CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2019 and 2018

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

Stated in thousands of Canadian dollars	Note	**March 31, 2019**	December 31, 2018
ASSETS			
Current			
Cash		**$ 137**	$ 508
Accounts receivable		**24,737**	23,579
Prepaid expenses and deposits		**2,373**	2,806
		27,247	26,893
Property, plant and equipment	5	**223,073**	225,658
Intangibles		**38**	114
		$ 250,358	$ 252,665
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 7,344**	$ 7,865
Current portion of long-term debt	6	**1,418**	928
		8,762	8,793
Deferred tax liability		**15,741**	15,673
Long-term debt	6	**41,814**	43,968
		57,555	59,641
SHAREHOLDERS' EQUITY			
Share capital	7	**260,360**	261,353
Contributed surplus		**14,242**	13,390
Accumulated other comprehensive loss		**(2)**	-
Deficit		**(90,559)**	(90,512)
		184,041	184,231
		$ 250,358	$ 252,665

Subsequent events 7

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2019 and 2018

(Unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	**2019**	2018
Revenue	11	**$ 31,259**	$ 48,925
Expenses	10		
Direct operating expenses		**22,338**	36,346
Selling and administrative expenses		**4,227**	5,101
Stock based compensation	7	**229**	285
Finance costs		**732**	690
Depreciation and amortization		**3,734**	5,013
Gain on disposal of equipment		**(22)**	(254)
		31,238	47,181
Income before income taxes		**21**	1,744
Deferred income tax expense		**68**	548
Net (loss) income		**$ (47)**	$ 1,196
Other comprehensive (loss) income			
Item that may be reclassified subsequently to net income:			
Unrealized loss on translation of foreign operations		**2**	-
Comprehensive (loss) income		**$ (49)**	$ 1,196
Net (loss) income per share			
Basic and diluted	7	**$ (0.00)**	$ 0.00

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2019 and 2018

(Unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Equity
Balance – December 31, 2017		521,378,958	$ 266,720	$ 8,609	$ -	$ (88,810)	$ 186,519
Net income		-	-	-	-	1,196	1,196
Stock based compensation expense	7	-	-	285	-	-	285
Exercise of stock options	7	866,668	183	(65)	-	-	118
Settlement of restricted share units	7	230,667	41	(41)	-	-	-
Cancellation of common shares purchased under normal course issuer bid	7	(1,318,500)	(713)	424	-	-	(289)
Balance – March 31, 2018		521,157,793	$ 266,231	$ 9,212	$ -	$ (87,614)	$ 187,829
Balance – December 31, 2018		512,509,291	$ 261,353	$ 13,390	$ -	$ (90,512)	$ 184,231
Net loss		-	-	-	-	(47)	(47)
Stock based compensation expense	7	-	-	229	-	-	229
Exercise of stock options	7	-	-	-	-	-	-
Settlement of restricted share units	7	277,000	53	(53)	-	-	-
Other comprehensive loss					(2)		(2)
Cancellation of common shares purchased under normal course issuer bid	7	(1,792,000)	(1,046)	676	-	-	(370)
Balance – March 31, 2019		510,994,291	$ 260,360	$ 14,242	$ (2)	$ (90,559)	$ 184,041

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2019 and 2018

(Unaudited)

Stated in thousands of Canadian dollars	Note	**2019**	2018
Operating activities:			
Net (loss) income		**$ (47)**	$ 1,196
Adjustments for:			
Stock based compensation expense	7	**229**	285
Finance costs		**732**	690
Depreciation and amortization		**3,734**	5,013
Gain on disposal of equipment		**(22)**	(254)
Deferred income tax expense		**68**	548
Funds from operations		**4,694**	7,478
Changes in non-cash working capital balances	8	**(1,246)**	(8,213)
Operating cash flow		**3,448**	(735)
Investing activities:			
Purchase of equipment	5	**(562)**	(633)
Proceeds on disposal of equipment		**243**	954
Investing cash flow		**(319)**	321
Financing activities:			
(Repayment) increase of debt		**(2,244)**	1,276
Interest paid		**(654)**	(657)
Lease repayments		**(230)**	(74)
Common shares issued, net of share issue costs	7	**-**	118
Common shares purchased under NCIB	7	**(370)**	(289)
Financing cash flow		**(3,498)**	374
Decrease in cash during the period		**(369)**	(40)
Effect of exchange rate changes on cash and cash equivalents		**(2)**	-
Cash, beginning of period		**508**	95
Cash, end of period		**$ 137**	$ 55

See accompanying notes to condensed interim consolidated financial statements.

1. Reporting entity

CWC Energy Services Corp. ("CWC" or the "Company") is incorporated under the Business Corporations Act (Alberta). The address of the Company's head office is Suite 610, 205 – 5th Avenue SW, Calgary, Alberta, Canada. The Company is an oilfield services company providing drilling and production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin ("WCSB"). These consolidated financial statements reflect only the Company's proportionate interests in such activities and are comprised of the Company and its subsidiaries. The Company's common stock is listed and traded on the TSX Venture Exchange under the symbol CWC. Additional information regarding CWC's business is available in CWC's most recent Annual Information Form available on SEDAR at www.sedar.com, on the Company's website www.cwcenergyservices.com, or by contacting the Company at the address noted above.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2018.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 2, 2019.

(b) Basis of measurement

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

(c) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars. Each of the Company's subsidiaries are measured using the functional currency of that subsidiary, which is the currency of the primary economic environment in which that subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand except where otherwise noted.

(d) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2018.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2018, except for the adoption of IFRS 16 – Leases and Foreign Currency Translation. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2018 as filed on SEDAR.

(a) IFRS 16 - Leases

In January 2016, the IASB issued IFRS 16 Leases ("IFRS 16"), which replaces the existing IFRS guidance on leases: IAS 17 Leases ("IAS 17"). Under IAS 17, lessees were required to determine if the lease is a finance or operating lease, based on specified criteria of whether the lease transferred significantly all the risks and rewards associated with ownership of the underlying asset. Finance leases are recognized on the balance sheet while operating leases are recognized in the Consolidated Statements of Income when the expense is incurred. IFRS 16 introduced a single lease accounting model for lessees which require a Right-of-Use (ROU) asset and lease liability to be recognized on the balance sheet for contracts that are, or contain, a lease. The Company's leases under IFRS 16 primarily consist of vehicle leases, which were previously classified as finance leases, and office leases, which were previously classified as operating leases.

The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Company's financial statements are not restated.

For leases that were previously classified as finance leases under IAS 17, the carrying amount of the ROU asset and lease liability remain unchanged upon transition and were determined at the carrying amount immediately before the adoption date.

For leases that were previously classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate on January 1, 2019. ROU assets were measured at an amount equal to the lease liability. The recognition of the present value of minimum lease payments resulted in additional $645 of ROU assets and associated lease liabilities.

The adoption of IFRS 16 included the following elections:

- Elected to not recognize ROU assets and liabilities for leases term of less than 12 months, or for leases of low value.
- Elected to exclude initial direct costs from measuring the ROU asset at the date of initial application.
- Elected to apply a single discount rate to portfolio of leases with similar characteristics.
- Elected to use hindsight in determining lease term.

As a result of this adoption, the Company has reviewed the description of its accounting policy for leases as follows:

Leases

A contract is, or contains, a lease if the contract conveys the right of control the use of an identified asset for a period of time in exchange for considerations. A lease obligation is recognized at the commencement of the lease term at the present value of the lease payments that are not paid at that date. Interest expense is recognized on the lease obligations using the effective interest rate method and payments are applied against the lease obligation. At the commencement date, a corresponding ROU is recognized at the amount of the lease obligation, adjusted for lease incentives received and initial direct costs. Depreciation is recognized on the ROU asset over the lease term.

The preparation of the condensed interim consolidated financial statements in accordance with IFRS requires management to make judgements, estimates, and key assumptions that affect the reported amount of asset, liabilities, income, and expense. Actual results could differ significantly from these estimates. Key areas where management has made judgements, estimates, and assumptions related to the adoption of IFRS 16 include:

- Incremental borrowing rate: The incremental borrowing rates are based on judgements including economic environment, term, currency, and the underlying risk inherent to the asset. The carrying balance of the ROU

asset, lease obligations, and the resulting interest and depletion and depreciation expense, may differ due to changes in the market conditions and lease term.
- Lease term: Lease terms are based on assumptions regarding extension terms that allow for operational flexibility and future market conditions.

(b) Foreign Currency Translation

Functional currency is the currency of the primary economic environment in which the Company and its subsidiaries operate and is normally the currency in which the entity primarily generates and expends cash. The financial statements of the Company's subsidiaries are translated into Canadian dollars, which is the presentation currency of the Company. The assets and liabilities of subsidiaries whose functional currencies are other than Canadian dollars are translated into Canadian dollars at the foreign exchange rate at the balance sheet date, while revenues and expenses of such subsidiaries are translated using average monthly foreign exchange rates, which approximate the foreign exchange rates on the dates of the transactions. Foreign exchange differences arising on translation are included in OCI.

The Company's transactions in foreign currencies are translated to the appropriate functional currency at the foreign exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the foreign exchange rate at the balance sheet date and differences arising on translation are recognized in net earnings. Non-monetary assets that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the dates of the transactions.

4. Seasonality of operations

The Company's operations are located in Western Canada. The ability to move heavy equipment safely and efficiently in Western Canadian oil and natural gas fields is dependent on weather conditions. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier drilling and service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

Stated in thousands of Canadian dollars except share and per share amounts

5. Property, plant and equipment

	Contract drilling equipment	Production services property, plant and equipment	Other equipment	Total
Costs				
Balance, December 31 2018	$ 119,532	$ 255,655	$ 1,942	$ 377,129
Right of Use assets	92	553	-	645
Balance, January 1, 2019	119,624	256,208	1,942	377,774
Additions	2	545	15	562
Additions right of use assets	-	87	-	87
Disposals	-	(305)	-	(305)
Balance, March 31, 2019	119,626	256,535	1,957	378,118
Accumulated depreciation and impairment losses				
Balance, December 31, 2018	26,282	123,376	1,813	151,471
Depreciation	1,345	2,297	16	3,658
Disposals	-	(84)	-	(84)
Balance, March 31, 2019	27,627	125,589	1,829	155,045
Net book value				
Balance, March 31, 2019	$ 91,999	$ 130,946	$ 128	$ 223,073

The following table discloses the depreciation and carrying balance charge relating to ROU assets by class for the three months ended March 31, 2019 as well as their ending net book value at March 31, 2019.

	Depreciation	Balance
Automobiles	$ 120	$ 650
Office space	83	562
Balance, March 31, 2019	$ 203	$ 1,212

Stated in thousands of Canadian dollars except share and per share amounts

6. Loans and borrowings

The following table provides information with respect to amounts included in the consolidated statement of financial position related to loans and borrowings:

	March 31, 2019	December 31, 2018
Current liabilities:		
Current portion of Lease liabilities	**$ 836**	$ 346
Current portion of Mortgage Loan	**582**	582
	$ 1,418	$ 928
Non-current liabilities:		
Bank Loan	**$ 30,025**	$ 32,087
Mortgage Loan	**11,782**	11,927
Lease liabilities	**393**	381
Financing fees	**(386)**	(427)
	$ 41,814	$ 43,968
Total loans and borrowings	**$ 43,232**	$ 44,896

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). The Credit Facility provides the Company with a $75 million extendible revolving term facility (the "Bank Loan") and other credit instruments. Of the Bank Loan, $65 million is a syndicated facility with the remaining $10 million being an operating facility. On August 4, 2017, the Bank Loan was extended for a committed term until July 31, 2020 ("Maturity Date"). No principal payments are required under the Bank Loan until the Maturity Date, at which time any amounts outstanding are due and payable. The Company may, on an annual basis, request the Maturity Date be extended for a period not to exceed three years from the date of the request. If a request for an extension is not approved by the banking syndicate, the Maturity Date will remain unchanged.

The Bank Loan bears interest based on a sliding scale pricing grid tied to the Company's trailing Consolidated Debt[(2)] to Consolidated Adjusted EBITDA[(1)] ratio from a minimum of the bank's prime rate plus 0.75% to a maximum of the bank's prime rate plus 3.75% or from a minimum of the bankers acceptances rate plus a stamping fee of 1.75% to a maximum of the bankers acceptances rate plus a stamping fee of 4.75%. Standby fees under the Bank Loan range between 0.39% and 1.07%. Interest and fees under the Bank Loan are payable monthly. The Company has the option to borrow funds denominated in either Canadian or United States dollars under the Credit Facility. Borrowings under the Bank Loan are limited to an aggregate of 75% of accounts receivable outstanding less than 90 days plus 60% of the net book value of property and equipment less certain priority payables. As at March 31, 2019, of the $75,000 Bank Loan facility, $44,975 was available for immediate borrowing and $30,025 was outstanding (December 31, 2018: $32,087). The Bank Loan has an accordion feature which provides the Company with an ability to increase the maximum borrowings up to $125,000, subject to the approval of the lenders. The Bank Loan is secured by a security agreement covering all of the assets of the Company and a first charge Security Interest covering all assets of the Company (other than real estate assets related to the Mortgage Loan). Effective December 31, 2018, the applicable rates under the Bank Loan are: bank prime rate plus 1.00%, banker's acceptances rate plus a stamping fee of 2.00%, and standby fee rate of 0.45%.

Stated in thousands of Canadian dollars except share and per share amounts

Under the terms of the Credit Facility, the Company is required to comply with the following financial covenants:

	Covenant limits	**March 31, 2019**
Consolidated Debt(2) to Consolidated Adjusted EBITDA(1)	4.00:1.00 or less	1.69:1.00
Consolidated Debt(2) to Capitalization(3)	0.50:1.00 or less	0.19:1.00
Consolidated Adjusted Cash Flow(4) to Consolidated Finance Obligations(5)	1.15:1.00 or more	4.52:1.00

(1) Consolidated Adjusted EBITDA is calculated as net income plus finance costs, plus current and deferred income taxes, plus depreciation, plus stock based compensation, plus any non-recurring losses or impairment losses, or permitted severance costs, minus any non-recurring gain, plus any expenses related to corporate or business acquisitions with all amounts being for the twelve month period ended the calculation date. Consolidated Adjusted EBITDA is adjusted to reflect the inclusion of material acquisitions or material dispositions on a pro forma basis for the twelve month period ended the calculation date. Consolidated Adjusted EBITDA is increased if debt repayments from the proceeds of equity issuance are used to repay the syndicated facility and designated by the Company as an Equity Cure amount.
(2) Consolidated Debt is calculated as total loans and borrowings as shown in the schedule above adjusted to exclude the funds held in the segregated account and to remove any financing fees included.
(3) Capitalization is calculated as Consolidated Debt plus Shareholders' Equity as at the calculation date.
(4) Consolidated Adjusted Cash Flow is calculated as Consolidated Adjusted EBITDA minus amounts paid for transaction costs, dividends or share repurchases in the twelve month period ended the calculation date. The Calculation of Adjusted Cash Flow excludes Consolidated Adjusted EBITDA resulting from an Equity Cure.
(5) Consolidated Finance Obligations is calculated as finance costs plus scheduled principal payments on debt including scheduled principal payments under finance leases minus accretion of finance fees included in finance costs for the twelve month period ended the calculation date.

Mortgage Loan is a loan maturing on June 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of $86. At maturity, approximately $9,891 of principal will become payable assuming only regular monthly payments are made. On July 27, 2018 the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt. Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of March 31, 2019 the mark-to-market value of the interest rate swap of $377 is included within accounts payable and accrued liabilities on the Consolidated Statements of Financial position (December 31, 2018: $206). For the three months ended March 31, 2019 the mark-to-mark value of the interest rate swap resulted in a loss of $171 included within finance costs on the Consolidated Statement of Comprehensive Income (Loss).

Lease liabilities consist of automobiles and office space which mature in 1 to 3 years. The incremental borrowing rate applied to the individual leases liabilities vary from 4.0-6.4% per annum. During the quarter interest expense on leased liabilities was $19 and expenses relating to short-term leases was $127.

Financing fees consist of commitment fees and legal expenses relating to the Credit Facility and are being amortized using the effective interest rate method over the term of the Credit Facility. For the three months ended of March 31, 2019 financing fees of $41 were amortized and included in finance costs (year ended December 31, 2018: $162).

7. Share capital

(a) Authorized

Unlimited number of Common voting shares without par value.
Unlimited number of Preferred shares without par value.

(b) Normal course issuer bid

On April 10, 2018, the Company initiated a Normal Course Issuer Bid ("NCIB") which expired on April 9, 2019. Under this expired NCIB the Company may purchase, from time to time as it considers advisable, up to 26,057,889 of issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC entered into an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies.

Stated in thousands of Canadian dollars except share and per share amounts

On April 15, 2019, the Company replaced its expired NCIB with a new NCIB which now expires on April 14, 2020. Under the new NCIB the Company may purchase, from time to time as it considers advisable, up to 25,535,115 of issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC renewed its ASPP with Raymond James for the purpose of making purchases under the ASPP.

For the three months ended March 31, 2019, 2,050,500 shares (three months ended March 31, 2018: 1,394,500 shares) for consideration of $370, including commissions (three months ended March 31, 2018: $289) were purchased under the NCIB of which 1,792,000 were cancelled and returned to treasury.

(c) Stock options

The following table summarizes changes in the number of stock options outstanding:

	Number of options	**Weighted average exercise price**
Balance at March 31, 2019 and December 31, 2018	**24,351,333**	**0.25**

For the three months ended March 31, 2019 stock based compensation expense relating to stock options totaled $143 (three months ended March 31, 2018: $190)

(d) Restricted share unit plan

The following table summarizes changes in the number of Restricted Share Units ("RSUs") outstanding:

Issue date fair value	Number of RSUs outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of RSUs exercisable
$0.14 – $0.23	**5,651,001**	**2.76**	**n/a**	**707,999**

For the three months ended March 31, 2019, 277,000 RSU's were exercised (March 31, 2018: 230,667 RSUs), 36,000 RSU's were forfeited (March 31, 2018: 136,333 RSUs) and 54,000 RSU's were issued (March 31, 2018: 54,000 RSUs).

(e) Weighted average common shares outstanding

The following table reconciles the common shares used in computing per share amounts for the periods noted:

	For the three months ended March 31,	
	2019	2018
Weighted average common shares outstanding – basic	**512,678,779**	522,097,878
Dilutive stock options & RSUs	**-**	3,627,717
Weighted average common shares outstanding – diluted	**512,678,779**	525,725,595

Stated in thousands of Canadian dollars except share and per share amounts

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share. For the three months ended March 31, 2019, 24,351,333 (March 31, 2018: 20,491,000) stock options and 5,651,001 (March 31, 2018: 4,007,167) RSUs were not included in the computation of net loss per common share because to do so would be anti-dilutive.

8. Supplemental cash flow information

	For the three months ended March 31,	
	2019	2018
Change in non-cash working capital items:		
Accounts receivable	**$ (1,158)**	$ (8,896)
Prepaid expenses and deposits	**433**	(17)
Accounts payable and accrued liabilities	**(521)**	700
	$ (1,246)	$ (8,213)

9. Operating segments

The Company operates in the western Canadian oilfield service industry through its Contract Drilling and Production Services segments. The Contract Drilling segment provides drilling rigs and related ancillary equipment to oil and gas exploration and production companies. The Production Services segment provides well services to oil and gas exploration and production companies through the use of service rigs, swabbing rigs and coil tubing units.

Management uses net income before depreciation and income taxes ("segment profit") in management reports reviewed by key management personnel and the board of directors to measure performance at a segment basis. Segment profit is used to measure performance as management believes this is the most relevant measure in evaluating the results of our segments relative to each other and other entities that operate within the respective industries.

The Corporate segment captures general and administrative expenses associated with supporting each of the reporting segments operations, plus costs associated with being a public company. Also included in the Corporate segment is interest expense for debt servicing, income tax expense and other amounts not directly related to the two primary segments.

Stated in thousands of Canadian dollars except share and per share amounts

The amounts related to each industry segment are as follows:

For the three months ended March 31, 2019	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	**$ 9,120**	**$ 22,139**	**$ -**	**$ 31,259**
Direct operating expenses	**6,845**	**15,493**	**-**	**22,338**
Selling and administrative expenses	**275**	**2,537**	**1,415**	**4,227**
Stock based compensation	**-**	**-**	**229**	**229**
Finance costs	**-**	**-**	**732**	**732**
Gain on disposal of equipment	**-**	**(22)**	**-**	**(22)**
Depreciation	**1,423**	**2,052**	**259**	**3,734**
Net income (loss) before tax	**577**	**2,079**	**(2,635)**	**21**
Deferred income tax expense	**-**	**-**	**68**	**68**
Net income (loss)	**$ 577**	**$ 2,079**	**$ (2,703)**	**$ (47)**
Capital expenditures	**94**	**1,185**	**15**	**1,294**
As at March 31, 2019				
Property, plant and equipment	**91,999**	**130,946**	**128**	**223,073**
Intangibles	**38**	**-**	**-**	**38**

For the three months ended March 31, 2018	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	$ 11,685	$ 37,240	$ -	$ 48,925
Direct operating expenses	8,103	28,243	-	36,346
Selling and administrative expenses	317	3,006	1,778	5,101
Stock based compensation	-	-	285	285
Finance costs	-	-	690	690
Gain on disposal of equipment	-	(254)	-	(254)
Depreciation	1,743	3,045	225	5,013
Net income (loss) before tax	1,522	3,200	(2,978)	1,744
Deferred income tax expense	-	-	548	548
Net income (loss)	$ 1,522	$ 3,200	$ (3,526)	$ 1,196
Capital expenditures	130	836	-	966
As at March 31, 2018				
Property, plant and equipment	90,326	137,023	169	227,518
Intangibles	343	-	-	343

Stated in thousands of Canadian dollars except share and per share amounts

10. Expenses by nature

For the three months ended March 31, 2019	**Direct operating expenses**	**Selling and administrative expenses**	**Stock based compensation**	**Finance costs**	**Depreciation expense**	**Gain on disposal of equipment**	**Total**
Personnel expenses	**$ 15,686**	**$ 2,919**	**$ 229**	**$ -**	**$ -**	**$ -**	**$ 18,834**
Third party charges	**2,251**	**-**	**-**	**-**	**-**	**-**	**2,251**
Repairs and maintenance	**4,401**	**-**	**-**	**-**	**-**	**-**	**4,401**
Other selling and administrative expenses	**-**	**897**	**-**	**-**	**-**	**-**	**897**
Bad debt expense	**-**	**32**	**-**	**-**	**-**	**-**	**32**
Facility expenses	**-**	**379**	**-**	**-**	**-**	**-**	**379**
Depreciation expense	**-**	**-**	**-**	**-**	**3,734**	**-**	**3,734**
Finance costs	**-**	**-**	**-**	**732**	**-**	**-**	**732**
Gain on disposal of equipment	**-**	**-**	**-**	**-**	**-**	**(22)**	**(22)**
Total	**$ 22,338**	**$ 4,227**	**$ 229**	**$ 732**	**$ 3,734**	**$ (22)**	**$ 31,238**

For the three months ended March 31, 2018	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Total
Personnel expenses	$ 24,671	$ 3,111	$ 285	$ -	$ -	$ -	$ 28,067
Third party charges	6,049	-	-	-	-	-	6,049
Repairs and maintenance	5,626	-	-	-	-	-	5,626
Other selling and administrative expenses	-	1,286	-	-	-	-	1,286
Bad debt expense	-	-	-	-	-	-	-
Facility expenses	-	704	-	-	-	-	704
Depreciation expense	-	-	-	-	5,013	-	5,013
Finance costs	-	-	-	690	-	-	690
Gain on disposal of equipment	-	-	-	-	-	(254)	(254)
Total	$ 36,346	$ 5,101	$ 285	$ 690	$ 5,013	$ (254)	$ 47,181

Stated in thousands of Canadian dollars except share and per share amounts

11. Revenue

Revenue consists of amounts earned from sale of Contract Drilling and Production Services. Production Services includes revenue from service rigs, swabbing rigs and coil tubing units.

The following table presents the Company's revenue disaggregated by type:

	For the three months ended March 31,			
	2019		2018	
Contract Drilling	**$**	**9,120**	$	11,685
Production Services				
Service Rigs		**20,702**		34,364
Swabbing Rigs		**477**		699
Coil Tubing		**960**		2,177
Total	**$**	**31,259**	$	48,925

Included in accounts receivable at March 31, 2019 was $1,195 (December 31, 2018: $1,789) of accrued revenue for services provided in the month then ended. There have been no significant adjustments for prior period accrued revenue in the current period.

As of March 31, 2019, the Company did not have any sales contracts beyond one year in term.