CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Financial Statements

For the three and six months ended June 30, 2015 and 2014

CWC ENERGY SERVICES CORP.
STATEMENTS OF FINANCIAL POSITION
As at June 30, 2015 and December 31, 2014
(unaudited)

Stated in thousands of Canadian dollars	Note	**June 30, 2015**	December 31, 2014
ASSETS			
Current			
Cash		**$ 67**	$ 69
Accounts receivable		**10,008**	34,826
Inventory		**2,191**	2,335
Prepaid expenses and deposits		**1,068**	1,175
		13,334	38,405
Property and equipment	5	**218,316**	218,910
Intangibles		**1,232**	1,390
Goodwill		**16,662**	16,648
		$ 249,544	$ 275,353
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 5,382**	$ 13,064
Dividend payable	7(f)	**1,426**	4,738
Current portion of long-term debt	6	**183**	201
		6,991	18,003
Deferred tax liability	8	**20,018**	19,180
Long-term debt	6	**51,435**	65,465
		78,444	102,648
SHAREHOLDERS' EQUITY			
Share capital	7	**225,262**	219,677
Contributed surplus		**6,468**	6,546
Deficit		**(60,630)**	(53,518)
		171,100	172,705
		$ 249,544	$ 275,353

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30, 2015 and 2014

(unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	Three months ended June 30		Six months ended June 30	
		2015	2014	**2015**	2014
Revenue		**$ 13,508**	$ 20,488	**$ 41,338**	$ 58,861
Expenses	11				
Direct operating expenses		**9,711**	15,676	**27,930**	40,539
Selling and administrative expenses		**3,020**	3,636	**7,377**	7,690
Stock based compensation		**251**	357	**574**	637
Finance costs	6	**525**	523	**1,099**	966
Transaction costs		**-**	715	**-**	788
Depreciation and amortization		**3,278**	3,821	**7,462**	8,086
Loss (gain) on disposal of equipment		**279**	(113)	**314**	(113)
		17,064	24,615	**44,756**	58,593
Net (loss) income before income taxes		**(3,556)**	(4,127)	**(3,418)**	268
Deferred income tax expense (recovery)	8	**738**	(945)	**838**	205
Net (loss) income and comprehensive (loss) income		**$ (4,294)**	$ (3,182)	**$ (4,256)**	$ 63
(Loss) income per share					
Basic and diluted	7(e)	**$ (0.02)**	$ (0.01)	**$ (0.02)**	$ 0.00

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.
STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 2015 and 2014
(unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance – January 1, 2014		155,323,066	$ 108,184	$ 6,056	$ (22,896)	$ 91,344
Net income and comprehensive income		-	-	-	63	63
Stock based compensation expense	7(c)	-	-	561	-	561
Issued common shares for acquisition		80,785,158	84,017	-	-	84,017
Issued for cash		34,270,000	27,323	-	-	27,323
Exercise of stock options	7(c)	80,000	62	(25)	-	37
Dividends declared	7(f)	-	-	-	(7,494)	(7,494)
Balance – June 30, 2014		270,458,224	$ 219,586	$ 6,592	$ (30,327)	$ 195,851
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(c)	**-**	**-**	**562**	**-**	**562**
Exercise of stock options	7(c)	**2,630,002**	**1,181**	**(523)**	**-**	**658**
Settlement of restricted share units	7(d)	**120,000**	**117**	**(117)**	**-**	**-**
Issued common shares under dividend Reinvestment and stock dividend plans	7(f)	**11,703,910**	**4,287**	**-**		**4,287**
Dividends declared	7(f)	**-**	**-**	**-**	**(2,856)**	**(2,856)**
Balance – June 30, 2015		**285,216,136**	**$ 225,262**	**$ 6,468**	**$ (60,630)**	**$ 171,100**

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF CASH FLOWS

For the three and six months ended June 30, 2015 and 2014

(unaudited)

		Three months ended June 30		Six months ended June 30	
Stated in thousands of Canadian dollars	Note	**2015**	2014	**2015**	2014
Operating activities:					
Net (loss) income		**$ (4,294)**	$ (3,182)	**$ (4,256)**	$ 63
Adjustments for:					
Stock based compensation expense	7(c)	**251**	357	**574**	637
Finance costs		**525**	523	**1,099**	966
Depreciation		**3,278**	3,821	**7,462**	8,086
Loss (gain) on disposal of equipment		**279**	(113)	**314**	(113)
Deferred income tax expense (recovery)	8	**738**	(945)	**838**	205
		777	461	**6,031**	9,844
Changes in non-cash working capital balances	9	**5,092**	16,160	**17,326**	13,238
Operating cash flow		**5,869**	16,621	**23,357**	23,082
Investing activities:					
Acquisition of Ironhand Drilling Inc.		**-**	(18,189)	**-**	(18,189)
Purchase of equipment		**(2,133)**	(4,233)	**(7,144)**	(7,244)
Proceeds on disposal of equipment		**43**	973	**157**	984
Investing cash flow		**(2,090)**	(21,449)	**(6,987)**	(24,449)
Financing activities:					
Repayment of long-term debt		**(3,523)**	(18,757)	**(13,882)**	(19,228)
Interest paid		**(461)**	(484)	**(991)**	(893)
Finance costs paid		**-**	(229)	**(200)**	(229)
Finance lease repayments		**(56)**	(54)	**(110)**	(110)
Common shares issued for cash		**-**	26,848	**-**	26,848
Common shares issued on exercise of options	7(c)	**651**	29	**658**	37
Dividends paid	7(f)	**(390)**	(2,524)	**(1,847)**	(5,048)
Financing cash flow		**(3,779)**	4,829	**(16,372)**	1,377
Increase (decrease) in cash during the period		**-**	1	**(2)**	10
Cash, beginning of period		**67**	211	**69**	202
Cash, end of period		**$ 67**	$ 212	**$ 67**	$ 212

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, 2015.

(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 report 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, 2014.

(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, 2014. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2014 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, 2014	$ 104,749	$ 205,233	$ 1,638	$ 311,620
Additions	3,261	3,909	10	7,180
Transfers	(39)	(104)	143	-
Disposals	(382)	(652)	(5)	(1,039)
Balance, June 30, 2015	107,589	208,386	1,786	317,761
Accumulated depreciation				
Balance, December 31, 2014	4,543	86,825	1,342	92,710
Depreciation	1,687	5,535	81	7,303
Disposals	(55)	(512)	(1)	(568)
Transfers	6	(6)	-	-
Balance, June 30, 2015	6,181	91,842	1,422	99,445
Net book value				
Balance, December 31, 2014	$ 100,206	$ 118,408	$ 296	$ 218,910
Balance, June 30, 2015	$ 101,408	$ 116,544	$ 364	$ 218,316

At June 30, 2015, property and equipment includes equipment under finance leases which are recorded at cost totaling $884 (December 31, 2014: $887), less accumulated depreciation of $548 (December 31, 2014: $476).

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, 2015	December 31, 2014
Current liabilities:		
Current portion of finance lease liabilities	$ 183	$ 201
	$ 183	$ 201
Non-current liabilities:		
Bank Loan	$ 51,775	$ 65,657
Finance lease liabilities	159	215
Financing fees	(499)	(407)
	$ 51,435	$ 65,465
Total loans and borrowings	$ 51,618	$ 65,666

The Company has a credit facility with a syndicate of four Canadian financial institutions (the “Credit Facility”). The Credit Facility provides the Company with a $100 million extendible revolving term facility (the “Bank Loan”) and other credit instruments. The Bank Loan is for a committed term until June 21, 2017 (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.

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

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 2.75% 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 3.75%. Standby fees under the Bank Loan range between 0.39% and 0.84%. 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, 2015, $100 million was available for immediate borrowing under the $100 million Bank Loan facility and $51.8 million was outstanding (December 31, 2014: $65.7 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, 2015, the applicable rates under the Bank Loan are: bank prime rate plus 1.0%, bankers acceptances rate plus a stamping fee of 2.0%, and standby fee rate of 0.45%.

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

	Covenant limits	Actual June 30, 2015
Consolidated Debt(2) to Consolidated EBITDA(1)	3.00:1.00 or less(6)	1.76:1.00
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	8.08:1.00

(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, 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.
(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.
(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.
(6) Pursuant to the Second Amending Agreement dated March 13, 2015, the Consolidated Debt to Consolidated EBITDA covenant limit is 3.00:1.00 for Q1-Q3 2015; 3.5:1.00 for Q4 2015 and Q1 2016; 3.25:1.00 for Q2 and Q3 2016 and returns to 3.00:1.00 thereafter.

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 4.5% and 5.3% per annum.

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 $65 were amortized and included in finance costs during the three months ended June 30, 2015 (year ended December 31, 2014: $158).

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
The Company has a program to purchase its common shares from time to time in accordance with the normal course issuer bid procedures under Canadian securities laws. Pursuant to the issuer bid, CWC is allowed to purchase for cancellation up to 14,229,807 of its issued and outstanding common shares at prevailing market prices on the TSX Venture Exchange or other recognized marketplaces during the 12-month period ending May 21, 2016. There were no purchases made under the NCIB in the first six months of 2015. For the year ended

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

December 31, 2014, 1,091,000 shares for consideration of $941 including commissions were purchased under the NCIB.

(c) 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, 2014	13,020,012	0.54
Exercised for common shares	(2,630,002)	0.25
Forfeited	(1,165,000)	0.40
Balance at June 30, 2015	9,225,010	$ 0.63

For the three months ended June 30, 2015, stock-based compensation expense relating to stock options totaled $110 (three months ended June 30, 2014: $149). For the six months ended June 30, 2015, stock-based compensation expense relating to stock options totaled $270 (six months ended June 30, 2014: $199).

The Company has a Dividend Bonus Plan whereby holders of vested and in-the-money stock options receive a payment equal to the declared dividend amount. A portion of the dividend bonus is treated as stock based compensation while the remainder is recorded as a dividend. For the three months ended June 30, 2015, stock-based compensation relating to the dividend bonus plan totaled $3 (three months ended June 30, 2014: $40). For the six months ended June 30, 2015, stock based compensation relating to the dividend bonus plan totaled $11 (six months ended June 30, 2014 :$78).

(d) Restricted share units

The following table summarizes information about RSU’s outstanding as at June 30, 2015:

Issue date fair value	Number of RSU’s outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of RSU’s exercisable
$0.39 – 1.04	1,945,000	1.9	n/a	-

For the three months ended June 30, 2015, stock-based compensation expense relating to RSU’s totaled $146 (three months ended June 30, 2014: $221). For the six months ended June 30, 2015, stock-based compensation expense relating to RSU's totaled $301 (six months ended June 30, 2014: $398).

For the six months ended June 30, 2015, 120,000 RSU's were exercised, 75,000 RSU's were forfeited (June 30, 2014: NIL) and 75,000 RSU's were issued (June 30, 2014: 465,000 issued).

(e) Per share amounts

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

	For the three months ended June 30,		For the six months ended June 30,	
	2015	2014	2015	2014
Weighted average common shares outstanding – basic	283,902,087	213,515,563	280,797,326	184,591,172
Dilutive stock options	-	-	-	8,143,679
Dilutive Restricted Share Units	-	-	-	1,600,000
Weighted average common shares outstanding – diluted	283,902,087	213,515,563	280,797,326	194,334,851

Outstanding stock options and RSU’s are currently the only instruments which could potentially dilute earnings per share. For the three and six months ended June 30, 2015, all stock options and RSU's (three months ended June 30, 2014: 11,777,012 stock options and 2,065,000 RSU's; six months ended June 30, 2014: 3,633,333 stock options and 465,000 RSU's) 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

(f) Dividends

On November 12, 2014, the Company declared dividends of $0.0175 per common share that were paid on January 15, 2015, to shareholders of record on December 31, 2014.

On March 9, 2015, the Company declared dividends of $0.005 per common share that were paid on April 15, 2015, to shareholders of record on March 31, 2015.

On May 13, 2015, the Company declared dividends of $0.005 per common share that were paid on July 15, 2015, to shareholders of record on June 30, 2015.

On August 10, 2015, the Company declared dividends of $0.0025 per common share to be paid on October 15, 2015, to shareholders of record on September 30, 2015.

The Company has a Dividend Reinvestment Program ("DRIP") and Stock Dividend Program ("SDP") that provides eligible shareholders the opportunity to reinvest quarterly cash dividends into additional common shares at a potential discount. Common shares are issued from treasury at 95 percent of the five day volume-weighted average market price or purchased through the facilities of the TSX Venture exchange. Eligible shareholders may elect to participate in the DRIP or SDP or continue to receive a cash dividend.

For the six months ended June 30, 2015, 11,257,593 and 446,317 common shares were issued under the DRIP and SDP respectively.

8. Income taxes

In June 2015, the Alberta corporate tax rate was increased to 12 percent from 10 percent. This tax increase received Royal Assent on June 29, 2015. 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,	
	2015	2014	2015	2014
Change in non-cash working capital items:				
Accounts receivable	$ 7,830	$ 6,109	$ 24,803	$ 2,041
Inventory	87	(19)	144	29
Prepaid expenses and deposits	(57)	(468)	107	(337)
Accounts payable and accrued liabilities	(2,768)	(100)	(7,728)	867
Working capital acquired on acquisition	-	10,638	-	10,638
	$ 5,092	$ 16,160	$ 17,326	$ 13,238

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

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, coil tubing units and production testing equipment.

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, 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 (gain) 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)
Deferred 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

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

For the three months ended June 30, 2014	Contract drilling	Production services	Corporate	Total
Revenue	$ 3,240	$ 17,248	$ -	$ 20,488
Direct operating expenses	2,335	13,341	-	15,676
Selling and administrative expenses	210	2,126	1,300	3,636
Stock based compensation	-	-	357	357
Finance costs	-	-	523	523
Transaction costs	-	-	715	715
Gain on disposal of equipment	-	-	(113)	(113)
Net income (loss) before depreciation and taxes	695	1,781	(2,782)	(305)
Depreciation	479	3,222	120	3,821
Net income (loss) before tax	216	(1,441)	(2,902)	(4,127)
Deferred income tax recovery	-	-	(945)	(945)
Net income (loss)	216	(1,441)	(1,957)	(3,182)
Capital expenditures	1,754	2,699	15	4,468
As at June 30, 2014				
Property and equipment	93,927	120,668	379	214,974
Intangibles	1,547	-	-	1,547
Goodwill	37,528	-	-	37,528

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 (gain) 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)**
Deferred 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**

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

For the six months ended June 30, 2014	Contract drilling	Production services	Corporate	Total
Revenue	$ 3,240	$ 55,621	$ -	$ 58,861
Direct operating expenses	2,335	38,204	-	40,539
Selling and administrative expenses	210	4,900	2,580	7,690
Stock based compensation	-	-	637	637
Finance costs	-	-	966	966
Transaction costs	-	-	788	788
Gain on disposal of equipment	-	-	(113)	(113)
Net income (loss) before depreciation and taxes	695	12,517	(4,858)	8,354
Depreciation	479	7,362	245	8,086
Net income (loss) before tax	216	5,155	(5,103)	268
Deferred income tax expense	-	-	205	205
Net income (loss)	216	5,155	(5,308)	63
Capital expenditures	1,754	5,922	48	7,724

11. Expenses by nature

For the three months ended June 30, 2015	Direct operating expenses	Selling and administrative expenses and transaction costs	Stock based compensation	Finance costs	Depreciation and amortization expense	Loss on sale of equip-ment	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 three months ended June 30, 2014	Direct operating expenses	Selling and administrative expenses and transaction costs	Stock based compensation	Finance costs	Depreciation and amortization expense	Gain on sale of equip-ment	Total
Personnel expenses	$9,349	$ 1,890	$ 357	$ -	$ -	$ -	$ 11,596
Other operating expenses(1)	6,327	-	-	-	-	-	6,327
Other selling and administrative expenses	-	1,173	-	-	-	-	1,173
Facility expenses	-	573	-	-	-	-	573
Depreciation expense	-	-	-	-	3,821	-	3,821
Transaction costs	-	715	-	-	-	-	715
Finance costs	-	-	-	523	-	-	523
(Gain) on sale of equipment	-	-	-	-	-	(113)	(113)
Total	$ 15,676	$ 4,351	$ 357	$ 523	$ 3,821	$ (113)	$ 24,615

For the six months ended June 30, 2015	Direct operating expenses	Selling and administrative expenses and transaction costs	Stock based compensation	Finance costs	Depreciation and amortization expense	Loss on sale of equip-ment	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

For the six months ended June 30, 2014	Direct operating expenses	Selling and administrative expenses and transaction costs	Stock based compensation	Finance costs	Depreciation and amortization expense	Gain on sale of equip-ment	Total
Personnel expenses	$ 26,508	$ 4,228	$ 637	$ -	$ -	$ -	$ 31,373
Other operating expenses(1)	14,031	-	-	-	-	-	14,031
Other selling and administrative expenses	-	2,338	-	-	-	-	2,338
Facility expenses	-	1,124	-	-	-	-	1,124
Depreciation expense	-	-	-	-	8,086	-	8,086
Transaction costs	-	788	-	-	-	-	788
Finance costs	-	-	-	966	-	-	966
(Gain) on sale of equipment	-	-	-	-	-	(113)	(113)
Total	$ 40,539	$ 8,478	$ 637	$ 966	$ 8,086	$ (113)	$ 58,593

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

(1) Other operating expenses consists of the following:

	Three months ended June 30, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
Repairs and maintenance	**$ 1,871**	$ 2,506	**$ 5,693**	$ 5,176
Fuel	**683**	1,412	**2,206**	3,988
Travel and subsistence	**292**	482	**1,096**	1,182
Equipment rental	**73**	110	**707**	752
Operating supplies and consumables	**190**	657	**438**	891
License, registration and permits	**310**	437	**574**	938
Certification and inspection	**334**	586	**573**	816
Other	**(25)**	137	**25**	288
	$ 3,728	$ 6,327	**$ 11,312**	$ 14,031