Strad Energy Services Ltd.

Unaudited Condensed Interim Consolidated Financial Statements
As at and for the three months ended March 31, 2015 and 2014

Strad Energy Services Ltd.

Interim Consolidated Statement of Financial Position
(Unaudited)

(in thousands of Canadian dollars)	**As at March 31, 2015** $	**As at December 31, 2014** $ (Revised - See note 2)	**As at January 1, 2014** $ (Revised - See note 2)
Assets			
Current assets			
Trade receivables (note 19)	38,204	48,542	35,569
Inventories (note 5)	6,328	7,400	5,788
Prepaids and deposits	2,614	1,741	1,772
Note receivable	—	—	350
Income taxes receivable	382	—	40
	47,528	57,683	43,519
Assets held for sale (note 6)	276	260	3,167
Non-current assets			
Property, plant and equipment (note 7)	166,214	159,100	142,108
Intangible assets (note 8)	1,157	1,210	1,685
Long term assets (note 9)	2,070	1,914	—
Goodwill	17,277	17,277	17,277
Deferred income tax assets	—	15	164
Total assets	234,522	237,459	207,920
Liabilities			
Current liabilities			
Bank indebtedness (note 10)	6,228	826	1,879
Accounts payable and accrued liabilities	16,404	25,207	20,854
Income taxes payable	—	1,579	—
Deferred revenue	117	259	785
Current portion of obligations under finance lease (note 11)	818	882	1,887
Dividend payable	2,609	2,609	2,050
	26,176	31,362	27,455
Non-current liabilities			
Long-term debt (note 12)	31,500	36,000	38,500
Obligations under finance lease (note 11)	825	969	770
Deferred income tax liabilities	14,381	14,138	7,797
Total liabilities	72,882	82,469	74,522
Equity			
Share capital (note 13)	118,362	118,351	117,824
Contributed surplus (note 13)	11,845	11,757	11,612
Accumulated other comprehensive income	21,906	12,950	5,152
Retained earnings	9,527	11,932	(1,190)
Total equity	161,640	154,990	133,398
Total liabilities and equity	234,522	237,459	207,920

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Strad Energy Services Ltd.
Interim Consolidated Statement of Income and Comprehensive Income
For the three months ended March 31, 2015 and 2014
(Unaudited)

(in thousands of Canadian dollars, except per share amounts)

	2015	2014
	$	$
Revenue	34,370	51,888
Expenses		
Operating expenses (note 22)	22,705	35,206
Depreciation	6,876	5,301
Amortization of intangible assets	147	186
Amortization of long term assets	22	—
Selling, general and administration (note 22)	4,519	5,556
Share-based payments	89	138
Gain on disposal of property, plant and equipment	(45)	(758)
Foreign exchange gain	(135)	(67)
Finance fees	47	88
Interest expense	496	535
Loss on assets held for sale	—	38
(Loss) Income before income tax	(351)	5,665
Income tax (recovery) expense (note 14)	(555)	1,524
Net income for the period	204	4,141
Other comprehensive income		
Items that may be reclassified subsequently to net income		
Cumulative translation adjustment (Revised - See note 2)	8,956	3,181
Total comprehensive income for the period	9,160	7,322
Earnings per share:		
Basic	$0.01	$0.11
Diluted	$0.01	$0.11

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Strad Energy Services Ltd.

Interim Consolidated Statement of Changes in Equity

(Unaudited)

(in thousands of Canadian dollars)

	Attributable to equity owners of the Company				
	Share capital $	**Contributed surplus** $	**Accumulated other comprehensive income** $ (Revised - see note 2)	**Retained earnings (deficit)** $	**Total equity** $ (Revised - see note 2)
Balance - January 1, 2015	118,351	11,757	12,950	11,932	154,990
Net income for the period	—	—	—	204	204
Other comprehensive income (net of tax):					
Cumulative translation adjustment	—	—	8,956	—	8,956
Comprehensive income for the period	—	—	8,956	204	9,160
Exercise of options (note 13)	1	(1)	—	—	—
Shareholder loan repayments	64	—	—	—	64
Shareholder loans issued	(54)	—	—	—	(54)
Dividends declared	—	—	—	(2,609)	(2,609)
Employee share options:					
Value of services recognized	—	89	—	—	89
Balance - March 31, 2015	118,362	11,845	21,906	9,527	161,640
Balance - January 1, 2014	117,824	11,612	5,152	(1,190)	133,398
Net income for the period	—	—	—	4,141	4,141
Other comprehensive income (net of tax):					
Cumulative translation adjustment	—	—	3,181	—	3,181
Comprehensive income for the period	—	—	3,181	4,141	7,322
Exercise of options (note 13)	8	(57)	—	—	(49)
Dividends declared	—	—	—	(2,050)	(2,050)
Employee share options:					
Value of services recognized	—	138	—	—	138
Balance - March 31, 2014	117,832	11,693	8,333	901	138,759

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Strad Energy Services Ltd.
Interim Consolidated Statement of Cash Flow
For the three months ended March 31, 2015 and 2014
(Unaudited)

(in thousands of Canadian dollars)

Cash flow provided by (used in)	2015 $	2014 $ (Revised - See note 2)
Operating activities		
Net income for the period	204	4,141
Adjustments for items not affecting cash:		
Depreciation and amortization	7,045	5,487
Deferred income tax expense (note 14)	(449)	864
Share-based payments	89	84
Interest expense and finance fees	543	623
Gain on disposal of property, plant and equipment	(45)	(758)
Loss on assets held for sale	—	38
Changes in items of non-cash working capital (note 16)	2,775	(3,622)
Net cash generated from operating activities	10,162	6,857
Investing activities		
Purchase of property, plant and equipment	(6,959)	(8,873)
Proceeds from sale of property, plant and equipment	791	2,213
Purchase of intangible assets	(75)	(28)
Proceeds from assets held for sale	—	81
Changes in items of non-cash working capital (note 16)	(3,143)	(129)
Net cash used in investing activities	(9,386)	(6,736)
Financing activities		
Proceeds on issuance of long-term debt	—	—
Repayment of long-term debt	(4,500)	(100)
Repayment of finance lease obligations (net)	(334)	(501)
Issuance of shareholder loan (net of repayments)	10	—
Interest expense and finance fees	(543)	(623)
Payment of dividends	(2,609)	(2,050)
Changes in items of non-cash working capital (note 16)	(1)	346
Net cash used in financing activities	(7,977)	(2,928)
Effect of exchange rate changes on cash and cash equivalents	1,799	238
Decrease in cash and cash equivalents	(5,402)	(2,569)
Cash and cash equivalents (including bank indebtedness) – beginning of year	(826)	(1,879)
Cash and cash equivalents (including bank indebtedness) – end of period	(6,228)	(4,448)
Cash paid for income tax	1,600	—
Cash paid for interest	435	516

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

(in thousands of Canadian dollars)

1 General information

Strad Energy Services Ltd. (the "Company"), is an energy services company that focuses on providing well-site infrastructure solutions to the oil and natural gas industry in Canada and the United States (U.S.).

The Company is a publicly listed company incorporated and domiciled in Canada under the legislation of the Province of Alberta. The condensed interim consolidated financial statements of the Company for the period ended March 31, 2015 and 2014, comprise the Company and its subsidiaries.

The head office, principal address and records office of the Company are located at 440 2nd Avenue SW, Suite 1200, Calgary, Alberta, Canada, T2P 5E9.

These condensed interim consolidated financial statements were approved and authorized for issuance by the Board of Directors ("the Board") on April 30, 2015.

2 Revision of prior period comparatives

A review of the Company's intercompany payable transactions denominated in Canadian dollars in the Company's U.S. foreign operation was undertaken in the first quarter of 2015. Upon completion of the review, an overstatement of accounts payable and accrued liabilities ("A/P") and understatement of accumulated other comprehensive income ("AOCI"), an equity account, in the amount of approximately $9.5 million at December 31, 2014 ($4.5 million at December 31, 2013) was identified.

At inception of the intercompany A/P balance in 2011, the Company's U.S. foreign operation (which has a USD functional currency) translated the CAD denominated inter-company A/P balance into USD. At each period-end, the USD inter-company A/P amount was translated from USD to CAD at the period-end rate. The foreign currency translation on the USD denominated inter-company payable was accumulating in A/P rather than accumulating in AOCI, which resulted in an overstatement of A/P and understatement of AOCI on the consolidated statement of financial position at each period-end. In the consolidated statement of cash flow, there was an overstatement of changes in items of non-cash working capital of $5.0 million for the year ended December 31, 2014 ($3.5 million for the year ended December 31, 2013) and an offsetting understatement of effect of exchange rate changes on cash and cash equivalents of the same amounts for the respective periods. The overstatement/understatement had no impact on net income, earnings per share or the Company's cash position at any of the periods affected.

The Company considers the intercompany receivable (in Canada) and inter-company payable (in U.S.) to be part of the Company's net investment in its U.S. foreign operation; therefore, the inter-company balances should be treated similarly to an equity transaction on consolidation, with foreign exchange differences accumulating in AOCI.

The Company assessed the materiality of the overstatement/understatement and concluded that it was not material to any of the previously issued consolidated financial statements. As a result, the Company will revise its comparative consolidated financial statements to correct the effect of this matter.

The following tables present the effect of this correction on individual line items within the Company's consolidated statements of financial position, comprehensive income, changes in equity and cash flow:

(in thousands of Canadian dollars)

	As at December 31, 2014		
	As previously reported	Adjustment	As revised
Accounts Payable	$ 34,705	$ (9,498)	$ 25,207
Accumulated other comprehensive income	3,452	9,498	12,950

	As at December 31, 2013			As at January 1, 2013		
	As previously reported	Adjustment	As revised	As previously reported	Adjustment	As revised
Accounts Payable	$ 25,403	$ (4,549)	$ 20,854	$ 24,244	$ (1,031)	$ 23,213
Accumulated other comprehensive income	603	4,549	5,152	(1,451)	1,031	(420)

	Three months ended March 31, 2014		
	As previously reported	Adjustment	As revised
Total comprehensive income	$ 5,183	$ 2,139	$ 7,322
Change in non-cash working capital	(1,483)	(2,139)	(3,622)
Effect of exchange rate changes on cash and cash equivalents	(1,901)	2,139	238

	Three months ended June 30, 2014			Six months ended June 30, 2014		
	As previously reported	Adjustment	As revised	As previously reported	Adjustment	As revised
Total comprehensive income	$ 3,834	$ (1,934)	$ 1,900	$ 9,017	$ 205	$ 9,222
Change in non-cash working capital				(7,561)	(205)	(7,766)
Effect of exchange rate changes on cash and cash equivalents				(181)	205	24

	Three months ended September 30, 2014			Nine months ended September 30, 2014		
	As previously reported	Adjustment	As revised	As previously reported	Adjustment	As revised
Total comprehensive income	$ 9,353	$ 2,728	$ 12,081	$ 18,370	$ 2,933	$ 21,303
Change in non-cash working capital				(8,802)	(2,933)	(11,735)
Effect of exchange rate changes on cash and cash equivalents				(2,460)	2,933	473

	Year ended December 31, 2014			Year ended December 31, 2013		
	As previously reported	Adjustment	As revised	As previously reported	Adjustment	As revised
Total comprehensive income	$ 25,846	$ 4,949	$ 30,795	$ 7,426	$ 3,518	$ 10,944
Change in non-cash working capital	(5,867)	(4,949)	(10,816)	10,994	(3,518)	7,476
Effect of exchange rate changes on cash and cash equivalents	(1,344)	4,949	3,605	(3,049)	3,518	469

(in thousands of Canadian dollars)

3 Basis of preparation

The Company prepares its condensed interim consolidated financial statements in accordance with International Financial Reporting Standards ("IFRS").

These condensed interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, IAS 34, *"Interim Financial Reporting",* and have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statements for the year ended December 31, 2014.

The policies applied in these condensed interim consolidated financial statements are based on applicable IFRS issued, effective and outstanding as of April 30, 2015, the date the Board approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2015, could result in restatement of these condensed interim consolidated financial statements.

These condensed interim consolidated financial statements should be read in conjunction with the Company's IFRS annual consolidated financial statements at December 31, 2014.

4 Future accounting policy and disclosures

On July 24, 2014, the IASB issued IFRS 9, "*Financial Instruments*" ("IFRS 9") to replace International Accounting Standard 39, "*Financial Instruments: Recognition and Measurement.*" IFRS 9 is effective for years beginning on or after January 1, 2018. Early adoption is permitted if IFRS 9 is adopted in its entirety at the beginning of a fiscal period. The Company is currently evaluating the impact of adopting IFRS 9 on its consolidated financial statements.

In May 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 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchaser. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2017, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. The Company is currently evaluating the impact of adopting IFRS 15 on its consolidated financial statements.

A description of other standards and interpretations that will be adopted by the Company in future periods can be found in the notes to the annual consolidated financial statements for the year ended December 31, 2014.

(in thousands of Canadian dollars)

5 Inventories

	As at March 31, 2015	As at December 31, 2014
Raw materials	$ 1,112	$ 3,105
Finished goods	5,216	4,295
	6,328	7,400

The cost of inventories recognized as expense and included in 'Operating expenses' for the three months ended March 31, 2015, amounted to $2.6 million (2014 - $9.8 million). During the three months ended March 31, 2015 and 2014, the Company had no write-downs of inventories to net realizable value.

6 Assets held for sale

	Equipment – Canadian Operations	Equipment – U.S. Operations	Total
As at December 31, 2014	$ 82	$ 178	$ 260
Foreign currency translation	—	16	16
As at March 31, 2015	82	194	276

Assets held for sale are accounted for at the lower of carrying value and fair value less costs to dispose.

<u>Rental Equipment</u>

As at December 31, 2014, the Company classified equipment with a collective carrying value of $0.1 million as assets held for sale. For the three months ended March 31, 2015, no impairment loss was recognized on the equipment. The equipment is included in the Canadian Operations and U.S. Operations segments (see note 17).

(in thousands of Canadian dollars)

7 Property, plant and equipment

Cost

	Rental equipment	Automotive equipment	Tools & equipment	Office furniture & fixtures	Other [1]	Total
As at December 31, 2014	$ 223,760	$ 12,950	$ 5,214	$ 2,656	$ 1,952	$ 246,532
Capital expenditures	6,652	188	13	26	80	6,959
Divestitures and transfers	(887)	(653)	(8)	—	—	(1,548)
Reclassification	(115)	—	115	—	—	—
Foreign currency translation	11,362	408	81	91	42	11,984
As at March 31, 2015	240,772	12,893	5,415	2,773	2,074	263,927

	Rental equipment	Automotive equipment	Tools & equipment	Office furniture & fixtures	Other [1]	Total
As at December 31, 2013	$ 188,528	$ 15,830	$ 6,203	$ 2,978	$ 2,197	$ 215,736
Capital expenditures	38,275	2,907	769	136	40	42,127
Divestitures and transfers	(13,001)	(5,626)	(2,276)	(541)	(335)	(21,779)
Reclassification	58	(515)	457	—	—	—
Other	64	—	—	—	—	64
Foreign currency translation	9,836	354	61	83	50	10,384
As at December 31, 2014	223,760	12,950	5,214	2,656	1,952	246,532

Accumulated Depreciation

	Rental equipment	Automotive equipment	Tools & equipment	Office furniture & fixtures	Other [1]	Total
As at December 31, 2014	$ 73,506	$ 7,680	$ 2,723	$ 1,697	$ 1,826	$ 87,432
Depreciation	6,045	554	157	93	27	6,876
Divestitures and transfers	(360)	(431)	(2)	—	—	(793)
Reclassification	(43)	—	43	—	—	—
Foreign currency translation	3,885	175	36	63	39	4,198
As at March 31, 2015	83,033	7,978	2,957	1,853	1,892	97,713

	Rental equipment	Automotive equipment	Tools & equipment	Office furniture & fixtures	Other [1]	Total
As at December 31, 2013	$ 57,914	$ 9,225	$ 3,180	$ 1,585	$ 1,724	$ 73,628
Depreciation	19,941	2,302	833	579	197	23,852
Divestitures and transfers	(7,468)	(3,714)	(1,544)	(519)	(127)	(13,372)
Reclassification	39	(266)	227	—	—	—
Other	23	—	—	—	—	23
Foreign currency translation	3,057	133	27	52	32	3,301
As at December 31, 2014	73,506	7,680	2,723	1,697	1,826	87,432

Net book value

As at December 31, 2014	$ 150,254	$ 5,270	$ 2,491	$ 959	$ 126	$ 159,100
As at March 31, 2015	157,739	4,915	2,458	920	182	166,214

[1] Other includes land, buildings and computer hardware

Included in Rental equipment and Automotive equipment are assets under financial lease with a net carrying amount of $267 thousand (2014 - $415 thousand) and $2.5 million (2014 - $3.0 million) respectively.

(in thousands of Canadian dollars)

8 Intangible assets

Cost

	Patent and technology asset	Computer software	Total
As at December 31, 2014	$ 3,239	$ 1,980	$ 5,219
Capital expenditures	—	75	75
Foreign currency translation	31	55	86
As at March 31, 2015	3,270	2,110	5,380

	Patent and technology asset	Computer software	Total
As at December 31, 2013	$ 3,025	$ 1,947	$ 4,972
Capital expenditures	277	35	312
Other	(98)	—	(98)
Foreign currency translation	35	(2)	33
As at December 31, 2014	3,239	1,980	5,219

Accumulated Amortization

	Patent and technology asset	Computer software	Total
As at December 31, 2014	$ 2,360	$ 1,649	$ 4,009
Amortization	52	95	147
Foreign currency translation	24	43	67
As at March 31, 2015	2,436	1,787	4,223

	Patent and technology asset	Computer software	Total
As at December 31, 2013	$ 2,029	$ 1,260	$ 3,289
Amortization	310	404	716
Divestitures	—	(45)	(45)
Foreign currency translation	21	30	51
As at December 31, 2014	2,360	1,649	4,011

Net Book Value

	Patent and technology asset	Computer software	Total
As at December 31, 2014	$ 879	$ 331	$ 1,210
As at March 31, 2015	834	323	1,157

(in thousands of Canadian dollars)

9 Long-term assets

Cost

As at December 31, 2014	$	1,914
Foreign currency translation		179
As at March 31, 2015		2,093

Accumulated Amortization

As at December 31, 2014	$	—
Amortization		22
Foreign currency translation		1
As at March 31, 2015		23

Net book value

As at December 31, 2014	$	1,914
As at March 31, 2015		2,070

Long-term assets consist of land and building that are included in the U.S. Operations segment (see note 17).

10 Bank indebtedness

The Company's syndicated banking facility consists of an operating facility with a maximum principal amount of $15.0 million CAD, $10.0 million USD and an $85.0 million 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 the Company's assets. As at March 31, 2015, the Company had access to the entire $110.0 million credit facilities. The syndicated banking facility bears interest at a variable rate, which is dependent on the Company's funded debt to Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio.

Based on the Company's current funded debt to EBITDA ratio at March 31, 2015, the interest rate on the syndicated credit facility is bank prime plus 0.75% on prime rate advances and at the prevailing rate plus a stamping fee of 1.75% on bankers' acceptances. The syndicated credit facility matures on September 30, 2017. For the three months ended March 31, 2015, the overall effective rate on the operating facility was 4.22% (three months ended March 31, 2014 - 4.20%). At March 31, 2015, $6.2 million (three months ended March 31, 2014 - $4.4 million) was drawn on the operating facility. All bank covenants are in compliance as at March 31, 2015. The calculations of the Company's financial covenants for its syndicated banking facility are shown below:

Financial Debt Covenants	As at March 31, 2015
Funded debt(1) to EBITDA(2) ratio (not to exceed 3.0:1.0)	0.7:1.0
EBITDA to interest expense(3) ratio (no less than 3.0:1.0)	26.3:1.0

(1) Funded debt includes bank indebtedness plus long-term debt plus current and long-term obligations under finance lease less cash.
(2) EBITDA is based on trailing twelve months adjusted EBITDA plus share based payments.
(3) Interest coverage 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.

(in thousands of Canadian dollars)

11 Obligations under finance lease

	As at March 31, 2015	As at December 31, 2014
Equipment under finance lease	$ 1,643	$ 1,851
Current portion	818	882
Long-term portion	825	969

The finance leases bear interest ranging from 3% to 7% at March 31, 2015.

12 Long-term debt

	As at March 31, 2015	As at December 31, 2014
Revolving facility	$ 31,500	$ 36,000
Current portion	—	—
Long-term portion	31,500	36,000

As at March 31, 2015, the Company had access to the maximum available $85.0 million revolving facility (see note 10) of which $31.5 million was drawn. Required monthly payments are interest only with the principal due September 30, 2017. The overall effective rate on the revolving facility at March 31, 2015, was 3.45% (2014 – 3.46%).

13 Share capital

a) Authorized

An unlimited number of Classes A, B, C, D, E and F shares without nominal or par value.
As at March 31, 2015, there are no Class B, C, D, E or F shares outstanding.

b) Issued and outstanding

	Three months ended March 31, 2015		Year-ended December 31, 2014	
	Number of shares	Amount $	Number of shares	Amount $
Balance, beginning of period	37,279,200	118,351	37,251,301	117,824
Shareholder loan - repayment	—	64	—	439
Shareholder loan - issuance	—	(50)	—	(25)
Interest on shareholder loans	—	(4)	—	(22)
Exercise of options	350	1	27,899	135
Total common shares, end of period	37,279,550	118,362	37,279,200	118,351

(in thousands of Canadian dollars)

c) Share-based payments

Options to purchase common shares may be granted by the Board of Directors to directors, officers and employees of the Company. The Company has two option plans. In November 2010, the Board of Directors approved a new stock option plan with options with a term of five years and each stock option provides the employee with the right to purchase one common share. Options vest one-third on each of the first, second and third anniversary dates of the grant date.

Options granted under the previous plan have a term of six years and either vest one-third on each of the second, third and fourth anniversary dates of the grant date or one-half on each of the first and second anniversary dates of the grant date. As at March 31, 2015, options can be exercised for shares, net shares or net proceeds at the discretion of the Company.

	As at March 31, 2015		As at December 31, 2014	
	Outstanding options	Weighted average exercise price	Outstanding options	Weighted average exercise price
Balance, beginning of period	2,239,174	$3.79	2,326,834	$3.80
Granted	541,500	$2.83	656,000	$3.71
Exercised	(3,000)	$2.50	(356,978)	$3.70
Expired - vested	(5,000)	$4.00	(145,000)	$4.00
Forfeited - vested	(17,164)	$3.97	(28,994)	$4.32
Forfeited - unvested	(11,337)	$3.63	(212,688)	$3.73
Balance, end of period	2,744,173	$3.59	2,239,174	$3.78

The Company recognized compensation expense of $89 thousand during the three months ended March 31, 2015, (2014 - $138 thousand). During the three months ended March 31, 2015, the fair value of options granted were calculated based on the Black-Scholes option pricing model with the following assumptions: risk free interest rate - 0.53%, expected volatility - 41%, forfeiture rate of 20% and an expected quarterly dividend of 7.0 cents per share.

d) Contributed surplus

	Three months ended March 31, 2015	Year-ended December 31, 2014
Balance, beginning of year	$ 11,757	$ 11,612
Share-based payments expense	89	480
Exercise of options	(1)	(335)
Balance, end of period	11,845	11,757

(in thousands of Canadian dollars)

e) Per share amounts

	Three months ended March 31,	
	2015	**2014**
Basic weighted average shares outstanding	36,908,450	36,730,284
Dilutive effect of stock options	55,562	223,730
Dilutive effect of shareholder loans	370,874	521,639
Diluted weighted average shares outstanding	37,334,886	37,475,653

f) Dividend payable

On January 9, 2015, the Company paid a dividend of 7.0 cents per share. On February 25, 2015, the Company's Board of Directors declared a dividend payable on April 10, 2015, to shareholders of record at the close of business on March 31, 2015.

14 Income tax

	Three months ended March 31,	
	2015	**2014**
Current income tax (recovery) expense	$ (106)	$ 660
Deferred income tax (recovery) expense	(449)	864
Income tax (recovery) expense	(555)	1,524

15 Commitments and contingencies

The Company has operating lease commitments for equipment and buildings for the next five years as follows:

	March 31, 2015	**December 31, 2014**
2015	$ 4,203	$ 4,619
2016	3,809	3,627
2017	2,840	2,714
2018	1,968	1,859
2019	1,632	1,550
2020 and thereafter	3,001	2,947
	17,453	17,316

The Company is involved in a limited number of legal claims associated with the normal course of operations. The Company believes it has made adequate provisions for such legal claims. There are no individually or collectively significant claims.

(in thousands of Canadian dollars)

16 Changes in non-cash working capital

	For the period ended	
	March 31, 2015	**March 31, 2014**
		Revised (see note 2)
Trade receivables	$ 10,338	$ (11,415)
Inventories	1,072	42
Prepaids and deposits	(873)	79
Income taxes receivable	(382)	40
Notes receivable	—	86
Accounts payable and accrued liabilities	(8,803)	5,533
Deferred revenue	(142)	1,592
Income taxes payable	(1,579)	638
Changes in items of non-cash working capital	(369)	(3,405)
Changes in items of non-cash working capital - investing	(3,143)	(129)
Changes in items of non-cash working capital - financing	(1)	346
Changes in items of non-cash working capital - operating	2,775	(3,622)
Changes in items of non-cash working capital	(369)	(3,405)

17 Segment information

The Executive Management Team is the Company's chief operating decision-maker. Management has determined the operating segments to be Canadian Operations, U.S. Operations, Product Sales and Corporate based on the information reviewed by the Executive Management Team for the purposes of allocating resources and assessing performance.

The Executive Management Team views the business as two separate sources of revenue. The primary source of revenue is generated from the Company's core business of providing well-site infrastructure solutions, which include Surface Equipment, Environmental & Access Matting, Solids Control and Waste Management, Drill Pipe, EcoPond® (frac-water storage) and Matting Manufacturing to exploration and production companies in the oil and natural gas industry. Surface Equipment offerings provide support to drilling and completions projects for the oil and natural gas industry from start to finish. Environmental & Access Matting is used for a variety of applications from roads to rig site platforms and is proven to increase access to remote locations, protect sensitive terrain from damage and reduce reclamation costs. Solids Control and Waste Management is a closed-loop, zero discharge solids control and waste management system solution that is designed to maximize separation efficiency, lower drilling costs, reduce dilution volumes, and meet stricter environmental practices and standards. Drill Pipe is a comprehensive range of drilling-related subsurface equipment for purchase, lease or rent including drill pipe, heavy weight drill pipe, drill collars, and other handling equipment. EcoPond® is a frac-water storage solution that is designed to work safely, reduce environmental impact and lower completion costs. The Company's core business is split geographically between Canada and the U.S. The Company's second source of revenue, Product Sales, is derived from manufactured Product Sales to external customers, third party equipment sales to existing customers plus sales of equipment from the Company's existing fleet to customers.

The Corporate segment consists of costs incurred to operate a public company, including a portion of the Executive Management Team, corporate accounting, rent and utilities and external professional services.

A portion of corporate costs directly related to the Company's core business are allocated to Canadian Operations, U.S. Operations and Product Sales.

(in thousands of Canadian dollars)

Three months ended March 31, 2015	Canadian Operations	U.S. Operations	Product Sales	Corporate	Total
Revenue	$ 17,898	$ 14,087	$ 2,385	$ —	$ 34,370
Depreciation and amortization	2,243	4,592	111	99	7,045
Net interest expense	22	86	7	381	496
Finance fees	—	—	—	47	47
Earnings (loss) before income tax	840	(1,618)	9	418	(351)
Income tax expense (recovery)	29	(614)	(25)	55	(555)
Capital expenditures [(1)]	5,252	1,629	—	78	6,959
Goodwill	7,675	9,602	—	—	17,277
Total assets	114,220	118,565	290	1,447	234,522

[(1)] Capital expenditures do not include purchases of intangible assets.

Three months ended March 31, 2014	Canadian Operations	U.S. Operations	Product Sales	Corporate	Total
Revenue	$ 21,384	$ 14,851	$ 15,653	$ —	$ 51,888
Depreciation and amortization	2,080	3,069	225	113	5,487
Net interest expense	24	51	14	446	535
Finance fees	—	—	—	88	88
Earnings (loss) before income tax	4,899	407	2,043	(1,684)	5,665
Income tax expense	940	137	421	26	1,524
Capital expenditures [(1)]	6,792	2,077	2	2	8,873
Goodwill	7,675	9,602	—	—	17,277
Total assets	113,476	107,933	658	1,943	224,010

[(1)] Capital expenditures do not include purchases of intangible assets.

Revenue from continuing operations by geography	Three months ended March 31, 2015	Three months ended March 31, 2014
Canada	$ 19,859	$ 36,765
U.S.	14,511	15,123
Total	34,370	51,888

Revenue is allocated to each geographic location based on the country in which the revenue is generated.

	As at March 31, 2015			As at March 31, 2014		
	Capital assets, intangible assets & goodwill	Other assets	Total assets	Capital assets, intangible assets & goodwill	Other assets	Total assets
Canada	$ 86,063	$ 29,894	$ 115,957	$ 77,750	$ 38,327	$ 116,077
U.S.	98,585	19,980	118,565	88,273	19,660	107,933
Total	184,648	49,874	234,522	166,023	57,987	224,010

(in thousands of Canadian dollars)

During the three months ended March 31, 2015, the Product Sales segment had intercompany sales of $0.4 million (2014 - $0.1 million) to the Canadian Operations segment and $nil (2014 - $0.8 million) to the U.S. Operations segment, not included in the revenue figures above. Intercompany sales consist of in-house manufactured capital assets and inventory which are sold to the Canadian Operations and U.S. Operations segments. These transactions are eliminated upon consolidation.

18 Capital structure

The Company's objectives when managing capital are to provide flexibility so as to maximize opportunities and to finance the growth of the Company, and to mitigate downside risk in changing economic environments. The Company's capital structure consists of shareholders' equity, bank indebtedness, long-term debt and finance leases.

	As at March 31, 2015	As at December 31, 2014
Bank indebtedness	$ 6,228	$ 826
Long-term debt	31,500	36,000
Finance leases	1,643	1,851
Total debt	39,371	38,677
Total equity	161,640	154,990
Total capitalization	201,011	193,667

The Company manages capital and makes adjustments taking into consideration changing market conditions and other opportunities, while remaining cognizant of the cyclical nature of the energy services sector. In order to maintain or adjust capital structure, the Company may modify its capital spending, issue shares, and add or repay debt. The Company may also revise the terms of its debt facilities as a result of expansion and growth activities.

The Company also manages capital to ensure compliance with the margin requirements and financial covenants on its credit facilities. The Company monitors compliance with these requirements on an ongoing basis and forecasts regularly to assess how certain activities may impact compliance in future periods. As at March 31, 2015, the Company is in compliance with respect to these covenants (see note 10).

19 Financial instruments

The Company's financial instruments consist of trade receivables, prepaids and deposits, bank indebtedness, accounts payable and accrued liabilities, long-term debt, obligations under finance lease and dividend payable.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's trade receivables.

The vast majority of the Company's trade receivables are customers involved in the oil and natural gas industry, and the ultimate collection of trade receivables is dependent on both industry related factors and customer specific factors. Industry related factors that may affect collection include commodity prices and access to capital. Customer specific factors that may affect collection include commodity prices, the success of drilling programs, well reservoir decline rates and access to capital.

(in thousands of Canadian dollars)

		As at March 31, 2015		As at December 31, 2014
Under 30 days	$	22,662	$	35,010
31-60 days		5,558		8,783
61-90 days		5,754		2,339
Over 90 days		4,230		2,410
Trade receivables		38,204		48,542

As at March 31, 2015, the Company had an allowance for doubtful accounts of $1.3 million (March 31, 2014 - $0.7 million) with respect to potentially uncollectible accounts. The Company has significant exposure to one customer that accounted for 14% (March 31, 2014 -15%) of revenue from operations for the period ended March 31, 2015. No other customers accounted for more than 10% of revenue from operations. The revenue from the customer is included in the Canadian Operations segment (see note 17).

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties. The maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables. None of these financial assets, other than the $1.3 million of trade receivables above for which a reserve balance has been taken, are impaired.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's principal sources of liquidity are operating cash flows, existing or new credit facilities and new share equity. The Company monitors its liquidity position on an ongoing basis and manages liquidity risk by regularly evaluating capital and operating budgets, forecasting cash flows and maintaining sufficient credit facilities to meet financing requirements.

The timing of cash flows relating to financial liabilities is outlined in the table below:

		2015		2016		2017
		Less than 1 year		1 – 2 years		2 - 3 years
Accounts payable and accrued liabilities	$	16,404	$	—	$	—
Bank indebtedness [(1)]		6,491		—		—
Long-term debt [(1)]		1,087		1,087		32,044
Obligations under finance lease [(1)]		711		902		137
Dividends payable		2,609		—		—
Total		27,302		1,989		32,181

[(1)] Includes principal and interest

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's net earnings or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns.

(in thousands of Canadian dollars)

i) Foreign exchange risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. The Company is exposed to foreign exchange risk associated with its U.S. Operations where revenues, costs, and purchases of capital assets are denominated in USD. The Company is also exposed to foreign exchange risk as certain balances within working capital may fluctuate due to changing Canada/U.S. exchange rates. For the period ended March 31, 2015, if the exchange rate had weakened by 1% against the Canadian dollar with all other variables constant, after tax net earnings would have decreased by $16 thousand (2014 - $1 thousand). An equal and opposite impact would have occurred to after tax net earnings if the exchange rate had strengthened by 1% against the Canadian dollar.

ii) Interest rate risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company is exposed to interest rate fluctuations on its borrowings which are at floating rates. For the period ended March 31, 2015, if interest rates had been 1% lower with all other variables constant, after tax net earnings for the period would have been approximately $78 thousand higher (2014 - $81 thousand), due to lower interest expense. An equal and opposite impact would have occurred to net earnings had interest rates been 1% higher.

The Company had no interest rate swap or financial contracts in place as at or during the period ended March 31, 2015.

20 Fair value measurement

Fair values of financial assets and liabilities

The Company's financial instruments consist of trade receivables, deposits, bank indebtedness, accounts payable and accrued liabilities, long-term debt, obligations under finance lease and dividends payable. The fair value of trade receivables, note receivable, bank indebtedness, accounts payable and accrued liabilities, obligations under finance lease and dividend payable approximate their carrying amounts due to their short terms to maturity. The Company's long-term debt carries interest based on specified benchmark interest rates plus a spread. The fair values of the Company's debt obligations approximate their carrying amounts due to the fact that interest is adjusted periodically based on changes in the relevant benchmark interest rates and there have been no significant changes in the Company's own credit risk.

		As at March 31, 2015		**As at December 31, 2014**
	Fair value amount	Carrying amount	Fair value amount	Carrying amount
Loans and receivables:				
Trade receivables	$ 38,204	$ 38,204	$ 48,542	$ 48,542
Deposits	802	802	721	721
Financial liabilities:				
Bank indebtedness	6,228	6,228	826	826
Accounts payable and accrued liabilities	16,404	16,404	25,207	25,207
Long-term debt	31,500	31,500	36,000	36,000
Obligations under finance lease	1,643	1,643	1,851	1,851
Dividends payable	2,609	2,609	2,609	2,609

(in thousands of Canadian dollars)

21 Related party transactions

Loans to key management

The share purchase loans outstanding with key management are shown below:

	For the period ended	
	March 31, 2015	**December 31, 2014**
Opening balance	$ 1,050	$ 1,467
Repayment of share purchase loan	(52)	(421)
Interest charged	4	22
Interest paid	—	(18)
	1,002	1,050

Certain key management personnel and directors have loans outstanding totaling $1.0 million from the Company. Proceeds of the loans were used to purchase common shares in the Company. 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.

For the period ended March 31, 2015, there were no loan advances made to key management (year-ended December 31, 2014 - $nil) and loan principal repayments of $52 thousand were received (year-ended December 31, 2014 - $421 thousand).

For the period ended March 31, 2015, interest of $4 thousand was charged by the Company on loans to key management (year-ended December 31, 2014 - $22 thousand) and interest repayments of $nil were received (year-ended December 31, 2014 – $18 thousand).

22 Expenses by Nature

	Three months ended March 31,	
	2015	**2014**
Operating Expenses		
Direct expenses:		
Rental expenses	$ 2,381	$ 3,380
Service and trucking	11,264	11,665
Cost of sales and consumables	3,062	13,715
Total direct expenses	16,707	28,760
Indirect expenses:		
Personnel costs	3,720	4,440
Occupancy and other	2,277	2,006
Total indirect expenses	5,997	6,446
Total Operating Expenses	22,704	35,206

(in thousands of Canadian dollars)

	Three months ended March 31,	
	2015	**2014**
Selling, general and administrative expenses		
Personnel costs	$ 2,625	$ 3,144
Occupancy and other	1,894	2,412
Total selling, general and administrative expenses	4,519	5,556