CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Financial Statements

For the three and nine months ended September 30, 2017 and 2016

CWC ENERGY SERVICES CORP.

STATEMENTS OF FINANCIAL POSITION

(unaudited)

Stated in thousands of Canadian dollars	Note	**September 30, 2017**	December 31, 2016
ASSETS			
Current			
Cash		**$ 179**	$ 2
Accounts receivable		**19,982**	15,335
Inventory		**2,214**	2,191
Prepaid expenses and deposits		**686**	1,164
		23,061	18,692
Property and equipment	5	**184,799**	191,334
Intangibles		**495**	724
		$ 208,355	$ 210,750
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 8,494**	$ 7,359
Current portion of long-term debt	6	**179**	176
		8,673	7,535
Deferred tax liability		**13,624**	14,767
Long-term debt	6	**34,225**	32,966
		56,522	55,268
SHAREHOLDERS' EQUITY			
Share capital	7	**240,713**	242,306
Contributed surplus		**8,474**	6,847
Deficit		**(97,354)**	(93,671)
		151,833	155,482
		$ 208,355	$ 210,750

Subsequent events (note 11)

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF COMPREHENSIVE LOSS

For the three and nine months ended September 30, 2017 and 2016
(unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	**Three months ended September 30** **2017**	2016	**Nine months ended September 30** **2017**	2016
Revenue		**$ 27,173**	$ 18,506	**$ 74,795**	$ 52,130
Expenses	10				
Direct operating expenses		**19,959**	13,959	**55,741**	37,961
Selling and administrative expenses		**3,159**	2,806	**9,621**	8,872
Stock based compensation	7	**165**	132	**591**	351
Finance costs		**333**	596	**1,448**	2,013
Depreciation and amortization		**4,512**	3,705	**12,292**	10,515
(Gain) loss on disposal of equipment		**(114)**	49	**(72)**	163
		28,014	21,247	**79,621**	59,875
Net loss before income taxes		**(841)**	(2,741)	**(4,826)**	(7,745)
Deferred income tax recovery		**(203)**	(699)	**(1,143)**	(1,994)
Net loss and comprehensive loss		**$ (638)**	$ (2,042)	**$ (3,683)**	$ (5,751)
Loss per share					
Basic and diluted	7	**$ -**	$ (0.01)	**$ (0.01)**	$ (0.02)

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF CHANGES IN EQUITY

For the three and nine months ended September 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		-	-	-	(5,751)	(5,751)
Stock based compensation expense	7	-	-	351	-	351
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 – September 30, 2016		390,319,009	$ 241,803	$ 6,756	$ (91,954)	$ 156,605
Balance January 1, 2017		**391,920,676**	**$ 242,306**	**$ 6,847**	**$ (93,671)**	**$155,482**
Net loss and comprehensive net loss					**(3,683)**	**(3,683)**
Stock based compensation expense	7			**591**		**591**
Exercise of stock options	7	**883,333**	**177**	**(62)**		**115**
Settlement of restricted share units		**600,833**	**138**	**(138)**		**-**
Cancellation of common shares purchased under normal course issuer bid	7	**(3,088,500)**	**(1,908)**	**1,236**		**(672)**
Balance – September 30, 2017		**390,316,342**	**$ 240,713**	**$ 8,474**	**$ (97,354)**	**$151,833**

See accompanying notes to the condensed interim financial statements.

CWC ENERGY SERVICES CORP.

STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2017 and 2016
(unaudited)

		Three months ended September 30		Nine months ended September 30	
Stated in thousands of Canadian dollars	Note	**2017**	2016	**2017**	2016
Operating activities:					
Net loss and comprehensive loss		**$ (638)**	$ (2,042)	**$ (3,683)**	$ (5,751)
Adjustments for:					
Stock based compensation expense	7	**165**	132	**591**	351
Finance costs	6	**333**	596	**1,448**	2,013
Depreciation and amortization		**4,512**	3,705	**12,292**	10,515
(Gain) loss on disposal of equipment		**(114)**	49	**(72)**	163
Deferred income tax recovery		**(203)**	(699)	**(1,143)**	(1,994)
Funds from operations		**4,055**	1,741	**9,433**	5,297
Changes in non-cash working capital balances	8	**(6,595)**	(2,680)	**(3,057)**	1,113
Operating cash flow		**(2,540)**	(939)	**6,376**	6,410
Investing activities:					
Purchase of equipment		**(2,436)**	(263)	**(5,392)**	(825)
Proceeds on disposal of equipment		**144**	19	**170**	225
Investing cash flow		**(2,292)**	(244)	**(5,222)**	(600)
Financing activities:					
Increase (repayment) of long-term debt		**5,603**	1,771	**1,193**	(18,098)
Interest paid		**(280)**	(523)	**(1,248)**	(1,773)
Finance costs paid		**(199)**	(7)	**(199)**	(276)
Finance lease repayments		**(49)**	(58)	**(166)**	(172)
Common shares issued on exercise of rights offering		**-**	-	**-**	14,632
Share issue costs		**-**	-	**-**	(123)
Common shares issued on exercise of options	7	**7**	-	**115**	-
Common shares purchased under NCIB	7	**(296)**	-	**(672)**	-
Financing cash flow		**4,786**	1,183	**(977)**	(5,810)
(Decrease) increase in cash during the period		**(46)**	-	**177**	-
Cash, beginning of period		**225**	2	**2**	2
Cash, end of period		**$ 179**	$ 2	**$ 179**	$ 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 October 30, 2017 the CWC that it has entered into a definitive agreement to acquire the service and swabbing rig assets and ongoing operations of C&J Production Services-Canada Ltd. ("C&J Canada") from C&J Energy Services, Inc. ("C&J Parent") for total consideration of $37.5 million in cash (the "Transaction"). The Transaction is expected to close on or about November 6, 2017. See Note 11 – Subsequent Events.

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 November 1, 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 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, 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:

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 completed the assessment phase and has commenced the impact assessment which is anticipate to be completed before December 31, 2017. 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.

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

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	2,788	2,829	9	5,626
Disposals	(76)	(767)	-	(843)
Balance, September 30, 2017	111,659	206,140	1,883	319,682
Accumulated depreciation and impairment losses				
Balance, December 31, 2016	15,073	106,944	1,548	123,565
Depreciation	4,013	7,930	121	12,064
Disposals	(8)	(738)	-	(746)
Balance, September 30, 2017	19,078	114,136	1,669	134,883
Net book value				
Balance, September 30, 2017	$ 92,581	$ 92,004	$ 214	$ 184,799

Additions of property and equipment include purchases of assets under finance leases which are recorded at cost totaling $234 (2016: $122).

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 statement of financial position related to loans and borrowings:

	September 30, 2017	December 31, 2016
Current liabilities:		
Current portion of finance lease liabilities	**$ 179**	$ 176
	$ 179	$ 176
Non-current liabilities:		
Bank Loan	**$ 34,526**	$ 33,333
Finance lease liabilities	**161**	97
Financing fees	**(462)**	(464)
	34,225	$ 32,966
Total loans and borrowings	**$ 34,404**	$ 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. During the third quarter, the Bank Loan was extended for a committed term until July 31, 2020 (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 September 30, 2017, of the $65,000 Bank Loan facility, $20,474 was available for immediate borrowing and $34,526 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 September 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:

	Covenant limits	Actual September 30, 2017
Consolidated Debt[2] to Consolidated EBITDA[1]	4.50:1.00 or less	1.74:1.00
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	5.99:1.00

[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 4.00:1.00 for the periods commencing December 31, 2017, to maturity.
(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 July 4, 2017, the remaining amount from the Q2 2016 Rights Offering $7,632 plus earned interest was used to reduce 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.

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 5.25% 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 $53 and $273 were amortized and included in finance costs during the three and nine months ended September 30, 2017 respectively (year ended December 31, 2016: $313).

On October 30, 2017, CWC and its syndicated lenders agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million. See Note 11 – Subsequent Events.

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 September 30, 2017, 1,402,000 shares (2016: nil) for consideration of $296, including commissions (2016: nil) were purchased under the NCIB, and for the nine months ended September 30, 2017, 3,088,500 shares (2016: nil) for consideration of $672 (2016: nil) including commissions were purchased under the NCIB. In the three months ended September 30, 2017, a total of 1,441,500 shares were cancelled and returned to treasury (2016: nil) and in the nine months ended September 30, 2017, a total of 3,088,500 shares were cancelled and returned to treasury (2016: nil).

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

(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	$ 0.28
Exercised for common shares	**(883,333)**	**0.13**
Expired	**(516,667)**	**0.78**
Forfeited	**(834,333)**	**0.25**
Balance at September 30, 2017	**19,556,667**	**$ 0.27**

For the three months ended September 30, 2017, stock-based compensation expense relating to stock options totaled $111 (three months ended September 30, 2016: $87). For the nine months ended September 30, 2017, stock-based compensation expense relating to stock options totaled $411 (nine months ended September 30, 2016: $243).

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

The following table summarizes information about RSUs outstanding as at September 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	**3,747,167**	**1.92**	**n/a**	**1,005,835**

For the three months ended September 30, 2017, stock-based compensation expense relating to RSUs totaled $54 (September 30, 2016: $45). For the nine months ended September 30, 2017 stock-based compensation expense relating to RSUs totaled $180 (September 30, 2016: $108).

For the nine months ended September 30, 2017, 75,000 RSUs were issued (September 30, 2016: 300,000), 600,833 RSUs were exercised (September 30, 2016: 145,000), and 200,000 RSUs were forfeited, (September 30, 2016: 371,667).

(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 September 30,		For the nine months ended September 30,	
	2017	2016	**2017**	2016
Weighted average common shares outstanding – basic	**391,704,130**	390,319,009	**392,301,224**	336,130,388
Effect of dilutive share-based compensation plans	**-**	-	**-**	-
Weighted average common shares outstanding – basic and diluted	**391,704,130**	390,319,009	**392,301,324**	336,130,388

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share. For the three and nine months ended September 30, 2017, all stock options and RSUs were not included in the computation of earnings per common share because to do so would be anti-dilutive.

8. Supplemental cash flow information

	For the three months ended September 30,		For the nine months ended September 30,	
	2017	2016	**2017**	2016
Change in non-cash working capital items:				
Accounts receivable	**$ (7,532)**	$ (3,627)	**$ (4,647)**	$ (672)
Inventory	**27**	(155)	**(24)**	(37)
Prepaid expenses and deposits	**371**	78	**478**	504
Accounts payable and accrued liabilities	**539**	1,024	**1,136**	1,318
	$ (6,595)	$ (2,680)	**$ (3,057)**	$ 1,113

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

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.

The amounts related to each industry segment are as follows:

For the three months ended September 30, 2017	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	$ 10,130	$ 17,043	$ -	$ 27,173
Direct operating expenses	7,233	12,726	-	19,959
Selling and administrative expenses	243	1,944	972	3,159
Stock based compensation	-	-	165	165
Finance costs	-	-	333	333
Gain on disposal of equipment	-	(114)	-	(114)
Net income (loss) before depreciation and taxes	2,654	2,487	(1,470)	3,671
Depreciation and amortization	1,830	2,643	39	4,512
Net Income (loss) before tax	824	(156)	(1,509)	(841)
Deferred income tax recovery	-	-	(203)	(203)
Net Income (loss)	$ 824	$ (156)	$ (1,306)	$ (638)
Capital expenditures	$ 1,504	$ 1,040	$ -	$ 2,544
As at September 30, 2017				
Property and equipment	$ 92,581	$ 92,004	$ 214	$ 184,799
Intangibles	$ 495	-	$ -	$ 495

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

For the three months ended September 30, 2016	Contract Drilling	Production Services	Corporate	Total
Revenue	$ 5,071	$ 13,435	$ -	$ 18,506
Direct operating expenses	4,376	9,583	-	13,959
Selling and administrative expenses	350	1,633	823	2,806
Stock based compensation	-	-	132	132
Finance costs	-	-	596	596
(Gain) loss on disposal of equipment	(5)	54	-	49
Net income (loss) before depreciation and taxes	350	2,165	(1,551)	964
Depreciation and amortization	1,090	2,575	40	3,705
Net loss before tax	(740)	(410)	(1,591)	(2,741)
Deferred income tax recovery	-	-	(699)	(699)
Net loss	(740)	(410)	(892)	(2,042)
Capital expenditures	65	132	66	263
As at September 30, 2016				
Property and equipment	94,465	99,532	299	194,296
Intangibles	800	-	-	800

For the nine months ended September 30, 2017	Contract Drilling	Production Services	Corporate	Total
Revenue	$ 24,308	$ 50,487	$ -	$ 74,795
Direct operating expenses	17,664	38,077	-	55,741
Selling and administrative expenses	677	6,102	2,842	9,621
Stock based compensation	-	-	591	591
Finance costs	-	-	1,448	1,448
(Gain) loss on disposal of equipment	48	(120)	-	(72)
Net income (loss) before depreciation and taxes	5,919	6,428	(4,881)	7,466
Depreciation and amortization	4,242	7,929	121	12,292
Net income (loss) before tax	1,677	(1,501)	(5,002)	(4,826)
Deferred income tax recovery	-	-	(1,143)	(1,143)
Net income (loss)	$ 1,677	$ (1,501)	$ (3,859)	$ (3,683)
Capital expenditures	$ 2,788	$ 2,829	$ 9	$ 5,626

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

For the nine months ended September 30, 2016	**Contract Drilling**	**Production Services**	**Corporate**	**Total**
Revenue	**$ 10,604**	**$ 41,526**	**$ -**	**$ 52,130**
Direct operating expenses	**8,418**	**29,543**	**-**	**37,961**
Selling and administrative expenses	**760**	**5,069**	**3,043**	**8,872**
Stock based compensation	**-**	**-**	**351**	**351**
Finance costs	**-**	**-**	**2,013**	**2,013**
(Gain) loss on disposal of equipment	**(30)**	**193**	**-**	**163**
Net income (loss) before depreciation and taxes	**1,456**	**6,721**	**(5,407)**	**2,770**
Depreciation and amortization	**2,300**	**8,091**	**124**	**10,515**
Net loss before tax	**(844)**	**(1,370)**	**(5,531)**	**(7,745)**
Deferred income tax recovery	**-**	**-**	**(1,994)**	**(1,994)**
Net loss	**(844)**	**(1,370)**	**(3,537)**	**(5,751)**
Capital expenditures	**359**	**479**	**66**	**904**

10. Expenses by nature

For the three months ended September 30, 2017	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on Disposal of equipment	Total
Personnel expenses	$14,083	$ 1,780	$ 165	$ -	$ -	$ -	$ 16,028
Other operating expenses(1)	5,876	-	-	-	-	-	5,876
Other selling and administrative expenses	-	862	-	-	-	-	862
Bad debt (recovery)	-	25	-	-	-	-	25
Facility expenses	-	492	-	-	-	-	492
Depreciation expense	-	-	-	-	4,512	-	4,512
Finance costs	-	-	-	333	-	-	333
Gain on disposal of equipment	-	-	-	-	-	(114)	(114)
Total	$19,959	$ 3,159	$ 165	$ 333	$ 4,512	$ (114)	$ 28,014

For the three months ended September 30, 2016	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on disposal of equipment	Total
Personnel expenses	$ 9,802	$ 1,655	$ 132	$ -	$ -	$ -	$ 11,589
Other operating expenses(1)	4,157	-	-	-	-	-	4,157
Other selling and administrative expenses	-	624		-	-	-	624
Facility expenses	-	527	-	-	-	-	527
Depreciation expense	-	-	-	-	3,705	-	3,705
Finance costs	-	-	-	596	-	-	596
Loss on disposal of equipment	-	-	-	-	-	49	49
Total	$ 13,959	$ 2,806	$ 132	$ 596	$ 3,705	$ 49	$ 21,247

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

For the nine months ended September 30, 2017	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on Disposal of equipment	Total
Personnel expenses	$ 38,353	$ 5,596	$ 591	$ -	$ -	$ -	$ 44,540
Other operating expenses(1)	17,388	-	-	-	-	-	17,388
Other selling and administrative expenses	-	2,543	-	-	-	-	2,543
Bad debt	-	23	-	-	-	-	23
Facility expenses	-	1,459	-	-	-	-	1,459
Depreciation expense	-	-	-	-	12,292	-	12,292
Finance costs	-	-	-	1,448	-	-	1,448
Gain on disposal of equipment	-	-	-	-	-	(72)	(72)
Total	$ 55,741	$ 9,621	$ 591	$ 1,448	$ 12,292	$ (72)	$ 79,621

For the nine months ended September 30, 2016	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on Disposal of equipment	Total
Personnel expenses	$ 26,547	$ 5,062	$ 351	$ -	$ -	$ -	$ 31,960
Other operating expenses(1)	11,414	-	-	-	-	-	11,414
Other selling and administrative expenses	-	1,950	-	-	-	-	1,950
Bad debt	-	201	-	-	-	-	201
Facility expenses	-	1,659	-	-	-	-	1,659
Depreciation expense	-	-	-	-	10,515	-	10,515
Finance costs	-	-	-	2,013	-	-	2,013
Loss on disposal of equipment	-	-	-	-	-	163	163
Total	$ 37,961	$ 8,872	$ 351	$ 2,013	$ 10,515	$ 163	$ 59,875

(1) Other operating expenses consists of the following:

	Three months ended September 30, 2017	Three months ended September 30, 2016	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Repairs and maintenance	**$ 2,908**	$ 1,855	**$ 7,916**	$ 4,690
Fuel	**1,449**	1,264	**4,898**	3,210
Travel and accommodation	**366**	171	**1,020**	549
Certification and inspection	**352**	215	**971**	788
Operating supplies and consumables	**346**	279	**1,144**	812
License, registration and permits	**266**	223	**896**	719
Equipment rental	**137**	108	**325**	478
Other	**52**	42	**218**	168
	$ 5,876	$ 4,157	**17,388**	$ 11,414

11. Subsequent Event

a) Definitive agreement to acquire C&J Canada business

CWC has entered into a definitive agreement to acquire the service and swabbing rig assets and ongoing operations of C&J Canada from C&J Parent for total consideration of $37.5 million in cash. The Transaction is expected to close on or about November 6, 2017.

b) Expanded Credit Facility

On October 30, 2017, the Company amended its credit facilities described in Note 6. The Company's syndicated lenders have agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million. All other terms of the Credit Facility remain substantially the same or more favourable to the Company than was the case prior to the amendments, including the availability of a $25 million accordion.

c) Rights Offering for Common Shares of the Company

On October 30, 2017 the Company announced that it would be offering rights (the "Rights") to holders of its common shares of record at the close of business on November 15, 2017 (the "Record Date"). The Rights issued under the Rights Offering will expire on December 11, 2017. Each registered shareholder of Common Shares on the Record Date will receive one (1) Right for each Common Share held by such shareholder. Three (3) Rights plus the sum of $0.20 will entitle the Rights holder to subscribe for one Common Share. Brookfield Capital Partners Ltd. and certain of its affiliates, the Company's significant shareholder which controls approximately 72.7% of the outstanding Common Shares, has indicated to the Company that provided that the Transaction is completed, it intends to participate in the Rights Offering to the fullest extent possible. A fully subscribed Rights Offering is expected to generate gross proceeds of approximately $26 million.