CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Financial Statements

For the three and six months ended June 30, 2016 and 2015

CWC ENERGY SERVICES CORP.

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2016 and December 31, 2015

(unaudited)

Stated in thousands of Canadian dollars	Note	**June 30, 2016**	December 31, 2015
ASSETS			
Current			
Cash		**$ 2**	$ 2
Accounts receivable		**10,845**	13,800
Inventory		**1,994**	2,112
Prepaid expenses and deposits		**993**	1,419
		13,834	17,333
Property and equipment	5	**197,730**	204,067
Intangibles		**876**	1,028
		$ 212,440	$ 222,428
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 5,805**	$ 5,511
Current portion of long-term debt	6	**218**	205
		6,023	5,716
Deferred tax liability		**15,885**	17,214
Long-term debt	6	**32,017**	52,036
		53,925	74,966
SHAREHOLDERS' EQUITY			
Share capital	7	**241,803**	227,149
Contributed surplus	7	**6,624**	6,516
Deficit		**(89,912)**	(86,203)
		158,515	147,462
		$ 212,440	$ 222,428

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the three and six months ended June 30, 2016 and 2015
(unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	Three months ended June 30 **2016**	2015	Six months ended June 30 **2016**	2015
Revenue		**$ 13,884**	$ 13,508	**$ 33,624**	$ 41,338
Expenses	11				
Direct operating expenses		**9,886**	9,711	**24,002**	27,930
Selling and administrative expenses		**2,999**	3,020	**6,066**	7,377
Stock based compensation	7	**135**	251	**219**	574
Finance costs	6	**840**	525	**1,417**	1,099
Depreciation and amortization		**3,139**	3,278	**6,810**	7,462
Loss (gain) on disposal of equipment		**(31)**	279	**114**	314
		16,968	17,064	**38,628**	44,756
Net loss before income taxes		**(3,084)**	(3,556)	**(5,004)**	(3,418)
Deferred income tax expense (recovery)	8	**(805)**	738	**(1,295)**	838
Net loss and comprehensive loss		**$ (2,279)**	$ (4,294)	**$ (3,709)**	$ (4,256)
Loss per share					
Basic and diluted	7	**$ (0.01)**	$ (0.02)	**$ (0.01)**	$ (0.02)

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.
STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 2016 and 2015
(unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	**Number of Shares**	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Equity**
Balance January 1, 2015		270,762,224	$ 219,677	$ 6,546	$ (53,518)	$ 172,705
Net loss and comprehensive loss		-	-	-	(4,256)	(4,256)
Stock based compensation expense	7	-	-	562	-	562
Exercise of stock options	7	2,630,002	1,181	(523)	-	658
Settlement of restricted share units	7	120,000	117	(117)	-	-
Issued common shares under dividend reinvestment and stock dividend plans	7	11,703,910	4,287	-	-	4,287
Dividends declared	7	-	-	-	(2,856)	(2,856)
Balance – June 30, 2015		285,216,136	$ 225,262	$ 6,468	$ (60,630)	$ 171,100
Balance January 1, 2016		**292,628,007**	**$ 227,149**	**$ 6,516**	**$ (86,203)**	**$ 147,462**
Net loss and comprehensive net loss		**-**	**-**	**-**	**(3,709)**	**(3,709)**
Stock based compensation expense	7	**-**	**-**	**219**	**-**	**219**
Settlement of restricted share units		**145,000**	**111**	**(111)**	**-**	**-**
Issued common shares on exercise of rights offering (net of share issue costs)	7	**97,546,002**	**14,543**	**-**	**-**	**14,543**
Balance – June 30, 2016		**390,319,009**	**$ 241,803**	**$ 6,624**	**$ (89,912)**	**$ 158,515**

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2016 and 2015

(unaudited)

Stated in thousands of Canadian dollars	Note	Three months ended June 30 **2016**	2015	Six months ended June 30 **2016**	2015
Operating activities:					
Net loss and comprehensive loss		**$ (2,279)**	$ (4,294)	**$ (3,709)**	$ (4,256)
Adjustments for:					
Stock based compensation expense	7	**135**	251	**219**	574
Finance costs		**840**	525	**1,417**	1,099
Depreciation and amortization		**3,139**	3,278	**6,810**	7,462
Loss (gain) on disposal of equipment		**(31)**	279	**114**	314
Deferred income tax expense (recovery)		**(805)**	738	**(1,295)**	838
Funds from operations		**999**	777	**3,556**	6,031
Changes in non-cash working capital balances	9	**4,121**	5,092	**3,793**	17,326
Operating cash flow		**5,120**	5,869	**7,349**	23,357
Investing activities:					
Purchase of equipment		**(376)**	(2,133)	**(562)**	(7,144)
Proceeds on disposal of equipment		**117**	43	**206**	157
Investing cash flow		**(259)**	(2,090)	**(356)**	(6,987)
Financing activities:					
Repayment of long-term debt		**(18,306)**	(3,523)	**(19,869)**	(13,882)
Interest paid		**(762)**	(461)	**(1,250)**	(991)
Finance costs paid		**(244)**	-	**(269)**	(200)
Finance lease repayments		**(58)**	(56)	**(114)**	(110)
Common shares issued on exercise of rights offering		**14,632**	-	**14,632**	-
Share issue costs		**(123)**	-	**(123)**	-
Common shares issued on exercise of options	7	**-**	651	**-**	658
Dividends paid	7	**-**	(390)	**-**	(1,847)
Financing cash flow		**(4,861)**	(3,779)	**(6,993)**	(16,372)
Decrease in cash during the period		**-**	-	**-**	(2)
Cash, beginning of period		**2**	67	**2**	69
Cash, end of period		**$ 2**	$ 67	**$ 2**	$ 67

See accompanying notes to the 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"). 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 financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all the information required for full annual financial statements.

These condensed interim financial statements were approved by the Board of Directors on August 10, 2016.

(b) Use of estimates and judgments

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

In preparing these condensed interim 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, 2015.

(c) Comparative figures

Certain comparative amounts have been reclassified to conform to the current period's presentation.

3. Significant accounting policies

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2015. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2015 as filed on SEDAR.

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's 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 and equipment

	Contract Drilling equipment	Production Services equipment	Other equipment	Total
Costs				
Balance, December 31, 2015	$ 108,508	$ 204,123	$ 1,881	$ 314,512
Additions	294	347	-	641
Disposals	(175)	(569)	-	(744)
Balance, June 30, 2016	108,627	203,901	1,881	314,409
Accumulated depreciation and impairment losses				
Balance, December 31, 2015	12,230	96,710	1,505	110,445
Depreciation	1,059	5,516	84	6,659
Disposals	(90)	(335)	-	(425)
Balance, June 30, 2016	13,199	101,891	1,589	116,679
Net book value				
Balance, December 31, 2015	$ 96,278	$ 107,413	$ 376	$ 204,067
Balance, June 30, 2016	$ 95,428	$ 102,010	$ 292	$ 197,730

6. Loans and borrowings

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

	June 30, 2016	December 31, 2015
Current liabilities:		
Current portion of finance lease liabilities	$ 218	$ 205
	$ 218	$ 205
Non-current liabilities:		
Bank Loan	$ 32,490	$ 52,359
Finance lease liabilities	130	178
Financing fees	(603)	(501)
	$ 32,017	$ 52,036
Total loans and borrowings	$ 32,235	$ 52,241

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). The Credit Facility provides the Company with a $65 million extendible revolving term facility (the "Bank Loan") and other credit instruments. The Bank Loan is for a committed term until July 31, 2018 (the "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 to Consolidated 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 is 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 June 30, 2016 $65 million was available for immediate borrowing under the $65 million Bank Loan facility and $46.6 million was outstanding (December 31, 2015: $52.4 million). The Bank Loan has an accordion feature which provides the Company with an ability to increase the maximum borrowings to up to $125 million, 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. Effective June 30, 2016 the applicable rates under the Bank Loan are: bank prime rate plus 1.5%, bankers acceptances rate plus a stamping fee of 2.5%, and standby fee rate of 0.57%.

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

In April 2016, the Company reached an agreement with its banking syndicate to, among other things, extend the Maturity Date of the Credit Facility to July 31, 2018 from June 21, 2017, amend the Consolidated EBITDA definition and amend the maximum Consolidated Debt to Consolidated EBITDA ratio under the Credit Facility to 5.5:1 for June 30, 2016 and September 30, 2016, 5.25:1 for December 31, 2016 and March 31, 2017, further decreasing to 4.75:1 for June 30, 2017, 4.5:1 at September 30, 2017, 4.0:1 for December 31, 2017 and decreasing to 3.5:1 for March 31, 2018 and thereafter. The Company has also reached an agreement to amend the calculation of Consolidated EBITDA to include a new equity cure provision which allows the Company to include proceeds of equity offerings in the calculation of Consolidated EBITDA, subject to specific conditions.

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

	Covenant limits	Actual June 30, 2016
Consolidated Debt(2) to Consolidated EBITDA(1)	5.5:1.00 or less	2.39:1.00
Consolidated Debt(2) to Capitalization(3)	0.50:1.00 or less	0.23:1.00
Consolidated Adjusted Cash Flow(4) to Consolidated Finance Obligations(5)	1.15:1.00 or more	3.86:1.00

(1) Consolidated 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. 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 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 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 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 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.

On June 2, 2016, the Company received gross proceeds of $14,632 from a rights offering of common shares (see Note 7), the funds were placed into a segregated account and at June 30, 2016 have been offset against long term debt as the Company has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously. Consolidated Debt to Consolidated EBITDA at June 30, 2016 includes the impact a $7,000 equity cure designated on July 9, 2016.

	June 30, 2016		
	Cash	**Long-Term Debt**	**Net**
Gross amounts	**14,634**	**(46,649)**	**(32,015)**
Amount offset	**(14,632)**	**14,632**	**-**
Net amounts	**2**	**(32,017)**	**(32,015)**

Obligations under finance leases are primarily for leased automobiles with an expected term of three years and a one year minimum term. Interest rates on finance leases are specific to each leased asset, are fixed for the lease term and vary between 4.4% and 5.2% per annum.

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

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. Financing fees of $78 were amortized and included in finance costs during the three months ended June 30, 2016 (year ended December 31, 2015: $238).

7. Share capital

(a) Rights offering

On June 2, 2016, CWC closed a rights offering for aggregate gross proceeds of $14,632 ($14,542 after deductions of $123 in share issue costs plus deferred income taxes of $33). Under the fully subscribed offering, 97,546,002 common shares were issued to shareholders who exercised their rights. Each eligible shareholder received one right for every three common shares held and each right was exercisable for one common share at a price of $0.15 per share.

(b) Stock options

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

	Number of options	Weighted average exercise price
Balance at December 31, 2015	14,400,000	$ 0.43
Granted	**5,700,000**	**0.18**
Forfeited	**(2,150,000)**	**0.62**
Balance at June 30, 2016	**17,950,000**	**$ 0.33**

For the three months ended June 30, 2016, stock-based compensation expense relating to stock options totaled $90 (three months ended June 30, 2015: $110). For the six months ended June 30, 2016, stock-based compensation expense relating to stock options totaled $156 (three months ended June 30, 2015: $270).

(c) Restricted share unit plan ("RSUs")

The following table summarizes information about RSUs outstanding as at June 30, 2016:

Issue date fair value	Number of RSUs outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of RSUs exercisable
$0.09 - $1.04	**2,175,000**	**2.01**	**n/a**	**153,334**

For the three months ended June 30, 2016, stock-based compensation expense relating to RSUs totaled $45 (June 30, 2015: $146). For the six months ended June 30, 2016 stock-based compensation expense relating to RSUs totaled $63 (June 30, 2015: $301).

For the six months ended June 30, 2016, 300,000 RSUs were issued (June 30, 2015: 75,000), 145,000 RSUs were exercised (June 30, 2015: 120,000), and 270,001 RSUs were forfeited, (June 30, 2015: 75,000).

(d) Loss per share

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

	For the three months ended June 30,		**For the six months ended June 30,**	
	2016	2015	**2016**	2015
Weighted average common shares outstanding – basic	**324,840,096**	283,902,087	**308,738,337**	280,797,326
Effect of dilutive share-based compensation plans	**-**	-	**-**	-
Weighted average common shares outstanding – basic and diluted	**324,840,096**	283,902,087	**308,738,337**	280,797,326

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share. For the three and six months ended June 30, 2016, all stock options and RSUs were not included in the computation of earnings per common share because to do so would be anti-dilutive.

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

8. Income taxes

In June 2015, the Alberta corporate tax rate was increased to 12 percent from 10 percent. As a result, the Company's deferred tax liability increased by $1,545, with a corresponding increase to deferred tax expense in the period.

9. Supplemental cash flow information

	For the three months ended June 30,		For the six months ended June 30,	
	2016	2015	**2016**	2015
Change in non-cash working capital items:				
Accounts receivable	**$ 3,327**	$ 7,830	**$ 2,955**	$ 24,803
Inventory	**85**	87	**118**	144
Prepaid expenses and deposits	**64**	(57)	**426**	107
Accounts payable and accrued liabilities	**645**	(2,768)	**294**	(7,728)
	$ 4,121	$ 5,092	**$ 3,793**	$ 17,326

10. 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 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.

The amounts related to each industry segment are as follows:

For the three months ended June 30, 2016	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	**$ 1,414**	**$ 12,470**	**$ -**	**$ 13,884**
Direct operating expenses	**1,073**	**8,813**	**-**	**9,886**
Selling and administrative expenses	**243**	**1,718**	**1,038**	**2,999**
Stock based compensation	**-**	**-**	**135**	**135**
Finance costs	**-**	**-**	**840**	**840**
Gain on disposal of equipment	**(25)**	**(6)**	**-**	**(31)**
Net income (loss) before depreciation and taxes	**123**	**1,945**	**(2,013)**	**55**
Depreciation	**404**	**2,694**	**41**	**3,139**
Net loss before tax	**(281)**	**(749)**	**(2,054)**	**(3,084)**
Income tax recovery	**-**	**-**	**(805)**	**(805)**
Net loss	**(281)**	**(749)**	**(1,249)**	**(2,279)**
Capital expenditures	**268**	**107**	**-**	**375**
As at June 30, 2016				
Property and equipment	**95,428**	**102,010**	**292**	**197,730**
Intangibles	**876**	**-**	**-**	**876**

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

For the three months ended June 30, 2015	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	$ 2,640	$ 10,868	$ -	$ 13,508
Direct operating expenses	2,093	7,618	-	9,711
Selling and administrative expenses	294	1,567	1,159	3,020
Stock based compensation	-	-	251	251
Finance costs	-	-	525	525
Loss on disposal of equipment	280	-	(1)	279
Net income (loss) before depreciation and taxes	(27)	1,683	(1,934)	(278)
Depreciation	533	2,705	40	3,278
Net loss before tax	(560)	(1,022)	(1,974)	(3,556)
Income tax expense	-	-	738	738
Net loss	(560)	(1,022)	(2,712)	(4,294)
Capital expenditures	1,491	675	3	2,169
As at June 30, 2015				
Property and equipment	101,408	116,544	364	218,316
Intangibles	1,232	-	-	1,232
Goodwill	16,662	-	-	16,662

For the six months ended June 30, 2016	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	**$ 5,533**	**$ 28,091**	**$ -**	**$ 33,624**
Direct operating expenses	**4,042**	**19,960**	**-**	**24,002**
Selling and administrative expenses	**410**	**3,436**	**2,220**	**6,066**
Stock based compensation	**-**	**-**	**219**	**219**
Finance costs	**-**	**-**	**1,417**	**1,417**
Loss (gain) on disposal of equipment	**(25)**	**139**	**-**	**114**
Net income (loss) before depreciation and taxes	**1,106**	**4,556**	**(3,856)**	**1,806**
Depreciation	**1,210**	**5,516**	**84**	**6,810**
Net loss before tax	**(104)**	**(960)**	**(3,940)**	**(5,004)**
Income tax recovery	**-**	**-**	**(1,295)**	**(1,295)**
Net loss	**(104)**	**(960)**	**(2,645)**	**(3,709)**
Capital expenditures	**294**	**347**	**-**	**641**

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

For the six months ended June 30, 2015	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	$ 13,613	$ 27,725	$ -	$ 41,338
Direct operating expenses	8,333	19,597	-	27,930
Selling and administrative expenses	598	4,079	2,700	7,377
Stock based compensation	-	-	574	574
Finance costs	-	-	1,099	1,099
Loss on disposal of equipment	290	25	(1)	314
Net income (loss) before depreciation and taxes	4,392	4,024	(4,372)	4,044
Depreciation	1,846	5,535	81	7,462
Net income (loss) before tax	2,546	(1,511)	(4,453)	(3,418)
Income tax expense	-	-	838	838
Net income (loss)	2,546	(1,511)	(5,291)	(4,256)
Capital expenditures	3,261	3,909	10	7,180

11. Expenses by nature

For the three months ended June 30, 2016	**Direct operating expenses**	**Selling and administrative expenses**	**Stock based compensation**	**Finance costs**	**Depreciation expense**	**Gain on sale of equipment**	**Total**
Personnel expenses	**$ 6,941**	**$ 1,645**	**$ 135**	**$ -**	**$ -**	**$ -**	**$ 8,721**
Other operating expenses(1)	**2,945**	**-**	**-**	**-**	**-**	**-**	**2,945**
Other selling and administrative expenses	**-**	**819**		**-**	**-**	**-**	**819**
Bad debt	**-**	**(26)**	**-**	**-**	**-**	**-**	**(26)**
Facility expenses	**-**	**561**	**-**	**-**	**-**	**-**	**561**
Depreciation expense	**-**	**-**	**-**	**-**	**3,139**	**-**	**3,139**
Finance costs	**-**	**-**	**-**	**840**	**-**	**-**	**840**
Loss on disposal of equipment	**-**	**-**	**-**	**-**	**-**	**(31)**	**(31)**
Total	**$ 9,886**	**$ 2,999**	**$ 135**	**$ 840**	**$ 3,139**	**$ (31)**	**$ 16,968**

For the three months ended June 30, 2015	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on sale of equipment	Total
Personnel expenses	$ 5,983	$ 1,509	$ 251	$ -	$ -	$ -	$ 7,743
Other operating expenses(1)	3,728	-	-	-	-	-	3,728
Other selling and administrative expenses	-	816		-	-	-	816
Bad debt	-	94	-	-	-	-	94
Facility expenses	-	601	-	-	-	-	601
Depreciation expense	-	-	-	-	3,278	-	3,278
Finance costs	-	-	-	525	-	-	525
Loss on disposal of equipment	-	-	-	-	-	279	279
Total	$ 9,711	$ 3,020	$ 251	$ 525	$ 3,278	$ 279	$ 17,064

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

For the six months ended June 30, 2016	**Direct operating expenses**	**Selling and administrative expenses**	**Stock based compensation**	**Finance costs**	**Depreciation expense**	**Loss on sale of equipment**	**Total**
Personnel expenses	**$ 16,745**	**$ 3,407**	**$ 219**	**$ -**	**$ -**	**$ -**	**$ 20,371**
Other operating expenses[1]	**7,257**	**-**	**-**	**-**	**-**	**-**	**7,257**
Other selling and administrative expenses	**-**	**1,326**		**-**	**-**	**-**	**1,326**
Bad debt	**-**	**201**	**-**	**-**	**-**	**-**	**201**
Facility expenses	**-**	**1,132**	**-**	**-**	**-**	**-**	**1,132**
Depreciation expense	**-**	**-**	**-**	**-**	**6,810**	**-**	**6,810**
Finance costs	**-**	**-**	**-**	**1,417**	**-**	**-**	**1,417**
Loss on disposal of equipment						**114**	**114**
Total	**$ 24,002**	**$ 6,066**	**$ 219**	**$ 1,417**	**$ 6,810**	**$ 114**	**$ 38,628**

For the six months ended June 30, 2015	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on sale of equipment	Total
Personnel expenses	$ 16,597	$ 3,911	$ 574	$ -	$ -	$ -	$ 21,082
Termination expenses	21	237	-	-	-	-	258
Other operating expenses[1]	11,312	-	-	-	-	-	11,312
Other selling and administrative expenses	-	1,723		-	-	-	1,723
Bad debt	-	290	-	-	-	-	290
Facility expenses	-	1,216	-	-	-	-	1,216
Depreciation expense	-	-	-	-	7,462	-	7,462
Finance costs	-	-	-	1,099	-	-	1,099
Loss on disposal of equipment	-	-	-	-	-	314	314
Total	$ 27,930	$ 7,377	$ 574	$ 1,099	$7,462	$ 314	$44,756

[1] Other operating expenses consists of the following:

	Three months ended June 30, 2016	**2015**	**Six months ended June 30, 2016**	**2015**
Repairs and maintenance	**$ 1,045**	$ 1,871	**$ 2,835**	$ 5,693
Fuel	**790**	683	**1,946**	2,206
Certification and inspection	**388**	334	**573**	573
Operating supplies and consumables	**219**	190	**533**	438
License, registration and permits	**264**	310	**496**	574
Travel and subsistence	**132**	292	**378**	1,096
Equipment rental	**96**	73	**370**	707
Other	**11**	(25)	**126**	25
	$ 2,945	$ 3,728	**$ 7,257**	$ 11,312

12. Financial risk management

For the six months ended June 30, 2016, ten customers comprised 79% of revenues (Year ended December 31, 2015 - 60%) and one customer comprised 40% of revenue (Year ended December 31, 2015 - 14%).