CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

CWC ENERGY SERVICES CORP.
STATEMENTS OF FINANCIAL POSITION
(unaudited)

Stated in thousands of Canadian dollars	Note	**June 30, 2017**	December 31, 2016
ASSETS			
Current			
Cash		**$ 225**	$ 2
Accounts receivable		**12,450**	15,335
Inventory		**2,241**	2,191
Prepaid expenses and deposits		**1,057**	1,164
		15,973	18,692
Property and equipment	5	**186,721**	191,334
Intangibles		**571**	724
		$ 203,265	$ 210,750
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 7,955**	$ 7,359
Current portion of long-term debt	6	**158**	176
		8,113	7,535
Deferred tax liability		**13,827**	14,767
Long-term debt	6	**28,729**	32,966
		50,669	55,268
SHAREHOLDERS' EQUITY			
Share capital	7	**241,554**	242,306
Contributed surplus		**7,758**	6,847
Deficit		**(96,716)**	(93,671)
		152,596	155,482
		$ 203,265	$ 210,750

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF COMPREHENSIVE LOSS

For the three and six months ended June 30, 2017 and 2016
(unaudited)

		Three months ended June 30		Six months ended June 30	
Stated in thousands of Canadian dollars except per share amounts	Note	**2017**	2016	**2017**	2016
Revenue		**$ 15,114**	**$** 13,884	**$47,622**	$ 33,624
Expenses	10				
Direct operating expenses		**11,764**	9,886	**35,782**	24,002
Selling and administrative expenses		**3,122**	2,999	**6,462**	6,066
Stock based compensation	7	**226**	135	**426**	219
Finance costs	6	**570**	840	**1,115**	1,417
Depreciation and amortization		**3,022**	3,139	**7,780**	6,810
(Gain) Loss on disposal of equipment		**(6)**	(31)	**42**	114
		18,698	16,968	**51,607**	38,628
Net loss before income taxes		**(3,584)**	(3,084)	**(3,985)**	(5,004)
Deferred income tax recovery		**(907)**	(805)	**(940)**	(1,295)
Net loss and comprehensive loss		**$ (2,677)**	$ (2,279)	**$ (3,045)**	$ (3,709)
Loss per share					
Basic and diluted	7	**(0.01)**	$ (0.01)	**(0.01)**	$ (0.01)

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF CHANGES IN EQUITY

For the three and six months ended June 30, 2017 and 2016
(unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	Number of Shares	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance – January 1, 2016		292,628,007	$ 227,149	$ 6,516	$ (86,203)	$ 147,462
Net loss and comprehensive loss		-	-	-	(3,709)	(3,709)
Stock based compensation expense	7	-	-	219	-	219
Settlement of restricted share units	7	145,000	111	(111)	-	-
Issued common shares on exercise of rights offering (net of share issue costs)		97,546,002	14,543	-	-	14,543
Balance – June 30, 2016		390,319,009	$ 241,803	$ 6,624	$ (89,912)	$ 158,515
Balance - January 1, 2017		**391,920,676**	**$ 242,306**	**$ 6,847**	**$ (93,671)**	**$ 155,482**
Net loss and comprehensive loss		**-**	**-**	**-**	**(3,045)**	**(3,045)**
Stock based compensation expense	7	**-**	**-**	**426**	**-**	**426**
Exercise of stock options	7	**833,333**	**166**	**(58)**	**-**	**108**
Settlement of restricted share units	7	**525,833**	**124**	**(124)**	**-**	**-**
Cancellation of common shares purchased under normal course issuer bid	7	**(1,647,000)**	**(1,042)**	**667**	**-**	**(375)**
Balance – June 30, 2017		**391,632,842**	**241,554**	**7,758**	**(96,716)**	**152,596**

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.
STATEMENTS OF CASH FLOWS
For the three and six months ended June 30, 2017 and 2016
(unaudited)

Stated in thousands of Canadian dollars	Note	Three months ended June 30 **2017**	2016	Six months ended June 30 **2017**	2016
Operating activities:					
Net loss		**$ (2,677)**	$ (2,279)	**$ (3,045)**	$ (3,709)
Adjustments for:					
Stock based compensation expense	7	**226**	135	**426**	219
Finance costs		**570**	840	**1,115**	1,417
Depreciation and amortization		**3,022**	3,139	**7,780**	6,810
(Gain) Loss on disposal of equipment		**(6)**	(31)	**42**	114
Deferred income tax recovery		**(907)**	(805)	**(940)**	(1,295)
Funds from operations		**228**	999	**5,378**	3,556
Changes in non-cash working capital balances	8	**13,259**	4,121	**3,538**	3,793
Operating cash flow		**13,487**	5,120	**8,916**	7,349
Investing activities:					
Purchase of equipment		**(2,336)**	(376)	**(2,956)**	(562)
Proceeds on disposal of equipment		**6**	117	**26**	206
Investing cash flow		**(2,330)**	(259)	**(2,930)**	(356)
Financing activities:					
Repayment of long-term debt		**(10,203)**	(18,306)	**(4,410)**	(19,869)
Interest paid		**(496)**	(762)	**(968)**	(1,250)
Finance costs paid		**--**	(244)	**-**	(269)
Finance lease repayments		**(58)**	(58)	**(117)**	(114)
Common shares issued on exercise of rights offering		**-**	14,632	**-**	14,632
Share issue costs		**-**	(123)	**-**	(123)
Common shares issued on exercise of options		**-**	-	**108**	-
Common shares purchased under NCIB		**(312)**	-	**(376)**	-
Financing cash flow		**(11,069)**	(4,861)	**(5,763)**	(6,993)
Increase in cash during the period		**88**	-	**223**	-
Cash, beginning of period		**137**	2	**2**	2
Cash, end of period		**$ 225**	$ 2	**225**	$ 2

See accompanying notes to the condensed interim 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.

On May 4, 2017, CWC announced a process to review strategic alternatives with a view to maximizing shareholder value by capitalizing on CWC's strong financial and operational performance, market share and attractive fleet of modern assets. The Special Committee of the Board of Directors, their financial advisors and management of CWC continue to evaluate several potential alternatives and proposals received to date. The Company has not established a definitive timeline to complete its review and no decision on any particular alternative has been reached at this time. CWC does not intend to disclose developments with respect to the strategic alternatives process unless and until the Board of Directors approve a definitive transaction or other course of action or otherwise deem disclosure of developments is appropriate or otherwise required by law. CWC cautions that there are no guarantees that the strategic alternatives process will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

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 2, 2017.

(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 amount 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, 2016.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed 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, 2016. These unaudited condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto as at and for the year ended December 31, 2016 as filed on SEDAR.

(a) New accounting standards not yet effective

A number of new standards, amendments to standards and interpretations have been issued by the IASB and are not yet effective for the year ending December 31, 2017. The following new standards, amendments to standards and interpretations have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements, except for:

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

IFRS 15, Revenue from Contracts with Customers. This standard specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. IFRS 15 also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. IFRS 15 supersedes IAS 18, Revenue, IAS 11, Construction Contracts and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied for periods beginning on or after January 1, 2018 with early application permitted. The Company has developed a transition plan to implement IFRS 15. The Company has substantially completed the assessment phase and has also commenced the impact assessment. The Company has concluded on a preliminary basis to use the modified retrospective approach on transition date, in which a cumulative catch-up adjustment will be recorded through equity upon initial adoption. Additionally, we continue to monitor international developments of the standard as a component of our impact evaluation.

IFRS 16, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The Company intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019. The Company is currently in the process of identifying leasing contracts to determine the impact that the adoption of IFRS 16 may have on its financial statements.

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.

5. Property and equipment

	Contract drilling equipment	Production services equipment	Other equipment	Total
Costs				
Balance, December 31, 2016	$ 108,947	$ 204,078	$ 1,874	$ 314,899
Additions	1,284	1,789	9	3,082
Disposals	(76)	(167)	-	(243)
Balance, June 30, 2017	110,155	205,700	1,883	317,738
Accumulated depreciation and impairment losses				
Balance, December 31, 2016	15,073	106,944	1,548	123,565
Depreciation	2,260	5,286	82	7,628
Disposals	(8)	(168)	-	(176)

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

Balance, June 30, 2017	**17,325**	**112,062**	**1,630**	**131,017**
Net book value				
Balance, June 30, 2017	**$ 92,830**	**$ 93,638**	**$ 253**	**$ 186,721**

Additions of property and equipment include purchases of assets under finance lease which are recorded at cost totaling $126.

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, 2017	December 31, 2016
Current liabilities:		
Current portion of finance lease liabilities	**$ 158**	$ 176
	$ 158	$ 176
Non-current liabilities:		
Bank Loan	**$ 28,922**	$ 33,333
Finance lease liabilities	**124**	97
Financing fees	**(317)**	(464)
	$ 28,729	$ 32,966
Total loans and borrowings	**$ 28,887**	$ 33,142

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). The Credit Facility provides the Company with a $65,000 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 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 June 30, 2017, of the $65,000 Bank Loan facility, $26,076 was available for immediate borrowing and $36,649 was outstanding (December 31, 2016: $41,013). 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. Effective June 30, 2017, 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%.

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

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

	Covenant limits	Actual June 30, 2017
Consolidated Debt[2] to Consolidated EBITDA[1]	4.75:1.00 or less	1.64:1.00
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	4.33:1.00

[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. The Consolidated Debt to Consolidated EBITDA covenant limit reduces to 4.50:1.00 at September 30, 2017, to 4.00:1.00 at December 31, 2017 and to 3.50:1.00 thereafter.
[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 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 of which the funds were placed into a segregated bank account. On July 9, 2016, $7,000 was paid on the Bank Loan. At June 30, 2017 the remaining $7,632 plus earned interest has 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. On July 4, 2017, the remaining $7,632 plus earned interest was paid on the Bank Loan and the segregated bank account closed. Consolidated Debt to Consolidated EBITDA at June 30, 2017 includes the impact of a $7,632 equity cure designated on July 4, 2017.

Subsequent to June 30, 2017, CWC and its syndicated lenders have agreed to an extension of its credit facilities and certain other amendments to provide financial security and flexibility to July 31, 2020, subject to execution of legal documentation.

	June 30, 2017		
	Cash	**Long-Term Debt**	**Net**
Gross amounts	**$ 7,951**	**$ (36,455)**	**$ (28,504)**
Amount offset	**(7,726)**	**7,726**	**-**
Net amounts	**$ 225**	**$ (28,729)**	**$ (28,504)**

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 5.1% 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 $147 were amortized and included in finance costs during the three months ended June 30, 2017 (year ended December 31, 2016: $313).

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

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 19,653,292 of its issued and outstanding common shares at prevailing market prices on the TSX Venture Exchange or other recognized marketplaces during the twelve month period ending April 6, 2018.

On April 7, 2017, 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.

For the three months ended June 30, 2017, 1,404,000 shares (2016: nil) for consideration of $312, including commissions (2016: nil) were purchased under the NCIB, and for the six months ended June 30, 2017, 1,686,500 shares (2016: nil) for consideration of $376 (2016: Nil) including commissions were purchased under the NCIB. In the three months ended June 30, 2017, a total of 1,478,000 shares were cancelled and returned to treasury (2016: nil) and in the six months ended June 30, 2017, a total of 1,647,000 shares were cancelled and returned to treasury (2016: nil).

(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, 2016	21,791,000	$ 0.27
Exercised for common shares	**(833,333)**	**0.13**
Expired	**(716,667)**	**0.63**
Balance at June 30, 2017	**20,241,000**	**$ 0.27**

For the three months ended June 30, 2017, stock-based compensation expense relating to stock options totaled $159 (three months ended June 30, 2016: $90). For the six months ended June 30, 2017, stock-based compensation expense relating to stock options totaled $300 (six months ended June 30, 2016: $156).

(d) Restricted share unit plan

The following table summarizes information about RSUs outstanding as at June 30, 2017:

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	**3,892,167**	**2.17**	**n/a**	**1,080,835**

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

For the three months ended June 30, 2017, stock-based compensation expense relating to RSUs totaled $67 (2016: $45). For the six months ended June 30, 2017, stock-based compensation expense relating to RSUs totaled $126 (2016: $63).

For the six months ended June 30, 2017, 525,833 RSUs were exercised (2016: 145,000), 130,000 RSUs were forfeited (2016: 270,001) and 75,000 RSUs were issued (2016: 300,000).

(e) Loss per share

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,**	
	2017	2016	**2017**	2016
Weighted average common shares outstanding – basic	**392,935,814**	324,840,096	**392,604,720**	308,738,337
Effect of dilutive share-based compensation plans	**-**	-	**-**	-
Weighted average common shares outstanding – basic and diluted	**392,935,814**	324,840,096	**392,604,720**	308,738,337

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, 2017, the effect of all outstanding stock options and 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 June 30,		**For the six months ended June 30,**	
	2017	2016	**2017**	2016
Change in non-cash working capital items:				
Accounts receivable	**$ 14,662**	$ 3,327	**$ 2,885**	$ 2,955
Inventory	**(66)**	85	**(50)**	118
Prepaid expenses and deposits	**(200)**	64	**107**	426
Accounts payable and accrued liabilities	**(1,137)**	645	**596**	294
	$ 13,259	$ 4,121	**$ 3,538**	$ 3,793

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 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 June 30, 2017	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	$ 3,042	$ 12,072	$ -	$ 15,114
Direct operating expenses	2,228	9,536	-	11,764
Selling and administrative expenses	191	2,031	900	3,122
Stock based compensation	-	-	226	226
Finance costs	-	-	570	570
Gain on disposal of equipment	-	(6)	-	(6)
Net income (loss) before depreciation and taxes	623	511	(1,696)	(562)
Depreciation and amortization	635	2,346	41	3,022
Net loss before tax	(12)	(1,835)	(1,737)	(3,584)
Deferred income tax recovery	-	-	(907)	(907)
Net loss	(12)	(1,835)	(830)	(2,677)
Capital expenditures	1,138	1,277	9	2,424
As at June 30, 2017				
Property and equipment	92,830	93,638	253	186,721
Intangibles	571	-	-	571

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
Loss on disposal of equipment	(25)	(6)	-	(31)
Net income (loss) before depreciation and taxes	123	1,945	(2,013)	55
Depreciation and amortization	404	2,694	41	3,139
Net loss before tax	(281)	(749)	(2,054)	(3,084)
Deferred 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 six months ended June 30, 2017	Contract Drilling	Production Services	Corporate	Total
Revenue	$ 14,178	$ 33,444	$ -	$ 47,622
Direct operating expenses	10,431	25,351	-	35,782
Selling and administrative expenses	434	4,158	1,870	6,462
Stock based compensation	-	-	426	426
Finance costs	-	-	1,115	1,115
(Gain) loss on disposal of equipment	48	(6)	-	42
Net income (loss) before depreciation and taxes	3,265	3,941	(3,411)	3,795
Depreciation and amortization	2,412	5,286	82	7,780
Net income (loss) before tax	853	(1,345)	(3,493)	(3,985)
Deferred income tax recovery	-	-	(940)	(940)
Net income (loss)	853	(1,345)	(2,553)	(3,045)
Capital expenditures	1,284	1,789	9	3,082

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 on disposal of equipment	(25)	139	-	114
Net income (loss) before depreciation and taxes	1,106	4,556	(3,856)	1,806
Depreciation and amortization	1,210	5,516	84	6,810
Net loss before tax	(104)	(960)	(3,940)	(5,004)
Deferred income tax recovery	-	-	(1,295)	(1,295)
Net income loss	(104)	(960)	(2,645)	(3,709)
Capital expenditures	294	340	7	641

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

10. Expenses by nature

For the three months ended June 30, 2017	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Total
Personnel expenses	$ 7,963	$ 1,908	$ 226	$ -	$ -	$ -	$ 10,097
Other operating expenses (1)	3,801	-	-	-	-	-	3,801
Other selling and administrative expenses	-	782	-	-	-	-	782
Bad debt recovery	-	-	-	-	-	-	-
Facility expenses	-	432	-	-	-	-	432
Finance costs	-	-	-	570	-	-	570
Depreciation expense	-	-	-	-	3,022	-	3,022
Gain on disposal of equipment	-	-	-	-	-	(6)	(6)
Total	$ 11,764	$ 3,122	$ 226	$ 570	$ 3,022	$ (6)	$ 18,698

For the three months ended June 30, 2016	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal 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 expense	-	(26)	-	-	-	-	(26)
Facility expenses	-	561	-	-	-	-	561
Finance costs	-	-	-	840	-	-	840
Depreciation expense	-	-	-	-	3,139	-	3,139
Gain on disposal of equipment	-	-	-	-	-	(31)	(31)
Total	$ 9,886	$ 2,999	$ 135	$ 840	$ 3,139	$ (31)	$ 16,968

For the six months ended June 30, 2017	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on disposal of equipment	Total
Personnel expenses	$ 24,270	$ 3,816	$ 426	$ -	$ -	$ -	$ 28,512
Other operating expenses (1)	11,512	-	-	-	-	-	11,512
Other selling and administrative expenses	-	1,681	-	-	-	-	1,681
Bad debt recovery	-	(2)	-	-	-	-	(2)
Facility expenses	-	967	-	-	-	-	967
Finance costs	-	-	-	1,115	-	-	1,115
Depreciation expense	-	-	-	-	7,780	-	7,780
Loss on disposal of equipment	-	-	-	-	-	42	42
Total	$ 35,782	$ 6,462	$ 426	$ 1,115	$ 7,780	$ 42	$ 51,607

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 disposal 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 expense	-	201	-	-	-	-	201
Facility expenses	-	1,132	-	-	-	-	1,132
Finance costs	-	-	-	1,417	-	-	1,417
Depreciation expense	-	-	-	-	6,810	-	6,810
Loss on disposal of equipment	-	-	-	-	-	114	114
Total	$ 24,002	$ 6,066	$ 219	$ 1,417	$ 6,810	$ 114	$ 38,628

[1] Other operating expenses consists of the following:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	**2017**	2016
Repairs and maintenance	**$ 1,530**	$ 1,045	**$ 5,008**	$ 2,835
Fuel	**994**	790	**3,448**	1,946
Operating supplies and consumables	**273**	388	**799**	573
Travel and accommodation	**245**	219	**654**	533
License, registration and permits	**247**	264	**630**	496
Certification and inspection	**351**	132	**619**	378
Equipment rental	**95**	96	**187**	370
Other	**66**	11	**167**	126
	$ 3,801	$ 2,945	**$ 11,512**	$ 7,257