MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Management's Discussion and Analysis ("MD&A") is a review of the results of operations and liquidity and capital resources of CWC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "CWC", the "Company", "we", "us", or "our" means CWC Energy Services Corp.). The following discussion and analysis provided by CWC is dated May 2, 2019 and should be read in conjunction with unaudited condensed interim consolidated financial statements ("Financial Statements") for the three months ended March 31, 2019, the audited annual consolidated financial statements for the year ended December 31, 2018 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2018 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim consolidated financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC, is available on SEDAR at www.sedar.com.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended March 31, 2019	2018	% Change
FINANCIAL RESULTS			
Revenue			
Contract drilling	9,120	11,685	(22%)
Production services	22,139	37,240	(41%)
	31,259	48,925	(36%)
Adjusted EBITDA [1]	4,694	7,478	(37%)
Adjusted EBITDA margin (%) [1]	15%	15%	0%
Funds from operations	4,694	7,478	(37%)
Net (loss) income	(47)	1,196	n/m[2]
Net (loss) income	(0)%	2%	(2%)
Per share information			
Weighted average number of shares outstanding – basic	512,678,779	522,097,878	
Weighted average number of shares outstanding – diluted	512,678,779	525,725,595	
Adjusted EBITDA [1] per share – basic and diluted	$0.01	$0.01	
Net (loss) income per share - basic and diluted	$(0.00)	$0.00	

$ thousands, except ratios	March 31, 2019	December 31, 2018
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	19,903	19,028
Working capital (excluding debt) ratio [1]	3:7:1	3.4:1
Total assets	250,358	252,665
Total long-term debt (including current portion)	43,232	44,896
Shareholders' equity	184,041	184,231

[1] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

[2] Not meaningful.

Working capital (excluding debt) for March 31, 2019 has increased $0.9 million (5%) since December 31, 2018 driven by a $0.4 million (73%) decrease in cash, $1.2 million (5%) increase in accounts receivable despite lower revenue in Q1 2019 compared to Q4 2018, a $1.3 million (47%) decrease in prepaid expenses and deposits, and a $1.4 million (18%) decrease in accounts

payable. Long-term debt (including current portion) has decreased $1.6 million (4%) from December 31, 2018 as positive funds from operations were used to fund capital expenditures, purchase shares under the Normal Course Issuer Bid ("NCIB") and to repay debt.

Highlights for the Three Months Ended March 31, 2019

- In March 2019, CWC signed its first contract with a multi-national E&P company to provide contract drilling services in the United States. A second contract was signed with another U.S. customer in April 2019. Both drilling rigs are expected to begin operations in the U.S. in Q2 2019 subject to obtaining working visas for field employees.

- Average Q1 2019 crude oil pricing, as measured by WTI, of US$54.87/bbl was 8% lower than the Q4 2018 average price of US$59.34/bbl (Q1 2018: US$62.89/bbl). The price differential between Canadian heavy crude oil, as represented by WCS, and WTI tightened during Q1 2019 to under US$10.00/bbl as a result of the Government of Alberta mandated 325,000 bbls/day crude oil production curtailment. The effects of the tightening WTI-WCS price differential in Q1 2019 allowed the Government of Alberta to announce reductions to the curtailment of 75,000 bbls/day effective February 2019 and another 25,000 bbls/day in each of April, May and June 2019. Natural gas prices, as measured by AECO, increased 20% from an average of $1.53/GJ in Q4 2018 to $1.84/GJ in Q1 2019 (Q1 2018: $2.06/GJ), but continues to remain very low in historical terms.

- CWC's drilling rig utilization in Q1 2019 of 47% (Q1 2018: 61%) exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 29%. Activity levels decreased 23% to 382 drilling rig operating days in Q1 2019 compared to 498 drilling rig operating days in Q1 2018. CWC's service rig utilization in Q1 2019 of 37% (Q1 2018: 56%) was driven by 30,875 operating hours being 43% lower than the 53,979 operating hours in Q1 2018. The significant drop in Q1 2019 activity level for both the drilling rigs and our production-oriented service rigs was a direct result of the lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for newly drilled wells and workover and maintenance work on producing wells. These lower activity levels resulted in lower revenue, adjusted EBITDA and a slight net loss in Q1 2019 compared to Q1 2018 as noted below.

- Revenue of $31.3 million, a decrease of $17.7 million (36%) compared to $48.9 million in Q1 2018.

- Adjusted EBITDA [(1)] of $4.7 million, a decrease of $2.8 million (37%) compared to $7.5 million in Q1 2018.

- Net loss of $0.05 million, a decrease of $1.2 million compared to net income of $1.2 million in Q1 2018.

- During Q1 2019, 2,050,500 (Q1 2018: 1,394,500) common shares were purchased under the Normal Course Issuer Bid ("NCIB") and 1,792,000 common shares (Q1 2018: 1,318,500) were cancelled and returned to treasury

[(1)] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") and the United States with a complementary suite of oilfield services including drilling rigs, service rigs, swabbing rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with a U.S. office in Houston, Texas and operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. Eight of nine rigs have top drives and three have pad rig walking systems. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. The Company is expanding its drilling rig services into select United States basins including the Permian, Eagle Ford and Bakken. One of the Company's strategic initiatives is to continue to increase the capabilities of its

existing fleet to meet the growing demands of E&P customers for deeper depths at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

OPERATING HIGHLIGHTS	Three months ended Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017
Drilling Rigs								
Active drilling rigs, end of period	9	9	9	9	9	9	9	9
Inactive drilling rigs, end of period	-	-	-	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day [1]	$23,895	$26,642	$21,263	$21,227	$23,485	$23,572	$19,424	$19,575
Drilling rig operating days	382	491	500	133	498	463	522	155
Drilling rig utilization % [2]	47%	59%	60%	16%	61%	56%	63%	19%
CAODC industry average utilization %	29%	28%	30%	17%	52%	28%	29%	17%
Wells drilled	39	34	41	11	45	30	29	17
Average days per well	9.8	14.4	12.2	12.1	11.1	15.0	18.0	9.1
Meters drilled (thousands)	119.8	127.8	155.2	41.0	161.7	161.1	112.2	45.6
Meters drilled per day	314	261	310	309	325	277	215	294
Average meters per well	3,070	3,708	3,786	3,724	3,593	4,270	3,869	2,684

(1) Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.
(2) Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis) in accordance with the methodology prescribed by the CAODC.

Contract Drilling revenue of $9.1 million for Q1 2019 (Q1 2018: $11.7 million) was achieved with a utilization rate of 47% (Q1 2018: 61%), compared to the CAODC industry average of 29%. CWC completed 382 drilling rig operating days in Q1 2019, a 23% decrease from 498 drilling rig operating days in Q1 2018. The Q1 2019 average revenue per operating day of $23,895 was an increase of 2% from $23,485 in Q1 2018. The significant reduction in Q1 2019 activity level was a direct result of the lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for newly drilled wells.

Production Services

With a fleet of 148 service rigs, CWC is the largest well servicing company in Canada as measured by operating hours. CWC's service rig fleet consists of 77 single, 57 double, and 14 slant rigs providing services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. CWC has chosen to park 55 of its service rigs and focus its sales and operational efforts on the remaining 93 active service rigs due to the reduction in the number of service rigs required to service the WCSB, in part as a result of the Government of Alberta's mandated crude oil production curtailments.

CWC's fleet of nine coil tubing units consist of six Class I and three Class II coil tubing units having depth ratings from 1,500 to 3,200 metres. The Company continues to focus its sales and operational efforts on servicing steam-assisted gravity drainage ("SAGD") wells that are shallower in depth and more appropriate for coil tubing operations.

CWC's fleet of 13 swabbing rigs were acquired as part of the C&J Canada acquisition and operate under the trade name CWC Swabtech. The swabbing rigs are used to remove liquids from the wellbore and allow reservoir pressures to push the commodity up the tubing casing. The Company has chosen to park five of its swabbing rigs and focus its sales and operational efforts on the remaining eight active swabbing rigs.

OPERATING HIGHLIGHTS	Three months ended Mar. 31, 2019	Dec. 31, 2018	Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 31, 2017
Service Rigs								
Active service rigs, end of period	93	92	102	107	108	111	66	66
Inactive service rigs, end of period	55	56	46	41	41	38	8	8
Total service rigs, end of period	148	148	148	148	149	149	74	74
Operating hours	30,875	31,232	42,316	28,831	53,979	40,879	28,320	20,047
Revenue per hour	$671	$663	$628	$642	$637	$606	$559	$551
Revenue per hour excluding top volume customers	$690	$696	$664	$677	$681	$645	$610	$608
Service rig utilization % [1]	37%	37%	45%	60%	56%	46%	47%	33%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	8	8	9	9	9
Inactive coil tubing units, end of period	1	1	1	1	1	1	1	1
Total coil tubing units, end of period	9	9	9	9	9	10	10	10
Operating hours	1,730	1,647	898	1,212	3,007	1,978	1,783	1,557
Revenue per hour	$555	$625	$731	$762	$724	$725	$688	$657
Coil tubing unit utilization % [2]	24%	22%	12%	17%	39%	24%	22%	19%
Swabbing Rigs								
Active swabbing rigs, end of period	8	8	9	8	8	9	-	-
Inactive swabbing rigs, end of period	5	5	4	5	5	4	-	-
Total swabbing rigs, end of period	13	13	13	13	13	13	-	-
Operating hours	1,655	2,313	881	958	2,258	1,063	-	-
Revenue per hour	$288	$283	$273	$265	$310	$286	-	-
Swabbing rig utilization % [3]	23%	30%	11%	13%	31%	19%	-	-

[1] Service and swabbing rig utilization is calculated based on 10 hours a day, 365 days a year. New service and swabbing rigs are added based on the first day of field service. Service and swabbing rigs requiring their 24,000 hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

[2] Coil tubing unit utilization is calculated based on 10 hours a day, 365 days a year. New coil tubing units are added based on the first day of field service. Coil tubing units that have been removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

Production Services revenue was $22.1 million in Q1 2019, down $15.1 million (41%) compared to $37.2 million in Q1 2018. The significant drop in Q1 2019 activity level for our production-oriented service rigs was a direct result of the lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for workover and maintenance work on producing wells.

CWC's service rig utilization in Q1 2019 of 37% (Q1 2018: 56%) was driven by 30,875 operating hours being 43% lower than the 53,979 operating hours in Q1 2018. However, the Q1 2019 average revenue per hour of $671 increased $34 per hour (5%) over the $637 in Q1 2018. Furthermore, Q1 2019 average revenue per hour excluding the top volume customers of $690 was $9 per hour (1%) higher than Q1 2018 average revenue per hour of $681 suggesting the loss in CWC's service rig operating hours in Q1 2019 were primarily from CWC's top volume customers who were the most affected by the Government of Alberta's mandated production curtailment.

CWC's coil tubing utilization in Q1 2019 of 24% (Q1 2018: 39%) with 1,730 operating hours was 42% lower than the 3,007 operating hours in Q1 2018. Average revenue per hour for coil tubing services of $555 in Q1 2019 is 23% lower than $724 in Q1 2018. Both lower utilization and pricing reflects the continuing challenge of low natural gas prices and lower WTI prices during the quarter, compared to a year ago, as well as the Government of Alberta mandated production curtailments temporarily slowing down the need for work on SAGD wells.

CWC swabbing rig utilization in Q1 2019 of 23% (Q1 2018: 31%) with 1,655 operating hours was 27% lower than the 2,258 operating hours in Q1 2018. Average revenue per hour for swabbing rigs of $288 in Q1 2019 is 7% lower than $310 in Q1 2018 reflecting the continuing challenge of low natural gas prices.

Outlook

Crude oil, as represented by WTI, averaged US$54.87/bbl in Q4 2018, a decrease of 8% compared to Q4 2018 average price of US$59.34/bbl (Q1 2018: US$62.89/bbl) and finished the quarter on March 31, 2019 at US$60.14/bbl. Natural gas prices, as measured by AECO, increased 20% from an average of $1.53/GJ in Q4 2018 to $1.84/GJ in Q1 2019 (Q1 2018: $2.06/GJ), but continues to remain very low in historically terms. The price differential between Canadian heavy crude oil, as represented by WCS, and WTI tightened during Q1 2019 to under US$10.00/bbl as a result of the Government of Alberta mandated 325,000 bbls/day crude oil production curtailment on Alberta oil companies producing more than 10,000 bbls/day. The effects of the tightening WTI-WCS price differential in Q1 2019 allowed the Government of Alberta to announce reductions of 75,000 bbls/day effective February 2019 and another 25,000 bbls/day in each of April, May and June 2019 reducing total production curtailment to 175,000 bbls/day. These reductions in the production curtailment has and will continue to allow CWC's E&P customers to increase their production, which in turn has and will continue to gradually increase CWC's activity levels for its Production Services segment.

CWC has sustainably positioned itself by providing its E&P customers with the highest quality service from the highest quality people at reasonable prices. However, uncertainties around the proposed Government of Canada's Bill C-69 legislation on the creation of the Canadian Energy Regulator and the Impact Assessment Act, which may impact the ability to develop new pipelines, as well as Bill C-48 banning tanker traffic for crude oil on British Columbia's north coast, will continue to negatively affect investment capital and growth in Canada's oil and gas industry in the near term. Despite these uncertainties, there appears to be renewed optimism in Canada's energy industry as Albertans elected a new government on April 16, 2019 whose leader intends to fight for Canada's energy sector. As such, investment capital and growth could show signs of returning as evident by the positive final investment decisions made in Q4 2018 by proponents of a liquefied natural gas processing facility (LNG Canada) and the building of its corresponding pipeline (Coastal GasLink) in northeast British Columbia.

While Canadian oilfield service activity currently remains muted, the United States energy industry continues to experience exponential growth. Over the past year, CWC has been actively identifying opportunities to establish a U.S. presence and is pleased to report that in March 2019 the Company signed its first U.S. contract to deliver contract drilling services to a multi-national E&P company in the Eagle Ford basin in Texas. A second U.S. contract was signed in April 2019 to move a second drilling rig for another E&P customer to the Bakken basin in Wyoming. Both drilling rigs are expected to begin operations in the U.S. in Q2 2019 subject to obtaining working visas for field employees. It is the Company's intent to move an additional two drilling rigs to the U.S. in the second half of 2019 subject to signing customer contracts such that CWC positions up to four of its nine drilling rig fleet (44%) in the U.S. CWC believes these moves will help the Company achieve higher utilization, revenue and EBITDA for its Contract Drilling segment over a longer-term period.

While CWC remains focused on its operational and financial performance, it also recognizes the need to pursue opportunities that create long-term shareholder value. With the support of the Board of Directors, management continues to actively pursue opportunities to consolidate the North American drilling and well servicing industry. CWC cautions that there are no guarantees that strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Revenue				
Contract drilling	9,120	11,685	(2,565)	(22%)
Production services	22,139	37,240	(15,101)	(41%)
	31,259	48,925	(17,666)	(36%)
Direct operating expenses				
Contract drilling	6,845	8,103	(1,258)	(16%)
Production services	15,493	28,243	(12,750)	(45%)
	22,338	36,346	(14,008)	(39%)
Gross margin [1]				
Contract drilling	2,275	3,582	(1,307)	(36%)
Production services	6,646	8,997	(2,351)	(26%)
	8,921	12,579	(3,658)	(29%)
Gross margin percentage [1]				
Contract drilling	25%	31%	n/a	(6%)
Production services	30%	24%	n/a	6%
	29%	26%	n/a	3%

[1] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

Q1 2019 revenue of $31.3 million, a decrease of $17.7 million (36%) compared to $49.0 million in Q1 2018. Revenue decreased $2.6 million (22%) in the Contract Drilling segment and decreased $15.1 million (41%) in the Production Services segment in Q1 2019 compared to Q1 2018. The decrease in revenue for both Contract Drilling and Production Services is a result of a lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for newly drilled wells and workover and maintenance work on producing wells.

Revenue contribution from the Company's top ten customers increased from 56% in Q1 2018 to 60% in Q1 2019 with CWC's top customer's revenue contribution dropping from 21% in Q1 2018 to 12% in Q1 2019.

In Q1 2019, approximately 79% of revenue (Q1 2018: 80%) was from work on crude oil wells while 21% (Q1 2018: 20%) was from natural gas wells. Further, in Q1 2019 approximately 40% of revenue (Q1 2018: 32%) was related to drilling and completions work, 43% (Q1 2018: 54%) from maintenance and workovers on producing wells and 17% (Q1 2018: 14%) from abandonments.

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. Contract Drilling's gross margin percentage of 25% in Q1 2019 is lower than the 31% in Q1 2018 primarily as a result of a shortterm field employee incentive program which ran mid Q4 2018 to Q1 2019. Production Services' gross margin of 30% in Q1 2019 is higher than the 24% in Q1 2018 primarily as a result of a drop in CWC's top customer's activity level and corresponding decrease in volume pricing discount and revenue.

Selling and Administrative Expenses

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Selling and administrative expenses	4,227	5,101	(874)	(17%)

Selling and administrative expenses were $4.2 million in Q1 2019, a decrease of $0.9 million (17%) compared to $5.1 million in Q1 2018. Selling and administrative expenses are predominately fixed in nature, but have declined due to proactive focus on controlling costs and ensuring staffing levels are optimized for the organization based on economic conditions. Severance costs totaling $0.2 million were paid in Q1 2019 (Q1 2018: nil).

Adjusted EBITDA

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Adjusted EBITDA [1]				
Contract drilling	2,000	3,265	(1,265)	(39%)
Production services	4,109	5,991	(1,882)	(31%)
Corporate	(1,415)	(1,778)	363	20%
	4,694	7,478	(2,784)	(37%)
Adjusted EBITDA margin (%) [1]	15%	15%	n/a	0%

[1] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.

Management uses Adjusted EBITDA as a measure of the cash flow generated by the Company. Positive Adjusted EBITDA provides the cash flow needed to grow the business through purchase of equipment or business acquisitions, fund working capital, service and reduce outstanding long-term debt, pay a dividend or repurchase outstanding common shares under the NCIB.

Adjusted EBITDA of $4.7 million in Q1 2019, a decrease of $2.8 million (37%) compared to $7.5 million in Q1 2018. The decrease in Adjusted EBITDA in Q1 2019 is a result of reduced activity level for both Contract Drilling and Production Services due to a lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for newly drilled wells and workover and maintenance work on producing wells.

Stock Based Compensation

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Stock based compensation	229	285	(56)	(20%)

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSUs") being expensed over their vesting periods.

Stock based compensation of $0.2 million in Q1 2019, a decrease of $0.1 million (20%) compared to $0.3 million in Q1 2018. The decrease in stock based compensation in Q1 2019 is primarily due to no stock options being granted to directors and officers in 2018.

Finance Costs

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Finance costs	732	690	42	6%

Finance costs of $0.7 million in Q1 2019 is consistent with $0.7 million in Q1 2018.

Depreciation and Amortization

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Depreciation				
Contract drilling	1,423	1,743	(320)	(18%)
Production services	2,052	3,045	(993)	(33%)
Corporate	259	225	34	15%
	3,734	5,013	(1,279)	(26%)

Depreciation and amortization for drilling rigs, service rigs and swabbing rigs are based on operating days and hours. Coil tubing units, capitalized recertification's and other production equipment are depreciated on a straight line basis resulting in consistent depreciation and amortization expense regardless of activity. Amortization of Intangibles is based on estimated remaining life. As such, the decrease in depreciation for Q1 2019 reflects the decrease in utilization compared to Q1 2018.

Gain on Disposal of Equipment

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Gain on disposal of equipment	(22)	(254)	232	91%

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q1 2019 the gain on disposal of equipment was primarily the result of the sale of various vehicles with proceeds on sale of $0.2 million (Q1 2018: $1.0 million).

Deferred Income Taxes Expense

$ thousands	Three months ended March 31, 2019	2018
Net income before income taxes	21	1,744
Deferred income tax expense	68	548
Deferred income tax expense as a % of net income before income taxes	n/m[1]	31%
Expected statutory income tax rate	27%	27%

[1] Not meaningful.

Income taxes are a function of taxable income and are calculated differently than accounting net income. Differences between accounting net income and taxable income include such things as gains or losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, goodwill impairment, and other differences.

The deferred income tax expense in Q1 2019 of $0.1 million (Q1 2018: $0.5 million) is a result of the net income before income taxes.

The Company has substantial tax pools and non-capital losses available to reduce future taxable income such that the Company does not expect to pay any cash taxes for the next several years.

Net (Loss) Income

$ thousands	Three months ended March 31, 2019	2018	$ Change	% Change
Net (loss) income	(47)	1,196	(1,243)	n/m[1]

[1] Not meaningful.

Net (loss) income of $(0.05) million in Q1 2019, a decrease of $1.2 million compared to $1.2 million in Q1 2018. The Net loss in Q1 2019 is a result of reduced activity level for both Contract Drilling and Production Services due to a lower WTI price during the quarter, compared to a year ago, and the Government of Alberta mandated production curtailment temporarily slowing down the need for newly drilled wells and workover and maintenance work on producing wells.

Liquidity and Capital Resources

Source of Funds:

The Company's liquidity needs in the short and long-term can be sourced in several ways including: funds from operations, borrowing against existing credit facilities, new debt instruments, equity issuances and proceeds from the sale of assets. Cash inflows are used to repay outstanding amounts on the Company's credit facilities, acquire shares under the NCIB and fund capital requirements.

During Q1 2019, the Company's Funds from Operations of $4.7 million combined with $0.2 million proceeds on disposal of equipment was used to fund a $2.2 million reduction in long term debt, $1.3 million of capital expenditures, $0.9 million of interest on long-term debt and finance lease payments and $0.4 million in acquisitions of shares under the NCIB.

At March 31, 2019 the Company had working capital (excluding debt) of $19.9 million compared to $19.0 million at December 31, 2018. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). Typically, as activity levels increase or decrease working capital will also increase or decrease.

The Company's $75 million credit facilities ("Bank Loan") provides financial security and flexibility to July 31, 2020 and a quarterly financial covenant for Consolidated Debt to Consolidated EBITDA ratio of 4.00 to 1. The Bank Loan is secured by a general security agreement and a first charge security interest covering all of the assets of the Company. Under the terms of the Bank Loan, the Company is required to comply with certain financial covenants. The Company is in compliance with each of the financial covenants at March 31, 2019. The Company expects to be able to renew the Bank Loan prior to maturity. As of March 31, 2019, the applicable rates under the Bank Loan are: bank prime rate plus 1.00%, banker's acceptances rate plus a stamping fee of 2.00%, and standby fee rate of 0.45%. Subsequent to March 31, 2019 the Company amended the Bank Loan to allow the movement of equipment into the United States.

The Company also has a five year credit facility (the "Mortgage Loan") originally in the principal amount of $12.8 million. The Mortgage Loan is secured by, among other things, a collateral mortgage from the Company in favour of the bank over properties located in Sylvan Lake, Brooks and Slave Lake Alberta. These borrowing arrangements significantly reduce the Company's overall borrowing costs by reducing standby charges on the syndicated Bank Loan and realizing a lower interest rate on the term Bank Loan. The Mortgage Loan has been amortized over 22 years with blended monthly principal and interest payments. The Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt. Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of March 31, 2019 the mark-to-market value of the interest rate swap resulted in a net loss of $0.4 million.

Capital Requirements

On January 16, 2019 the Company announced its capital expenditure budget for 2019 of $5.4 million all of which is maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as information technology infrastructure. The decrease of $6.4 million to the 2019 capital budget compared to the 2018 capital expenditure of $11.8 million is a result of the Company taking a more cautious view of the 2019 economic and operating environment than in the prior year. CWC intends to finance its 2019 capital expenditure budget from operating cash flows.

As utilization of the Company's equipment increases, CWC plans to recertify several of its service rigs. As of March 31, 2019, the Company has capital spending plans as noted in the section titled "Capital Expenditures". Additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue in the future. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest.

Common Shares and Dividends

The following table summarizes outstanding share data and potentially dilutive securities:

	May 2, 2019	March 31, 2019	December 31, 2018
Common shares	510,994,291	510,994,291	512,509,291
Stock options	23,928,333	24,351,333	24,351,333
Restricted share units	5,651,001	5,651,001	5,910,001

During Q1 2019, no stock options were exercised, forfeited or granted. In addition, 277,000 RSU's were exercised, 36,000 RSU's were forfeited and 54,000 were granted.

On April 15, 2019, the Company replaced its expired NCIB with a new NCIB which now expires on April 14, 2020. Under the new NCIB the Company may purchase, from time to time as it considers advisable, up to 25,535,115 of issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC entered into an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other

terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies.

During Q1 2019, 2,050,500 common shares were purchased under the NCIB and 1,792,000 common shares were cancelled and returned to treasury.

Capital Expenditures

	Three months ended March 31,			
$ thousands	**2019**	**2018**	**Change $**	**Change %**
Contract Drilling	94	130	(36)	(28%)
Production Services	1,185	835	350	42%
Other Equipment	15	-	15	n/m[1]
Total capital expenditures	1,294	965	329	34%
Growth capital	-	-	-	n/m[1]
Maintenance and infrastructure capital	1,294	965	329	34%
Total capital expenditures	1,294	965	329	34%

(1) Not meaningful.

Capital expenditures of $1.3 million in Q1 2019, an increase of $0.3 million (34%) compared to $1.0 million in Q1 2018.

The 2019 capital expenditure budget of $5.4 million was approved by the Board of Directors on January 16, 2019 comprised entirely of maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as information technology infrastructure.

Commitments and Contractual Obligations

Under the terms of the Company's amended Bank Loan, the borrowing under the Bank Loan are due in full on July 31, 2020. The Company is committed to monthly payments of interest and bank charges until July 31, 2020. The Company's Mortgage Loan is being amortized over 22 years with blended monthly principal and interest payments and matures on June 28, 2023. There have been no significant changes in other commitments or contractual obligations since December 31, 2018. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required maintenance capital of the Company in 2019.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts Three months ended	2019 Mar. 31	2018 Dec. 31	Sep. 30	Jun. 30	Mar. 31	2017 Dec. 31	Sep. 30	Jun. 30
Revenue	31,259	35,478	38,113	22,245	48,925	37,420	27,173	15,114
Adjusted EBITDA	4,694	4,978	6,002	31	7,478	6,630	4,055	228
Net (loss) income	(47)	(157)	326	(3,067)	1,196	8,544	(638)	(2,677)
Net (loss) income per share: basic and diluted	(0.00)	(0.00)	0.01	(0.01)	0.00	0.02	0.00	(0.01)
Total assets	250,358	252,665	257,675	250,038	268,479	264,354	208,355	203,265
Total long-term debt	43,296	44,896	46,394	36,803	51,377	49,810	34,404	28,887
Shareholders' equity	184,041	184,231	185,195	184,834	187,829	186,519	151,833	152,596

The table above summarizes CWC's quarterly results for the previous eight financial quarters. CWC's operations are carried out in western Canada. The second quarter is typically expected to be the weakest financial and operating quarter for the Company due to ground conditions being impacted by spring breakup. The ability to move heavy equipment in the Canadian crude oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this spring breakup has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. As a result, late March through May is traditionally the Company's slowest time, and as such the revenue, operating costs, and financial results of the Company will vary on a quarterly basis.

Through the eight quarters presented, the amount of revenue and net income (loss), adjusted for the effects of seasonality, have fluctuated primarily due to changes in the utilization of equipment, changes in the day and hours billing rate, and the increase in the number of drilling rigs, service rigs, swabbing rigs and coil tubing units over the period as detailed in the section titled "Operational Overview".

Other significant impacts have been a result of:

- Q1 2019 saw a continuation of reduced activity levels for both the drilling rigs and our production-oriented service rigs as a direct result of lower WTI prices during the quarter and the Government of Alberta mandated 325,000 bbls/day production curtailments taking effect in January 2019. During Q1 2019, 2,050,500 common shares were purchased under the NCIB and a total of 1,792,000 common shares were cancelled and returned to treasury.
- Q4 2018 saw the price differential between Canadian heavy crude oil, as represented by WCS, and WTI widened at times to unprecedented levels of over US$50/bbl compared to the historical normalized range of US$10/bbl to US$15/bbl. These significant WTI-WCS differential resulted in the Government of Alberta announcement on December 2, 2018 mandating a 325,000 bbls/day crude oil production curtailment on Alberta oil companies producing more than 10,000 bbls/day causing E&P customers to shorten or delay their workover and maintenance work on producing wells. During Q4 2018, 7,858,000 common shares were purchased, cancelled and returned to treasury under the NCIB;
- Q3 2018 saw the completion of significant customer driven capital expenditure upgrades on Drilling Rig #4 to meet customer demands for deeper depths at cost effective prices. Wet weather conditions during the quarter significantly impacted activity levels in both the Contract Drilling and Production Services segments resulting in 7% and 4% of lost operating days and hours respectively. During Q3 2018, 1,175,500 common shares were purchased under the NCIB and a total of 1,309,000 common shares were cancelled and returned to treasury;
- Q2 2018 saw significant customer driven capital expenditure upgrades to two drilling rigs to meet customer demands for deeper depths at cost effective prices. During Q2 2018, 1,023,000 common shares were purchased under the NCIB and a total of 935,500 common shares were cancelled and returned to treasury;
- Q1 2018 service rig fleet set a new Company record of 53,979 operating hours as a result of the increase in the number of service rigs from the acquisition of the C&J Canada assets. During Q1 2018, 1,394,000 common shares were purchased under the NCIB and a total of 1,318,500 common shares were cancelled and returned to treasury;
- Q4 2017 saw the acquisition of C&J Canada's service and swabbing rig assets for $37.5 million. Higher operating activity and pricing in the Contract Drilling and Production Services' segments also contributed to the improved financial results compared to the previous seven quarters. CWC closed a rights offering for aggregate gross proceeds of $26.0 million

($25.9 million after deductions of share issue costs) to partially finance the acquisition of the C&J Canada assets. Under the fully subscribed offering, 130,148,781 common shares were issued to shareholders who exercised their rights. During Q4 2017, 405,000 common shares were purchased, cancelled and returned to treasury under the NCIB;
- During Q3 2017, 1,402,000 common shares were purchased under the NCIB and a total of 1,441,500 common shares were cancelled and returned to treasury;
- During Q2 2017 saw the initiation of a process to review strategic alternatives. During Q2 2017, 1,404,000 common shares were purchased under the NCIB and a total of 1,478,000 common shares were cancelled and returned to treasury.

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgment. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. In many cases the use of judgment is required to make estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Other than the adoption of IFRS 16, there have been no significant or material changes in the nature of critical accounting estimates and judgements since December 31, 2018.

The Company has adopted IFRS 16 on January 1, 2019 using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. Accordingly, comparative information in the Company's financial statements are not restated.

On adoption, lease liabilities were measured at the present value of the remaining lease payments discounted using the Company's incremental borrowing rate on January 1, 2019. ROU assets were measured at an amount equal to the lease liability. For leases previously classified as operating leases, the Company applied the exemption not to recognize ROU assets and liabilities for leases with a lease term of less than 12 months, excluded initial direct costs from measuring the ROU asset at the date of initial application, and applied a single discount rate to a portfolio of leases with similar characteristics. For leases that were previously classified as finance leases under IAS 17, the carrying amount of the ROU asset and lease liability remain unchanged upon transition and were determined at the carrying amount immediately before the adoption date.

Financial Statement Impact

The recognition of the present value of minimum lease payments resulted in an additional $645 of ROU assets and associated lease liabilities. The Company has recognized lease liabilities in relation to lease arrangements previously disclosed as operating lease commitments under IAS 17 that meet the criteria of a lease under IFRS 16. Upon recognition, the Company's weighted average incremental borrowing rate used in measuring lease liabilities was 6%.

The nature of the Company's leasing actives includes automobiles and office space.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it 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. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the March 31, 2019 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

- They have reviewed the interim financial report and MD&A;
- That, based on their knowledge, they have determined there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the annual filings; and

- That based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the interim filings.

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of at the present time may also become important factors which affect the Company. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's most recent Annual Information Form which is available under the Company's profile at www.sedar.com.

Forward-Looking Information

This MD&A contains certain forward-looking information and statements within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including most of those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to activity levels, expectations on the sustainability of future cash flow and earnings, expectations with respect to crude oil and natural gas prices, activity levels in various areas, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and the United States, expectations regarding entering into long term drilling contracts and expanding its customer base, and expectations regarding the business, operations, revenue and debt levels of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the drilling and oilfield services sector (ie. demand, pricing and terms for oilfield drilling and services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks), integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources.. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.

Reconciliation of Non-IFRS Measures

$ thousands except share and per share amounts	Three months ended March 31, 2019	2018
NON-IFRS MEASURES		
Adjusted EBITDA:		
Net (loss) income	(47)	1,196
Add:		
Depreciation	3,734	5,013
Finance costs	732	690
Deferred income tax expense (recovery)	68	548
Stock based compensation	229	285
Gain on sale of equipment	(22)	(254)
Adjusted EBITDA (1)	4,694	7,478
Adjusted EBITDA per share – basic and diluted(1)	$0.01	$0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	15%	15%
Weighted average number shares outstanding - basic	512,678,779	522,097,878
Weighted average number shares outstanding - diluted	512,678,779	525,725,595
Funds from operations:		
Cash flows from operating activities	3,448	(735)
Add (deduct): Change in non-cash working capital	1,246	8,213
Funds from operations	4,694	7,478
Gross margin:		
Revenue	31,259	48,925
Less: Direct operating expenses	22,338	36,346
Gross margin (2)	8,921	12,579
Gross margin percentage (2)	29%	26%

$ thousands	March 31, 2019	December 31, 2018
Working capital (excluding debt):		
Current assets	27,247	26,893
Less: Current liabilities	(8,762)	(8,793)
Add: Current portion of long term debt	1,418	928
Working capital (excluding debt) (3)	19,903	19,028
Working capital (excluding debt) ratio (3)	3:7:1	3.4:1
Net debt:		
Long term debt	41,814	43,968
Less: Current assets	(27,247)	(26,893)
Add: Current liabilities	8,762	8,793
Net debt (4)	23,329	25,868

(1) Adjusted EBITDA (Earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, goodwill impairment, stock based compensation and other one-time gains and losses) 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 Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, pay dividends, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating Adjusted EBITDA may differ from other entities and accordingly, Adjusted EBITDA may not be comparable to measures used by other entities. Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by revenue and provides a measure of the percentage of Adjusted EBITDA per dollar of revenue. Adjusted EBITDA per share is calculated by dividing Adjusted EBITDA by the weighted average number of shares outstanding as used for calculation of earnings per share.

(2) Gross margin is calculated from the statement of comprehensive loss as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

(3) Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital (excluding debt) is used to assist management and investors in assessing the Company's liquidity. Working capital (excluding debt) does not have any meaning

prescribed under IFRS and may not be comparable to similar measures provided by other companies. Working capital (excluding debt) ratio is calculated as current assets divided by the difference of current liabilities less the current portion of long term debt.

(4) Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.