021                            | 2020          |
| <b>Cash flows from operating activities</b>                                       |                                 |               |
| Net loss  | \$ (2,447)                      | \$ (14,711)   |
| <b>Adjustments to reconcile net loss to net cash used in operating activities</b> |                                 |               |
| (Income) loss from equity method investments                                      | (136)                           | 1,449         |
| Stock-based compensation  | 818                             | 456           |
| Depreciation and amortization   | 599                             | 769           |
| Amortization of debt issuance costs   | 53                              | —             |
| Provision for stock option fair value   | 24                              | (50)          |
| Accretion expense   | 386                             | 619           |
| Tax impact of equity component of convertible debt issuance                       | —                               | (288)         |
| <b>Change in operating assets and liabilities</b>                                 |                                 |               |
| Accounts receivable, net  | (5,723)                         | 16,243        |
| Prepaid expenses  | 177                             | —             |
| Right of use assets   | 291                             | —             |
| Accounts payable and accrued liabilities  | (1,045)                         | (3,126)       |
| Due from related parties  | (1,121)                         | (1,113)       |
| Lease liability   | (399)                           | (172)         |
| Income taxes  | (743)                           | (1,715)       |
| Other assets and liabilities  | (86)                            | (209)         |
| Net cash used in operating activities   | (9,352)                         | (1,848)       |
| <b>Cash flows from investing activities</b>                                       |                                 |               |
| Purchase of fixed assets  | —                               | (33)          |
| Net cash paid for acquisitions  | (204)                           | (3,934)       |
| Distributions received from equity method investments                             | 312                             | 424           |
| Net cash provided by (used in) investing activities                               | 108                             | (3,543)       |
| <b>Cash flows from financing activities</b>                                       |                                 |               |
| Proceeds from exercise of stock options   | 19                              | —             |
| Proceeds from share issuance, net   | 832                             | 102           |
| Proceeds from promissory note   | —                               | 1,978         |
| Repayment of promissory note  | —                               | (1,418)       |
| Proceeds from Paycheck Protection Program loan                                    | 1,665                           | 1,211         |
| Proceeds from line of credit  | —                               | 2,122         |
| Repayment of line of credit   | —                               | (1,000)       |
| Proceeds from debenture   | 7,360                           | —             |
| Repayment of short term debt  | (4,100)                         | —             |
| Proceeds from convertible debenture   | —                               | 2,485         |
| Net cash provided by financing activities   | 5,776                           | 5,480         |
| <b>Increase (decrease) in cash</b>  | (3,468)                         | 89            |
| <b>Cash at beginning of period</b>  | 4,386                           | 59            |
| <b>Cash at end of period</b>  | <b>\$ 918</b>                   | <b>\$ 148</b> |
| <b>Supplemental cash flow information</b>   |                                 |               |
| Interest paid   | \$ 301                          | \$ 145        |
| Income taxes paid   | \$ —                            | \$ 62         |
| <b>Supplemental non-cash flow information</b>                                     |                                 |               |
| Purchase of equipment with finance leases   | \$ 431                          | \$ 269        |

*See accompanying notes to condensed consolidated financial statements.*

ASSURE HOLDINGS CORP.  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
(in thousands, except share amounts)  
(unaudited)

|  | Common Stock      |              | Additional       | Retained           | Total             |
|--|-------------------|--------------|------------------|--------------------|-------------------|
|  | Shares            | Amount       | paid-in          | earnings           | shareholders'     |
|  |                   |              | Capital          | (deficit)          | equity            |
| <b>Balances, June 30, 2020</b>         | <b>6,959,063</b>  | <b>\$ 7</b>  | <b>\$ 8,056</b>  | <b>\$ (10,386)</b> | <b>\$ (2,323)</b> |
| Share issuance, net                    | 25,184            | —            | 102              | —                  | 102               |
| Stock-based compensation               | —                 | —            | 88               | —                  | 88                |
| Settlement of payables                 | 10,000            | —            | 40               | —                  | 40                |
| Net loss                               | —                 | —            | —                | (977)              | (977)             |
| <b>Balances, September 30, 2020</b>    | <b>6,994,247</b>  | <b>\$ 7</b>  | <b>\$ 8,286</b>  | <b>\$ (11,363)</b> | <b>\$ (3,070)</b> |
| <b>Balances, June 30, 2021</b>         | <b>11,833,431</b> | <b>\$ 12</b> | <b>\$ 38,136</b> | <b>\$ (14,226)</b> | <b>\$ 23,922</b>  |
| Exercise of stock options              | 3,000             | —            | 19               | —                  | 19                |
| Share issuance, net                    | —                 | —            | —                | —                  | —                 |
| Stock-based compensation               | —                 | —            | 210              | —                  | 210               |
| Convertible debt converted into shares | 2,858             | —            | 20               | —                  | 20                |
| Other                                  | 15                | —            | —                | —                  | —                 |
| Net income                             | —                 | —            | —                | 91                 | 91                |
| <b>Balances, September 30, 2021</b>    | <b>11,839,304</b> | <b>\$ 12</b> | <b>\$ 38,385</b> | <b>\$ (14,135)</b> | <b>\$ 24,262</b>  |

|   | Common Stock      |              | Additional       | Retained           | Total             |
|---|-------------------|--------------|------------------|--------------------|-------------------|
|   | Shares            | Amount       | paid-in          | earnings           | shareholders'     |
|   |                   |              | Capital          | (deficit)          | equity            |
| <b>Balances, December 31, 2019</b>                              | <b>6,959,063</b>  | <b>\$ 7</b>  | <b>\$ 6,710</b>  | <b>\$ 3,348</b>    | <b>\$ 10,065</b>  |
| Share issuance, net   | 25,184            | —            | 102              | —                  | 102               |
| Stock-based compensation  | —                 | —            | 456              | —                  | 456               |
| Expected tax loss of future stock compensation option exercises | —                 | —            | (288)            | —                  | (288)             |
| Equity component of convertible debt issuance                   | —                 | —            | 1,220            | —                  | 1,220             |
| Fair value of finders' warrants                                 | —                 | —            | 46               | —                  | 46                |
| Settlement of payables  | 10,000            | —            | 40               | —                  | 40                |
| Net loss  | —                 | —            | —                | (14,711)           | (14,711)          |
| <b>Balances, September 30, 2020</b>                             | <b>6,994,247</b>  | <b>\$ 7</b>  | <b>\$ 8,286</b>  | <b>\$ (11,363)</b> | <b>\$ (3,070)</b> |
| <b>Balances, December 31, 2020</b>                              | <b>11,275,788</b> | <b>\$ 11</b> | <b>\$ 30,886</b> | <b>\$ (11,688)</b> | <b>\$ 19,209</b>  |
| Exercise of stock options                                       | 3,000             | —            | 19               | —                  | 19                |
| Share issuance, net   | 171,032           | —            | 832              | —                  | 832               |
| Share issuance, acquisition related                             | 332,117           | 1            | 2,274            | —                  | 2,275             |
| Stock-based compensation  | —                 | —            | 818              | —                  | 818               |
| Convertible debt converted into shares                          | 13,384            | —            | 60               | —                  | 60                |
| Equity component of debenture issuance                          | —                 | —            | 1,203            | —                  | 1,203             |
| Settlement of performance share liability                       | 43,968            | —            | 2,293            | —                  | 2,293             |
| Other   | 15                | —            | —                | —                  | —                 |
| Net loss  | —                 | —            | —                | (2,447)            | (2,447)           |
| <b>Balances, September 30, 2021</b>                             | <b>11,839,304</b> | <b>\$ 12</b> | <b>\$ 38,385</b> | <b>\$ (14,135)</b> | <b>\$ 24,262</b>  |

*See accompanying notes to condensed consolidated financial statements.*

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

**1. NATURE OF OPERATIONS**

Assure Holdings Corp. (the “Company” or “Assure”), through its two wholly-owned subsidiaries, Assure Neuromonitoring, LLC (“Neuromonitoring”) and Assure Networks, LLC (“Networks”), provides outsourced intraoperative neurophysiological monitoring (“IONM”) and is an emerging provider of remote neurology services. The Company delivers a turnkey suite of clinical and operational services to support surgeons and medical facilities during invasive procedures including spine, neurosurgery, ear, nose, and throat, cardiovascular and orthopedic. Accredited by The Joint Commission, Assure’s mission is to provide exceptional surgical care and a positive patient experience.

IONM identifies real-time changes in spinal cord, brain, and peripheral nerve functions during high-risk surgeries to prevent injuries or accidental damage to patients that could lead to strokes, heart attacks, paralysis or other serious medical issues. IONM is well established and is regarded as the standard of care in U.S healthcare.

Assure employs highly trained IONM technologists, who provide a direct point of contact in the operating room to relay critical information to the surgical team while Company physicians deliver remote neurology services in support of the surgical team. In addition, Assure offers surgeons and medical facilities a value-added platform that manages patient scheduling, billing and collections, physician relationship management and patient advocacy services. The high quality IONM support that Assure provides results in decreased hospital and surgeon liability, abbreviated patient stays, fewer readmissions, reduced hospital costs, enhanced overall patient satisfaction and the efficient achievement of better clinical outcomes.

The Company maintains operations in twelve U.S. states. Assure believes that continued geographic expansion initiatives, facility-wide outsourcing agreements with medical facilities, the acceleration of its remote neurology services platform, and selective acquisitions will combine to generate substantial growth opportunities going forward.

The Company was originally incorporated in Colorado on November 7, 2016. In conjunction with a reverse merger with Montreux Capital Corp., a British Columbia corporation, the Company was redomesticated from British Columbia to Nevada on May 16, 2017.

Neuromonitoring was formed on August 25, 2015 in Colorado and it currently has multiple wholly-owned subsidiaries. The Company’s services are sold in the United States, directly through the Company.

Networks was formed on November 7, 2016 in Colorado and holds varying ownerships interests in numerous Provider Network Entities (“PEs”), which are professional IONM entities. These entities are accounted for under the equity method of accounting.

Networks also manages other PEs that Networks does not have an ownership interest and charges those PEs a management fee which is accounted for as service revenue.

The Company operates in the United States in one segment.

*COVID-19*

Our business and results of operations have been, and continues to be, adversely affected by the global COVID-19 pandemic and related events and we expect its impact to continue. The impact to date has included periods of significant volatility in various markets and industries, including the healthcare industry. The volatility has had, and we anticipate it will continue to have, an adverse effect on our customers and on our business, financial condition and results of operations, and may result in an impairment of our long-lived assets, including goodwill, increased credit losses and impairments of investments in other companies. In particular, the healthcare industry, hospitals and providers of elective procedures have been and may continue to be impacted by the pandemic and/or other events beyond our control, and further volatility could have an additional negative impact on these industries, customers, and our business. In addition, the COVID-19 pandemic and, to a lesser extent, the impact on other industries, including automotive, electronics and real estate,

**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

increased fuel costs, U.S. restrictions on trade, and transitory inflation have impacted and may continue to impact the financial conditions of our customers and the patients they serve.

In addition, actions by United States federal, state and foreign governments to address the COVID-19 pandemic, including travel bans, stay-at-home orders and school, business and entertainment venue closures, also had and may continue to have a significant adverse effect on the markets in which we conduct our businesses. COVID-19 poses the risk that our workforce, suppliers, and other partners may be prevented from conducting normal business activities for an extended period of time, including due to shutdowns or stay-at-home orders that may be requested or mandated by governmental authorities. We have implemented policies to allow our employees to work remotely as a result of the pandemic as we reviewed processes related to workplace safety, including social distancing and sanitation practices recommended by the Centers for Disease Control and Prevention (CDC). The COVID-19 pandemic could also cause delays in acquiring new customers and executing renewals and could also impact our business as consumer behavior changes in response to the pandemic.

Since the start of the second quarter of 2021, there has been increased availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel, and government activities and functions, including healthcare and elective surgeries, and we have experienced a gradual resumption of economic activities in our industries. On the other hand, infection rates continue to fluctuate in various regions and new strains of the virus, including the Delta variant, remain a risk, which may give rise to implementation of restrictions in the geographic areas that we serve. In addition, there are ongoing global impacts resulting from the pandemic, including disruption of the supply chains, product shortages, increased delivery costs, increased governmental regulation, strains on healthcare systems, and delays in shipments, product development, technology launches and facility access.

We have been closely monitoring the COVID-19 pandemic and its impact on our business, including legislation to mitigate the impact of COVID-19 such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted in March 2020, and the American Rescue Plan Act of 2021 which was enacted in March 2021. Although a significant portion of our anticipated revenue for 2021 is derived from fixed-fee and minimum-guarantee arrangements, primarily from large, well-capitalized customers which we believe somewhat mitigates the risks to our business, our per-unit and variable-fee based revenue will continue to be susceptible to the volatility, supply chain disruptions, microchip shortages and potential market downturns induced by the COVID-19 pandemic.

The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is uncertain and will depend on many factors outside the Company's control, including, without limitation, the timing, extent, trajectory and duration of the pandemic; the availability, distribution and effectiveness of vaccines; the spread of new variants of COVID-19; the continued and renewed imposition of protective public safety measures; the impact of COVID-19 on integration of acquisitions, expansion plans, implementation of telemedicine, restrictions on elective procedures, delays in payor remittance and increased regulations; and the impact of the pandemic on the global economy and demand for consumer products. Although we are unable to predict the full impact and duration of the COVID-19 pandemic on our business, we are actively managing our financial expenditures in response to continued uncertainty. Further discussion of the potential impacts on our business from the COVID-19 pandemic is provided under Part I, Item 1A – Risk Factors of the Form 10-K.

## 2. BASIS OF PRESENTATION

### *Consolidation*

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, and majority-owned entities. The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which contemplates continuation of the Company as a going concern and the realization of assets and satisfaction of liabilities in the normal course of business. The accompanying consolidated financial statements do not include any adjustments that might become necessary should the Company be unable to continue as a going concern. All significant intercompany balances and transactions have been eliminated in consolidation.



**ASSURE HOLDINGS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(unaudited)**

For entities in which management has determined the Company does not have a controlling financial interest but has varying degrees of influence regarding operating policies of that entity, the Company's investment is accounted for using the equity method of accounting.

*Accounting Policies*

There have been no changes to the Company's significant accounting policies or recent accounting pronouncements during the nine months ended September 30, 2021 as compared to the significant accounting policies disclosed in the 10-K for the year ended December 31, 2020 as filed on March 30, 2021.

*Common Stock Reverse Split*

During September 2021, the Company effectuated a five-for-one reverse stock split. All share, stock option and warrant information has been retroactively adjusted to reflect the stock split. See Note 5 for additional discussion.

**3. LEASES**

Under ASC 842, *Leases*, a contract is a lease, or contains a lease, if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the entity has both of the following: (a) the right to obtain substantially all of the economic benefits from the use of the identified asset; and (b) the right to direct the use of the identified asset. The Company does not assume renewals in the determination of the lease term unless the renewals are deemed to be reasonably assured at lease commencement. Lease agreements generally do not contain material residual value guarantees or material restrictive covenants.

Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet; the Company recognizes lease expense for these leases on a straight-line basis over the lease term. As a practical expedient, the Company elected not to separate non-lease components for the corporate office facility (e.g., common-area maintenance costs) from lease components (e.g., fixed payments including rent) and instead to account for each separate lease component and its associated non-lease components as a single lease component.

*Operating leases*

The Company leases corporate office facilities under two operating sub-leases which expired June 30, 2021. The Company is negotiating lease renewal terms and is currently under a month-to-month lease arrangement.

*Finance leases*

The Company leases medical equipment under various financing leases with stated interest rates ranging from 6.5% — 12.2% per annum which expire at various dates through 2026.

The condensed consolidated balance sheets include the following amounts for right of use ("ROU") assets as of September 30, 2021 and December 31, 2020 (stated in thousands):

|           | September 30,<br>2021 | December 31,<br>2020 |
|-----------|-----------------------|----------------------|
| Operating | \$ —                  | \$ 124               |
| Finance   | 877                   | 608                  |
| Total     | <u>\$ 877</u>         | <u>\$ 732</u>        |

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Finance lease assets are reported net of accumulated amortization of \$1.8 million and \$1.3 million as of September 30, 2021 and December 31, 2020, respectively.

The following are the components of lease cost for operating and finance leases (stated in thousands):

|                               | <b>Nine Months Ended September 30,</b> |               |
|-------------------------------|--|---------------|
|                               | <b>2021</b>                            | <b>2020</b>   |
| Lease cost:                   |  |               |
| Operating leases              | \$ 227                                 | \$ 159        |
| Finance leases:               |  |               |
| Amortization of ROU assets    | 372                                    | 398           |
| Interest on lease liabilities | 69                                     | 60            |
| Total finance lease cost      | 441                                    | 458           |
| Total lease cost              | <u>\$ 668</u>                          | <u>\$ 617</u> |

The following are the weighted average lease terms and discount rates for operating and finance leases:

|   | <b>As of<br/>September 30, 2021</b> | <b>As of<br/>December 31, 2020</b> |
|---|-------------------------------------|------------------------------------|
| <b>Weighted average remaining lease term (years):</b> |                                     |                                    |
| Operating leases                                      | —                                   | 0.5                                |
| Finance leases  | 3.1                                 | 3.3                                |
| <b>Weighted average discount rate:</b>                |                                     |                                    |
| Operating leases                                      | —                                   | 6.9                                |
| Finance leases  | 8.1                                 | 7.9                                |

The Company acquired ROU assets in exchange for lease liabilities of \$431 thousand upon commencement of finance leases during the nine months ended September 30, 2021.

Future minimum lease payments and related lease liabilities as of September 30, 2021 were as follows (stated in thousands):

|  | <b>Operating<br/>Leases</b> | <b>Finance<br/>Leases</b> | <b>Total<br/>Lease<br/>Liabilities</b> |
|--|-----------------------------|---------------------------|--|
| Remainder 2021                             | \$ —                        | \$ 167                    | \$ 167                                 |
| 2022                                       | —                           | 620                       | 620                                    |
| 2023                                       | —                           | 306                       | 306                                    |
| 2024                                       | —                           | 239                       | 239                                    |
| 2025                                       | —                           | 148                       | 148                                    |
| Thereafter                                 | —                           | 23                        | 23                                     |
| Total lease payments                       | —                           | 1,503                     | 1,503                                  |
| Less: imputed interest                     | —                           | (174)                     | (174)                                  |
| Present value of lease liabilities         | —                           | 1,329                     | 1,329                                  |
| Less: current portion of lease liabilities | —                           | 579                       | 579                                    |
| Noncurrent lease liabilities               | <u>\$ —</u>                 | <u>\$ 750</u>             | <u>\$ 750</u>                          |

Note: Future minimum lease payments exclude short-term leases as well as payments to landlords for variable common area maintenance, insurance and real estate taxes.

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**4. DEBT**

*Paycheck Protection Program*

During March 2021, the Company received an unsecured loan under the United States Small Business Administration Paycheck Protection Program (“PPP”) in the amount of \$1.7 million. Assure executed a PPP promissory note, which matures on February 25, 2026. The PPP Loan carries an interest rate of 1.0% per annum, with principal and interest payments due on the first day of each month, with payments commencing on the earlier of: (i) the day the amount of loan forgiveness granted to Assure is remitted by the Small Business Administration to the Bank of Oklahoma; or (ii) 10 months after the end of the 24-week period following the grant of the Loan. All or a portion of the Loan may be forgiven if the Company maintains its employment and compensation within certain parameters during the 24-week period following the loan origination date and the proceeds of the Loan are spent on payroll costs, rent or lease agreements dated before February 15, 2020 and utility payments arising under service agreements dated before February 15, 2020. The Company intends to submit its application for forgiveness of the PPP promissory note during the fourth quarter of 2021.

*Debenture*

On June 10, 2021, the Company entered into definitive agreements to secure a credit facility under the terms of a commitment letter dated March 8, 2021 (the “Commitment Letter”) with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. (“Centurion”). Under the terms of the Commitment Letter, Assure issued a debenture to Centurion, dated June 9, 2021 (the “Debenture”), with a maturity date of June 9, 2025 (the “Maturity Date”), in the principal amount of \$11 million related to a credit facility comprised of a \$6 million senior term loan (the “Senior Term Loan”), a \$2 million senior revolving loan (the “Senior Revolving Loan”) and a \$3 million senior term acquisition line (the “Senior Term Acquisition Line” and together with the Senior Term Loan and the Senior Revolving Loan, the “Credit Facility”). The Senior Term Acquisition Line will be made available to the Company to fund future acquisitions, subject to certain conditions and approvals of Centurion. The Credit Facility matures in June 2025.

The principal amount of the Debenture drawn and outstanding from time to time shall bear interest both before and after maturity, default and judgment from the date hereof to the date of repayment in full at the rate of the greater of 9.50% or the Royal Bank of Canada Prime Rate plus 7.05% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any obligations are outstanding, the first of such payments being due July 2, 2021 for the period from the Advance to the date of payment, and thereafter monthly. The difference between the commitment and the amount of the Loan outstanding from time to time shall bear a standby charge, for the period between June 2021 and the end of the availability period, in the amount of 1.50% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any amount of the commitment remains available and undrawn, the first of such payments being due July 2, 2021. Interest on overdue interest shall be calculated and payable at the same rate plus 3% per annum.

With respect to the Senior Revolving Loan, Assure may prepay advances outstanding thereunder from time to time, with not less than 10 business days prior written notice of the prepayment date and the amount, in the minimum amount of \$250 thousand. Any amount of the Senior Revolving Loan prepaid may be re-advanced. With respect to the Senior Term Loan and Senior Term Acquisition Line, Assure may prepay the advances outstanding thereunder, without penalty or bonus, in an amount not to exceed 25% of the aggregate of all Advances then outstanding under the Term Loans, on each anniversary date of the first advance made hereunder, provided in each case with not less than 30 days written notice of the Company's intention to prepay on such anniversary date and the proposed prepayment amount. Any prepayments to the Term Loans other than those permitted in the immediately preceding sentence may only be made on 30 days prior written notice of the prepayment date and the amount, and are subject to the Company paying on such prepayment date a prepayment charge equal to the lesser of (i) twelve (12) months interest and (ii) interest for the months remaining from the prepayment date to the Maturity Date, on the amount prepaid at the interest rate in effect on the applicable Term Loan as of the date of prepayment. Any amount of the Term Loan prepaid may not be re-advanced.

The Credit Facility is guaranteed by the subsidiaries under the terms of the guarantee and secured by a first ranking security interest in all of the present and future assets of Assure and the Subsidiaries under the terms of the security agreement.

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Assure paid Centurion on first Advance of the Loan a commitment fee of 2.25%, being \$248 thousand, made by withholding from the first advance.

A portion of the proceeds from the Debenture were utilized to repay the Central Bank line of credit and the Central Bank promissory note.

*Warrant Fee*

In addition, Assure issued Centurion an aggregate of 275,000 non-transferrable common stock purchase warrants. Each warrant entitles Centurion to acquire one share in the capital of Assure, at an exercise price equal to US\$7.55 (representing the closing price of Assure's shares of common stock as of the close of business on June 9, 2021 and multiplied by the Bank of Canada's daily exchange rate on June 9, 2021) for a term of 48 months. The warrants and underlying shares of common stock are subject to applicable hold periods under U.S. securities laws.

The Company's debt obligations are summarized as follows:

|   | September 30,<br>2021 | December 31,<br>2020 |
|---|-----------------------|----------------------|
| Central Bank line of credit   | \$ —                  | \$ 1,978             |
| Central Bank promissory note  | —                     | 2,122                |
| PPP promissory note   | 1,665                 | —                    |
| Total   | 1,665                 | 4,100                |
| Face value of convertible debenture                                 | 3,450                 | 3,450                |
| Less: principal converted to common shares                          | (60)                  | —                    |
| Less: deemed fair value ascribed to conversion feature and warrants | (1,523)               | (1,523)              |
| Plus: accretion of implied interest                                 | 610                   | 324                  |
| Total convertible debt  | 2,477                 | 2,251                |
| Face value of Centurion debenture                                   | 8,000                 | —                    |
| Less: deemed fair value ascribed to warrants                        | (1,204)               | —                    |
| Plus: accretion of implied interest                                 | 100                   | —                    |
| Less: net debt issuance costs                                       | (587)                 | —                    |
| Total Centurion debt  | 6,309                 | —                    |
| Total debt  | 10,451                | 6,351                |
| Less: current portion of debt                                       | —                     | (4,100)              |
| Long-term debt  | \$ 10,451             | \$ 2,251             |

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As of September 30, 2021, future minimum principal payments are summarized as follows (stated in thousands):

|  | PPP<br>Loan     | Convertible<br>Debt | Bank<br>Indebtedness |
|--|-----------------|---------------------|----------------------|
| Remainder 2021   | \$ —            | \$ —                | \$ —                 |
| 2022   | —               | —                   | —                    |
| 2023   | —               | 965                 | —                    |
| 2024   | —               | 2,425               | —                    |
| 2025   | —               | —                   | 8,000                |
| 2026   | 1,665           | —                   | —                    |
| Total  | 1,665           | 3,390               | 8,000                |
| Less: fair value ascribed to conversion feature and warrants | —               | (1,523)             | (1,204)              |
| Plus: accretion and implied interest                         | —               | 610                 | 100                  |
| Less: net debt issuance costs                                | —               | —                   | (587)                |
|  | <u>\$ 1,665</u> | <u>\$ 2,477</u>     | <u>\$ 6,309</u>      |

## 5. SHARE CAPITAL

### *Common stock*

Common stock: 180,000,000 authorized; \$0.001 par value. As of September 30, 2021 and December 31, 2020, there were 11,839,304 and 11,275,788 shares of common stock issued and outstanding, respectively.

### Reverse Share Split

During September 2021, the total number of shares of common stock authorized by the Company was reduced from 900,000,000 shares of common stock, par \$0.001, to 180,000,000 shares of common stock, par \$0.001, and the number of shares of common stock held by each stockholder of the Company were consolidated automatically into the number of shares of common stock equal to the number of issued and outstanding shares of common stock held by each such stockholder immediately prior to the reverse split divided by five (5): effecting a five (5) old for one (1) new reverse stock split.

No fractional shares were issued in connection with the reverse split and all fractional shares were rounded up to the next whole share.

Additionally, all options, warrants and other convertible securities of the Company outstanding immediately prior to the reverse split were adjusted by dividing the number of shares of common stock into which the options, warrants and other convertible securities are exercisable or convertible by five (5) and multiplying the exercise or conversion price thereof by five (5), all in accordance with the terms of the plans, agreements or arrangements governing such options, warrants and other convertible securities and subject to rounding to the nearest whole share.

All shares of common stock, options, warrants and other convertible securities and the corresponding price per share amounts have been presented to reflect the reverse split in all periods presented within this Form 10-Q.

### Acquisition shares

In connection with the acquisition of the Sentry Neuromonitoring, LLC (the “Seller”) assets, we issued to Seller or the Principals, as elected by Seller, shares of common stock of the Company with a value of \$1,625,000, determined on the effective date, as quoted on the TSX Venture Exchange (237,226 shares of common stock). In addition, the Company placed into escrow 94,891 shares of the

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Company's common stock with a value of \$650,000. The common stock is subject to a 12-month lock up beginning on the date of delivery. See Note 7 for additional discussion.

Share issuance

In June 2020, in connection with common stock purchase agreements, the Company issued 156,032 shares of common stock at a deemed value of \$4.00 per share to certain employees, directors and third parties.

Convertible debt

During the nine months ended September 30, 2021, certain holders of the convertible debenture exercised their right to convert \$60,000 of outstanding principal into shares of common stock, resulting in the issuance of 13,384 common stock.

*Stock options*

On December 10, 2020, our shareholders approved amendments to the Company's stock option plan, which amended the plan previously approved on November 20, 2019 (the "Amended Stock Option Plan"). As of September 30, 2021, an aggregate of 1,183,930 shares of common stock (10% of the issued and outstanding shares of common stock) were available for issuance under the Amended Stock Option Plan. Of this amount, stock options in respect of 1,014,100 shares are outstanding as of September 30, 2021.

Options under the Plan are granted from time to time at the discretion of the Board of Directors, with vesting periods and other terms as determined by the Board of Directors.

A summary of the stock option activity is presented below:

|   | Options Outstanding                       |   |  | Aggregate<br>Intrinsic Value<br>(in thousands) |
|---|---|---|--|--|
|   | Number of<br>Shares Subject<br>to Options | Weighted<br>Average<br>Exercise<br>Price Per<br>Share | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (in years) |  |
| <b>Balance at December 31, 2020</b>                 | 748,600                                   | \$ 5.25   | 4.00   |  |
| Options granted                                     | 348,000                                   | 5.33  |  |  |
| Options exercised                                   | (3,000)                                   | 6.40  |  |  |
| Options canceled / expired                          | (79,500)                                  | 5.96  |  |  |
| <b>Balance at September 30, 2021</b>                | <u>1,014,100</u>                          | <u>5.16</u>   | <u>3.62</u>  | <u>\$ 2,670</u>                                |
| <b>Vested and exercisable at September 30, 2021</b> | <u>636,008</u>                            | <u>4.93</u>   | <u>3.39</u>  | <u>\$ 1,894</u>                                |

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The following table summarizes information about stock options outstanding and exercisable under the Company's Stock Option Plan at September 30, 2021:

| Options Outstanding      |  |  | Options Exercisable   |  |  |
|--------------------------|--|--|-----------------------|--|--|
| Number of<br>Outstanding | Weighted<br>Average<br>Remaining<br>Contractual<br>Life (in years) | Weighted<br>Average<br>Exercise Price<br>Per Share | Number<br>Exercisable | Weighted<br>Average<br>Exercise Price<br>Per Share |  |
| 200,000                  | 3.90   | \$ 0.25  | 200,000               | \$ 0.25  |  |
| 12,000                   | 1.07   | \$ 14.00   | 12,000                | \$ 14.00   |  |
| 15,000                   | 6.30   | \$ 9.00  | 15,000                | \$ 9.00  |  |
| 85,000                   | 2.00   | \$ 9.00  | 73,667                | \$ 9.00  |  |
| 146,800                  | 2.30   | \$ 7.80  | 127,227               | \$ 7.80  |  |
| 81,300                   | 3.01   | \$ 6.40  | 48,780                | \$ 6.40  |  |
| 40,000                   | 3.91   | \$ 4.50  | 18,667                | \$ 4.50  |  |
| 93,000                   | 4.20   | \$ 4.85  | 31,000                | \$ 4.85  |  |
| 311,000                  | 4.34   | \$ 5.30  | 103,667               | \$ 5.30  |  |
| 30,000                   | 4.54   | \$ 5.60  | 6,000                 | \$ 5.60  |  |
| 1,014,100                | 3.62   | \$ 5.16  | 636,008               | \$ 4.93  |  |

The Company uses the Black-Scholes option pricing model to determine the estimated fair value of options. The fair value of each option grant is determined on the date of grant and the expense is recorded on a straight-line basis and is included as a component of general and administrative expense in the consolidated statements of operations. The assumptions used in the model include expected life, volatility, risk-free interest rate, dividend yield and forfeiture rate. The Company's determination of these assumptions are outlined below.

*Expected life* — The expected life assumption is based on an analysis of the Company's historical employee exercise patterns.

*Volatility* — Volatility is calculated using the historical volatility of the Company's common stock for a term consistent with the expected life.

*Risk-free interest rate* — The risk-free interest rate assumption is based on the U.S. Treasury rate for issues with remaining terms similar to the expected life of the options.

*Dividend yield* — Expected dividend yield is calculated based on cash dividends declared by the Board for the previous four quarters and dividing that result by the average closing price of the Company's common stock for the quarter. The Company has not declared a dividend to date.

*Forfeiture rate* — The Company does not estimate a forfeiture rate at the time of the grant due to the limited number of historical forfeitures. As a result, the forfeitures are recorded at the time the grant is forfeited.

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The following assumptions were used to value the awards granted during the nine months ended September 30, 2021:

|                          | Nine Months Ended September 30, |       |
|--------------------------|---------------------------------|-------|
|                          | 2021                            | 2020  |
| Expected life (in years) | 5.0                             | 5.0   |
| Risk-free interest rate  | 0.4 %                           | 3.0 % |
| Dividend yield           | — %                             | — %   |
| Expected volatility      | 91 %                            | 107 % |

Stock-based compensation expense for the three months ended September 30, 2021 and 2020 was \$210 thousand and \$88 thousand, respectively, and \$818 thousand and \$456 thousand for the nine months ended September 30, 2021 and 2020, respectively. As of September 30, 2021, there was approximately \$925 thousand of total unrecognized compensation cost related to 378,092 unvested stock options that is expected to be recognized over a weighted-average remaining vesting period of 2.2 years.

#### *Warrants*

As of September 30, 2021 and December 31, 2020, there were 3,940,006 and 3,665,006 warrants outstanding, respectively.

|                                      | Number of Warrants outstanding |
|--------------------------------------|--------------------------------|
| <b>Balance at December 31, 2020</b>  | 3,665,006                      |
| Debt, warrants issued (Note 4)       | 275,000                        |
| <b>Balance at September 30, 2021</b> | <b>3,940,006</b>               |

## **6. LOSS PER SHARE**

The following table sets forth the computation of basic and fully diluted loss per share for the three and months ended September 30, 2021 and 2020 (stated in thousands, except per share amounts):

|  | Three Months Ended September 30, |           | Nine Months Ended September 30, |             |
|--|----------------------------------|-----------|---------------------------------|-------------|
|  | 2021                             | 2020      | 2021                            | 2020        |
| Net income (loss)                                  | \$ 91                            | \$ (977)  | \$ (2,447)                      | \$ (14,711) |
| Basic weighted average common stock outstanding    | 11,838,032                       | 6,988,058 | 11,528,371                      | 6,968,728   |
| Basic income (loss) per share                      | \$ 0.01                          | \$ (0.14) | \$ (0.21)                       | \$ (2.11)   |
| Net income (loss)                                  | \$ 91                            | \$ (977)  | \$ (2,447)                      | \$ (14,711) |
| Basic weighted average common shares outstanding   | 11,838,032                       | 6,988,058 | 11,528,371                      | 6,968,728   |
| Dilutive effect of stock options and warrants      | 3,886,071                        | —         | —                               | —           |
| Dilutive weighted average common stock outstanding | 15,724,103                       | 6,988,058 | 11,528,371                      | 6,968,728   |
| Diluted income (loss) per share                    | \$ 0.01                          | \$ (0.14) | \$ (0.21)                       | \$ (2.11)   |

Basic net income (loss) per share is computed using the weighted average number of shares of common stock outstanding during the period. Diluted net income (loss) per share is computed using the treasury stock method to calculate the weighted average number of shares of common stock and, if dilutive, potential shares of common stock outstanding during the period. Potential dilutive shares of common stock include incremental shares of common stock issuable upon the exercise of stock options, less shares from assumed



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proceeds. The assumed proceeds calculation includes actual proceeds to be received from the employee upon exercise and the average unrecognized stock compensation cost during the period.

Stock options, exercisable, to purchase 227,893 shares of common stock and warrants to purchase 462,068 shares of common stock were outstanding at September 30, 2021 that were not included in the computation of diluted weighted average common stock outstanding because their effect would have been anti-dilutive.

## **7. ACQUISITION**

Effective on April 30, 2021 (the “Closing Date”), Assure Networks Texas Holdings II, LLC, a Colorado limited liability company and wholly-owned subsidiary of Assure Holdings (the “Purchaser”), entered into an Asset Purchase Agreement (the “Purchase Agreement”) with Sentry Neuromonitoring, LLC (the “Seller”), and certain owners (collectively “Principals”).

Under the terms of the Purchase Agreement, Assure Texas Holdings agreed to purchase certain assets (“Acquired Assets”) related to the Seller’s interoperative neuromonitoring business (the “Business”) and assumed certain liabilities of the Seller. The Acquired Assets included, among other items, all assets used in the Business, certain tangible personal property, inventory, Seller’s records related to the Business, deposits and prepaid expenses, certain contracts related to the Business, licenses, intellectual property, goodwill and accounts receivables. The purchase qualified as a business combination for accounting purposes.

The purchase price for the assets consisted of cash and stock, payable as follows:

### *Cash Payment*

Cash consideration of \$1,125,000 in installment payments, payable (a) \$153,125 at closing, (b) \$153,125 within 30 days of Closing Date and (c) \$818,750, together with interest at the applicable federal rate, shall be paid in cash in thirty-six equal monthly installments, with the first installment being due on or before the first business day of the first month following the sixtieth day from the Closing Date and the remaining installments being due on the first business day of each month thereafter.

### *Stock Payment*

The Company issued 237,226 shares of common stock issued to the Seller or the Principals, as elected by Seller, with a value of \$1,625,000, determined on the Closing Date, as quoted on the TSX Venture Exchange, on or about the Closing Date and 94,891 shares of common stock were placed in escrow with a value of \$650,000 and are being held by the Escrow Agent pursuant to terms set forth in an escrow agreement to be mutually agreed to by Purchaser and Seller. The common stock is subject to regulatory restrictions and requirements and a 12 month lock up from the date of delivery, in addition to any additional lock up period imposed on the common stock under applicable law and/or regulation,

### *Reimbursements*

Reimbursement to Seller for operational capital injected by Seller or its Principals since December 31, 2020, for verifiable and reasonable expenses, consistent with past business practices up to a cap of \$50 thousand.

### *Receivable Bonus*

Purchaser agreed to pay Seller or the Principals, as elected by Seller, a bonus in an amount equal to \$250,000 (“Receivable Bonus”) upon collecting \$3,000,001 in accounts receivable acquired by Purchaser for accounts receivable that was generated by Seller prior to the Closing. The Receivable Bonus, if earned, will be paid to Seller or the Principals, as elected by Seller, in three payments: (i) the first payment being in the amount of \$100 thousand, payable on the thirtieth (30th) day following the date the Receivable Bonus is earned, (ii) the second payment being in the amount of \$100 thousand, payable on the sixtieth (60th) day following the date the

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Receivable Bonus is earned, and (iii) the third payment in the amount of \$50 thousand, payable on the ninetieth (90th) day following the date the Receivable Bonus is earned.

*Founders' Bonus*

The Registrant agreed to pay a \$50 thousand bonus ("Founders' Bonus") payment to certain owners in installments: (i) \$25 thousand at Closing and (ii) \$25 thousand within twelve (12) months of Closing. The Founders' Bonus is additional consideration, which is independent, separate and apart from other consideration to be paid by Purchaser.

Under the Purchase Agreement, Purchaser agreed to enter into employment agreements with certain key personnel of Seller, as determined by Purchaser. The employment agreements, in standard form of employment agreement of Purchaser, include: (i) a minimum annual base salary of \$175 thousand with full benefits and (ii) up to \$50 thousand in annual variable compensation bonus to be memorialized in a mutually agreeable form of agreement that details the scope of services and compensation.

The initial accounting for the acquisition of Sentry is incomplete as we, with the support of our valuation specialist, are in the process of finalizing the fair market value calculations of the acquired net assets. In addition, the Company is in the process of reviewing the applicable future cash flows used in determining the purchase accounting. As a result, the amounts recorded in the consolidated financial statements related to the Sentry acquisition are preliminary and the measurement period remains open. The following table summarizes the preliminary allocation of the total consideration to the assets acquired and liabilities assumed as of the date of the acquisition (in thousands):

|  |                 |
|--|-----------------|
| <b>Purchase price consideration:</b>     |                 |
| Cash                                     | \$ 1,125        |
| Common stock, at fair value              | 2,275           |
| <b>Total consideration</b>               | <b>\$ 3,400</b> |
| <b>Assets acquired:</b>                  |                 |
| Cash                                     | \$ 51           |
| Accounts receivable                      | 2,000           |
| Right of use assets                      | 131             |
| <b>Total assets acquired</b>             | <b>2,182</b>    |
| <b>Liabilities assumed:</b>              |                 |
| Accounts payable and accrued liabilities | 242             |
| Lease liability                          | 131             |
| <b>Total liabilities assumed</b>         | <b>373</b>      |
| <b>Preliminary Goodwill</b>              | <b>\$ 1,591</b> |

## 8. COMMITMENTS AND CONTINGENCIES

*Indemnifications*

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

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to medical malpractice and other 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.

As permitted under Nevada law, the Company has agreements whereby it indemnifies its officers and directors for certain events or occurrences while the officer or director is, or was, serving at the Company's request in such capacity. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is unlimited; however, the Company believes, given the absence of any such payments in the Company's history, and the estimated low probability of such payments in the future, that the estimated fair value of these indemnification agreements is immaterial. In addition, the Company has directors' and officers' liability insurance coverage that is intended to reduce its financial exposure and may enable the Company to recover any payments, should they occur.

***Performance share compensation***

As part of a reverse takeover transaction ("RTO") during 2016, the Company entered into a one-time stock grant agreement with two executives which defines a bonus share threshold as follows: should the Company meet or exceed a 2017 fiscal year EBITDA threshold of Cdn\$7,500, the Company would issue 1,200,000 shares of common stock of the surviving issuer at the trailing 30-day average closing price. See the Company's annual report for the year ended December 31, 2020 filed on March 30, 2021 for additional discussion. During the year ended December 31, 2020, the Company settled 1,000,000 performance shares resulting from the issuance of 1,000,000 shares of common stock. During the first half of 2021, the Company settled the remaining 200,000 performance shares.

**9. SUBSEQUENT EVENTS**

On October 1, 2021, the Company granted 197,000 stock options to certain officers and employees.

On November 15, 2021, the Company announced that it has closed a brokered private placement of approximately 900,000 shares of the Company at an issue price of \$5.25 per share, for gross proceeds of \$4.75 million (the "Offering"). The proceeds of the Offering are expected to be used for expanding the Company's remote neurology services offering for intraoperative neuromonitoring ("IONM"), extending the Company's operational footprint into new states, supporting expected growth generated by the agreement with Premier, Inc. and general working capital purposes. Kestrel Merchant Partners LLC (the "Sponsor") acted as the exclusive sponsor and The Benchmark Company, LLC (the "Agent") acted as sole placement agent in connection with the Offering. Additionally, certain directors, officers and employees are expected to participate in a subsequent offering to settle approximately \$700 thousand of compensation at a market price to be determined in accordance with Nasdaq listing requirements following the end of the Company's trading blackout in accordance with the Company's insider trading policy.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion should be read in conjunction with the attached unaudited condensed consolidated financial statements and notes thereto, and with our audited financial statements and notes thereto for the year ended December 31, 2020 found in the Form 10-K filed by Assure Holdings Corporation on March 30, 2021 (the "Form 10-K").*

*This Quarterly Report contains forward-looking statements, which are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Words such as "expects," "anticipates," "plans," "believes," "seeks," "estimates," "could," "would," "may," "intends," "targets" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in this Quarterly Report. The identification of certain statements as "forward-looking" is not intended to mean that other statements not specifically identified are not forward-looking. All statements other than statements about historical facts are statements that could be deemed forward-looking statements, including, but not limited to, statements that relate to our future revenue, growth rate, competitiveness, gross margins, expenditures, tax expenses, cash flows, our management's plans and objectives for our current and future operations, general economic conditions, the impact of the COVID-19 pandemic and related events, the impact of acquisitions on our financial condition and results of operations, and the sufficiency of financial resources to support future operations and capital expenditures.*

*Although forward-looking statements in this Quarterly Report reflect the good faith judgment of our management, such statements can only be based on facts and factors currently known by us. Consequently, forward-looking statements are inherently subject to risks, uncertainties, and changes in condition, significance, value and effect, including those discussed under the heading "Risk Factors" in our annual report on Form 10-K and other documents we file from time to time with the Securities and Exchange Commission (the "SEC"), such as our quarterly reports on Form 10-Q and our current reports on Form 8-K. Such risks, uncertainties and changes in condition, significance, value and effect could cause our actual results to differ materially from those expressed herein and in ways not readily foreseeable. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of this Quarterly Report and are based on information currently and reasonably known to us. We undertake no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of this Quarterly Report, other than as required by law. Readers are urged to carefully review and consider the various disclosures made in this Quarterly Report, which attempt to advise interested parties of the risks and factors that may affect our business, financial condition, results of operations and prospects.*

### OVERVIEW

Assure is a best-in-class provider of outsourced intraoperative neurophysiological monitoring ("IONM") and an emerging provider of remote neurology services. The Company delivers a turnkey suite of clinical and operational services to support surgeons and medical facilities during invasive procedures including spine, neurosurgery, ear, nose, and throat, cardiovascular and orthopedic. Accredited by The Joint Commission, Assure's mission is to provide exceptional surgical care and a positive patient experience.

IONM identifies real-time changes in spinal cord, brain, and peripheral nerve functions during high-risk surgeries to prevent injuries or accidental damage to patients that could lead to strokes, heart attacks, paralysis or other serious medical issues. IONM is well established and regarded as the standard of care in U.S healthcare.

Assure employs highly trained IONM technologists, which provide a direct point of contact in the operating room to relay critical information to the surgical team while Company physicians deliver remote neurology services in support of the surgical team. In addition, Assure offers surgeons and medical facilities a value-added platform including: patient scheduling, billing and collections, physician relationship management and patient advocacy services. High quality Assure IONM support results in decreased hospital and surgeon liability, abbreviated patient stays, fewer readmissions, reduced hospital costs, enhanced overall patient satisfaction and the efficient achievement of better clinical outcomes.

Assure's integrated IONM offering, encompassing both the technologist in the operating room as well as off-site remote neurology services, help the Company create an even higher standard of service for surgeons and patients alike. In addition, it broadens Assure's platform and greatly expands the Company's margin potential by significantly reducing cost of delivery. This allows Assure to improve profitability on every case performed. Expanded scale associated with physician-driven remote neurology services' one-to-many model,

in contrast to the Company's legacy on-site technologist-driven one-to-one model, is the most important catalyst for margin improvement. The top-line also benefits from Assure's integrated offering, given that most remote neurology cases Assure performs itself establish a new revenue stream. Assure technologists have created substantial managed case volume for the business that the Company's physicians performing remote neurology services are simply consuming. Currently, driving growth in remote neurology services is a matter of scheduling and delivering Assure's existing managed case volume. Further, providing remote neurology services for IONM offers Assure new opportunities in adjacent markets such as electroencephalographic (EEG), epilepsy, sleep studies and stroke care, where similar services and expertise are utilized.

The Company maintains operations in twelve U.S. states. Assure believes that continued geographic expansion initiatives, facility-wide outsourcing agreements with medical facilities, the acceleration of its remote neurology services platform, and selective acquisitions will combine to generate substantial growth opportunities going forward.

The Company has financed its cash requirements primarily from revenues generated from its services, by utilizing a bank promissory note and line of credit, from the issuances of convertible debentures, other debentures, from government loan programs, 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 PE 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.assureneuromonitoring.com](http://www.assureneuromonitoring.com), [www.sedar.com](http://www.sedar.com) and [www.sec.gov](http://www.sec.gov).

## COVID-19

Our business and results of operations have been, and continues to be, adversely affected by the global COVID-19 pandemic and related events and we expect its impact to continue. The impact to date has included periods of significant volatility in various markets and industries, including the healthcare industry. The volatility has had, and we anticipate it will continue to have, an adverse effect on our customers and on our business, financial condition and results of operations, and may result in an impairment of our long-lived assets, including goodwill, increased credit losses and impairments of investments in other companies. In particular, the healthcare industry, hospitals and providers of elective procedures have been and may continue to be impacted by the pandemic and/or other events beyond our control, and further volatility could have an additional negative impact on these industries, customers, and our business. In addition, the COVID-19 pandemic and, to a lesser extent, the impact on other industries, including automotive, electronics and real estate, increased fuel costs, U.S. restrictions on trade, and transitory inflation have impacted and may continue to impact the financial conditions of our customers and the patients they serve. In addition, actions by United States federal, state and foreign governments to address the COVID-19 pandemic, including travel bans, stay-at-home orders and school, business and entertainment venue closures, also had a significant adverse effect on the markets in which we conduct our businesses. COVID-19 poses the risk that our workforce, suppliers, and other partners may be prevented from conducting normal business activities for an extended period of time, including due to shutdowns or stay-at-home orders that may be requested or mandated by governmental authorities. We have implemented policies to allow our employees to work remotely as a result of the pandemic as we reviewed processes related to workplace safety, including social distancing and sanitation practices recommended by the Centers for Disease Control and Prevention. The COVID-19 pandemic could also cause delays in acquiring new customers and executing renewals and could also impact our business as consumer behavior changes in response to the pandemic.

Since the start of the second quarter of 2021, there has been increased availability and administration of vaccines against COVID-19, as well as an easing of restrictions on social, business, travel, and government activities and functions, and we have experienced a gradual resumption of economic activities in our industries. On the other hand, infection rates continue to fluctuate in various regions and new strains of the virus, including the Delta variant, remain a risk, which may give rise to implementation of restrictions in the geographic areas that we serve. In addition, there are ongoing global impacts resulting from the pandemic, including disruption of the supply chains, product shortages, increased delivery costs, increased governmental regulation, strains on healthcare systems, and delays in shipments, product development, technology launches and facility access.

We have been closely monitoring the COVID-19 pandemic and its impact on our business, including legislation to mitigate the impact of COVID-19 such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act which was enacted in March 2020, and the American Rescue Plan Act of 2021 which was enacted in March 2021. Although a significant portion of our anticipated revenue for 2021 is derived from fixed-fee and minimum-guarantee arrangements, primarily from large, well-capitalized customers which we

believe somewhat mitigates the risks to our business, our per-unit and variable-fee based revenue will continue to be susceptible to the volatility, supply chain disruptions, microchip shortages and potential market downturns induced by the COVID-19 pandemic.

The full extent of the future impact of the COVID-19 pandemic on the Company's operational and financial performance is uncertain and will depend on many factors outside the Company's control, including, without limitation, the timing, extent, trajectory and duration of the pandemic; the availability, distribution and effectiveness of vaccines; the spread of new variants of COVID-19; the continued and renewed imposition of protective public safety measures; the impact of COVID-19 on integration of acquisitions, expansion plans, implementation of telemedicine, restrictions on elective procedures, delays in payor remittance and increased regulations; and the impact of the pandemic on the global economy and demand for consumer products.

Although we are unable to predict the full impact and duration of the COVID-19 pandemic on our business, we are actively managing our financial expenditures in response to continued uncertainty. Further discussion of the potential impacts on our business from the COVID-19 pandemic is provided under Part I, Item 1A – Risk Factors of the Form 10-K.

## RESULTS OF OPERATIONS

### *Three Months Ended September 30, 2021 Compared to the Three Months Ended September 30, 2020*

The following table provides selected financial information from the condensed consolidated financial statements of income for the three months ended September 30, 2021 and 2020. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

|  | Three Months Ended September 30, |           | Change    | Change   |
|--|----------------------------------|-----------|-----------|----------|
|  | 2021                             | 2020      | \$        | %        |
| <b>Revenue</b>                               |                                  |           |           |          |
| Patient service fees, net                    | \$ 6,443                         | \$ 2,965  | \$ 3,478  | 117.3 %  |
| Hospital, management and other               | 2,103                            | 998       | 1,105     | 110.7 %  |
| Total revenue                                | 8,546                            | 3,963     | 4,583     | 115.6 %  |
| Cost of revenues                             | 4,254                            | 2,232     | 2,022     | 90.6 %   |
| Gross margin                                 | 4,292                            | 1,731     | 2,561     | 147.9 %  |
| <b>Operating expenses</b>                    |                                  |           |           |          |
| General and administrative                   | 3,180                            | 1,957     | 1,223     | 62.5 %   |
| Sales and marketing                          | 247                              | 349       | (102)     | (29.2)%  |
| Depreciation and amortization                | 293                              | 249       | 44        | 17.7 %   |
| Total operating expenses                     | 3,720                            | 2,555     | 1,165     | 45.6 %   |
| Income (loss) from operations                | 572                              | (824)     | 1,396     | (169.4)% |
| <b>Other income (expenses)</b>               |                                  |           |           |          |
| Income (loss) from equity method investments | 139                              | (232)     | 371       | (159.9)% |
| Other income (expense), net                  | (27)                             | (3)       | (24)      | 800.0 %  |
| Accretion expense                            | (171)                            | (227)     | 56        | (24.7)%  |
| Interest expense, net                        | (264)                            | (58)      | (206)     | 355.2 %  |
| Total other expense                          | (323)                            | (520)     | 197       | (37.9)%  |
| Income (loss) before income taxes            | 249                              | (1,344)   | 1,593     | (118.5)% |
| Income tax benefit (expense)                 | (158)                            | 367       | (525)     | (143.1)% |
| Net income (loss)                            | \$ 91                            | \$ (977)  | \$ 1,068  | (109.3)% |
| <b>Income (loss) per share</b>               |                                  |           |           |          |
| Basic  | \$ 0.01                          | \$ (0.14) | \$ 0.15   | (105.5)% |
| Diluted                                      | \$ 0.01                          | \$ (0.14) | \$ 0.16   | (112.7)% |
| Weighted average number shares – basic       | 11,838,032                       | 6,988,058 | 4,849,974 | 69.4 %   |
| Weighted average number shares – diluted     | 11,838,032                       | 6,988,058 | 4,849,974 | 69.4 %   |

### **Revenue**

Total revenues for the three months ended September 30, 2021 and 2020 were \$8.5 million and \$4.0 million, respectively, net of implicit price concessions. For the three months ended September 30, 2021 and 2020, we recorded an allowance for implicit price concessions of nil and \$4.6 million, respectively.

Patient service fee revenue is recognized in the period in which IONM services are rendered, at net realizable amounts due from third party payors when collections are reasonably assured and can be estimated. The majority of the Company's services are rendered on an out-of-network basis and billed to third party insurers. We record out-of-network technical and professional revenue (included in-Patient service fees, net) per case based upon our historical collection rates from private insurance carriers. Our revenue estimation process for out-of-network revenue is based on the collection experience from insurance cases that are up to two years old and management the collection experience of these receivables is more indicative of future per case collection rates. The Company recognizes revenue from hospital and surgery center customers and certain PEs, for which the Company does not have an ownership interest in, on a contractual basis. Revenue from services rendered is recorded after services are rendered.

For the three months ended September 30, 2021, Assure managed 4,996 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) compared to 2,685 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) in the same period in the prior year, an 86% increase in case volume. The increase is primarily related to organic sales growth in new markets such as Nebraska and Nevada, the acquisition of Sentry on April 30, 2021, and the launch of tele neurologist services.

### **Cost of Revenues**

Cost of revenues for the three months ended September 30, 2021 were \$4.3 million compared to \$2.2 million for the same period in 2020. Cost of revenues consist primarily of third-party billing fees, the cost of our internal billing and collection department, technologist and reader wages, third-party reader and collection fees and medical supplies. Technologist wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have ramped up this department and as the number of cases they are responsible for invoicing increases. During the three months ended September 30, 2021, the number of neuromonitoring cases increased 86% compared to the three months ended September 30, 2020, which increased cost of revenues year over year.

### **General and administrative**

General and administrative expenses were \$3.2 million and \$2.0 million for the three months ended September 30, 2021 and 2020, respectively. The increase period-to-period was primarily related to an increase in information technology consulting costs as we continue to focus on automation and infrastructure to scale our business and an increase in stock based compensation expense.

### **Sales and marketing**

Sales and marketing expenses was \$247 thousand and \$349 thousand for the three months ended September 30, 2021 and 2020. The decrease period-to-period was related to cost savings measures.

### **Depreciation and amortization**

Depreciation and amortization expense was \$293 thousand and \$249 thousand for the three months ended September 30, 2021 and 2020, respectively. The increase is primarily related to the increase in ROU lease assets compared to the prior year.

### **Income (loss) from equity method investments**

Assure recognizes its pro-rata share of the net income (loss) generated by the non-wholly-owned PEs. During the three months ended September 30, 2021, the Company recognized \$139 thousand of income from equity method investments compared to \$232 thousand in losses for the three months ended September 30, 2020. The variance is primarily associated with recording of the previously mentioned implicit price concessions which were significantly larger in 2020 than 2021.

***Accretion expense***

The Company recorded accretion expense of \$171 thousand and \$227 thousand for the three months ended September 30, 2021 and 2020, respectively.

The Company accretes the difference between the fair value of the warrants and conversion feature related to the Central Bank and Centurion debt, as applicable, and the face value of such debt over the term of the debt.

***Interest expense, net***

Interest expense, net was \$264 thousand for the three months ended September 30, 2021 compared to \$58 thousand for the three months ended September 30, 2020. The increase year-over-year is primarily due to higher outstanding debt balances and the amortization of debt issuance costs. The Company capitalizes debt issuance costs and then amortizes such costs over the term of the debt.

***Income tax benefit (expense)***

For the three months ended September 30, 2021 income tax expense was \$158 thousand compared to an income tax benefit of \$367 thousand for the three months ended September 30, 2020. The Company's estimated annual tax rate is impacted primarily by the amount of taxable income earned in each jurisdiction the Company operates in and permanent differences between financial statement carrying amounts and the tax basis.



**Nine Months Ended September 30, 2021 Compared to the Nine Months Ended September 30, 2020**

The following table provides selected financial information from the condensed consolidated financial statements of income for the nine months ended September 30, 2021 and 2020. All dollar amounts set forth in the table below are expressed thousands of dollars, except share and per share amounts.

|  | <b>Nine Months Ended September 30,</b> |                    | <b>Change</b>    | <b>Change</b>  |
|--|--|--------------------|------------------|----------------|
|  | <b>2021</b>                            | <b>2020</b>        | <b>\$</b>        | <b>%</b>       |
| <b>Revenue</b>                               |  |                    |                  |                |
| Patient service fees, net                    | \$ 13,087                              | \$ (6,342)         | \$ 19,429        | (306.4)%       |
| Hospital, management and other               | 6,446                                  | 3,902              | 2,544            | 65.2 %         |
| Total revenue                                | 19,533                                 | (2,440)            | 21,973           | (900.5)%       |
| Cost of revenues                             | 9,956                                  | 5,062              | 4,894            | 96.7 %         |
| Gross margin                                 | 9,577                                  | (7,502)            | 17,079           | (227.7)%       |
| <b>Operating expenses</b>                    |  |                    |                  |                |
| General and administrative                   | 10,275                                 | 5,853              | 4,422            | 75.6 %         |
| Sales and marketing                          | 748                                    | 801                | (53)             | (6.6)%         |
| Depreciation and amortization                | 965                                    | 769                | 196              | 25.5 %         |
| Total operating expenses                     | 11,988                                 | 7,423              | 4,565            | 61.5 %         |
| Loss from operations                         | (2,411)                                | (14,925)           | 12,514           | (83.8)%        |
| <b>Other income (expenses)</b>               |  |                    |                  |                |
| Income (loss) from equity method investments | 136                                    | (1,449)            | 1,585            | (109.4)%       |
| Other income (expense), net                  | (29)                                   | 50                 | (79)             | (158.0)%       |
| Accretion expense                            | (386)                                  | (619)              | 233              | (37.6)%        |
| Interest expense, net                        | (500)                                  | (164)              | (336)            | 204.9 %        |
| Total other expense                          | (779)                                  | (2,182)            | 1,403            | (64.3)%        |
| Loss before income taxes                     | (3,190)                                | (17,107)           | 13,917           | (81.4)%        |
| Income tax benefit                           | 743                                    | 2,396              | (1,653)          | (69.0)%        |
| Net loss                                     | <u>\$ (2,447)</u>                      | <u>\$ (14,711)</u> | <u>\$ 12,264</u> | <u>(83.4)%</u> |
| <b>Loss per share</b>                        |  |                    |                  |                |
| Basic  | <u>\$ (0.21)</u>                       | <u>\$ (2.11)</u>   | <u>\$ 1.90</u>   | <u>(89.9)%</u> |
| Diluted                                      | <u>\$ (0.21)</u>                       | <u>\$ (2.11)</u>   | <u>\$ 1.91</u>   | <u>(90.4)%</u> |
| Weighted average number shares – basic       | 11,528,371                             | 6,968,728          | 4,559,643        | 65.4 %         |
| Weighted average number shares – diluted     | 11,528,371                             | 6,968,728          | 4,559,643        | 65.4 %         |

**Revenue**

Total revenues for the nine months ended September 30, 2021 and 2020 were \$19.5 million and \$(2.4 million,) respectively, net of implicit price concessions. For the nine months ended September 30, 2021 and 2020, we recorded an allowance for implicit price concessions of \$1.2 million and \$24.0 million, respectively.

Patient service fee revenue is recognized in the period in which IONM services are rendered, at net realizable amounts due from third party payors when collections are reasonably assured and can be estimated. The majority of the Company's services are rendered on an out-of-network basis and billed to third party insurers. We record out-of-network technical and professional revenue (included in-Patient service fees, net) per case based upon our historical collection rates from private insurance carriers. Our revenue estimation process for out-of-network revenue is based on the collection experience from insurance cases that are between 1-2 years old and management believes the more recent collection experience is more indicative of future per case collection rates. The Company recognizes revenue from hospital and surgery center customers and certain PEs, for which the Company does not have an ownership interest in, on a contractual basis. Revenue from services rendered is recorded after services are rendered.

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For the nine months ended September 30, 2021, Assure managed 10,979 where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) compared to 6,763 cases where it retained 100% of the professional revenue (from our wholly-owned subsidiaries) in the same period in the prior year, a 62% increase in case volume. The increase is primarily related to organic sales growth in new markets such as Nebraska and Nevada, the acquisition of Sentry on April 30, 2021, and the launch of tele neurologist services.

### ***Cost of Revenues***

Cost of revenues for the nine months ended September 30, 2021 were \$10.0 million compared to \$5.1 million for the same period in 2020. Cost of revenues consist primarily of third-party billing fees, the cost of our internal billing and collection department, technologist and reader wages, third-party reader and collection fees and medical supplies. Technologist wages and medical supplies vary with the number of neuromonitoring cases. The cost of our internal billing and collection department increased as we have ramped up this department and as the number of cases they are responsible for invoicing increases. During the nine months ended September 30, 2021, the number of neuromonitoring cases increased 62% compared to the nine months ended September 30, 2020 which increased costs of revenues year over year.

### ***General and administrative***

General and administrative expenses were \$10.3 million and \$5.9 million for the nine months ended September 30, 2021 and 2020, respectively. The increase period-to-period was primarily related to higher legal fees in relation to our Nasdaq listing, acquisition of Sentry and debt financing with Centurion, and increased head count as we continued to build an inhouse billing and collections function. During the nine months ended September 30, 2021, we incurred legal and audit expenses related to the filing of our registration statement on Form S-1 and our initial Form 10-K with the Securities and Exchange Commission which are nonrecurring expenses.

### ***Sales and marketing***

Sales and marketing expenses were relatively consistent at \$748 thousand and \$801 thousand for the nine months ended September 30, 2021 and 2020, respectively.

### ***Depreciation and amortization***

Depreciation and amortization expense was \$965 thousand and \$769 thousand for the nine months ended September 30, 2021 and 2020, respectively. The increase is primarily related to the increase in ROU lease assets compared to the prior year.

### ***Income (loss) from equity method investments***

Assure recognizes its pro-rata share of the net loss generated by the non-wholly-owned PEs. During the nine months ended September 30, 2021, the Company recognized \$136 thousand of income from equity method investments compared to \$1.5 million of losses for the nine months ended September 30, 2020. The variance is primarily associated with recording of the previously mentioned implicit price concessions which were significantly larger in 2020 than 2021.

### ***Accretion expense***

The Company recorded accretion expense of \$386 thousand and \$619 thousand for the nine months ended September 30, 2021 and 2020, respectively. The Company accretes the difference between the fair value of the warrants and conversion feature related to the Central Bank and Centurion debt, as applicable, and the face value of such debt over the term of the debt.

### ***Interest expense, net***

Interest expense, net was \$500 thousand for the nine months ended September 30, 2021 compared to \$164 thousand for the nine months ended September 30, 2020. The increase year-over-year is primarily due to higher outstanding debt balances.

### ***Income tax benefit***

For the nine months ended September 30, 2021 income tax benefit was \$743 thousand compared to \$2.4 million for the nine months ended September 30, 2020. The Company's estimated annual tax rate is impacted primarily by the amount of taxable income earned in each jurisdiction the Company operates in and permanent differences between financial statement carrying amounts and the tax basis.

### **FINANCIAL POSITION, LIQUIDITY AND CAPITAL RESOURCES**

Our cash position as of September 30, 2021 was \$918 thousand compared to the December 31, 2020 cash balance of \$4.4 million. Working capital was \$26.6 million as of September 30, 2021 compared to \$17.4 million at December 31, 2020. We rely on payments from multiple private insurers and hospital systems that have payment policies and payment cycles that vary widely. Because we are primarily an out-of-network biller to private insurance companies, the collection times for our claims can last in excess of 24 months. Accounts receivables outstanding greater than 24 months are fully reserved.

For the nine months ended September 30, 2021, we collected approximately \$10.1 million of cash from operations compared to collecting approximately \$10.0 million in the same prior year period. As at September 30, 2021, accounts receivable, which are recorded net of implicit price concessions, was \$22.7 million compared to \$15.0 million at December 31, 2020. We received \$312 thousand in cash distributions from the PE entities for the nine months ended September 30, 2021 compared to \$424 thousand received for the same prior year period.

We financed our operations primarily from revenues generated from services rendered and through equity and debt financings. We expect to meet our obligations for the next 12 months, through cash earned through operating activities, debt financings, and equity offerings. During November 2021, we completed an equity financing. See *Subsequent Event* below for additional discussion.

Cash used in operating activities for the nine months ended September 30, 2021 was \$9.4 million compared to \$1.8 million for the same period in the preceding year. Cash was used to fund operations and to fund our growth strategy.

Cash provided by investing activities of \$108 thousand for the nine months ended September 30, 2021 was related the PE advances, offset by payments related to the Sentry acquisition. Cash used in investing activities of \$3.5 million for the nine months ended September 30, 2020 was primarily related to payments against the Neuro-Pro acquisition partially offset by the distributions received from the PEs.

Cash provided by financing activities of \$5.8 million for the nine months ended September 30, 2021 was due to \$7.4 million of net proceeds from the debenture, \$1.7 million of proceeds from the Payroll Protection Program loan, and \$832 thousand in proceeds from common stock issuances, offset by \$4.1 million payments of bank debt. Cash provided by financing activities of \$5.5 million for the nine months ended September 30, 2020 was primarily due to \$2.5 million of proceeds from the issuance of convertible debentures, \$1.2 million of proceeds from the payroll protection program, net proceeds of \$560 thousand from the bank promissory note, and net proceeds of \$1.1 million from the bank line of credit.

Our near-term cash requirements relate primarily to payroll expenses, trade payables, debt payments, capital lease payments, and general corporate obligations. Approximately 50% - 55% of the trade and other payables at September 30, 2021 and December 31, 2020 consist of accrued billing fees. These fees will not be due and payable until the underlying accounts receivable is collected which may be in the longer term.

### ***Debenture***

On June 10, 2021, the Company entered into definitive agreements to secure a credit facility under the terms of a commitment letter dated March 8, 2021 (the "Commitment Letter") with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. ("Centurion"). Under the terms of the Commitment Letter, Assure issued a debenture to Centurion, dated June 9, 2021 (the "Debenture"), with a maturity date of June 9, 2025 (the "Maturity Date"), in the principal amount of \$11 million related to a credit facility comprised of a \$6 million senior term loan (the "Senior Term Loan"), a \$2 million senior revolving loan (the "Senior Revolving Loan") and a \$3 million senior term acquisition line (the "Senior Term Acquisition Line" and together with the Senior Term

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Loan and the Senior Revolving Loan, the “Credit Facility”). The Senior Term Acquisition Line will be made available to the Company to fund future acquisitions, subject to certain conditions and approvals of Centurion. The Credit Facility matures in June 2025.

The principal amount of the Debenture drawn and outstanding from time to time shall bear interest both before and after maturity, default and judgment from the date hereof to the date of repayment in full at the rate of the greater of 9.50% or the Royal Bank of Canada Prime Rate plus 7.05% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any obligations are outstanding, the first of such payments being due July 2, 2021 for the period from the Advance to the date of payment, and thereafter monthly. The difference between the commitment and the amount of the Loan outstanding from time to time shall bear a standby charge, for the period between June 2021 and the end of the availability period, in the amount of 1.50% per annum calculated and compounded monthly in arrears and payable on the first business day of each month during which any amount of the commitment remains available and undrawn, the first of such payments being due July 2, 2021. Interest on overdue interest shall be calculated and payable at the same rate plus 3% per annum.

With respect to the Senior Revolving Loan, Assure may prepay advances outstanding thereunder from time to time, with not less than 10 business days prior written notice of the prepayment date and the amount, in the minimum amount of \$250,000. Any amount of the Senior Revolving Loan prepaid may be re-advanced. With respect to the Senior Term Loan and Senior Term Acquisition Line, Assure may prepay the advances outstanding thereunder, without penalty or bonus, in an amount not to exceed 25% of the aggregate of all Advances then outstanding under the Term Loans, on each anniversary date of the first advance made hereunder, provided in each case with not less than 30 days written notice of the Company's intention to prepay on such anniversary date and the proposed prepayment amount. Any prepayments to the Term Loans other than those permitted in the immediately preceding sentence may only be made on 30 days prior written notice of the prepayment date and the amount, and are subject to the Company paying on such prepayment date a prepayment charge equal to the lesser of (i) twelve (12) months interest and (ii) interest for the months remaining from the prepayment date to the Maturity Date, on the amount prepaid at the interest rate in effect on the applicable Term Loan as of the date of prepayment. Any amount of the Term Loan prepaid may not be re-advanced.

The Credit Facility is guaranteed by the subsidiaries under the terms of the guarantee and secured by a first ranking security interest in all of the present and future assets of Assure and the Subsidiaries under the terms of the security agreement.

Assure paid Centurion on first Advance of the Loan a commitment fee of 2.25%, being \$248 thousand, made by withholding from the first advance.

A portion of the proceeds from the Debenture were utilized to repay the Central Bank line of credit and the Central Bank promissory note.

### *Off-Balance Sheet Arrangements*

We have 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.

We have receivables from related parties and equity investments in PEs that are due and payable upon those entities collecting on their own accounts receivable. To the extent that these entities are unable to collect on their accounts receivable or there is an impairment in the valuation of those accounts receivable, the Company will need to reduce its related party receivables and/or its equity investments in the PEs.

### *Subsequent Event*

On November 15, 2021, the Company announced that it has closed a brokered private placement of approximately 900,000 shares of the Company at an issue price of \$5.25 per share, for gross proceeds of \$4.75 million (the “Offering”). The proceeds of the Offering are expected to be used for expanding the Company's remote neurology services offering for intraoperative neuromonitoring (“IONM”), extending the Company's operational footprint into new states, supporting expected growth generated by the agreement with Premier, Inc. and general working capital purposes. Kestrel Merchant Partners LLC (the “Sponsor”) acted as the exclusive sponsor and The Benchmark Company, LLC (the “Agent”) acted as sole placement agent in connection with the Offering. Additionally, certain directors, officers and employees are expected to participate in a subsequent offering to settle approximately \$700 thousand of compensation at a

market price to be determined in accordance with Nasdaq listing requirements following the end of the Company's trading blackout in accordance with the Company's insider trading policy.

## **CRITICAL ACCOUNTING POLICIES**

We prepare our consolidated financial statements in conformity with GAAP. Application of GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes and within this MD&A. We consider our most important accounting policies that require significant estimates and management judgment to be those policies with respect to revenue, accounts receivable, stock based compensation, acquired intangible assets, goodwill, and income taxes, which are discussed below. Our other significant accounting policies are summarized in Note 2, "Basis of Presentation" and Note 3, "Summary of Significant Accounting Policies," of the Notes to Consolidated Financial Statements included in the Annual Report on Form 10-K for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on March 30, 2021.

We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. In general, our estimates are based on historical experience, evaluation of current trends, information from third-party professionals and various other assumptions that we believe to be reasonable under the known facts and circumstances. Estimates can require a significant amount of judgment and a different set of assumptions could result in material changes to our reported results.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Not applicable

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Disclosure Controls and Procedures**

As of the end of the period covered by this Quarterly Report on Form 10-Q, an evaluation was carried out under the supervision of, and with the participation of the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operations of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, the CEO and the CFO have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective in ensuring that (i) information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and (ii) information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

### **Changes in Internal Control Over Financial Reporting**

There have been changes in our internal control over financial reporting during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Changes in our internal control over financial reporting during the quarter ended September 30, 2021 are discussed below under "Remediation".

### ***Material Weaknesses***

Previously, management noted that we had material weaknesses in our internal control over financial reporting related to inadequate controls over the review of the accounting for complex transactions and improper segregation of duties which management believes to be a material weakness.

**Remediation**

In response to the identified material weakness, during the first quarter of 2021, management has implemented a rigorous review process regarding the accounting for complex transactions. During the third quarter of 2021, the Company remediated the segregation of duties control weakness by restructuring certain employee functions.

**PART II – OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

We are not aware of any material pending or threatened litigation or of any proceedings known to be contemplated by governmental authorities that are, or would be, likely to have a material adverse effect upon us or our operations, taken as a whole.

**ITEM 1A. RISK FACTORS**

During the three months ended September 30, 2021 there were no material changes to the risk factors disclosed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2020.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Item 2(b) and 2(c) are not applicable.

Item 2(a) – Stock Issuances

| <b>2021</b>         |  | <b>Total number of shares<br/>common stock issued</b> |
|---------------------|--|---|
| July <sup>(1)</sup> |  | 2,858   |
| August              |  | —   |
| September           |  | —   |
| Total               |  | 2,858   |

*(1) Convertible debenture*

In connection with the terms of the convertible debenture (See Note 5 to our Condensed Consolidated Financial Statements), the Registrant issued 2,858 shares of common stock upon the conversion of \$20 thousand principal amount of convertible debenture pursuant to Section 3(a)(9) of the Securities Act of 1933, as amended, and applicable state securities laws exemptions. The shares of common stock are “restricted securities” as defined in Rule 144 of the Securities Act and subject to hold periods under applicable Canadian securities laws.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

## **ITEM 5. OTHER INFORMATION**

### *Credit Facility*

As previously reported on Form 8-K filed on June 16, 2021, we entered into definitive agreements to secure a credit facility with Centurion Financial Trust, an investment trust formed by Centurion Asset Management Inc. (“Centurion”). Assure issued a Debenture to Centurion, dated June 9, 2021, with a maturity date of June 9, 2025, in the principal amount of US\$11,000,000 related to a credit facility comprised of a US\$6,000,000 senior term loan, a US\$2,000,000 senior revolving loan and a US\$3,000,000 senior term acquisition line (the “Credit Facility”). The Credit Facility is guaranteed by certain Assure subsidiaries.

### *Adoption of Code of Business Conduct and Ethics*

On August 11, 2021, the Board of Directors adopted a Code of Business Conduct and Ethics, which replaces our prior Code of Ethics.

**ITEM 6. EXHIBITS**

| <u>Exhibit<br/>Number</u> | <u>Description</u>  |
|---------------------------|---|
| 3.1                       | <a href="#">Articles of Incorporation of Montreux Capital Corp. dated May 15, 2017 (incorporated by reference to Exhibit 3.1 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>   |
| 3.2                       | <a href="#">Articles of Domestication (from British Columbia to State of Nevada) dated May 15, 2017 (incorporated by reference to Exhibit 3.2 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>                          |
| 3.3                       | <a href="#">Certificate of Amendment to Articles of Incorporation (Name Change) of Montreux Capital Corp. dated May 17, 2017 (incorporated by reference to Exhibit 3.3 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a> |
| 3.4                       | <a href="#">Bylaws of Assure Holdings Corp. (incorporated by reference to Exhibit 3.4 to the Company's Form S-1 filed with the SEC on February 11, 2021)</a>  |
| 3.5                       | <a href="#">Certificate of Change (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the SEC on September 3, 2021)</a>  |
| 3.6                       | <a href="#">Amendment No.1 to the Bylaws (incorporated by referenced to Exhibit 3.2 to the Company's Form 8-K filed with the SEC on September 3, 2021)</a>  |
| 3.7                       | <a href="#">Amendment No. 2 to the Bylaws (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed with the SEC on November 9, 2021)</a>   |
| 3.8+                      | <a href="#">Amended and Restated Bylaws of Assure Holdings Corp.</a>  |
| 3.9+                      | <a href="#">Amended Articles of Incorporation of Assure Holdings Corp.</a>  |
| 31.1+                     | <a href="#">Certification of the Principal Executive Officer pursuant to Rule 13a-14 of the Exchange Act</a>  |
| 31.2+                     | <a href="#">Certification of the Principal Financial Officer pursuant to Rule 13a-14 of the Exchange Act</a>  |
| 32.1++                    | <a href="#">Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 32.2++                    | <a href="#">Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>  |
| 101.INS+                  | Inline XBRL Instance Document   |
| 101.SCH+                  | Inline XBRL Schema Document   |
| 101.CAL+                  | Inline XBRL Calculation Linkbase Document   |
| 101.DEF+                  | Inline XBRL Definition Linkbase Document  |
| 101.LAB+                  | Inline XBRL Label Linkbase Document   |
| 101.PRE+                  | Inline XBRL Presentation Linkbase Document  |
| 104+                      | The cover page of the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021, formatted in Inline XBRL (contained in Exhibit 101)   |

+ Filed herewith.

++ Furnished herewith.

\* Indicates a management contract or compensatory plan, contract or arrangement.



**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**ASSURE HOLDINGS CORP.**

By: */s/ John Farlinger*

\_\_\_\_\_  
John Farlinger, Executive Chairman and Chief Executive Officer  
(Principal Executive Officer)

Date: November 15, 2021

By: */s/ John Price*

\_\_\_\_\_  
John Price, Chief Financial Officer (Principal Financial Officer)

Date: November 15, 2021

**Amended and Restated  
By-Law No.1**

A by-law relating generally to the conduct of the affairs of **ASSURE HOLDINGS CORP.**

**BE IT ENACTED** as a by-law of Assure Holdings Corp. (the “**Corporation**”) as follows:

**1 - DEFINITIONS**

**1.1 Definitions**

1.1.1 In this By-law and all other by-laws of the Corporation, unless the context otherwise specifies or requires:

“**Act**” means Nevada’s general corporate law set forth in Chapter 78 of the Nevada Revised Statutes and Nevada’s laws governing mergers, exchanges, and conversions of business entities as set forth in NRS Chapter 92A from time to time in force and all amendments thereto including all regulations and amendments thereto made pursuant to Nevada Corporate Law;

“**Applicable Securities Laws**” means the applicable securities legislation of each relevant province and territory of Canada, as well as in the United States, as amended from time to time, the rules, regulations and forms made or promulgated under any such statute and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission and similar regulatory authority of each province, state and territory Canada or the United States;

“**appoint**” includes “elect” and vice versa;

“**board**” means the board of directors of the Corporation

“**by-law**” means this by-law and any other by-law of the Corporation from time to time in force and effect;

“**meeting of shareholders**” includes an annual meeting of shareholders and a special meeting of shareholders;

“**non-business day**” means Saturday, Sunday and any other day that is a statutory holiday in the Province of Ontario, Province of British Columbia, State of Colorado or the State of Nevada;

“**recorded address**” means in the case of a shareholder, his or her address as recorded in the securities register; and in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding, or the first address so appearing if there are more than one; and in the case of a director, officer, auditor or member of a committee of the board, his or her latest address as recorded in the records of the Corporation;

“**signing officer**” means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.4 or by a resolution passed pursuant thereto;

“**special meeting of shareholders**” includes a meeting of any class or classes of shareholders, and means a special meeting of all shareholders entitled to vote at an annual meeting of shareholders:

1.1.2 all terms contained in the by-laws that are not otherwise defined in the by-laws and which are defined in the Act shall have the meanings given to such terms in the Act:

1.1.3 words importing the singular shall include the plural and vice-versa; words importing the masculine gender shall include the feminine and neuter genders; and the word “**persons**” shall include individuals, bodies corporate, partnerships, associations, personal representatives and any number or aggregate of persons; and

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- 1.1.4 the headings used in the by-laws are inserted for reference purposes only, and are not to be considered or taken into account in construing the terms or provisions thereof, or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions.

## **1.2 Conflicts with Laws**

- 1.2.4 The Corporation was continued as a Nevada domestic corporation on May 15, 2017. In the event of any inconsistencies between the by-laws and mandatory provisions of the Act, the provisions of the Act shall prevail.

## **2 – BUSINESS OF THE CORPORATION**

### **2.1 Registered Office**

Unless changed in accordance with the Act, the registered office of the Corporation shall be at the place specified in the articles and at such address therein as the directors may from time to time determine.

### **2.2 Corporate Seal**

The corporate seal of the Corporation shall be in such form as the directors may by resolution adopt from time to time.

### **2.3 Financial Year**

The first financial period of the Corporation and thereafter the fiscal year of the Corporation shall terminate on such date as the directors may by resolution determine.

### **2.4 Execution of Instruments**

- 2.4.1 Subject to section 2.5, contracts, documents or instruments in writing requiring the signature of the Corporation may be signed on behalf of the Corporation by any one officer or director.
- 2.4.2 The directors are authorized from time to time by resolution to appoint any officer or officers or any other person or persons on behalf of the Corporation either to sign contracts, documents or instruments in writing generally or to sign specific contracts, documents or instruments in writing.
- 2.4.3 Any director or officer who may execute contracts, documents or instruments in writing, on behalf of the Corporation, may direct the manner in which and the person or persons by whom any particular contract, document or instrument in writing, or class thereof, may or shall be executed and delivered on behalf of the Corporation.
- 2.4.4 The signature or signatures of any officer or director of the Corporation and of any officer or officers, person or persons appointed as aforesaid by resolution of the directors may, if specifically authorized by resolution of the directors, be printed or otherwise mechanically reproduced upon all contracts, documents or instruments in writing or bonds, debentures or other securities of the Corporation executed or issued by or on behalf of the Corporation, and all contracts, documents or instruments in writing or securities of the Corporation on which the signature or signatures of any of the foregoing officers, directors or persons shall be so reproduced, as authorized by resolution of the directors, shall be deemed to have been manually signed by such officers, directors or persons whose signature or signatures is or are so reproduced, and shall be as valid to all intents and purposes as if they had been signed manually, and notwithstanding that the officers, directors or persons whose signature or signatures is or are so reproduced may have ceased to hold office at the date of the delivery or issue of such contracts, documents or instruments in writing or securities of the Corporation.
- 2.4.5 The corporate seal of the Corporation may, when required, be affixed to contracts, documents or instruments in writing signed as aforesaid or by an officer or officers, person or persons appointed as aforesaid by
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resolution of the board of directors, although a document is not invalid merely because a corporate seal is not affixed thereto.

- 2.4.6 The term “contracts, documents or instruments in writing” as used in this by-law shall include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property, real or personal, immovable or movable, agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of securities and all paper writings.

## **2.5 Banking Arrangements**

- 2.5.1 The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as determined by any one officer or director. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as any one director may from time to time determine.
- 2.5.2 All cheques, drafts or orders for the payment of money, and all notes, acceptances and bills of exchange shall be signed by any one officer or director or other person or persons, whether or not an officer or officers of the Corporation, and in such manner as any one director may from time to time determine.

## **2.6 Custody of Securities**

- 2.6.1 All securities (including shares, debentures, bonds, notes, warrants or other obligations or securities) owned by the Corporation shall be lodged in the name of the Corporation with a chartered bank or a trust company or in a safety deposit box or, if so authorized by resolution of the directors, with such other depositaries or in such other manner as may be determined from time to time by the directors.
- 2.6.2 All securities (including shares, debentures, bonds, notes, warrants or other obligations or securities) belonging to the Corporation may be issued and held in the name of a nominee or nominees of the Corporation (and if issued or held in the names of more than one nominee shall be held in the names of the nominees jointly with right of survivorship), and shall be endorsed in blank with endorsement guaranteed in order to enable transfer thereof to be completed and registration thereof to be effected.

## **2.7 Voting Securities in Other Bodies Corporate**

The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments shall be in favour of such persons as may be determined by the said signing officers executing or arranging for the same. In addition, the directors may from time to time direct the manner in which and the persons by whom any particular voting rights or class of voting rights may or shall be exercised.

## **2.8 Exclusive Forum for Certain Disputes**

- 2.8.1 Unless the Corporation consents in writing to the selection of an alternative forum, the applicable court of competent jurisdiction shall be the state and federal courts located in Carson City, Nevada (the “**Nevada Court**”), which Nevada Court shall, to the fullest extent permitted by law, be the sole and exclusive forum for any of the following actions or other proceedings:
- 2.8.1.1 a derivative action, including an application for leave to commence such an action, in the name of and on behalf of the Corporation;
- 2.8.1.2 an application for an oppression remedy, including an application for leave to commence such a proceeding;
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- 2.8.1.3 an action asserting a claim of breach of the duty of care owed by the Corporation or any director, officer or other employee of the Corporation to the Corporation or to any of the Corporation's shareholders;
  - 2.8.1.4 an action asserting a claim of breach of fiduciary duty owed by any director, officer or other employee of the Corporation to the Corporation or to any of the Corporation's shareholders;
  - 2.8.1.5 an action or other proceeding asserting a claim or seeking a remedy pursuant to any provision of the Act or the Corporation's articles or by-laws (as either may be amended or restated from time to time); and
  - 2.8.1.6 an action or other proceeding asserting a claim against the Corporation or any director or officer or other employee of the Corporation regarding a matter of the regulation of the business and affairs of the Corporation, including (without limitation) the articles, by-laws, internal affairs, governance, status, internal controls and procedures of the Corporation.
- 2.8.2 If any action or other proceeding the subject matter of which is within the scope of the preceding sentence (an "**Action**") is filed in a court other than the Nevada Court in the name of any shareholder (an "**Extra-Jurisdictional Action**"), such shareholder shall be deemed to have consented to (a) the personal jurisdiction of the Nevada Court in connection with any action or other proceeding to enforce the preceding sentence, and (b) having service of process made upon such shareholder in any such action or other proceeding by service upon such shareholder's counsel in the Extra-Jurisdictional Action as agent for such shareholder.
- 2.8.3 To the extent an Action is brought in the Nevada Court by a plaintiff who is ordinarily resident outside Nevada, the Corporation will not seek security for costs from that plaintiff solely by reason of that plaintiff's residence outside Nevada.
- 2.8.4 Nothing in this Section 2.8 shall apply to (a) any action or claim arising out of Section 27 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), over suits and actions brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder, or (b) Section 22 of the Securities Act of 1933, as amended (the "U.S. Securities Act"), over all suit brought to enforce any duty or liability created by the U.S. Securities Act or the rules and regulations thereunder

### 3 - DIRECTORS

#### 3.1 Number of Directors

The authorized number of directors of the Corporation shall not be less than one (1) nor more than the number as fixed from time to time by resolution of the Board of Directors; provided that no decrease in the number of directors shall shorten the term of any incumbent directors.

#### 3.2 Qualification

Every director shall be an individual 18 or more years of age, and no one who is of unsound mind and has been so found by a court in the United States or elsewhere, or who has the status of a bankrupt shall be a director. Unless the articles otherwise provide, a director need not be a shareholder.

#### 3.3 Term of Office

A director's term of office (subject to the provisions, if any, of the Corporation's articles, and subject to his or her election for an expressly stated term) shall be from the date of the meeting at which he or she is elected or appointed until the close of the annual meeting next following, or until his or her successor is elected or appointed.

#### 3.4 Election and Removal

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- 3.4.1 Directors shall be elected by the shareholders in a meeting on a show of hands unless a poll is demanded, and if a poll is demanded, such election shall be by ballot. The number of directors to be elected at any such meeting shall be the number of directors then in office unless the directors or the shareholders otherwise determine. Directors shall be elected by a plurality of the votes cast at a meeting of the shareholders.
- 3.4.2 Except for those directors elected for an expressly stated term, all the directors then in office shall cease to hold office at the close of a meeting of shareholders at which directors are elected but, if qualified, are eligible for re-election. If a meeting of the shareholders of the Corporation fails to elect the number or the minimum number of directors required by the articles by reason of the disqualification, incapacity or the death of any candidates, the directors elected at that meeting may exercise all the powers of the directors if the number of directors so elected constitutes a quorum. Subject to the Act, the shareholders of the Corporation may, by ordinary resolution at a special meeting, remove any director before the expiration of his or her term of office, in which case the director so removed shall vacate office forthwith upon the passing of the resolution for his or her removal, and may, by a majority of the votes cast at the meeting, elect any person in his or her stead for the remainder of his or her term.

### 3.5 Nomination of Directors

- 3.5.1 Subject only to the Act and the articles, only persons who are nominated in accordance with the procedures set out in this section 3.5 shall be eligible for election as directors.
- 3.5.2 Nominations of persons for election to the board may be made at any annual meeting of shareholders, or at any special meeting of shareholders if one of the purposes for which the special meeting was called was the election of directors,
- 3.5.2.1 by or at the direction of the board or an authorized officer of the Corporation, including pursuant to a notice of meeting,
- 3.5.2.2 by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the Act or a requisition of the shareholders made in accordance with the provisions of the Act; or
- 3.5.2.3 by any person (a “**Nominating Shareholder**”) (i) who, at the close of business on the date of the giving of the notice provided for below in this section 3.5 and on the record date for notice of such meeting, is entered in the securities register as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting and (ii) who complies with the notice procedures set forth below in this section 3.5;
- 3.5.2.3.1 In addition to any other applicable requirements, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must have given timely notice thereof in proper written form to the corporate secretary of the Corporation at the principal executive offices of the Corporation in accordance with this section 3.5;
- 3.5.2.3.2 To be timely, a Nominating Shareholder’s notice to the corporate secretary of the Corporation must be made (i) in the case of an annual meeting of shareholders, not less than 30 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is called for a date that is less than 50 days after the date (the “**Notice Date**”) on which the first public announcement of the date of the annual meeting was made, notice by the Nominating Shareholder may be made not later than the close of business on the 10<sup>th</sup> day following the Notice Date; and (ii) in the case of a special meeting of shareholders (which is not also an annual meeting of shareholders) called for the purpose of electing directors (whether or not called for other purposes), not later than the close of business on the 15<sup>th</sup> day following the day on which the first public announcement of the date of the special meeting of shareholders was made.
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- 3.5.3 To be in proper written form, a Nominating Shareholder's notice to the corporate secretary of the Corporation must set forth:
- 3.5.3.1 as to each person whom the Nominating Shareholder proposes to nominate for election as a director (A) the name, age, business address and residential address of the person, (B) the principal occupation(s) or employment(s) of the person, (C) the class or series and number of shares in the capital of the Corporation which are controlled or which are owned beneficially or of record by the person as of record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice, and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws; and
- 3.5.3.2 as to the Nominating Shareholder giving the notice, any proxy, contract, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote any shares of the Corporation and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the Act and Applicable Securities Laws. The Corporation may require any proposed nominee to furnish such other information as may be required under the Act, Applicable Securities Laws or the rules of any stock exchange on which the Corporation's securities are listed to determine the eligibility of such proposed nominee to serve as an independent director of the Corporation.
- 3.5.4 No person shall be eligible for election as a director unless nominated in accordance with the provisions of this section 3.5; provided, however, that nothing in this section 3.5 shall be deemed to preclude discussion by a shareholder (as distinct from the nomination of directors) at a meeting of shareholders of any matter in respect of which it would have been entitled to submit a proposal pursuant to the provisions of the Act.
- 3.5.5 The chairman of the meeting shall have the power and duty to determine whether a nomination was made in accordance with the procedures set forth in the foregoing provisions and, if any proposed nomination is not in compliance with such foregoing provisions, to declare that such defective nomination shall be disregarded.
- 3.5.6 For purposes of this section 3.5, "**public announcement**" shall mean disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Corporation under its profile on the System of Electronic Document Analysis and Retrieval at [www.sedar.com](http://www.sedar.com) or other similar service, as applicable under Applicable Securities Laws.
- 3.5.7 Notwithstanding any other provision of By-law No. 1, notice given to the corporate secretary of the Corporation pursuant to this section 3.5 may only be given by personal delivery, facsimile transmission or by email (at such email address as stipulated from time to time by the secretary of the Corporation for purposes of this notice), and shall be deemed to have been given and made only at the time it is served by personal delivery, email (at [CorpSec@assureiom.com](mailto:CorpSec@assureiom.com)) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received) to the corporate secretary at the address of the principal executive offices of the Corporation; provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. MST on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the subsequent day that is a business day.
- 3.5.8 Notwithstanding the foregoing, the board may, in its sole discretion, waive any requirement in this section 3.5.

### **3.6 Vacation of Office**

- 3.6.1 The office of a director shall be vacated if:
- 3.6.1.1 he or she dies;
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- 3.6.1.2 he or she is removed from office by the shareholders;
- 3.6.1.3 he or she becomes bankrupt;
- 3.6.1.4 he or she is found by a court of competent jurisdiction to be of unsound mind: or
- 3.6.1.5 his or her written resignation is received by the Corporation, or if a time is specified in such resignation, at the time so specified, whichever is later.

### **3.7 Vacancies**

- 3.7.1 Subject to the Act, where a vacancy occurs in the board, except a vacancy resulting from an increase in the number or minimum number of directors or from failure to elect the number or minimum number of directors required by the articles, and a quorum of directors remains in office, the directors then in office may appoint a person to fill the vacancy for the remainder of the term.
- 3.7.2 If there is not then a quorum of directors or if there has been a failure to elect the number or minimum number of directors required by the articles, the directors then in office shall without delay call a special meeting of shareholders to fill the vacancy and, if they fail to do so or if there are no directors then in office, the meeting may be called by any shareholder.

### **3.8 Action by Directors**

The directors shall manage, or supervise the management of, the business and affairs of the Corporation, and may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation and are not by the Act, the articles, the by-laws, any special resolution of the Corporation, or by statute expressly directed or required to be done in some other manner.

### **3.9 Duties**

Every director and officer of the Corporation in exercising his or her powers and discharging his or her duties shall:

- 3.9.1 act honestly and in good faith with a view to the best interest of the Corporation; and
- 3.9.2 exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

### **3.10 Validity of Acts**

An act by a director or officer is valid notwithstanding an irregularity in his or her election or appointment or a defect in his or her qualification.

### **3.11 Remuneration and Expenses**

The remuneration to be paid to the directors shall be such as the directors shall from time to time determine. The directors may also by resolution award special remuneration to any director in undertaking any special services on the Corporation's behalf other than the routine work ordinarily required of a director of a Corporation. The confirmation of any such resolution or resolutions by the shareholders shall not be required. The directors shall also be entitled to be paid their travelling and other expenses properly incurred by them in connection with the affairs of the Corporation.

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#### 4.1 Calling of Meetings

Meetings of the directors shall be held from time to time at such place as the chairman of the board (if any), the president or vice-president who is a director or any two directors may determine and the corporate secretary shall, upon direction of any of the foregoing, convene a meeting of directors.

#### 4.2 Place of Meeting

Meetings of directors and of any committee of directors may be held at any place determined by the board in accordance with the by-laws.

#### 4.3 Notice

Notice of the time and place for the holding of any such meeting shall be delivered personally, by mail or by facsimile, or otherwise communicated by electronic means upon written consent in accordance with the requirements of the Act (“**Electronic Communications**”) to each director not less than two business days (exclusive of the day on which the notice is delivered, mailed, or sent by Electronic Communications but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings of the directors or of any committee of directors may be held at any time without formal notice if all the directors are present (except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called) or if all absent directors have waived notice. Notice of any meeting of directors or of any committee of directors or any irregularity in any meeting or the notice thereof may be waived by any director in writing or by Electronic Communication addressed to the Corporation or in any other manner, and such waiver may be validly given either before or after the meeting to which such waiver relates. A notice of meeting of directors or of any committee of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified.

#### 4.4 Quorum

Subject to section 3.9, the quorum for the transaction of business at any meeting of the directors shall consist of a majority of the directors then in office and, notwithstanding any vacancy among the directors a quorum of directors may exercise all the powers of the directors.

#### 4.5 First Meeting of the New Board

For the first meeting of directors to be held following the election of directors at an annual or special meeting of the shareholders, or for a meeting of directors at which a director is appointed to fill a vacancy in the board, no notice of such meeting need be given to the newly elected or appointed director or directors in order for the meeting to be duly constituted, provided a quorum of the directors is present.

#### 4.6 Adjournment

Any meeting of directors or of any committee of directors may be adjourned from time to time by the chairman of the meeting, with the consent of the meeting, to a fixed time and place, and no notice of the time and place for the holding of the adjourned meeting need be given to any director if the time and place of the adjourned meeting are announced at the original meeting. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present thereat. The directors who formed a quorum at the original meeting are not required to form the quorum at the adjourned meeting. If there is no quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

#### 4.7 Telephone Participation

Where all directors have consented thereto (either before or after the meeting), a director may participate in a meeting of directors or of any committee of directors by means of such telephone or other communications facilities as permit

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all persons participating in the meeting to communicate adequately with each other, and a director participating in a meeting by such means shall be deemed to be present at that meeting.

#### **4.8 Regular Meetings**

The directors may appoint a day or days in any month or months for regular meetings of the directors at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

#### **4.9 Chairman**

The chairman of any meeting of the directors shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, chief executive officer, president, lead director or a vice-president. If no such officer is present, the directors present shall choose one of their number to be chairman.

#### **4.10 Votes to Govern**

All questions arising at any meeting of directors shall be decided by a majority of votes. In case of an equality of votes, the chairman of the meeting in addition to his or her original vote shall not have a second or casting vote.

#### **4.11 Resolution in Lieu of Meeting**

A resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of directors or committee of directors is as valid as if it had been passed at a meeting of directors or committee of directors. A copy of every such resolution shall be kept with the minutes of the proceedings of the directors or committee of directors.

### **5 - COMMITTEES**

#### **5.1 Committees of Directors**

The directors may appoint one or more committees of the board, however designated, and delegate to any such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of the board has no authority to exercise.

#### **5.2 Transaction of Business**

Subject to the provisions of section 4.7, the powers of such committee or committees of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place determined by the board in accordance with the by-laws.

#### **5.3 Advisory Bodies**

The directors may from time to time appoint advisory bodies as they may deem advisable.

#### **5.4 Procedure**

Unless otherwise determined by the directors, each committee shall have the power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

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**6.1 Appointment of Officers**

The directors may annually or as often as may be required appoint, without limitation, any of a chief executive officer, a president, a chief financial officer and a corporate secretary, and if deemed advisable, may annually or as often as may be required appoint one or more vice-presidents (to which title may be words added indicating seniority or function), a treasurer, a controller and such other officers as the directors may determine, including one or more assistants to any one of the officers so appointed. Subject to sections 6.2 and 6.3, an officer may but need not be a director, and one person may hold more than one office. In case and whenever the same person holds the offices of corporate secretary and treasurer, he or she may but need not be known as the secretary-treasurer. The directors may from time to time appoint such other officers, employees and agents as they shall deem necessary who shall have such authority and shall perform such functions and duties as may from time to time be prescribed by resolution of the directors.

**6.2 Chairman of the Board**

The board may from time to time appoint a chairman of the board who shall be a director. If appointed, the directors may assign to him or her any of the powers and duties that are by any provisions of this by-law assigned to the lead director or to the president; and he shall, subject to the provisions of the Act, have such other powers and duties as the directors may specify. During the absence or disability of the chairman of the board, his or her duties shall be performed and his or her powers exercised by the lead director, if any, or by the president.

**6.3 Lead Director**

The board of directors may appoint from their number a lead director. Subject to the Act, a lead director shall possess and exercise such authority and powers and shall perform such duties as may be determined by the by-laws and the board of directors. A lead director shall not be an officer of the Corporation.

**6.4 Chief Executive Officer**

The chief executive officer shall have, under the control of the board of directors, general supervision and direction of the business and affairs of the Corporation. The chief executive officer shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors and the chairman of the board. In the absence of the chairman of the board and lead director, if any, and if the executive officer is also a director of the Corporation, the executive officer shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he or she shall sign such contracts, documents or instruments in writing as require his or her signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

**6.5 President**

Unless the board of directors determines otherwise, the president shall be the chief operating officer of the Corporation and shall have, under the control of the board of directors and the chief executive officer, general supervision of the business of the Corporation. The president shall possess and exercise such authority and powers and perform such other duties as may be determined by the by-laws, the board of directors, the chairman of the board and the chief executive officer. In the absence of the chairman of the board and the lead director, if any, and the chief executive officer, and if the president is also a director of the Corporation, the president shall, when present, preside at all meetings of the directors, any committee of the directors and shareholders; he or she shall sign such contracts, documents or instruments in writing as require his or her signature, and shall have such other powers and shall perform such other duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

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## **6.6 Chief Financial Officer**

The board of directors may from time to time appoint a chief financial officer who shall possess the competencies and skills recommended by the chief executive officer and the board or directors. The chief financial officer shall provide effective financial leadership for the Corporation to grow shareholder value responsibly, in a profitable and sustainable manner.

## **6.7 Vice-President**

The vice-president or, if more than one, the vice-presidents in order of seniority, shall be vested with all the powers and shall perform all the duties of the president in the absence or inability or refusal to act of the chief executive officer, provided, however, that a vice-president who is not a director shall not preside as chairman at any meeting of directors or shareholders. The vice-president or, if more than one, the vice-presidents in order of seniority, shall sign such contracts, documents or instruments in writing as require his, her or their signatures and shall also have such other powers and duties as may from time to time be assigned to him, her or them by resolution of the directors.

## **6.8 Corporate Secretary**

6.8.1 The corporate secretary shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws, the board of directors, the chairman of the board, the chief executive officer and the president.

6.8.2 The corporate secretary shall give or cause to be given, as and when instructed, notices to the board of directors, the shareholders, officers, auditors and members of committees and advisory bodies of the board of directors. Unless otherwise determined by the board of directors, the corporate secretary shall attend and record minutes of all meetings of the board of directors, committees of the board of directors, shareholders and advisory bodies. The corporate secretary shall have charge of the corporate seal or seals and of the corporate records, subject to section 8.3 hereof, required by law to be kept, except accounting records.

## **6.9 Controller**

6.9.1 The controller shall possess and exercise such authority and powers and perform such duties as may be determined by the by-laws, the board of directors, the chairman of the board, the chief executive officer, the president and the chief financial officer.

6.9.2 The controller shall have charge of the accounts and accounting records of the corporation and shall keep or cause to be kept accurate accounts of all transactions affecting the financial position of the corporation. Subject to the control of the chief financial officer of the corporation, the controller shall determine the appropriate accounting procedures for the proper recording of the corporation's assets and liabilities.

6.9.3 The controller shall prepare for submission to the board of directors such financial statements as may be required by the board of directors and shall prepare after the close of each financial year financial statements in accordance with the requirements of any applicable laws.

6.9.4 The controller shall provide financial information and data to the board of directors of the corporation, whenever requested.

## **6.10 Treasurer**

Subject to the provisions of any resolution of the directors and the duties, authority and power granted to the controller of the Corporation, the treasurer shall have the care and custody of all the funds and securities of the Corporation, and shall deposit the same in the name of the Corporation in such bank or banks or with such other depository or depositories as the directors may by resolution direct. He or she shall prepare and maintain proper accounting records in compliance with the Act. He or she shall render to the directors whenever required an account of all his or her transactions as treasurer and of the financial position of the Corporation. He or she shall sign such contracts, documents

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or instruments in writing as require his or her signature, and shall have such other powers and duties as may from time to time be assigned to him or her by resolution of the directors or as are incident to his or her office.

#### **6.11 Powers and Duties of Other Officers**

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the directors or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

#### **6.12 Term of Office**

All officers, employees and agents, in the absence of agreement to the contrary, shall be subject to removal by resolution of the directors at any time, with or without cause. Otherwise, each officer appointed by the directors shall hold office until his or her successor is appointed or until the earlier of his or her resignation or death.

#### **6.13 Variation of Powers and Duties**

The directors may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

#### **6.14 Terms of Employment and Remuneration**

The terms of employment and remuneration of all officers appointed by the board, including the chairman of the board, if any, and the president shall be determined from time to time by resolution of the board. The fact that any officer or employee is a director or shareholder shall not disqualify him or her from receiving such remuneration as may be determined.

#### **6.15 Conflict of Interest**

An officer shall disclose his or her interest in any material contract or proposed material contract with the Corporation in accordance with section 7.4.

#### **6.16 Fidelity Bonds**

The directors may require such officers, employees and agents of the Corporation as the directors deem advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the directors may from time to time determine, provided that no director shall be liable for failure to require any such bond or for the insufficiency of any such bond or for any loss by reason of the failure of the Corporation to receive any indemnity thereby provided.

#### **6.17 Vacancies**

If the office of chairman, lead director, president, vice-president, corporate secretary, controller, treasurer, or any other office created by the directors pursuant to section 6.10 hereof shall be or become vacant by reason of death, resignation or in any other manner whatsoever, the directors shall in the case of the president or the corporate secretary and may in the case of any other officer appoint an officer to fill such vacancy.

#### **6.18 Other Officers**

The duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board requires of them. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board otherwise directs.

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**7.1 Limitation of Liability**

Except as otherwise provided in the Act, no director or officer for the time being of the Corporation shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired by the Corporation or for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of or belonging to the Corporation shall be placed out or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, including any person with whom or which any moneys, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any moneys, securities or other assets belonging to the Corporation or for any other loss, damage or misfortune whatever which may happen in the execution of the duties of his or her office or in relation thereto, unless the same shall happen by or through his or her failure to exercise his or her powers and to discharge his or her duties honestly, in good faith with a view to the best interests of the Corporation, and in connection therewith to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, provided that nothing herein contained shall relieve a director or officer from the duty to act in accordance with the Act and regulations made thereunder, or relieve him or her from liability for a breach thereof. The directors for the time being of the Corporation shall not be under any duty or responsibility in respect of any contract, act or transaction whether or not made, done or entered into in the name or on behalf of the Corporation, except such as shall have been submitted to and authorized or approved by the board of directors.

**7.2 Indemnity**

7.2.1 Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation, a former director or officer of the Corporation or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding to which the individual is involved because of that association with the Corporation or other entity, if:

- 7.2.2.1 the individual acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request: and
- 7.2.2.1 in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

7.2.2 The Corporation shall advance monies to a director, officer or other individual for costs, charges and expenses of a proceeding referred to above. The individual shall repay the monies if he or she does not fulfill the conditions set out in paragraphs 7.2.1.1 and 7.2.1.2 above. The Corporation shall also indemnify any such individuals in such other circumstances as the Act or any law permits or requires. Nothing in this by-law shall limit the right of any individual entitled to indemnity to claim indemnity apart from the provisions of this by-law.

**7.3 Insurance**

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of any person referred to in section 7.2 against any liability incurred by him or her in his or her capacity as a director or officer, or an individual acting in a similar capacity, of the Corporation or of another body corporate at the Corporation's request.

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#### **7.4 Conflict of Interest**

A director or officer who is a party to, or who is a director or officer (or acting in a similar capacity) of or has a material interest in a party to, any material contract or transaction, whether made or proposed, with the Corporation shall disclose the nature and extent of his or her interest at the time and in the manner provided by the Act. Any such contract or transaction shall be referred to the directors or shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the directors or shareholders, and a director interested in a contract so referred to the permitted board shall not vote on any resolution to approve the same, except as permitted by the Act.

#### **7.5 Submission of Contracts or Transactions to Shareholders for Approval**

The directors in their discretion may submit any contract, act or transaction for approval, ratification or confirmation at any annual meeting of the shareholders or at any special meeting of the shareholders called for the purpose of considering the same and any contract, act or transaction that shall be approved, ratified or confirmed by resolution passed by a majority of the votes cast at any such meeting (unless any different or additional requirement is imposed by the Act or by the Corporation's articles or any other by-law) shall be as valid and as binding upon the Corporation and upon all the shareholders as though it had been approved, ratified and/or confirmed by every shareholder of the Corporation.

### **8 - SHARES**

#### **8.1 Issuance**

Subject to the Act and the articles of the Corporation, the directors may from time to time issue, or grant options to purchase, the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the directors may determine, in accordance with the Act, the Corporation's stock option plan or regulatory approval, if applicable, provided that no share shall be issued until it is fully paid as provided by the Act.

#### **8.2 Commissions**

The directors may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his or her purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

#### **8.3 Transfer Agents and Registrars**

The directors may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The directors may at any time terminate any such appointment.

#### **8.4 Share Certificates**

- 8.4.1 Every holder of one or more shares of the Corporation shall be entitled, at his or her option, to a share certificate, or to a non-transferable written acknowledgement of his or her right to obtain a share certificate, stating the number and class or series of shares held by him or her as shown on the securities register.
  - 8.4.2 Share certificates and acknowledgements of a shareholder's right to a share certificate shall be in such form as the directors shall from time to time approve.
  - 8.4.3 Any share certificate shall be signed in accordance with section 2.4; it need not be under the corporate seal. The signature of one of the signing officers may be printed or mechanically reproduced upon share certificates. Every printed or mechanically reproduced signature shall for all purposes be deemed to be a signature binding upon the Corporation.
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- 8.4.4 Unless the directors otherwise determine, certificates representing shares in respect of which a transfer agent or registrar, as the case may be, has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent or registrar. In the case of share certificates which are not valid unless countersigned by or on behalf of a transfer agent or registrar, the signature of any signing officer may be printed or mechanically reproduced upon share certificates and every such printed or mechanically reproduced signature shall for all purposes be deemed to be a signature binding upon the Corporation.
- 8.4.5 Notwithstanding any change in the persons holding office between the time of signing and the issuance of any certificate, and notwithstanding that a person may not have held office at the date of issuance of such certificate, any such certificate so signed shall be valid and binding upon the Corporation.

#### **8.5 Joint Shareholders**

If two or more persons are registered as joint holders of any share, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such share.

#### **8.6 Deceased Shareholders**

In the event of the death of a holder, or of one of the joint holders, of any share, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make dividends or other payments in respect thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

#### **8.7 Replacement of Share Certificates**

The directors or any officer or agent designated by the directors may in their or his or her discretion direct the issue of a new share certificate in lieu of and upon cancellation of a share certificate that has been mutilated or in substitution for a share certificate claimed to have been lost, destroyed or wrongfully taken on payment of such reasonable fee, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the directors, or any officer or agent designated by the directors, may from time to time prescribe, whether generally or in any particular case.

#### **8.8 Lien for Indebtedness**

If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, may refuse to register a transfer of the whole or any part of such shares.

### **9 - DIVIDENDS AND RIGHTS**

#### **9.1 Dividends**

Subject to the Act, the directors may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

#### **9.2 Dividend Cheques**

A dividend payable in money shall be paid by either electronically by direct deposit or by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and, if paid by cheque, mailed by prepaid ordinary mail to such registered holder at his or her recorded address, unless such holder otherwise directs. In the case of joint holders any cheque issued shall,

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unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

### **9.3 Non-Receipt of Cheques**

In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the directors may from time to time prescribe, whether generally or in any particular case.

### **9.4 Record Date for Dividend and Rights**

The directors may fix in advance a date, preceding by not more than 50 days the date for the payment of any dividend or the date for the issue of any warrant or other evidence of right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment for such dividend or to exercise the right to subscribe for such securities, and notice of any such record date shall be given not less than 7 days before such record date in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the directors.

### **9.5 Unclaimed Dividends**

Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

## **10 - MEETINGS OF SHAREHOLDERS**

### **10.1 Annual Meetings**

- 10.1.1 The annual meeting of shareholders shall be held on such day and at such time in each year and, subject to section 10.3, at such place as the directors, the chairman of the board or the chief executive officer may from time to time determine, in any event no later than 15 months after the Corporation's last annual meeting of shareholders, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.
- 10.1.2 An annual meeting of shareholders may also be constituted as an annual and special meeting of shareholders to consider and transact any special business, which may be considered and transacted at a special meeting of shareholders.

### **10.2 Special Meetings**

The directors, the chairman of the board or the chief executive officer shall have power to call a special meeting of shareholders at any time.

### **10.3 Place of Meetings**

Subject to the Act, meetings of shareholders shall be held at the place within Canada or the United States that the directors determine. If the Corporation makes available a telephonic, electronic or other communication facility that permits all participants of a shareholders meeting to communicate adequately with each other during the meeting and otherwise complies with the Act, any person entitled to attend such meeting may participate by means of such communication facility in the manner prescribed by the Act, and any person participating in the meeting by such means is deemed to be present at the meeting.

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#### **10.4 Notice of Meetings**

Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Part Eleven not less than 21 nor more than 60 days before the date of the meeting to each director, to the auditors and to each shareholder who at the close of business on the record date is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and the auditors' report, election of directors and reappointment of incumbent auditors shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

#### **10.5 List of Shareholders Entitled to Notice**

For every meeting of shareholders, the Corporation shall prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting. If a record date for the meeting is fixed pursuant to section 10.6, the shareholders listed shall be those registered at the close of business on such record date. If no record date is fixed, the shareholders listed shall be those registered at the close of business on the day immediately preceding the day on which notice of the meeting is given, or where no such notice is given, the day on which the meeting is held. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is kept and at the meeting for which the list was prepared.

#### **10.6 Record Date for Notice**

The directors may fix in advance a record date, preceding the date of any meeting of shareholders by not more than 60 days and not less than 21 days, for the determination of the shareholders entitled to notice of the meeting, provided that notice of any such record date is given not less than 7 days before such record date, in the manner provided in the Act. If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be the close of business on the day immediately preceding the day on which the notice is given, or, if no notice is given, the day on which the meeting is held.

#### **10.7 Meetings without Notice**

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held, provided that such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting, any business may be transacted which the Corporation at a meeting of shareholders may transact.

#### **10.8 Chairman, Corporate Secretary and Scrutineers**

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, president, lead director or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the corporate secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as corporate secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

#### **10.9 Persons Entitled to be Present**

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditors of the Corporation and others who, although not entitled to vote, are entitled or required under any

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provision of the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

#### **10.10 Quorum**

A quorum for the transaction of business at any meeting of shareholders shall be 33-1/3% of the common stock entitled to vote at any meeting of shareholders.

#### **10.11 Right to Vote**

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in paragraph 10.5, a shareholder whose name appears on such list is entitled to vote the shares shown opposite his or her name at the meeting to which the list relates. At any meeting of shareholders for which the Corporation has not prepared the list referred to in paragraph 10.5, every person shall be entitled to vote at the meeting who at the time is entered in the securities register as the holder of one or more shares carrying the right to vote at such meeting. The persons entitled to vote at any meeting of shareholders shall be the persons entitled to vote in accordance with the Act.

#### **10.12 Proxyholders and Representatives**

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, to attend and act as his or her representative at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his or her attorney and shall conform with the requirements of the Act. Alternatively, every such shareholder which is a body corporate or association may authorize by resolution of its directors or governing body an individual to represent it at a meeting of shareholders and such individual may exercise on the shareholders behalf all the powers it could exercise if it were an individual shareholder. The authority of such an individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the corporate secretary of the Corporation or the chairman of the meeting. Any such proxyholder or representative need not be a shareholder.

#### **10.13 Time for Deposit of Proxies**

The directors may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, it has been received by the corporate secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

#### **10.14 Joint Shareholders**

If two or more persons hold shares jointly, any of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy, they shall vote together as one on the shares jointly held by them.

#### **10.15 Votes to Govern**

At any meeting of shareholders every question other than the election of directors, which shall be governed by Section 3.4.1, shall, unless otherwise required by the articles or these by-laws or by law, be determined by the affirmative vote of a majority of the votes cast by holders of voting stock present in person or represented by proxy at the meeting and entitled to vote on such matter. Where a separate vote by a class or classes, present in person or represented by proxy, shall constitute a quorum entitled to vote on that matter, the affirmative vote of the majority of the votes cast by holders of shares of such class or classes present in person or represented by proxy at the meeting shall be the act of such class, unless otherwise provided by law, in the articles or these by-laws. In determining the number of votes cast for or against a proposal or nominee, shares abstaining from voting on a matter will not be treated as a vote "cast". A non-

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vote by a broker on a matter will be counted for purposes of determining quorum at a meeting but not for the purposes of determining the number of votes “cast” on such matter. In case of an equality of votes either upon a show of hand or upon a poll, the chairman of the meeting shall not be entitled to a second or casting vote..

#### **10.16 Show of Hands**

Subject to the Act, any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as provided in section 10.17. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question. For the purpose of this section, if at any meeting the Corporation has made available to shareholders the means to vote electronically, any vote made electronically shall be included in tallying any votes by show of hands.

#### **10.17 Ballots**

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot or any person who is present and entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

#### **10.18 Adjournment**

The chairman at a meeting of shareholders may, with the consent of the meeting and subject to such conditions as the meeting may decide, adjourn the meeting from time to time and from place to place. If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

#### **10.19 Resolution in Writing**

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

### **11 - NOTICES**

#### **11.1 Method of Giving Notices**

Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act the regulations thereunder, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the directors shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his or her recorded address or if mailed to him or her at his or her recorded address by prepaid ordinary or air mail or if transmitted to him or her by any electronic means permitted by the Act. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box: and a notice so sent by any electronic means shall be deemed to have been given at the time specified under the Act. The corporate secretary may change or cause to be changed the recorded address of any shareholder, director,

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officer, auditor or member of a committee of the directors in accordance with any information believed by him or her to be reliable.

### **11.2 Signature to Notices**

The signature of any director or officer of the Corporation to any notice or document to be given by the Corporation may be written, stamped, typewritten or printed or partly written, stamped, typewritten or printed.

### **11.3 Proof of Service**

A certificate of the chairman of the board, the chief executive officer, the president, a vice-president, the corporate secretary, the treasurer or the controller or of any other officer of the Corporation in office at the time of the making of the certificate or of a transfer officer of any transfer agent or branch transfer agent of shares of any class of the Corporation as to the facts in relation to the mailing or delivery of any notice or other document to any shareholder, director, officer or auditor or publication of any notice or other document shall be conclusive evidence thereof and shall be binding on every shareholder, director, officer or auditor of the Corporation as the case may be.

### **11.4 Notice to Joint Shareholders**

If two or more persons are registered as joint holders of any share, any notice may be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

### **11.5 Computation of Time**

In computing the date when notice must be given under any provision requiring a specified number of days' notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

### **11.6 Undeliverable Notices**

If any notice given to a shareholder pursuant to section 11.1 is returned on three consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he or she informs the Corporation in writing of his or her new address.

### **11.7 Omissions and Errors**

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

### **11.8 Persons Entitled by Death or Operation of Law**

Every person who, by operation of law, transfer, death of shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder through whom he derives his or her title to such share prior to his or her name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he or she became so entitled) and prior to his or her furnishing to the Corporation the proof of authority or evidence of his or her entitlement prescribed by the Act.

### **11.9 Waiver of Notice**

Any shareholder, proxyholder, representative, director, officer, auditor, member of a committee of the board or other person entitled to attend a meeting of shareholders may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him or her or to the shareholder whom the proxyholder or representative represents under any provision of the Act, the regulations thereunder, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event for which notice is required to be given shall

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cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the board which may be given in any manner.

## **12 - REPEAL OF EXISTING BY-LAW NO. 1**

### **12.1 Repeal of Existing By-Law No. 1**

As of the coming into effect of this By-Law No.1, the existing By-law No. 1 of the Corporation is repealed, provided that such repeal does not affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under, or the validity of any contract or agreement made pursuant to, or the validity of any articles or predecessor charter documents of the Corporation obtained pursuant to, any such by-law prior to its repeal. All officers and persons acting under any by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the shareholders or the board with continuing effect passed under any repealed by-law shall continue good and valid.

## **13 - EFFECTIVE DATE**

### **13.1 Effective Date**

This by-law shall come into force upon being passed by the directors in accordance with the Act.

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BARBARA K. CEGAVSKE  
Secretary of State  
202 North Carson Street  
Carson City, Nevada 89701-4201  
(775) 684-5708  
Website: [www.nvsos.gov](http://www.nvsos.gov)

## Certificate of Change Pursuant to NRS 78.209

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

### INSTRUCTIONS:

1. Enter the current name as on file with the Nevada Secretary of State and enter the Entity or Nevada Business Identification Number (NVID).
2. Indicate the current number of authorized shares and par value, if any, and each class or series before the change.
3. Indicate the number of authorized shares and par value, if any of each class or series after the change.
4. Indicate the change of the affected class or series of issued, if any, shares after the change in exchange for each issued share of the same class or series.
5. Indicate provisions, if any, regarding fractional shares that are affected by the change.
6. NRS required statement.
7. This section is optional. If an effective date and time is indicated the date must not be more than 90 days after the date on which the certificate is filed.
8. Must be signed by an Officer. Form will be returned if unsigned.

|   |  |  |
|---|--|--|
| <b>1. Entity Information:</b>                 | Name of entity as on file with the Nevada Secretary of State:<br><b>ASSURE HOLDINGS CORP</b>   |  |
|   | Entity or Nevada Business Identification Number (NVID): <b>E0232292017-6</b>   |  |
| <b>2. Current Authorized Shares:</b>          | The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change:<br>Common Stock Authorized: 900,000,000, par value \$0.001  |  |
| <b>3. Authorized Shares After Change:</b>     | The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change:<br>Common Stock Authorized: 180,000,000, par value \$0.001   |  |
| <b>4. Issuance:</b>                           | The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series:<br>5:1 Reverse Stock Split. Each five (5) shares of issued and outstanding common stock, par value \$0.001, will be consolidated into one (1) share of common stock, par value \$0.001.  |  |
| <b>5. Provisions:</b>                         | The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby:<br>No fractional shares will be issued. Any fractional shares resulting from the reverse stock split will be rounded up to the nearest whole share. |  |
| <b>6. Provisions:</b>                         | The required approval of the stockholders has been obtained.   |  |
| <b>7. Effective date and time: (Optional)</b> | Date: <b>09/07/2021</b>  | Time: <b>5:30 p.m. (ET)</b><br>(must not be later than 90 days after the certificate is filed) |
| <b>8. Signature: (Required)</b>               | <div style="display: flex; justify-content: space-between;"> <div> <b>X</b> _____<br/>Signature of Officer         </div> <div> <b>President</b> _____<br/>Title         </div> <div>           _____<br/>Date         </div> </div>   |  |

This form must be accompanied by appropriate fees.  
If necessary, additional pages may be attached to this form.

Page 1 of 1  
Revised: 1/1/2019



BARBARA K. CEGAVSKE  
Secretary of State  
202 North Carson Street  
Carson City, Nevada 89701-4201  
(775) 684-5708  
Website: [www.nvsos.gov](http://www.nvsos.gov)



\*090204\*

|                            |                 |
|----------------------------|-----------------|
| Filed in the Office of     | Business Number |
| <i>Barbara K. Cegavske</i> | E0232292017-6   |
| Secretary of State         | Filing Number   |
| State Of Nevada            | 20170214967-89  |
|                            | Filed On        |
|                            | 05/17/2017      |
|                            | Number of Pages |
|                            | 1               |

## Certificate of Amendment

(PURSUANT TO NRS 78.385 AND 78.390)

USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

### Certificate of Amendment to Articles of Incorporation For Nevada Profit Corporations (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

1. Name of corporation:

Montreux Capital Corp.

2. The articles have been amended as follows: (provide article numbers, if available)

The name of the corporation has been changed from Montreux Capital Corp. to Assure Holdings Corp

3. The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation\* have voted in favor of the amendment is: 100%

4. Effective date and time of filing: (optional)

Date:

Time:

(must not be later than 90 days after the certificate is filed)

5. Signature: (required)

X

Signature of Officer:

\*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

**IMPORTANT:** Failure to include any of the above information and submit with the proper fees may cause this filing to be rejected.

This form must be accompanied by appropriate fees.

Nevada Secretary of State Amend Profit After  
Revised: 1-3-15





BARBARA K. CEGAVSKE  
Secretary of State  
202 North Carson Street  
Carson City, Nevada 89701-4201  
(775) 684-5708  
Website: www.nvsos.gov



\*140503\*

## Articles of Domestication

(PURSUANT TO NRS 92A.270)

|  |                                  |
|--|----------------------------------|
| Filed in the Office of<br><i>Barbara K. Cegavske</i> | Business Number<br>E0232292017-6 |
| Secretary of State<br>State Of Nevada                | Filing Number<br>20170212506-76  |
|  | Filed On<br>05/15/2017           |
|  | Number of Pages<br>1             |

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|   |  |
|---|--|
| 1. Entity Name and Type of Domestic Entity as set forth in its Constituent Documents:   | Montreux Capital Corp.<br>Corporation formed under the British Columbia Business Corporations Act.             |
| 2. Entity Name Before Filing Articles of Domestication:   | Montreux Capital Corp.   |
| 3. Date and Jurisdiction of Original Formation:   | September 24, 2007<br>British Columbia, Canada   |
| 4. Jurisdiction that Constituted the Principal Place of Business, Central Administration or Equivalent of the Undomesticated Entity Immediately Before Articles of Domestication: | British Columbia, Canada   |
| 5. Signature of Authorized Representative:  | <div><div>X</div><div></div><div>Authorized Signature</div></div> <div><div>5.12.17</div><div>Date</div></div> |

Filing Fee: \$350.00

**IMPORTANT:** This document must be accompanied by the appropriate constituent document for the type of domestic entity described in article 1 above and the filing fees.

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 92A Domestication  
Revised: 1-5-15



BARBARA K. CEGAVSKE  
Secretary of State  
202 North Carson Street  
Carson City, Nevada 89701-4201  
(775) 684-5708  
Website: www.nvsos.gov



\*040105\*

## Articles of Incorporation (PURSUANT TO NRS CHAPTER 78)

|  |                                  |
|--|----------------------------------|
| Filed in the Office of<br><i>Barbara K. Cegavske</i> | Business Number<br>E0232292017-6 |
| Secretary of State<br>State Of Nevada                | Filing Number<br>20170212507-87  |
|  | Filed On<br>05/15/2017           |
|  | Number of Pages<br>2             |

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|   |   |  |
|---|---|--|
| <b>1. Name of Corporation:</b>  | Montreux Capital Corp.  |  |
| <b>2. Registered Agent for Service of Process:</b> (check only one box)   | <input checked="" type="checkbox"/> Commercial Registered Agent: Corporation Trust Company of Nevada<br>Name<br><input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below)<br>Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity<br>Street Address City Nevada Zip Code<br>Mailing Address (if different from street address) City Nevada Zip Code |  |
| <b>3. Authorized Stock:</b> (number of shares corporation is authorized to issue)   | Number of shares with par value: 900,000,000 Par value per share: \$ .001 Number of shares without par value: 0   |  |
| <b>4. Names and Addresses of the Board of Directors/Trustees:</b> (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees) | 1) Ian M. Burns<br>Name<br>La Maison Godaine, Les Godaines St. Martin GY GY4 6QL<br>Street Address City State Zip Code<br>2) Laurie W. Sadler<br>Name<br>3785 Mallard Place Nanoose Bay BC V9P 9H1<br>Street Address City State Zip Code  |  |
| <b>5. Purpose:</b> (optional; required only if Benefit Corporation status selected)   | The purpose of the corporation shall be:<br>6. Benefit Corporation: (see instructions) <input type="checkbox"/> Yes   |  |
| <b>7. Name, Address and Signature of Incorporator:</b> (attach additional page if more than one incorporator)   | I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.<br>Jeffrey B. Lightfoot (counsel to Corporation) X<br>Name Incorporator Signature<br>PO Box 49130, 2900- 595 Burrard St Vancouver BC V7X 1J5<br>Address City State Zip Code                               |  |
| <b>8. Certificate of Acceptance of Appointment of Registered Agent:</b>   | I hereby accept appointment as Registered Agent for the above named Entity.<br>X <i>Jeffrey B. Lightfoot</i> <small>JEFFREY B. LIGHTFOOT<br/>224 MADISON ST SUITE 200<br/>VANCOUVER, BC V6T 1C1</small><br>Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 5.12.17<br>Date   |  |

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 78 Articles  
Revised: 1-5-15

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, John Farlinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assure Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

By: /s/ John Farlinger

Name: John Farlinger

Title: Chief Executive Officer

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## CERTIFICATIONS

I, John Price, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Assure Holdings Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2021

/s/ John Price

Name: John Price  
Chief Financial Officer  
(Principal Financial Officer)

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**STATEMENT PURSUANT TO  
18 U.S.C. SECTION 1350  
AS REQUIRED BY  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Assure Holdings Corp. (the "Company") on Form 10-Q for the period ending September 30, 2021, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certify that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

November 15, 2021     /s/ John Farlinger     Chief Executive Officer  
Name: John Farlinger     (Principal Executive Officer)

A signed original of this written statement required by Section 906 has been provided to Assure Holdings Corp. and will be retained by Assure Holdings Corp. and furnished to the Securities and Exchange Commission or its staff upon request.

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1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Assure Holdings Corp. and will be retained by Assure Holdings Corp. and furnished to the Securities and Exchange Commission or its staff upon request.