MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("**MD&A**") was prepared as of November 8, 2017, and is intended to assist the reader to understand the current financial position and operating results of Strad Energy Services Ltd. **("Strad" or the "Company")**. This MD&A discusses the operating and financial results for the three and nine months ended September 30, 2017, and takes into consideration information available up to that date. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements of Strad for the three and nine months ended September 30, 2017, as well as the audited consolidated financial statements and MD&A for the year ended December 31, 2016. Strad's financial statements were prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board. Strad's common shares trade on the Toronto Stock Exchange under the symbol "SDY". All amounts are stated in Canadian Dollars unless otherwise noted.

Additional information relating to Strad for the three and nine months ended September 30, 2017, may be found under the Company's profile on the System for Electronic Document Analysis and Retrieval **("SEDAR"**) at www.sedar.com.

THIRD QUARTER SELECTED FINANCIAL AND OPERATIONAL HIGHLIGHTS:

- Revenue of $33.9 million increased 67% compared to $20.3 million for the same period in 2016;
- Adjusted EBITDA(1) of $9.4 million compared to $1.2 million for the same period in 2016;
- Net income and income per share was $0.6 million and $0.01, respectively, compared to a net loss and loss per share of $(3.7) million and $(0.09) for the same period in 2016;
- Revenue from the energy infrastructure customer vertical for the three months ended September 30, 2017, decreased to $10.8 million or 17% from $13.0 million from the same period in 2016;
- During the third quarter, the Company amended and extended its credit facilities by two years to September 29, 2020. The amendments include a return to pre-covenant relief period maximum ratio of Funded Debt to covenant EBITDA(3) of 3.0:1 and a minimum ratio of Interest Expense to covenant EBITDA(3) of 3.0:1;
- Capital additions totaled $7.2 million during the third quarter of 2017; and
- Total funded debt(2) to covenant EBITDA(3) ratio was 0.9 to 1 at the end of the third quarter of 2017 compared to 1.2 to 1 at the end of the second quarter of 2017.

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

(2) Funded debt includes bank indebtedness plus long-term debt plus current and long-term obligations under finance lease less cash.

(3) Covenant EBITDA is based on trailing twelve months adjusted EBITDA plus share based payments, plus additional one-time charges.

THIRD QUARTER FINANCIAL HIGHLIGHTS

($000's, except per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2017	2016	% chg.	2017	2016	% chg.
Revenue	33,923	20,277	67	90,077	45,115	100
Adjusted EBITDA[(1)]	9,418	1,247	655	19,505	(338)	nm
Adjusted EBITDA as a % of revenue	28%	6%		22%	(1)%	
Per share ($), basic	0.16	0.03	433	0.34	(0.01)	nm
Per share ($), diluted	0.16	0.03	433	0.34	(0.01)	nm
Net income (loss)	598	(3,746)	nm	(3,911)	(13,697)	nm
Per share ($), basic	0.01	(0.09)	nm	(0.07)	(0.36)	nm
Per share ($), diluted	0.01	(0.09)	nm	(0.07)	(0.36)	nm
Funds from operations[(2)]	11,397	2,881		23,000	3,839	
Per share ($), basic	0.19	0.01	1,800	0.40	0.10	300
Per share ($), diluted	0.19	0.01	1,800	0.40	0.10	300
Capital expenditures[(3)]	7,233	3,215		16,967	3,806	
Total assets	189,388	188,965		189,388	188,965	
Long-term debt	18,886	25,761	(27)	18,886	25,761	(27)
Total long-term liabilities	30,695	37,171	(17)	30,695	37,171	(17)
Common shares - end of period ('000's)	60,013	48,379		60,013	48,379	
Weighted avg common shares ('000's)						
Basic	58,844	40,493		57,531	38,123	
Diluted	59,234	40,493		57,531	38,123	

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

(2) Funds from operations is cash flow from operating activities excluding changes in non-cash working capital. Funds from operations is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation". Strad updated 2016 comparative note per Financial Statement note disclosure as 2016 funds from operations have amounts that were reclassified to conform to the current presentation of the interim consolidated statement of cash flows.

(3) Includes assets acquired under finance lease and purchases of intangible assets.

OVERVIEW OF THE COMPANY

Strad offers its customers a wide range of solutions, including Surface Equipment, Environmental and Access Matting, Solids Control and Waste Management, EcoPond® (frac-water storage), and Drill Pipe. Strad has strategically diversified its operations through the addition of new products and services, and is geographically diversified across North America. Strad's commodity exposure includes conventional and unconventional oil, liquids rich natural gas and dry natural gas as well as exposure to energy infrastructure projects including pipelines, power transmission and facilities construction. Geographically, the Company has expanded its base beyond the Western Canadian Sedimentary Basin (**"WCSB"**) into resource plays in the United States (**"U.S."**), namely the Marcellus in Pennsylvania, the Bakken in North Dakota, and selected areas within the western United States Rockies. As of September 30, 2017, the Company has 24 operating locations throughout North America.

THIRD QUARTER RESULTS

Strad reported an increase in revenue and adjusted EBITDA of 67% and 655%, respectively during the three months ended September 30, 2017, compared to the same period in 2016. Strad's third quarter results were driven by increased drilling activity in the WCSB and Strad's U.S. operating regions, in addition to increased customer pricing. Furthermore revenue was impacted by the increase in utilization within the Canadian surface equipment product lines and both of the U.S. product lines, due to the increase in drilling activity. As a result adjusted EBITDA margin percentage increased to 28% compared to 6% in the prior year, due to increased revenue and a relatively fixed cost structure.

Revenue generated from Strad's energy infrastructure customer vertical decreased to $10.8 million during the third quarter of 2017 compared to $13.0 million in 2016. The decrease in energy infrastructure revenue is primarily a result of lower Product sales due to a one time sale during the third quarter of 2016 that did not re-occur this year. The energy infrastructure vertical continued to be primarily driven by matting in Canada. For the nine months ended September 30, 2017, energy infrastructure revenue has totaled $30.2 million of total revenue as compared to $22.6 million.

Strad's Canadian Operations reported an increase in revenue and adjusted EBITDA of 70% and 237%, respectively, during the three months ended September 30, 2017, compared to the same period in 2016. Increased revenue was a result of higher drilling activity and continued improved pricing within the matting vertical during the third quarter of 2017. Additionally surface equipment utilization increased by 26% as compared to the third quarter of 2016, which contributed to the increase in revenue for the third quarter of 2017. Energy infrastructure contributed $9.4 million in revenue of the total $23.4 million revenue for the third quarter of 2017 compared to $8.8 million in revenue of $13.7 million revenue in the same period in 2016.

Strad's U.S. Operations reported an increase in revenue of 164% as compared to the same period in 2016. Rig counts in all three of Strad's targeted U.S. resource plays were higher during the third quarter of 2017 compared to the same period in 2016. Rig counts in the Bakken, Rockies and Marcellus regions increased by 89%, 114%, and 94%, respectively resulting in increased utilization for the third quarter of 2017 as compared to the same period in 2016. Revenue for the third quarter of 2017 was also impacted by increased customer pricing as compared to the same period in 2016. Third quarter EBITDA increased for Q3 2017 to $1.8 million as compared to a loss of $0.3 million in Q3 2016, as a result of a lower cost structure in the U.S. due to our focus on reducing overhead costs and discretionary spending.

Strad's Product Sales reported a decline in revenue of 23%, primarily the result of lower in-house manufactured products and third party sales which decreased to $0.2 million and $nil, respectively, during the three months ending September 30, 2017, as compared to $0.9 million and $2.1 million during the same period in 2016. This was offset by an increase in rental fleet sales which increased to $2.6 million during the third quarter of 2017 as compared to $0.6 million in the same period in 2016.

During the third quarter of 2017, capital expenditures were $7.1 million in Canada and were related primarily to wood matting additions in Canada to support Strad's energy infrastructure customer vertical. The Company is expecting to spend the remaining $9 million of the $26 million annual capital budget in the fourth quarter of 2017, in order to continue to meet the needs of energy infrastructure clients.

OUTLOOK

Our trend of improved year-over-year financial performance continued into the third quarter on the strength of our Canadian matting business, improved customer pricing and our relatively fixed cost structure. Average rig count improvements in the WCSB and our U.S operating regions resulted in higher utilization of our equipment and matting rental fleets and higher customer pricing year-over-year.

In Canada, customer pricing for our matting continued to improve from the second quarter as favorable supply and demand market conditions continued into the third quarter. The third quarter has historically been the peak for matting utilization due to late summer, early fall drilling programs commencing and more energy infrastructure projects tend to begin during the summer construction period. Matting utilization typically begins to decline in the fourth quarter as the ground starts to freeze, reducing the need for matting in drilling locations as well as summer construction projects winding down. We expect to see this trend continue during the fourth quarter of 2017 with a portion of the utilization decline offset by smaller energy infrastructure projects that build through the winter months.

For the fifth consecutive quarter in a row, we reported improved financial results from our U.S. Operations both sequentially and year-over-year, driven primarily by improved average rig counts in our operating regions and modest increases in customer prices from historically low levels.

During the third quarter, we continued to execute on our strategic priorities including continued growth of the energy infrastructure customer vertical, continued focus on increasing our size and scale, and maintaining our lean cost structure. Revenue generated by energy infrastructure customers accounted for 32% of total revenue, 40% of Canadian Operations revenue, 5% of U.S. Operations revenue and 37% of Product Sales revenue during the third quarter.

Year-to-date in 2017, we have deployed $17 million of our planned $26 million 2017 capital program with a focus on organic growth with $14.2 million of the capital spending being allocated primarily to our Canadian matting fleet to meet strong demand. We plan to continue investing in our matting fleet throughout the remainder of 2017 to ensure we are positioned to meet forecasted demand during the first quarter of 2018.

Looking ahead to the remainder of 2017 and into 2018, we anticipate demand for our Canadian surface equipment to remain steady during the fourth quarter before increasing in the first quarter of 2018 in conjunction with the winter drilling season. Although many of our customers have yet to finalize their 2018 budgets, we have some indications that demand for our equipment and services during the first quarter could meet or exceed average 2017 levels. We expect the normal decline in demand for our Canadian matting fleet during the fourth quarter as summer energy infrastructure projects come to a conclusion and the ground begins to freeze. However, in keeping with the normal historical trend for our matting business, we anticipate demand increasing again mid to late first quarter of 2018.

For the remainder of 2017 and early 2018, we expect to see continued improvement in our U.S. financial results as pricing increases and higher utilization rates combined with a low cost structure continue to drive improved profitability. For 2018, we will continue our focus on increasing prices for our products where market economic conditions allow, and managing our lean cost structure to ensure the efficiencies gained over the past two years are maintained. Capital allocation and balance sheet preservation in 2018 will continue to be top priorities to ensure we maintain flexibility and are well positioned to take advantage of opportunities that arise as market fundamentals continue to slowly improve.

RESULTS OF OPERATIONS

Canadian Operations

($000's)	Three months ended September 30, 2017	2016	% chg.	Nine months ended September 30, 2017	2016	% chg.
Revenue	23,366	13,730	70	63,521	27,139	134
Operating expenses	12,745	9,726	31	40,207	19,557	106
Selling, general and administration	2,081	1,462	42	4,800	3,775	27
Share based payments	57	27		205	68	
Net income	2,718	2,202	23	5,849	1,951	200
Adjusted EBITDA(1)	8,484	2,515	237	18,308	3,739	390
Adjusted EBITDA as a % of revenue	36%	18%		29%	14%	
Capital expenditures(2)	7,136	2,441		14,172	2,550	
Gross capital assets(4)	165,497	147,036	13	165,497	147,036	13
Total assets	124,322	114,402	9	124,322	114,402	9
Equipment Fleet:						
Surface equipment	4,000	4,100		4,000	4,100	
Utilization %(3)	29%	23%		32%	18%	
Matting	67,700	64,800		67,700	64,800	
Utilization %	56%	67%		53%	43%	

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("Adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

(2) Includes assets acquired under finance lease and purchases of intangible assets.

(3) Equipment utilization includes surface and matting equipment on rent only and is calculated using gross asset value.

(4) Gross capital assets are total property, plant and equipment before impairment and depreciation expense.

Revenue for the three months ended September 30, 2017, of $23.4 million increased 70% compared to $13.7 million for the same period in 2016. Increased revenue during the quarter was primarily a result of increased pricing in the matting product line as well as higher rig counts, which increased by approximately 73%, as compared to the third quarter of 2016. Also impacting the third quarter results was an increase of 26% in utilization in the surface equipment product line as compared to the prior year. Furthermore only one month of results from the acquisition of Redneck Oilfield Services Ltd. and Raptor Oilfield Services Ltd. was included in the third quarter of 2016 results, whereas a full quarter was included for 2017.

During the third quarter, revenue from energy infrastructure projects was $9.4 million or 40% of total revenue for Canadian Operations as compared to $8.8 million or 64% of total Canadian Operations revenue in the third quarter of 2016. The overall increase in revenue year-over-year is primarily due to improved matting pricing, offset by lower utilization rates during the third quarter.

During the third quarter, Strad's matting fleet increased to approximately 67,700 mats at September 30, 2017, compared to approximately 64,800 mats as at September 30, 2016 due to capital expenditures during the quarter offset by matting sales. New mats acquired during the quarter were deployed to support a top tier energy infrastructure customer on a pipeline project. Third quarter matting utilization decreased to 56% compared to 67% in the same period of 2016 due to drier than normal summer weather conditions. However, the decline in utilization was more than offset by pricing improvements year-over-year. During the third quarter, Strad's surface equipment fleet decreased to approximately 4,000 pieces, slightly down from 4,100 pieces as at September 30, 2016. Surface equipment utilization increased by 26% during the third quarter of 2017, compared to the same period in 2016, due primarily to the increase in drilling activity.

Adjusted EBITDA for the three months ended September 30, 2017, of $8.5 million, increased 237% compared to $2.5 million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the three months ended September

30, 2017, increased to 36% compared to 18% for the same period in 2016. The increase in EBITDA is driven primarily by the increase in revenue during the second quarter of 2017 as well as a relatively fixed cost structure.

Revenue for the nine months ended September 30, 2017, of $63.5 million increased 134% compared to $27.1 million for the same period in 2016. Increased drilling activity and energy infrastructure projects were the primary drivers of increased revenue year-over-year.

During the nine months ended September 30, 2017, revenue from energy infrastructure projects was approximately $24.1 million or 38% of total revenue for Canadian Operations as compared to $15.4 million or 57% of total Canadian Operations revenue in the same period of 2016. Increased pricing and an earlier start to the matting season for energy infrastructure projects are the primary drivers of increased revenue year-over-year.

Adjusted EBITDA for the nine months ended September 30, 2017, of $18.3 million, increased 390% compared to $3.7 million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the nine months ended September 30, 2017, increased to 29% compared to 14% for the same period in 2016.

Operating expenses for the three and nine months ended September 30, 2017, of $12.8 million and $40.2 million increased 31% and 106% compared to $9.7 million and $19.6 million for the same period in 2016. The increase in operating expenses during the first nine months of 2017 is a result of increased activity levels and fleet size, as well as an increase in third party expenses, as compared to the same period in 2016. The increase in overall expenses is consistent with the increase in drilling activity and energy infrastructure projects that have occurred year to date for 2017.

Selling, general and administrative costs (**"SG&A"**) for the three and nine months ended September 30, 2017, of $2.1 million and $4.8 million, respectively, increased 42% and 27% compared to $1.5 million and $3.8 million for the same period in 2016. SG&A costs increased over the three and nine months as a result of the first quarter 2017 acquisition of Got Mats? as well as the third quarter 2016 acquisition of Redneck Oilfield Services and Raptor Oilfield Services.

U.S. Operations

	Three months ended September 30,			Nine months ended September 30,		
($000's)	2017	2016	% chg.	2017	2016	% chg.
Revenue	7,776	2,950	164	19,094	10,251	86
Operating expenses	4,925	2,403	105	13,643	8,848	54
Selling, general and administration	993	858	16	2,750	3,355	(18)
Share based payments	14	14		46	34	
Net loss	(1,621)	(4,028)	nm	(8,238)	(13,107)	nm
Adjusted EBITDA(1)	1,844	(325)	nm	2,655	(1,986)	nm
Adjusted EBITDA as a % of revenue	24%	(11)%		14%	(19)%	
Capital expenditures(2)	21	774		2,694	1,214	
Gross capital assets(4)	129,472	143,462	(10)	129,472	143,462	(10)
Total assets	64,070	73,341	(13)	64,070	73,341	(13)
Equipment Fleet:						
Surface equipment	2,000	2,000		2,000	2,000	
Utilization %(3)	29%	15%		26%	16%	
Matting	17,600	13,100	34	17,600	13,100	34
Utilization %(3)	32%	14%		26%	15%	

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("Adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".
(2) Includes assets acquired under finance lease and purchases of intangible assets.
(3) Equipment utilization includes surface and matting equipment on rent only and is calculated using gross asset value.
(4) Gross capital assets are total property, plant and equipment before impairment and depreciation expense.

Revenue for the three months ended September 30, 2017, increased 164% to $7.8 million from $3.0 million for the same period in 2016. The increase in revenue is due to a combination of higher surface equipment and matting utilization rates and modestly higher customer pricing resulting from increased drilling activity when compared to the same period in 2016. Average rig counts in the Bakken, Rockies and Marcellus regions increased by 89%, 114%, and 94%, respectively, during the third quarter of 2017 compared to the same period in 2016.

During the third quarter, revenue from energy infrastructure projects was $0.4 million or 6% of total revenue for U.S. Operations compared to $1.1 million or 37% in the same period of 2016. The decrease in revenue from energy infrastructure projects is due to fewer projects in 2017 compared to the same period in 2016.

The U.S. matting fleet increased to 17,600 mats as at September 30, 2017, compared to 13,100 mats as at September 30, 2016. The addition of mats during the first three quarters of 2017 was to support the increase in U.S. energy infrastructure customers. The U.S. surface equipment fleet remained consistent with surface equipment of 2,000 pieces at September 30, 2017, compared to September 30, 2016.

Adjusted EBITDA for the three months ended September 30, 2017, increased to $1.8 million compared to $(0.3) million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the three months ended September 30, 2017, was 24% compared to (11)% for the same period in 2016. The increase in both adjusted EBITDA and adjusted EBITDA as a percentage of revenue is primarily due to increased drilling activity levels which resulted in higher utilization and modestly improved customer pricing in the third quarter of 2017 compared to the same period of 2016.

Revenue for the nine months ended September 30, 2017, increased 86% to $19.1 million from $10.3 million for the same period in 2016. The increase in revenue for the nine months ended September 30, 2017 can be attributed to higher surface equipment and matting utilization rates due to increased drilling activity levels across all of our U.S. operating regions and modestly higher customer pricing as compared to the same period in 2016. In addition, energy infrastructure revenue as a percentage of total revenue increased to 9.4% or $1.8 million during the nine months ended September 30, 2017 compared to 10.7% or $1.1 million in the same period of 2016.

Adjusted EBITDA for the nine months ended September 30, 2017, increased to $2.7 million compared to $(2.0) million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the nine months ended September 30, 2017, was 14% compared to (19)% for the same period in 2016. The increase in both adjusted EBITDA and adjusted EBITDA as a percentage of revenue is primarily due to the increase in revenue during the first nine months of 2017 in addition to a relatively fixed cost structure.

Operating expenses for the three and nine months ended September 30, 2017, of $4.9 million and $13.6 million, respectively, increased 105% and 54% compared to $2.4 million and $8.8 million for the same period in 2016. The increase in operating expenses during the first nine months of 2017 is a result of increased activity levels.

SG&A costs for the three and nine months ended September 30, 2017, of $1.0 million and $2.8 million increased 16% and decreased 18% respectively compared to $0.9 million and $3.4 million for the same period in 2016. The change in SG&A expenses is due to cost reductions implemented by management including staff reductions and reductions in discretionary spending.

Product Sales

	Three months ended September 30,			Nine months ended September 30,		
($000's)	2017	2016	% chg.	2017	2016	% chg.
Revenue	2,781	3,597	(23)	7,462	7,725	(3)
Operating expenses	2,673	3,240	(18)	5,747	6,701	(14)
Selling, general and administration	52	24	117	151	44	243
Net loss	(417)	(160)	nm	(691)	(706)	nm
Adjusted EBITDA(1)	60	333	(82)	1,569	980	60
Adjusted EBITDA as a % of revenue	2%	9%		21%	13%	
Capital expenditures(2)	—	—	—	25	—	—
Total assets	104	137	(24)	104	137	(24)

Notes:

(1) *Earnings before interest, taxes, depreciation and amortization and other adjustments ("Adjusted EBITDA") is not a recognized measure under IFRS; see "Non- IFRS Measures Reconciliation".*

(2) *Includes assets acquired under finance lease and purchases of intangible assets.*

Product Sales are comprised of in-house manufactured products sold to external customers, third party equipment sales to existing customers and sales of equipment from Strad's existing fleet to customers.

Revenue for the three months ended September 30, 2017, decreased 23% to $2.8 million from $3.6 million for the same period in 2016, resulting primarily from lower in-house manufactured products and third party sales. During the three months ended September 30, 2017, Product Sales consisted of $2.6 million of rental fleet sales, $0.2 million of in-house manufactured products and $nil of third party equipment sales compared to $0.6 million, $0.9 million and $2.1 million, respectively, during the same period in 2016.

During the third quarter, revenue from energy infrastructure projects was $1.0 million or 33% of total revenue compared to $3.2 million or 88% of total revenue in the same period of 2016. The decrease in revenue year-over-year is due to one-time sales during the third quarter of 2016 that did not re-occur in 2017. Product sales vary from quarter to quarter and are dependent on project timing and customer demands.

Adjusted EBITDA for the three months ended September 30, 2017, decreased to $0.1 million from $0.3 million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the three months ended September 30, 2017, was 2% compared to 9% for the same period in 2016. The decrease in adjusted EBITDA is due to one-time costs of $0.2 million that were recorded for three months ended September 30, 2017, as compared to the same period in 2016.

Revenue for the nine months ended September 30, 2017, decreased 3% to $7.5 million from $7.7 million for the same period in 2016, resulting primarily from lower in-house manufactured equipment sales year over year. During the nine months ended, September 30, 2017, Product Sales consisted of $5.5 million of rental fleet sales, $1.3 million of in-house manufactured products and $0.6 million of third party equipment sales compared to $1.3 million, $2.4 million and $3.9 million, respectively, during the same period in 2016.

During the nine months ended September 30, 2017, revenue from energy infrastructure projects was $4.2 million or 56% of total revenue compared to $6.1 million or 79% of total revenue in the same period of 2016. Revenue decreased year-over-year due to one time sales to energy infrastructure customers in the third quarter of 2016.

Adjusted EBITDA for the nine months ended September 30, 2017, increased to $1.6 million from $1.0 million for the same period in 2016. Adjusted EBITDA as a percentage of revenue, for the nine months ended September 30, 2017, was 21% compared to 13% for the same period in 2016.

Operating expenses for the three and nine months ended September 30, 2017, of $2.7 million and $5.7 million decreased 18% and 14% compared to $3.2 million and $6.7 million for the same period in 2016. Operating expenses vary with individual transactions and business activity levels.

Corporate

SG&A expenses are largely allocated to the individual operating segments and reflected in the adjusted EBITDA performance discussed previously. The remaining unallocated corporate costs consist of head office infrastructure and general corporate costs. Corporate costs for the three and nine months ended September 30, 2017, were $1.0 million and $2.9 million compared to $1.3 million and $3.0 million for the same period in 2016. Corporate costs as a percentage of total revenue during the three months ended September 30, 2017, were 3% compared to 6% in the comparable period. Acquisition related transaction costs of $0.1 million were incurred during the nine months ended September 30, 2017.

Depreciation and Amortization

Depreciation and amortization related to property, plant and equipment, intangible assets and long term assets increased to $7.4 million and $21.3 million for the three and nine months ended September 30, 2017, compared to $4.9 million and $14.6 million for the same period in 2016. The increase in depreciation expense was related to an increase in capital assets acquired through the acquisitions in 2016 and 2017 and in the normal course of business.

Interest and Finance Fees

Interest expense totaled $0.3 million and $1.2 million for the three and nine months ended September 30, 2017, compared to $0.3 million and $0.7 million for the same period in 2016. The increase in interest expense for the first three quarters of 2017 is due to a higher average funded debt balance during the first six months of 2017 and higher interest rates during the covenant waiver period in the first quarter of 2017. Average funded debt for the nine months ended September 30, 2017, was $23.3 million compared to $28.9 million for the same period in 2016.

Gain on Foreign Exchange

Gain on foreign exchange for the three and nine months ended September 30, 2017, was $nil and $0.2 million compared to $nil and $0.4 million for the same period in 2016. The Company is exposed to foreign currency fluctuations as certain balances within working capital may vary due to changing Canada/U.S. exchange rates. The Company has exposure to U.S. dollars since a portion of the Company's customers and vendors transact in USD and the Company reports in CAD. The Canadian dollar has slightly strengthened by 5% against the U.S. dollar over the past year (1 CAD = 0.80 USD as at September 30, 2017, compared to 1 CAD = 0.76 USD as at September 30, 2016).

Income Taxes

For the nine months ended September 30, 2017, the Company recorded a loss before income taxes of $2.8 million and incurred current income tax expense of $1.4 million and deferred income tax recovery of $0.2 million, compared to a current tax recovery of $1.3 million and a deferred income tax expense of $0.2 million for the same period in 2016. The deferred income tax expense, or recovery, represents timing differences between accounting book value and tax basis. The anticipated amount and timing of expense or recovery of deferred taxes will be dependent upon the Company's actual results, and the actual acquisition and disposition of assets and liabilities.

The overall effective tax rate was (41)% for the nine months ended September 30, 2017, compared to 8% for the same period in 2016.

SUMMARY OF QUARTERLY RESULTS

	Three months ended			
($000's, except per share amounts)	**Sep 30, 2017**	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**
Revenue	33,923	28,494	27,660	27,263
Adjusted EBITDA(1)	9,418	5,591	4,496	4,782
Net income (loss)	598	(2,163)	(2,347)	(3,105)
Per share ($), basic	0.01	(0.04)	(0.04)	(0.06)
Per share ($), diluted	0.01	(0.04)	(0.04)	(0.06)

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("Adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

	Three months ended			
($000's, except per share amounts)	**Sep 30, 2016**	**Jun 30, 2016**	**Mar 31, 2016**	**Dec 31, 2015**
Revenue	20,277	9,580	15,258	21,972
Adjusted EBITDA(1)	1,247	(1,983)	398	2,500
Net loss	(3,746)	(6,958)	(2,994)	(8,316)
Per share ($), basic	(0.09)	(0.19)	(0.08)	(0.23)
Per share ($), diluted	(0.09)	(0.19)	(0.08)	(0.23)

Notes:

(1) Earnings before interest, taxes, depreciation and amortization and other adjustments ("Adjusted EBITDA") is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

Strad's quarterly performance has historically been affected by seasonal variations in the WCSB. The Company has geographically diversified its operations where approximately half of Strad's gross capital assets are located in the U.S. The U.S. does not normally experience the same seasonal reduction in drilling activity that the WCSB does in the second quarter. Strad's product diversity helps further mitigate seasonal variations. In Canada, the demand for matting products is typically minimal during the first quarter, much stronger in the second and third quarter and then decreases through the end of the year. However, energy infrastructure related projects create more demand during the first and fourth quarters which will result in higher demand for matting during non-peak seasons as this customer vertical continues to grow. Demand for surface equipment is typically strong in the first quarter, decreases in the second quarter and then increases over the next two quarters.

LIQUIDITY AND CAPITAL RESOURCES

($000's)	**September 30, 2017**	**December 31, 2016**
Current assets	$ 40,021	$ 31,852
Current liabilities	15,883	16,216
Working Capital(1)	24,138	15,636
Banking facilities		
Operating facility	3,626	1,478
Syndicated revolving facility	18,886	26,501
Total facility borrowings	22,512	27,979
Total credit facilities(2)	48,500	48,500
Unused credit capacity	25,988	20,521

Notes:

(1) *Working capital is calculated as current assets less current liabilities.*

(2) *Facilities are subject to certain limitations on accounts receivable, inventory, and net book value of fixed assets and are secured by a general security agreement over all of the Company's assets. As at June 30, 2017, Strad had access to $48.5 million of credit facilities.*

As at September 30, 2017, working capital was $24.1 million compared to $15.6 million at December 31, 2016. The change in current assets is a result of a 44% increase in accounts receivable to $35.2 million for the third quarter of 2017 compared to $24.4 million for the fourth quarter of 2016. The increase in accounts receivable is due to an increase in matting and surface equipment related revenue, as well as delays in customer payments during the third quarter as compared to the fourth quarter of 2016. Inventory decreased by 10% to $3.5 million at September 30, 2017, from $3.9 million at December 31, 2016, and prepaid expenses decreased 13% to $1.0 million at September 30, 2017 from $1.1 million at December 31, 2016. The decrease in inventory and prepaids relates to the normal course of business.

The change in current liabilities is a result of a 15% decrease in accounts payable and accrued liabilities to $11.8 million at September 30, 2017, compared to $13.9 million at year end. The decrease in accounts payable as compared to the 2016 year end is primarily due to the timing of payments made for the third quarter of 2017. Bank indebtedness increased to $3.6 million at the end of the third quarter compared to $1.5 million for the fourth quarter of 2016.

Funds from operations for the three months ended September 30, 2017, increased to $11.4 million compared to $0.3 million for the three months ended September 30, 2016. Capital expenditures totaled $7.2 million for the three months ended September 30, 2017. Strad's total facility borrowing decreased by $5.5 million for the three months ended September 30, 2017, compared to the fourth quarter of 2016. Management monitors funds from operations and the timing of capital additions to ensure adequate capital resources are available to fund Strad's capital program.

As at September 30, 2017, the Company's syndicated banking facility consists of an operating facility with a maximum principal amount of $7.0 million CAD and $5.0 million USD, and a $36.5 million CAD syndicated revolving facility, both of which are subject to certain limitations on accounts receivable, inventory and net book value of fixed assets and are secured by a general security agreement over all of the Company's assets. As at September 30, 2017, the

Company had access to the maximum credit facilities. The syndicated banking facility was extended and amended during the third quarter of 2017 and will mature on September 29, 2020. These amendments include a return to pre-covenant relief period maximum ratio of Funded Debt to covenant EBITDA of 3.0:1 and a minimum ratio of Interest Expense to covenant EBITDA of 3.0:1. The syndicated banking facility bears interest at bank prime plus a variable rate, which is dependent on the Company's funded debt to covenant EBITDA ratio.

Based on the Company's funded debt to covenant EBITDA ratio, the interest rate on the syndicated credit facility is bank prime plus 1.25% on prime rate advances and at the prevailing rate plus a stamping fee of 2.25% on bankers' acceptances. For the three months ended September 30, 2017, the overall effective rates on the operating facility and revolving facility were 5.44% and 5.27%, respectively. As of September 30, 2017, $3.6 million was drawn on the operating facility and $18.9 million was drawn on the revolving facility. Required payments on the revolving facility are interest only.

As at September 30, 2017, the Company was in compliance with all of the financial covenants under its credit facilities.

The relevant definitions related to the financial debt covenant ratio terms as set forth in the Company's syndicated banking facility are as follows:

- Funded debt includes bank indebtedness plus long-term debt plus current and long-term obligations under finance lease less cash.
- Covenant EBITDA is based on trailing twelve months adjusted EBITDA plus share based payments, plus additional one-time charges.
- Interest expense ratio is calculated as the ratio of trailing twelve months adjusted EBITDA plus share based payments to trailing twelve months interest expense on loans and borrowings.

The above noted definitions are not recognized under IFRS and are provided strictly for the purposes of the financial covenant calculation.

Financial Debt Covenants	**As at September 30, 2017**	**As at December 31, 2016**
Funded debt to EBITDA ratio (not to exceed 3.0:1)		
Funded debt	$ 23,286	$ 29,025
Covenant EBITDA	25,157	9,119
Ratio	0.9	3.2
EBITDA to interest coverage ratio (no less than 3.0:1)		
Covenant EBITDA	$ 25,157	$ 9,119
Interest expense	1,584	1,557
Ratio	15.9	5.9

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations as at September 30, 2017, were as follows:

(000's)	**Total**	**1 Year or Less**	**2-3 Years**	**4+ Years**
Finance leases	$ 774	$ 213	$ 342	$ 219
Operating leases	16,544	2,287	6,903	7,354
Total commitments	17,318	2,500	7,245	7,573

All of the Company's contractual obligations range from less than one year to seven years.

OUTSTANDING COMPANY SHARE DATA

	As of November 8, 2017
Common shares	60,012,740
Options	2,042,337
Fully diluted common shares	62,055,077

OFF BALANCE SHEET ARRANGEMENTS

As at September 30, 2017, the Company had no off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

Executive Management loans

Key management includes the Company's members of the Executive Management Team.

	For the period ended	
	September 30, 2017	December 31, 2016
Opening balance	$ 995	$ 993
Share purchase loans issued	—	159
Repayment of share purchase loan	(304)	(157)
	691	995

Certain key management personnel have loans outstanding totaling $0.7 million from the Company. Proceeds of the loans were used to purchase common shares in the Company, which were then used to secure these loans. The loan balances are non-interest bearing for the first three years the loan balances are outstanding. After three years, the notes bear interest at the prime lending rate per annum established by the Company's bank, plus 1% interest. The loans are required to be repaid in full on the maturity date, being 10 years from the date of issuance.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make judgments, assumptions and estimates in applying its accounting policies and practices which have a significant impact on the financial results of the Company. The following discussion outlines the accounting policies and practices involving the use of estimates that are critical to determining Strad's financial results.

Amounts recorded for depreciation and amortization are based on the estimated useful lives and residual values of the underlying assets. Useful lives and residual values are based on Management's best estimate using knowledge of past transactions and experience and industry practice, and as such are subject to measurement uncertainty. The estimates are reviewed at least annually and are updated if expectations change as a result of physical wear and tear and legal or other limits to use.

The Company used an option pricing model such as the Black-Scholes model to determine the fair value of certain share-based payments. The inputs to these models are based on various estimates such as volatility, dividend yield, interest rates and the expected term. The Company uses historic informational trends to determine the best estimates to use. Management reviews these estimates for each new award granted.

Inventory is to be carried at the lower of cost and net realizable value. Management regularly reviews the estimates associated with net realizable value, which is the selling price prevailing in the market, less any costs to sell. Significant changes in economic and business conditions could impact the timing and magnitude of impairment charges in inventory.

The Company makes estimates of the fair value of assets and liabilities assumed in a business combination, which includes estimates of the fair value of property, plant and equipment, working capital, debt and obligations under capital leases.

The Company makes estimates when determining the recoverable amount of assets subject to impairment testing. The recoverable amount of assets are determined using the greater of fair value less costs of disposal and value-in-use. Fair value less costs of disposal and value-in-use calculations require the use of estimates, assumptions, and judgments. Value-in-use calculations require management estimates regarding projected future sales, earnings, capital investment and discount rates. Fair value less costs of disposal requires management to make estimates of future sales, earnings and capital investment, market rental rates for comparable properties, recoverable operating costs for leases with tenants, non-recoverable operating costs, discount rates, capitalization rates, and terminal capitalization rates, as well as estimations of costs to sell. The estimates are reviewed each time an impairment calculation is required.

Deferred tax assets and liabilities contain estimates about the nature and timing of future permanent and temporary differences. Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. Deferred income tax assets are assessed by Management at the end of the reporting period to determine the likelihood that they will be realized from future taxable earnings. Management reviews current and potential changes to tax law and bases estimates on the most relevant information available.

When there is objective evidence that the full collection of accounts receivable is unlikely, Management will estimate the most likely amount to be recovered. Amounts estimated are based on the best available information at the time the estimate is made.

Future accounting policy and disclosures

On July 24, 2014, the IASB issued the complete IFRS 9, "*Financial Instruments*" ("IFRS 9") to replace International Accounting Standard 39, "Financial Instruments: Recognition and Measurement." The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight. The Company has completed its initial assessment and evaluation of the impact of the standard on its financial statements and does not expect this standard to have a material effect on its consolidated financial statements.

On May 28, 2014, the IASB published IFRS 15, "*Revenue From Contracts With Customers*" ("IFRS 15") replacing IAS 11, "Construction Contracts", IAS 18, "Revenue" and several revenue-related interpretations. IFRS 15 contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. On April 12, 2016, the IASB issued Clarifications to IFRS 15. The clarifications provide additional guidance with respect to the five-step analysis and transition to the Standard. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company intends to adopt IFRS 15 and the clarifications in its financial statements for the annual period beginning on January 1, 2018. The Company has completed its initial assessment and evaluation of the standard and determined that it will not have a material impact on its consolidated financial statements.

On January 13, 2016, the IASB issued IFRS 16, "*Leases*" ("IFRS 16"), which requires entities to recognize lease assets and lease obligations on the balance sheet. For lessees, IFRS 16 removes the classification of leases as either operating leases or finance leases, effectively treating all leases as finance leases. Certain short-term leases (less than 12 months) and leases of low-value assets are exempt from the requirements, and may continue to be treated as operating leases. IFRS 16 is effective for years beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 "*Revenue From Contracts With Customers*" has been adopted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 16 on its consolidated financial statements.

On June 20, 2016, the IASB issued amendments to IFRS 2 "*Share-based Payment" ("IFRS 2")* clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for (a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, (b) share-based payment transactions with a net settlement feature for withholding tax obligations; and (c) a modification to the terms and conditions of share-based payment that changes the classification of the transaction from cash-settled to equity settled. The amendments apply for annual periods beginning on or after January 1, 2018. Amendments can be applied prospectively. The Company intends to adopt the amendments to IFRS 2 in its financial statements for the annual period beginning on January 1, 2018. The Company has completed the initial evaluation and has determined that it will not have a material impact on its consolidated financial statements.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer and Chief Financial Officer have designed, or have caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurances that (i) material information relating to the Company is made known to the Corporation's Chief Executive Officer and Chief Financial Officer by others, particularly during the period of time in which the annual and interim filings are being prepared; and (ii) the information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation. They are assisted in this responsibility by the Company's Management team. These disclosure controls and procedures include controls and procedures which have been designed to ensure that the information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is accumulated and communicated to the Company's Management to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Company are responsible for designing, establishing and maintaining internal controls over financial reporting; as such term is defined in National Instrument 52-109 - Certification of Disclosure in Issuers' Annual and Interim Filings. The Chief Executive Officer and Chief Financial Officer of the Company certify on a quarterly and annual basis that senior management has designed such internal controls over financial reporting ("ICFR"), or caused them to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The control framework used to design ICFR is the Internal Control - Integrated Framework (2013) ("COSO Framework") published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Chief Executive Officer and Chief Financial Officer of the Company directed the assessment of the design and operating effectiveness of the Company's internal controls over financial reporting as at December 31, 2016, and based on that assessment determined that the Company's internal controls over financial reporting was, in all material respects, appropriately designed and operating effectively.

The Company's internal controls over financial reporting may not prevent or detect all errors, misstatements and fraud. The design of internal controls must also take into account resource constraints. A control system, including the Company's internal controls over financial reporting, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

During the three months ended September 30, 2017, there have been no changes in the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

The operations of Strad face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on the Company's financial condition and results of operations. The following are a selection of certain risks and uncertainties identified by the Company.

Risks in the oil and natural gas exploration and production industry

The oil and natural gas exploration and production industry in which the Company operates is highly volatile, and there can be no assurance that demand for the Company's services will be maintained at current levels.

The demand, pricing and terms of oil and natural gas services largely depends upon the level of exploration, development and production activity for both crude oil and natural gas in the WCSB and in the United States. Oil and natural gas industry conditions are influenced by numerous factors over which the Company has no control, including oil and natural gas prices, expectations about future oil and natural gas prices, levels of consumer demand, the cost of exploring for, producing and delivering oil and natural gas, the expected rates of declining current production, the discovery rates of new oil and natural gas reserves, available pipeline and other oil and natural gas transportation capacity, the availability of services relating to drilling and completion, weather conditions, political, regulatory and economic conditions, and the ability of oil and natural gas companies to raise equity capital or debt financing.

The level of activity in the oil and natural gas industry in the WCSB and in the United States is volatile. Commodity prices are expected to remain volatile as a result of global excess supply due to the increased growth of shale oil production in the United States, the decline in global demand for exported crude oil commodities, and the Organization of the Petroleum Exporting Countries' ("OPEC") recent decisions pertaining to the oil production of OPEC member countries, among other factors. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore, affect the demand for drilling and well services by oil and natural gas companies. Any addition to, or elimination, or curtailment of, government incentives for companies involved in the exploration for, and production of, oil and natural gas, could have a significant effect on the oilfield services industry in the WCSB. A material sustained decline in industry activity, could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Competition

The Company competes with a number of companies with varying technical and financial resources. Several businesses that compete directly with Strad, but may be part of a larger entity, include Precision Drilling Corporation, Total Energy Services Inc., Clean Harbors Inc., Black Diamond Group Limited, Northern Mat & Bridge Ltd., Horizon North Logistics Inc. and Stallion Oilfield Services Ltd. The Company's competitors in the United States market where the Company operates are region specific. The largest national competitor is Stallion Oilfield Services Ltd. There can be no assurance that competitors will not substantially increase the resources devoted to the development and marketing of services that compete with those of the Company, or that new or existing competitors will not enter the various markets in which the Company is active. In addition, reduced levels of activity in the oil and natural gas industry could intensify competition and the pressure on competitive pricing, and, may result in lower revenues or margins to the Company.

Ongoing capital requirements

The Company's business strategy is based, in part, upon the continued expansion of the Company's ability to provide a range of oil and natural gas rentals and services. In order to continue to implement its business strategy, the Company will be required to make additional capital investments. The Company expects to finance these capital expenditures through vendor financing, ongoing cash flow from operations, borrowings under its syndicated credit facility and by raising capital through the sale of additional debt or equity securities. The Company's ability to obtain financing or to access the capital markets for future offerings may be limited by the restrictive covenants and limits in the Company's current and future debt agreements, by the Company's future financial condition, and by adverse market conditions resulting from, among other things, general economic conditions and contingencies and uncertainties beyond the Company's control. The Company's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit the Company's growth and may have a material adverse effect on the Company.

Current global financial conditions

Current global financial conditions have been subject to volatility. Worldwide commodity prices are expected to remain volatile in the near future as a result of global excess supply, recent actions taken by OPEC and ongoing global credit and liquidity concerns. As a result of these global conditions, the Company is subject to counterparty risk and liquidity risk. The Company is exposed to various counterparty risks including, but not limited to: (i) financial institutions that hold the Company's cash; and (ii) the Company's insurance providers. As a result, the Company may become exposed to credit related losses in the event of non-performance by counterparties to these financial instruments. In the event that a counterparty fails to complete its obligations, the Company would bear the risk of loss of the amount expected to be received under these financial instruments in the event of the default or bankruptcy of a counterparty.

The Company is also exposed to liquidity risk in the event its cash positions decline or become inaccessible for any reason, or additional financing is required to advance its projects or growth strategy and appropriate financing is unavailable, or demand for oil and gas falls. Any of these factors may impact the ability of the Company to obtain further equity based funding, loans and other credit facilities in the future, and, if obtained, on terms favorable to the Company.

Political uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During the recent presidential campaign a number of election promises were made and the new American administration has begun taking steps to implement certain of these promises. Included in the actions that the administration has discussed are the renegotiation of the terms of the North American Free Trade Agreement, withdrawal of the United States from the Trans-Pacific Partnership, imposition of a tax on the importation of goods into the United States, reduction of regulation and taxation in the United States, and introduction of laws to reduce immigration and restrict access into the United States for citizens of certain countries. It is presently unclear exactly what actions the new administration in the United States will implement, and if implemented, how these actions may impact Canada and in particular the oil and gas services industry or the Company's cross-border operations. Any actions taken by the new United States administration may have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and gas service companies, including the Company.

In addition to the political disruption in the United States, the citizens of the United Kingdom recently voted to withdraw from the European Union and the Government of the United Kingdom has begun taken steps to implement such withdrawal. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement it could increase costs for goods and services required for the Company's operations, reduce access to skilled labour and negatively impact the Company's business, operations, financial conditions.

Seasonality of oilfield operations

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. As warm weather returns in the spring, the winter's frost comes out of the ground (commonly referred to as "spring breakup"), rendering many secondary roads incapable of supporting heavy loads and as a result road bans are implemented prohibiting heavy loads from being transported in certain areas. Therefore, the movement of heavy equipment required for drilling and well servicing activities is restricted, and the level of activity of our customers is consequently reduced. As the Company continues its expansion into the United States, these seasonal factors may be reduced.

Accounts receivable

A substantial portion of the Company's accounts receivable are with customers involved in the oil and natural gas industry, whose revenues may be affected by fluctuations in oil and natural gas prices. Customers are generally invoiced for our services in arrears. As a result, the Company is subject to its customers delaying or failing to pay invoices. Risk of payment delays, or failure to pay, is increased during periods of weak economic conditions due to potential reduction in cash flow and access to capital of the Company's customers. It is not uncommon for the Company to have receivables in excess of 90 days and in such event the Company will take all reasonable steps to collect such receivables. The Company does not have significant exposure to customers that account for 10% or more of revenue from operations for the nine months ended September 30, 2017.

Environmental legislation

The oil and natural gas industry is subject to environmental regulations pursuant to a variety of provincial, state and federal legislation. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and natural gas industry operations. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial and state authorities. Compliance with such legislation can require significant expenditures by Strad's customers and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

The Company is committed to meeting its responsibilities to protect the environment wherever it operates and takes the required steps to ensure compliance with environmental legislation in the jurisdictions in which it operates. Strad believes that it is in material compliance with applicable environmental laws and regulations.

The Company believes that it is reasonably likely that the trend towards more stringent standards in environmental legislation and regulation will continue. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not currently possible to predict either the nature of those requirements or the impact on the Company and its operations and financial condition at this time.

Employees

The Company may not be able to find enough labour to meet its needs, and this could limit growth. The Company may also have difficulty finding enough labour in the future if demand for its services increases. Shortages of qualified personnel have occurred in the past during periods of high demand. The demand for qualified oilfield services personnel generally increases with stronger demand for oilfield services. Increased demand typically leads to higher wages that may or may not be reflected in any increases in service rates.

If the Company is unable to find enough labour, it could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

For additional information, including risks and uncertainties and other factors that could affect the Company's business, see "Risk Factors" in the Company's AIF dated March 29, 2017, which is available on SEDAR at www.sedar.com.

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

The Company's Management is responsible for the information disclosed in this MD&A and the accompanying unaudited condensed interim consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the related unaudited condensed interim consolidated financial statements.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain statements and information contained in this MD&A constitute forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "plan", "continue", "estimate", "anticipate", "potential", "targeting", "intend", "could", "might", "should", "believe", "may", "predict", or "will" and similar expressions are intended to identify forward-looking information or statements. More particularly, this MD&A contains forward-looking statements concerning future capital expenditures of the Company, including its 2017 capital budget, and funding thereof, changes and expectations in margins to be experienced by Strad, anticipated cash flow, debt, anticipated demand for the Company's products and services over the balance of 2017 and into 2018, drilling activity in North America, pricing of the Company's products and services and expectations for the remainder of 2017 and into 2018 and potential for improved profitability, and the potential for growth and expansion of certain components of the Company's business, including further additions to our matting fleet, anticipated benefits from cost reductions and timing thereof, manufacturing capacity to meet anticipated demand for the Company's products, and expected exploration and production industry activity including the effects of industry trends on demand for the Company's products. These statements relate to future events or to the Company's future financial performance and involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements.

Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this MD&A. The forward-looking information and statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information or statements. In addition to other material factors, expectations and assumptions which may be identified in this MD&A and other continuous disclosure documents of the Company referenced herein, assumptions have been made in respect of such forward-looking statements and information regarding, among other things: the Company will continue to conduct its operations in a manner consistent with past operations; the general continuance of current industry conditions; anticipated financial performance, business prospects, impact of competition, strategies, the general stability of the economic and political environment in which the Company operates; exchange and interest rates; tax laws; the sufficiency of budgeted capital expenditures in carrying out planned activities; the availability and cost of labour and services and the adequacy of cash flow; debt and ability to obtain financing on acceptable terms to fund its planned expenditures, which are subject to change based on commodity prices; market conditions and future oil and natural gas prices; and potential timing delays. Although Management considers these material factors, expectations and assumptions to be reasonable based on information currently available to it, no assurance can be given that they will prove to be correct.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with the Canadian Securities Regulatory Authorities and may be accessed through the SEDAR website (www.sedar.com) or at the Company's website. The forward-looking statements and information contained in this MD&A are expressly qualified by this cautionary statement. The Company does not undertake any obligation to publicly update or revise any forward looking statements or information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

NON-IFRS MEASURES AND RECONCILIATIONS

Certain supplementary measures in this MD&A do not have any standardized meaning as prescribed under IFRS and, therefore, are considered non-IFRS measures. These measures are described and presented in order to provide shareholders and potential investors with additional information regarding the Company's financial results, liquidity and its ability to generate funds to finance its operations. These measures are identified and presented, where appropriate, together with reconciliations to the equivalent IFRS measure. However, they should not be used as an alternative to IFRS, because they may not be consistent with calculations of other companies. These measures are further explained below.

Earnings before interest, taxes, depreciation and amortization and other adjustments ("adjusted EBITDA") is not a recognized measure under IFRS. Management believes that in addition to net income, adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how those activities are financed or how the results are taxed. Adjusted EBITDA is calculated as net income (loss) plus interest, finance fees, taxes, depreciation and amortization, loss on disposal of property, plant and equipment, loss on foreign exchange, less gain on foreign exchange and gain on disposal of property, plant and equipment. Segmented adjusted EBITDA is based upon the same calculation for defined business segments, which are comprised of Canadian Operations, U.S. Operations and Product Sales.

Funds from operations are cash flow from operating activities excluding changes in non-cash working capital. It is a supplemental measure to gauge performance of the Company before non-cash items. Working capital is calculated as current assets minus current liabilities. Working capital, cash forecasting and banking facilities are used by Management to ensure funds are available to finance growth opportunities.

Funded debt is calculated as bank indebtedness plus long-term debt plus current and long-term portion of finance lease obligations less cash from syndicate institutions.

Reconciliation of Funds from Operations

($000's)

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Net cash generated from operating activities	$ 4,223	$ (1,867)	$ 10,795	$ 7,814
Less:				
Changes in non-cash working capital[(1)]	(7,174)	(4,748)	(12,205)	3,975
Funds from Operations	11,397	2,881	23,000	3,839

Notes:

(1) Prior period comparative funds from operations have amounts that were reclassified to conform to the current presentation of the interim consolidated statement of cash flows. See note 17 of the unaudited interim consolidated financial statements.

Reconciliation of adjusted EBITDA

($'000's)

	Three months ended September 30,		Nine months ended September 30,	
	2017	**2016**	**2017**	**2016**
Net income (loss):	$ 598	$ (3,746)	$ (3,911)	$ (13,697)
Add (deduct):				
Depreciation and amortization	7,359	4,930	21,314	14,594
Gain on disposal of PP&E	(6)	(35)	(234)	(496)
Deferred income tax (recovery) expense	(244)	(33)	(231)	206
Financing fees	58	44	204	138
Interest expense	301	318	1,156	718
(Gain) loss on foreign exchange	(15)	17	(160)	(416)
Current income tax recovery	1,367	(248)	1,367	(1,385)
Adjusted EBITDA	9,418	1,247	19,505	(338)

Reconciliation of quarterly non-IFRS measures

($'000's)

	Three months ended			
	Sep 30, 2017	**Jun 30, 2017**	**Mar 31, 2017**	**Dec 31, 2016**
Net loss:	$ 598	$ (2,163)	$ (2,347)	$ (3,105)
Add (deduct):				
Depreciation and amortization	7,359	7,572	6,383	7,610
Gain on disposal of PP&E	(6)	(150)	(78)	(105)
Deferred income tax (recovery) expense	(244)	(102)	116	(403)
Financing fees	58	73	73	43
Interest expense	301	419	436	415
(Gain) loss on foreign exchange	(15)	(58)	(87)	123
Current tax (recovery) expense	1,367	—	—	204
Adjusted EBITDA	9,418	5,591	4,496	4,782

	Three months ended			
	Sep 30, 2016	**Jun 30, 2016**	**Mar 31, 2016**	**Dec 31, 2015**
Net loss:	$ (3,746)	$ (6,958)	$ (2,994)	$ (8,316)
Add (deduct):				
Depreciation and amortization	4,930	4,516	5,149	7,126
Gain on disposal of PP&E	(35)	(268)	(193)	(99)
Deferred tax expense (recovery)	(33)	1,438	(1,201)	(4,033)
Financing fees	44	47	47	34
Interest expense	318	157	244	427
Loss (gain) on foreign exchange	17	3	(437)	216
Current tax recovery	(248)	(918)	(217)	(677)
Impairment loss	—	—	—	7,822
Adjusted EBITDA	1,247	(1,983)	398	2,500

Reconciliation of funded debt

($'000's)

	Nine months ended September 30, 2017	**Year ended December 31, 2016**
Bank indebtedness, net of cash on hand at syndicate banks	$ 3,626	$ 1,478
Long term debt	18,886	26,501
Current and long term obligations under finance lease	774	1,046
Total Funded Debt	23,286	29,025