MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (“**MD&A**”) was prepared as of February 25, 2015, 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 year-ended December 31, 2014, and takes into consideration information available up to that date. This MD&A should be read in conjunction with the audited consolidated financial statements of Strad for the year-ended December 31, 2014 and the accompanying notes thereto. Strad's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"), 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 year ended December 31, 2014, may be found on the System for Electronic Document Analysis and Retrieval **(“SEDAR”)** at www.sedar.com.

SELECTED FINANCIAL AND OPERATIONAL HIGHLIGHTS:

- Record fourth quarter and annual adjusted EBITDA (1) of $17.6 million and $58.7 million, an increase of 65% and 45% respectively, compared to $10.7 million and $40.5 million for the same periods in 2013;

- Fourth quarter and record annual earnings per share of $0.17 and $0.63 compared to $0.05 and $0.15 for the same periods in 2013;

- Revenue of $56.1 million and $219.8 million for the three months and year-ended December 31, 2014, increased 17% and 16% compared to $47.9 million and $189.6 million for the same periods in 2013;

- Capital additions totaled $11.9 million during the fourth quarter and $42.7 million for the year. Reported capital expenditures, net of $2.0 million and $5.3 million of rental asset disposals, were $9.9 million during the fourth quarter and $37.4 million for the year 2014; and

- Total funded debt (2) to trailing twelve months adjusted EBITDA ratio was 0.7 to 1 as at December 31, 2014.

Notes:

(1) Earnings before interest, taxes, depreciation and amortization, (“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. Adjusted EBITDA is based on trailing twelve months. See “Non-IFRS Measures Reconciliation”.

YEAR END FINANCIAL HIGHLIGHTS

($000's, except per share amounts)	Three months ended December 31,			Year-ended December 31,		
	2014	2013	% Chg.	2014	2013	% Chg.
Revenue	56,089	47,850	17	219,784	189,574	16
Adjusted EBITDA (1)	17,571	10,678	65	58,694	40,528	45
Adjusted EBITDA as a % of revenue	31%	22%		27%	21%	
Per share ($), basic	0.48	0.29	66	1.60	1.11	44
Per share ($), diluted	0.47	0.29	62	1.56	1.08	44
Net income	6,125	1,923	219	22,997	5,372	328
Per share ($), basic	0.17	0.05		0.63	0.15	
Per share ($), diluted	0.16	0.05		0.61	0.14	
Funds from operations (2)	16,785	10,369	62	56,742	39,922	42
Per share ($), basic	0.45	0.28	61	1.54	1.09	41
Per share ($), diluted	0.45	0.28	61	1.51	1.07	41
Capital expenditures	11,900	9,557	25	42,715	25,516	67
Dispositions of rental assets (3)	(2,022)	(1,574)	28	(5,323)	(11,785)	(55)
Net capital expenditures (4)	9,878	7,983	24	37,392	13,731	172
Total assets	237,459	207,920		237,459	207,920	
Return on average total assets (5)	30%	20%		27%	18%	
Long-term debt	36,000	38,500	(6)	36,000	38,500	(6)
Total long-term liabilities	51,107	47,067	9	51,107	47,067	9
Common shares - end of period ('000's)	37,279	37,251		37,279	37,251	
Weighted avg common shares ('000's)						
Basic	36,910	36,720		36,789	36,612	
Diluted	37,587	37,419		37,592	37,361	

Notes:

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

(2) Funds from operations is cash flow from operating activities before changes in non-cash working capital. Funds from operations is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

(3) Dispositions reported at net book value.

(4) Includes assets acquired under finance lease and purchases of intangible assets. Net capital expenditures are net of rental asset disposals.

(5) Return on average total assets is not a recognized measure under IFRS; see "Non-IFRS Measures Reconciliation".

OVERVIEW OF THE COMPANY

Strad offers its customers a wide range of well-site and energy infrastructure solutions, including Surface Equipment, Environmental and Access Matting, Solids Control and Waste Management, EcoPond® (frac-water storage), Drill Pipe, and Matting Manufacturing. Strad has strategically diversified its operations through the addition of new products and services, and is geographically widespread 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 related to oilsands, pipelines and power transmission. Geographically, the Company operates in four regions throughout North America, including the Western Canadian Sedimentary Basin ("WCSB") in Canada, the Bakken, Marcellus, and Rockies regions in the United States ("U.S."). As of December 31, 2014, the Company has 30 operating locations throughout North America.

FOURTH QUARTER RESULTS

Strad reported an increase in revenue and adjusted EBITDA of 17% and 65% respectively, during the three months ended December 31, 2014, compared to the same period in 2013. Increased revenue during the fourth quarter was a result of higher equipment utilization in the U.S. and increased revenue from Canada's larger matting fleet, offset by lower Product Sales compared to the prior year. Adjusted EBITDA margin percentage increased to 31% during the fourth quarter compared to 22% in the fourth quarter of 2013 due to increased revenue as previously noted.

Strad's Canadian Operations reported higher revenue and adjusted EBITDA during the three months ended December 31, 2014, compared to the same period in 2013. Increased revenue was a result of a larger matting rental asset base, increased trucking and service revenues and higher drilling activity in the WCSB during the quarter.

During the fourth quarter, rig counts in Strad's targeted U.S. resource plays increased slightly compared to levels in the fourth quarter of 2013. Rig counts in the Bakken, Rockies and Marcellus regions increased by 4%, 4%, and 6% respectively, year-over-year. Overall, Strad's U.S. Operations reported higher revenue and adjusted EBITDA during the fourth quarter of 2014 compared to the prior year. Adjusted EBITDA as a percentage of revenue, increased from 28% to 47% year-over-year due to an increase in utilization of a larger rental asset base.

During the fourth quarter, capital expenditures were $4.7 million in Canada and $5.2 million in the U.S., net of $1.6 million and $0.4 million in rental asset disposals. Capital expenditures are reported net of the net book value of rental assets sold in the period. For the year-ended December 31, 2014, Strad spent $42.7 million on a gross basis, or $37.4 million, net of $5.3 million in rental asset disposals, of its previously approved $40.0 million 2014 capital program.

OUTLOOK

Commodity prices declined significantly over the last six months of 2014 and have continued to decline in 2015. Crude oil WTI prices have declined from levels above $US 100/bbl in July 2014 throughout the balance of the year to below $US 50/bbl in 2015. Natural gas Henry Hub prices also declined from levels in excess of $US 4.50/mcf at the end of the second quarter of 2014 to levels below $US 3.00/mcf in 2015.

The decline in commodity prices has produced an expected decline in industry drilling rig activity across most basins in North America as producers adjust to the new commodity price reality. The decline in rig count has manifested in 2015 in the Canada and U.S. markets, particularly in the oil targeted rigs. Management expects this decline to continue as producers further reduce capital spending plans in 2015. Management also expects pricing pressure across all regions in 2015 as producers seek to reduce drilling costs per well.

Despite the decline in commodity prices over the quarter, and the corresponding reduction in activity in 2015, activity levels for the Company in the fourth quarter of 2014 had not begun to adjust to the new crude oil and natural gas price environment and were very strong across all regions and product lines. Utilization levels were higher in most product lines in both Canada and the U.S. year-over-year and were in line with the robust levels in the third quarter for most of the last three months of the year, except for typical seasonal changes in certain product lines.

In the WCSB, active drilling rigs in the fourth quarter of 2014 were up approximately 4% over the prior year, averaging 383 compared to 370 for the same period in 2013. WCSB active rigs had declined to 318 by February 13, 2015, 39% lower than the same period in 2014. In the U.S., drilling rig activity continued to vary by region, with the total active U.S. rig count increasing by 4% on a year-over-year basis and 1% sequentially. The majority of Strad's U.S. fleet continues to operate in the Bakken and Marcellus resource plays, both of which experienced slight increases in rig counts year-over-year and sequentially in the quarter. The active rig count in the Bakken averaged 187 rigs in the fourth quarter of 2014, up 4% from 180 in the prior year period but had declined to 128 by February 13, 2015, a 27% decrease year-over-year. In the gas-weighted Marcellus and Utica plays, the active rig count averaged 130 during the fourth quarter of 2014, 6% higher than 123 during the prior year period and had declined to 108 by February 13, 2015, a 12% decrease year-over-year.

Bakken operations are in close proximity to the Rockies region, consisting of Colorado, Wyoming, and Utah, where an average of 154 rigs were drilling during the fourth quarter, representing an increase of 3% from 149 rigs in the previous period. The rig count in these regions declined to 100 by February 13, 2015, a 27% decrease year-over-year.

Management anticipates that the decline in commodity prices and corresponding reduction in spending will continue to have a significant negative impact on drilling activity for the foreseeable future across all regions where Strad operates. In Canada, the typical seasonal downturn in activity due to spring breakup is anticipated, however, Management expects a prolonged spring breakup in Canada with little visibility regarding how many rigs will come back to work when the breakup ends.

Rig activity in the Company's U.S. operating regions is expected to be less seasonally volatile. The commodity price exposure in the U.S. is also split almost equally between natural gas and crude oil, diversifying the business.

The same challenges impacting the Canada and U.S. Operations is also expected to similarly impact the Product Sales segment. This business typically fluctuates from month to month and can produce volatility in earnings as projects tend to be large and are interspersed with periods of lower activity. The pipeline for manufacturing work, at the beginning of 2015, is very modest. Management has taken action to remove costs from the business and will continue to manage costs in line with activity and revenue.

Although the reduced activity levels will likely negatively impact the Company's traditional drilling related markets, the expansion of service offerings to the Energy Infrastructure market, including pipeline construction, power transmission construction and energy facilities construction, further diversifies the business into markets that are expected to be less commodity price sensitive in the near term.

The Company's recent expansion into the Rockies region in the U.S. continues to provide a new market to deploy equipment and build on the strong service reputation developed over the last year was instrumental in gaining market share in that region in 2014.

Overall, Strad's diversification across geographies in Canada and the U.S., exposure to both crude oil and natural gas activity, product line diversification, blue chip and well capitalized customer base, and exposure to energy infrastructure projects collectively, will serve to insulate the business to some degree from the decline in drilling activity levels.

In response to expected declines in drilling activity, cost reduction initiatives have been undertaken in the first quarter of 2015 to reduce the impact of lower activity and revenue levels on profitability. Staff layoffs, reduction of labour hours, companywide wage rollbacks, and reductions in discretionary expenditures were implemented. In an effort to maintain a strong balance sheet and preserve flexibility, capital spending plans were reduced significantly and in the near term will be limited to maintenance capital spending. Management will seek to preserve cash, pay down debt and maintain maximum flexibility to be able to respond to opportunities that are presented when the market does recover. The maintenance capex requirement in the business continues to be modest and can be managed at or below $5 million for the year in this environment.

Even at significantly reduced revenue and adjusted EBITDA levels, the business has the capability of producing positive free cash flow. Prudent management of the business has put the Company in a manageable debt leverage position. The Company's financial stability, flexible operating cost structure, and depth of the Management Team, have put the Company in a better position than it has ever been to weather this type of downturn.

RESULTS OF OPERATIONS

Canadian Operations

($000's)	Three months ended December 31, 2014	2013	% chg.	Year-ended December 31, 2014	2013	% chg.
Revenue	23,664	19,250	23	97,853	70,452	39
Adjusted EBITDA [(1)]	6,148	5,284	16	26,025	18,342	42
Adjusted EBITDA as a % of revenue	26%	27%		27%	26%	
Capital expenditures	6,351	6,411	(1)	26,694	16,217	65
Dispositions of rental assets [(2)]	(1,649)	(1,143)	44	(3,987)	(10,322)	(61)
Net capital expenditures [(3)]	4,702	5,268	(11)	22,707	5,895	285
Gross capital assets	118,136	109,170	8	118,136	109,170	8
Total assets	114,646	100,108	15	114,646	100,108	15

Notes:

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

(2) Dispositions reported at net book value.

(3) Includes assets acquired under finance lease and purchases of intangible assets. Net capital expenditures are net of rental asset sales.

Revenue for the three months ended December 31, 2014, of $23.7 million increased 23% compared to $19.3 million for the same period in 2013. Increased revenue during the quarter was primarily a result of higher matting rental revenue due to a larger matting rental fleet compared to the same period in 2013. Increased matting revenue during the quarter was offset by lower surface equipment and drill pipe revenue due to slightly lower utilization rates compared to 2013. Utilization in these two product lines was lower despite slightly higher rig counts during the fourth quarter of 2014 compared to 2013.

Adjusted EBITDA for the three months ended December 31, 2014, of $6.1 million, increased 16% compared to $5.3 million for the same period in 2013. Adjusted EBITDA as a percentage of revenue, for the three months ended December 31, 2014, decreased slightly to 26% compared to 27% for the same period in 2013. Although the rental revenue and service revenue were both higher in the fourth quarter of 2014, compared to the prior year, adjusted EBITDA as a percentage of revenue was impacted by lower margin service revenue making up a larger percentage of total revenue during the fourth quarter of 2014, compared to the prior year. Higher service revenue was due to increased infrastructure related matting work in the fourth quarter of 2014 compared to the prior year.

Revenue for the year-ended December 31, 2014, of $97.9 million increased 39% compared to $70.5 million for the same period in 2013. Energy Infrastructure related work, increased drilling activity, higher matting service and trucking revenue and a larger rental fleet are the primary drivers of higher revenue year-over-year.

Adjusted EBITDA for the year-ended December 31, 2014, of $26.0 million increased 42% compared to $18.3 million for the same period in 2013. Adjusted EBITDA as a percentage of revenue, for the year-ended December 31, 2014, was 27% compared to 26% for the same period in 2013.

U.S. Operations

($000's)	Three months ended December 31, 2014	2013	% chg.	Year-ended December 31, 2014	2013	% chg.
Revenue	21,852	13,882	57	73,840	54,225	36
Adjusted EBITDA [1]	10,191	3,948	158	28,982	15,441	88
Adjusted EBITDA as a % of revenue	47%	28%		39%	28%	
Capital expenditures	5,529	3,070	80	15,666	8,676	81
Dispositions of rental assets [2]	(374)	(431)	(13)	(1,336)	(1,463)	(9)
Net capital expenditures [3]	5,155	2,639	95	14,330	7,213	99
Gross capital assets	126,825	105,011	21	126,825	105,011	21
Total assets	120,917	104,927	15	120,917	104,927	15

Notes:

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

(2) *Dispositions reported at net book value.*

(3) *Includes assets acquired under finance lease and purchases of intangible assets. Net capital expenditures are net of rental asset sales.*

Revenue for the three months ended December 31, 2014, increased 57% to $21.9 million from $13.9 million for the same period in 2013. During the fourth quarter of 2014, Strad's U.S. Operations continued to achieve increased utilization rates and revenue despite only slightly higher rig counts year-over-year in the Bakken, Rockies and Marcellus regions, with increases of 4%, 4%, and 6% respectively, year-over-year. Management's investment in field sales presence during the second half of 2013 continued to result in increased market share for Strad in all three U.S. regions during the fourth quarter of 2014, which drove higher utilization of Strad's U.S. equipment fleet. Revenue also increased due to a larger rental equipment fleet in 2014 compared to 2013. The Bakken continued to be the most active basin for Strad's U.S. Operations, accounting for 42% of total revenue during the quarter.

Adjusted EBITDA for the three months ended December 31, 2014, increased 158% to $10.2 million compared to $3.9 million for the same period in 2013. Adjusted EBITDA as a percentage of revenue, for the three months ended December 31, 2014, was 47% compared to 28% for the same period in 2013. The increase in both adjusted EBITDA and adjusted EBITDA as a percentage of revenue is primarily due to increased utilization of Strad's rental fleet in the U.S. and a reduced cost structure compared to the same period in 2013.

Revenue for the year-ended December 31, 2014, increased 36% to $73.8 million compared to $54.2 million for the same period in 2013. The year-over-year increase in revenue was primarily driven by increased utilization of Strad's Matting, Surface Equipment and Solids Control product lines.

Adjusted EBITDA for the year-ended December 31, 2014, increased 88% to $29.0 million compared to $15.4 million for the same period in 2013. Increased adjusted EBITDA was due to higher revenue and a reduced cost structure during the year compared to the same period in 2013. Adjusted EBITDA as a percentage of revenue for the year-ended December 31, 2014, increased to 39% compared to 28% for the same period in 2013.

Product Sales

($000's)	Three months ended December 31, 2014	2013	% chg.	Year-ended December 31, 2014	2013	% chg.
Revenue	10,574	14,717	(28)	48,091	64,897	(26)
Adjusted EBITDA (1)	2,269	2,497	(9)	7,639	10,492	(27)
Adjusted EBITDA as a % of revenue	21%	17%		16%	16%	
Capital expenditures (2)	2	31		26	295	
Total assets	505	672	(25)	505	672	(25)

Notes:

(1) *Earnings before interest, taxes, depreciation and amortization 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 December 31, 2014, decreased 28% to $10.6 million from $14.7 million for the same period in 2013, resulting primarily from lower sales of in-house manufactured products sold to external customers. During the fourth quarter, Product Sales consisted of $6.7 million of in-house manufactured products, $1.7 million of third party equipment sales and $2.2 million of rental fleet sales compared to $11.1 million, $1.7 million and $2.0 million respectively, during the same period in 2013. Sales in the quarter were impacted by fluctuations in demand, typical in the business.

Adjusted EBITDA for the three months ended December 31, 2014, decreased 9% to $2.3 million compared to $2.5 million for the same period in 2013. Adjusted EBITDA as a percentage of revenue, for the three months ended December 31, 2014, increased to 21% compared to 17% for the same period in 2013. The decrease in adjusted EBITDA was due to lower sales revenue during the fourth quarter of 2014 compared to the same period in the prior year.

Revenue for the year-ended December 31, 2014, decreased 26% to $48.1 million compared to $64.9 million for the same period in 2013. Revenue was lower during the year due to a one-time sale of used SteelLock Mats in 2013 and lower sales in the latter half of 2014 of in-house manufactured products and third party equipment.

Adjusted EBITDA for the year-ended December 31, 2014, decreased 27% to $7.6 million compared to $10.5 million for the same period in 2013. The decrease in adjusted EBITDA was due to lower sales revenue in 2014 and a one-time sale of used SteelLock Mats in 2013. Adjusted EBITDA as a percentage of revenue, for the year-ended December 31, 2014, was consistent at 16% when compared to the same period in 2013.

Corporate

Selling, general and administration 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 months and year-ended December 31, 2014, were $1.0 million and $4.0 million as compared to $1.0 million and $3.7 million for the same periods in 2013. Corporate costs as a percentage of total revenue during the three months and year-ended December 31, 2014, remained consistent with the same period in the prior year at 2%.

Depreciation and Amortization

Depreciation and amortization related to property, plant and equipment, and intangible assets increased to $7.5 million and decreased to $24.6 million for the three months and year-ended December 31, 2014, compared to $5.3 million and $29.0 million for the same periods in 2013. During the fourth quarter, Management completed its annual review of the estimated useful lives of the Company's property, plant and equipment. As a result of the review, Management reduced the useful life of certain assets and recorded an additional $1.6 million of depreciation expense to fully amortize assets that are no longer in use. The useful lives of these assets had previously been reduced as a result of the annual review of useful lives during the fourth quarter of 2013.

The decrease in depreciation expense for the year-ended December 31, 2014, is due to Management's revision of useful life and residual value estimates used in the calculation of depreciation expense. During the fourth quarter of 2013, Management completed an annual review of the Company's useful life and residual value estimates for assets in each product line included in property, plant and equipment.

Interest and Finance Fees

Interest expense totaled $0.5 million and $2.2 million for the three months and year-ended December 31, 2014, compared to $0.7 million and $3.0 million for the same periods in 2013. Average funded debt for the twelve months ended December 31, 2014, was $38.7 million compared to $46.7 million for the same period in 2013. Interest expense for the twelve months was lower due to lower average borrowing levels in 2014 compared to 2013.

Finance fees for the three months and year-ended December 31, 2014, remained consistent with the same periods for 2013, at $0.1 million and $0.3 million. Financing fees are costs incurred to secure debt financing.

Loss or Gain on Foreign Exchange

Loss on foreign exchange for the three months and year-ended December 31, 2014, was $0.1 million and $0.1 million compared to a gain of $0.1 million and $0.2 million for the same periods in 2013. 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 operations in the U.S. represent a significant component of the asset base and operating cash flow. The Canadian dollar has weakened by 9% against the U.S. dollar over the past year (1 CAD = 0.89 USD as at December 31, 2014, compared to 1 CAD = 0.97 USD as at December 31, 2013).

Income Taxes

For the year-ended December 31, 2014, the Company earned income before income taxes of $31.4 million, incurred current income tax expense of $2.4 million, and deferred tax expense of $6.0 million, compared to a current tax expense of $1.4 million, and a deferred income tax recovery of $1.8 million, on earnings before tax of $5.0 million for the same period in 2013. 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 27% for the year ended December 31, 2014, compared to (8)% for the same period in 2013. The low effective tax rate in 2013 is due to incremental deductions that were material in the context of modest levels of pre-tax net income.

Reclassification of Selling, General and Administration Costs

During the first quarter of 2014, Management completed a comprehensive review of the Company’s definition of selling, general and administration expenses. The review gave consideration to employees who were previously classified in selling, general and administration and the job functions those individuals were performing for the Company. As a result of this review, Management determined that a portion of these employees perform functions which are more closely related to the operations of the business and reclassified the respective costs to operating expenses in the current year. Management believes the reclassification of selling, general and administration costs to operating expenses will provide more reliable and relevant information regarding the effects of transactions on the Company's financial performance. In order to maintain comparability between the current quarter and the prior year's quarter, Management reclassified $2.0 million and $7.0 million of selling, general and administration costs to operating expenses for the three months and year-ended December 31, 2013, respectively.

SUMMARY OF QUARTERLY RESULTS

($000's, except per share amounts)	Three months ended			
	Dec 31, 2014	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**
Revenue	56,089	58,115	53,692	51,888
Adjusted EBITDA [(1)]	17,571	17,835	12,300	10,988
Net income	6,125	7,968	4,763	4,141
Per share ($), basic	0.17	0.22	0.13	0.11
Per share ($), diluted	0.16	0.21	0.13	0.11

($000's, except per share amounts)	Three months ended			
	Dec 31, 2013	**Sep 30, 2013**	**Jun 30, 2013**	**Mar 31, 2013**
Revenue	47,850	47,425	49,576	44,723
Adjusted EBITDA [(1)]	10,678	10,422	8,769	10,659
Net income (loss)	1,923	2,373	13	1,063
Per share ($), basic	0.05	0.07	—	0.03
Per share ($), diluted	0.05	0.06	—	0.03

Notes:

(1) 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 quarter and third quarter, and then decreases through the end of the year. Demand for Surface Equipment is typically strong in the first quarter, decreases in the second quarter, and then increases over the next two quarters. Strad invests strategically in its asset base so the deployment of new equipment can coincide with higher levels of sustained activity in the second half of the year.

LIQUIDITY AND CAPITAL RESOURCES

($000's)	**December 31, 2014**	**December 31, 2013**
Current assets	57,683	43,519
Current liabilities	40,860	32,004
Working capital[(1)]	16,823	11,515
Banking facilities		
Operating facility	826	1,879
Syndicated revolving facility	36,000	38,500
Total facility borrowings	36,826	40,379
Total credit facilities [(2)]	110,000	110,000
Unused credit capacity	73,174	69,621

Notes:

1. *Working capital is calculated as current assets less current liabilities, excluding assets held for sale. See "Non-IFRS Measures Reconciliation".*
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 December 31, 2014, Strad had access to the entire $110 million of credit facilities.*

As at December 31, 2014, working capital was $16.8 million compared to $11.5 million at December 31, 2013. The change in current assets is consistent with the increase in revenue from the fourth quarter of 2013, to the fourth quarter of 2014. The increase in current liabilities is due to an increase in accounts payable, which directly relates to the increase in fourth quarter revenues, compared to the same period in the prior year.

Funds from operations for the three months ended December 31, 2014, increased to $16.8 million compared to $10.4 million for the three months ended December 31, 2013. Capital expenditures totaled $11.9 million for the three months ended December 31, 2014, and $9.6 million for the three months ended December 31, 2013. Capital expenditures were offset by asset disposals totaling $2.0 million in the fourth quarter of 2014, compared to $1.6 million during the fourth quarter of 2013. Strad's total facility borrowing decreased by $3.6 million during the year due to increased adjusted EBITDA in 2014, compared to 2013. Management monitors funds from operations and the timing of capital additions to ensure adequate capital resources are available to fund Strad's capital program.

The Company's syndicated banking facility consists of an operating facility with a maximum principal amount of $15.0 million CAD and $10.0 million USD, and an $85.0 million 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. The syndicated banking facility bears interest at bank prime plus a variable rate, which is dependent on the Company's funded debt to adjusted EBITDA ratio. The Company's syndicated banking facility matures on September 30, 2017.

Based on the Company's funded debt to twelve months trailing adjusted EBITDA ratio of 0.7 to 1 at the end of the fourth quarter of 2014, the interest rate on the syndicated banking 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. For the year-ended December 31, 2014, the overall effective rates on the operating facility and revolving facility were 4.16%, and 3.44% respectively. As of December 31, 2014, $0.8 million was drawn on the operating facility and $36.0 million was drawn on the revolving facility. Required payments on the revolving facility are interest only.

As at December 31, 2014, the Company was in compliance with all of the financial covenants.

Effective September 30, 2014, the Company extended its syndicated banking facility by one year. The facility matures on September 30, 2017. Under the terms of the restated and extending credit agreement, interest rates over the term of the facility will decline by 0.25%.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations as at December 31, 2014, were as follows:

($000's)	**Total**	**1 Year or Less**	**2-3 Years**	**4+ Years**
Finance leases	1,851	882	969	—
Operating leases	17,316	4,619	6,341	6,356
Total commitments	19,167	5,501	7,310	6,356

All of the Company's contractual obligations range from less than one year to 9 years.

OUTSTANDING COMPANY SHARE DATA

	As of February 18, 2015
Common shares	37,279,200
Options	2,231,174
Fully diluted common shares	39,510,374

TRANSACTIONS WITH RELATED PARTIES

Loans to Key Management

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

	For the year-ended	
	December 31, 2014	December 31, 2013
Opening balance	$ 1,467	$ 1,845
Share purchase loans issued	—	99
Repayment of share purchase loan	(421)	(459)
Interest charged	22	25
Interest paid	(18)	(43)
	1,050	1,467

Certain key management personnel have loans outstanding totaling $1.1 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, and are secured against the common shares purchased through the loan.

FINANCIAL INSTRUMENTS

All of the Company's financial instruments as at December 31, 2014, relate to standard working capital and credit facility items. There are no significant differences between the carrying value of these financial instruments and their estimated fair values. There are no off-balance sheet arrangements and the Company does not use any derivative financial instruments. Of the Company's financial instruments, trade and note receivables have exposure to credit risk. The Company provides credit to its customers in the normal course of operations. The Company's credit risk policy includes performing credit evaluations of its customers. Substantially all of the Company's trade receivables are due from companies in the oil and natural gas industry and are subject to the normal industry credit risk. Management views the credit risk related to trade and note receivables as minimal. Funds drawn under the syndicated banking facility bear interest at a floating interest rate. Therefore, to the extent that the Company borrows under this facility, the Company is at risk to rising interest rates.

The Company is exposed to the following additional risks:

Liquidity risk is the risk that the Company will not be able to meet financial obligations at the point at which they become due. Management's approach to managing risk includes utilizing detailed working capital, cash, and capital expenditure forecasting, and monthly budgeting to ensure liquidity is available when the financial obligations are due. Management's assessment of its liquidity reflects estimates, assumptions and judgments relating to current market conditions.

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, thereby affecting 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.

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 year-ended December 31, 2014, 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 $49 thousand (2013 - $27 thousand).

CRITICAL ACCOUNTING ESTIMATES AND MANAGEMENT JUDGEMENTS

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.

Critical Accounting Estimates

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 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. It is possible that changes in these factors may cause changes in the estimated useful lives and residual values of the Company's property, plant and equipment, and intangible assets in the future.

Compensation costs accrued for long-term share-based compensation plans are subject to their fair value estimation by using pricing models such as the Black-Scholes model, which is based on significant assumptions such as volatility, dividend yield, and expected term.

Inventory is to be carried at the lower of cost and net realizable value. Management's best estimate of net realizable value is the selling price prevailing in the market.

Assets held for sale are to be carried at the lower of cost and fair value less costs of disposal. Management's best estimate of fair value less costs of disposal is the selling price prevailing in the market.

The Company tests annually, or when facts and circumstances indicate, whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units are determined using the greater of fair value less costs of disposal and value-in-use. Fair value less costs to sell and value-in-use calculations require the use of estimates, assumptions, and judgments. Value-in-use calculations require Management to use assumptions regarding projected future sales, earnings, and capital investment, consistent with strategic plans presented to the Board. Discount rates are consistent with external industry information reflecting the risk associated with the specific cash flows. Fair value less costs to sell requires Management to make judgments of fair value using such estimates as 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.

Tax interpretations, regulations, and legislation, in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty. 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.

Significant Management Judgments

The Company's assets are segregated into cash-generating units based on their ability to generate largely independent cash flows and used for impairment testing. The determination of the Company's cash-generating units is subject to Management's judgment.

New and amended standards adopted by the Company on January 1, 2014:

In December 2011, the IASB issued amendments to IAS 32, "Financial Instruments: Presentation" ("IAS 32"), to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right to offset must be available on the current date and cannot be contingent on a future event. The amendments to IAS 32 are effective for annual periods beginning on or after January 1, 2014, requiring retrospective application. The adoption of this standard has not had a material impact on the Company's consolidated financial statements.

IFRIC 21, "Levies" (“IFRIC 21”), sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation addresses diversity in practice around when the liability to pay a levy is recognized. IFRIC 21 addresses the accounting for a liability to pay a levy recognized in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", and the liability to pay a levy whose timing and amount is certain. It excludes income taxes within the scope of IAS 12, "Income Taxes". The adoption of this standard has not had a material impact on the Company's consolidated financial statements.

New standards, amendments ,and interpretations issued, but not effective, for the first time for the financial year beginning on or after January 1, 2015:

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.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

DISCLOSURE CONTROLS AND PROCEDURES

The Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or have caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurances 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 recorded, processed, summarized and reported within the time periods specified in the securities legislation in accordance with National Instrument 52-109. 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.

As at December 31, 2014, an evaluation was carried out, under the supervision of the CEO and the CFO, of the effectiveness of the design and operation of Strad’s disclosure controls and procedures as defined by National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings. Based on this evaluation, the CEO and CFO concluded that, as at December 31, 2014, Strad’s disclosure controls and procedures, as defined by National Instrument 52-109, Certification of Disclosure in Issuers’ Annual, and Interim Filings were effective.

Strad will continue to evaluate the disclosure controls and procedures with modifications being made when necessary. There were no changes in Strad’s disclosure controls and procedures that occurred during the year-ended December 31, 2014, which have materially affected, or are reasonably likely to materially affect, Strad’s disclosure controls and procedures.

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 (1992) ("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, 2014, 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 December 31, 2014, 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 assurances that demand for the Company's services will be maintained at current levels.

The demand, pricing, and terms of oil and natural gas services, now and in the future, largely depend 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, weather conditions, political, regulatory, and economic conditions, and the ability of oil and natural gas companies to raise equity capital or debt financing.

Competition

The Company competes with a number of companies, some of which have greater technical and financial resources. The market consists of a range of companies, large and small, public and private. 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. The Company's customers may elect not to purchase its services if they view the Company's financial viability as unacceptable, which would cause the Company to lose customers.

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 rental equipment and related services. In order to continue to implement its business strategy, the Company will be required to further its capital investment. 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.

Seasonality of Oilfield Operations

In Canada, the level of activity in the oilfield services industry is influenced by seasonal weather patterns. While the Company's facilities are open and accessible year-round, spring breakup reduces the Company's activity levels in Canada.

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 the risk of 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 any individual customer, other than one customer that accounted for 11% (2013 -10%) of revenue from operations.

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 government 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.

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, 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 audited 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.

FORWARD-LOOKING 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”, "forecasted", 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 and funding thereof, forecasted maintenance capital spending requirements, debt levels, the ability to maintain payment of dividends, demand for the Company’s products and services, anticipated declines in North American drilling activity, anticipated length of the Canadian spring breakup period, anticipated seasonal volatility of U.S. drilling rig counts, pricing of the Company’s products and services, potential for growth and expansion of the Company's business into new market segments, anticipated impact of drilling activity levels on Product Sales, anticipated free cash flow generation, 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 RECONCILIATION

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, or comparable to, calculations of other companies. These measures are further explained below.

Earnings before interest, taxes, depreciation and amortization ("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 plus interest, finance fees, taxes, depreciation and amortization, loss on disposal of property, plant and equipment, loss on foreign exchange, loss on assets held for sale, 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, Product Sales and Corporate.

Funds from operations are cash flow from operating activities excluding changes in working capital and share-based payments. 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, excluding assets held for sale. Working capital, cash forecasting and banking facilities are used by Management to ensure funds are available to finance growth opportunities.

Annualized return on average total assets for the year-ended December 31, 2014, is calculated as year-to-date adjusted EBITDA divided by the average of total assets over the fourth quarter of 2013, and first, second, and third quarters of 2014, including a three month lag. The three month lag represents the time between the purchase of capital assets and when they are deployed in the field and earning revenue.

Working capital is calculated as current assets less current liabilities, excluding assets held for sales. Funded debt is calculated as bank indebtedness plus long-term debt plus current and long-term portion of finance lease obligations, less cash.

Reconciliation of adjusted EBITDA and Funds from Operations
($000's)

	Three months ended December 31,		Year-ended December 31,	
	2014	2013	2014	2013
Net income	6,125	1,923	22,997	5,372
Add:				
Depreciation and amortization	7,543	5,265	24,568	28,974
(Gain) loss on disposal of PP&E	(16)	477	(350)	1,301
(Gain) loss on disposal of assets held for sale	(11)	637	188	812
Share-based payments	111	152	480	590
Deferred income tax expense (recovery)	2,092	(225)	6,022	(1,787)
Financing fees	40	88	259	319
Restructuring recovery	—	(514)	—	(514)
Impairment loss	406	1,901	406	1,901
Interest expense	495	665	2,172	2,954
Funds from operations	16,785	10,369	56,742	39,922
Add:				
Loss (gain) on foreign exchange	47	(5)	35	(207)
Current income tax expense	850	466	2,397	1,403
Subtotal	17,682	10,830	59,174	41,118
Deduct:				
Share-based payments	111	152	480	590
Adjusted EBITDA	17,571	10,678	58,694	40,528

Reconciliation of quarterly non-IFRS measures
($000's)

	Three months ended			
	Dec 31, 2014	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**
Net income	6,125	7,968	4,763	4,141
Add:				
Depreciation and amortization	7,543	5,799	5,739	5,487
(Gain) loss on disposal of PP&E	(16)	665	(241)	(758)
(Gain) loss on disposal of assets held for sale	(11)	—	161	38
Loss (gain) on foreign exchange	47	(181)	236	(67)
Current income tax expense (recovery)	850	967	(81)	660
Deferred income tax expense	2,092	2,042	1,025	864
Interest expense	495	543	599	535
Impairment loss	406	—	—	—
Finance fees	40	32	99	88
Adjusted EBITDA	17,571	17,835	12,300	10,988

	Three months ended			
	Dec 31, 2013	**Sep 30, 2013**	**Jun 30, 2013**	**Mar 31, 2013**
Net income	1,923	2,373	13	1,063
Add:				
Depreciation and amortization	5,265	7,259	8,824	7,626
Loss on disposal of PP&E	477	162	76	586
Loss on disposal of assets held for sale	637	—	17	158
Gain on foreign exchange	(5)	(63)	(18)	(121)
Current income tax expense	466	627	94	216
Deferred income tax (recovery) expense	(225)	(808)	(1,099)	345
Interest expense	665	784	791	714
Restructuring recovery	(514)	—	—	—
Impairment loss	1,901	—	—	—
Finance fees	88	88	71	72
Adjusted EBITDA	10,678	10,422	8,769	10,659