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. (formerly CWC Well 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 August 14, 2014 and should be read in conjunction with unaudited condensed interim financial statements for the three and six months ended June 30, 2014, the audited annual financial statements for the year ended December 31, 2013 ("Annual Financial Statements"), the annual management's discussion and analysis for the year ended December 31, 2013 ("Annual MD&A"), the Company's Annual Information Form for the year ended December 31, 2013 ("AIF"), and the Joint Information Circular of CWC and Ironhand Drilling Inc. dated April 15, 2014 ("JIC"). The condensed interim 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, including the AIF and the JIC, is available on SEDAR at www.sedar.com.

Highlights for the Three Months Ended June 30, 2014

- On May 15, 2014 the Company entered the contract drilling business with the acquisition of Ironhand Drilling Inc. ("Ironhand"). The addition of Ironhand brought CWC a best-in-class modern contract drilling fleet of eight telescopic double drilling rigs with depth ratings of 3,200 to 4,500 metres having an average age of five years. In conjunction with the acquisition, CWC:
    - closed an equity financing for gross proceeds of $28.8 million through the issuance of 34,270,000 common shares at $0.84 per common share; and
    - amended and increased its credit facility from $75 million to $100 million, plus a $25 million accordion option to expand the credit facility to $125 million at a future date, subject to approval from the financing syndicate. The amendments include the extension of the committed term to June 21, 2017.

- Revenue increased by $5.6 million in the current year quarter to $20.5 million as compared to $14.8 million in the prior year quarter with $2.4 million of the increase coming from our production services segment and $3.2 million coming from the first 46 days of operation of our newly acquired contract drilling segment.

- Drilling rig utilization was 29% as compared to CAODC industry average utilization of 26%[1]. Service rig utilization increased year over year to 33% in the current year as compared to 29% in the prior year quarter, helped somewhat by a shorter spring breakup in the current year quarter. Coil tubing utilization increased to 22% (Q2 2013: 14%) due to greater sales and operational focus on steam assisted gravity drainage ("SAGD") wells as opposed to deeper wells found in other parts of the Western Canadian Sedimentary Basin ("WCSB").

- CWC generated positive EBITDAS[2] of $1.2 million as compared to negative EBITDAS of ($0.3) million in the prior year quarter.

- Net loss of $3.2 million for the three months ended June 30, 2014 improved compared to a net loss of $3.8 million for the three months ended June 30, 2013.

- The Company renewed its NCIB effective May 22, 2014, to purchase from time to time, as it considered advisable, up to 13,520,411 of its issued and outstanding common shares through the facilities of the TSX Venture Exchange ("TSXV") or other recognized marketplaces.

(1) Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.
(2) Ironhand was acquired on May 15, 2014, as such the Contract Drilling Segment includes the results for the period commencing May 16, 2014.

Highlights for the Six Months Ended June 30, 2014

- Revenue for the first six months increased by $5.6 million to $58.9 million as compared to $53.2 million in the prior year with $2.4 million of the increase coming from our production services segment and $3.2 million coming from the first 46 days of operation of our newly acquired contract drilling segment.

- Year to date, service rig utilization was 47% compared to 45% in 2013. Coil tubing utilization increased to 43% (YTD 2013: 30%) due to greater sales and operational focus on SAGD wells as opposed to deeper wells found in other parts of the WCSB.

- EBITDAS(1) was $10.6 million for the first half of 2014 compared to $11.0 million in 2013 with the decrease being primarily due to higher field labour and fuel costs in the current year which could not be recovered from customers in a challenging pricing environment.

- Net income for the current year six month period decreased to $0.1 million as compared to $1.0 million in 2013.

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

Corporate Overview

CWC Energy Services Corp. is a premier oilfield services company operating in the WCSB with a complementary suite of services including drilling rigs, service rigs, coil tubing, snubbing and well testing. CWC's contract drilling segment includes the results of operations for CWC's drilling rigs which are operated by the Company's CWC Ironhand Drilling division. CWC's production services segment includes the results of operations for CWC's service rigs, coil tubing units, snubbing units and well testing equipment which are operated by the Company's CWC Well Services division. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Red Deer, Lloydminster, Provost, and Brooks, Alberta and Weyburn, Saskatchewan. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

On May 15, 2014, CWC changed its name from CWC Well Services Corp. to CWC Energy Services Corp. and amalgamated with its wholly-owned subsidiary, Ironhand Drilling Inc.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended June 30			Six months ended June 30,		
	2014	2013	% Change	2014	2013	% Change
FINANCIAL RESULTS						
Revenue						
Contract drilling	3,240	-	n/m(2)	3,240	-	n/m(2)
Production services	17,248	14,845	16%	55,621	53,223	5%
	20,488	14,845	38%	58,861	53,223	11%
EBITDAS (1)	1,176	(269)	n/m(2)	10,632	10,996	(3%)
EBITDAS margin (%) (1)	6%	(2%)	8%	18%	21%	(3%)
Funds from operations (1)	461	(269)	n/m(2)	9,844	10,996	(10%)
Net income (loss)	(3,182)	(3,844)	17%	63	1,038	(94%)
Net income (loss) margin (%)	(16%)	(26%)	10%	0%	2%	(2%)
Dividends declared	4,856	2,608	86%	7,494	5,212	44%
Per share information						
Weighted average number of shares outstanding – basic	213,515,563	154,905,479		184,591,172	154,991,321	
Weighted average number of shares outstanding – diluted	213,515,563	154,905,479		194,334,851	162,930,945	
EBITDAS (1) per share – basic	$0.01	$0.00		$0.06	$0.07	
EBITDAS (1) per share – diluted	$0.01	$0.00		$0.05	$0.07	
Net income (loss) per share - basic and diluted	($0.01)	($0.02)		$0.00	$0.01	
Dividends declared per share	$0.0175	$0.01625		$0.035	$0.0325	

$ thousands, except margins and ratios	June 30, 2014	December 31, 2013
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) (1)	9,553	14,507
Working capital (excluding debt) ratio (1)	1.7:1	2.3:1
Total assets	277,834	148,999
Total Long-term debt (including current portion)	51,324	44,009
Shareholders' equity	195,851	91,344

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

(2) Not meaningful.

Total assets have increased significantly since December 31, 2013 largely as a result of the acquisition of Ironhand which had a fair value of net assets acquired of $128.7 million on May 15, 2014.

Shareholders' equity has increased significantly since December 31, 2013 due primarily to the issuance of $112.8 million in new equity. $28.8 million was raised through the subscription receipts offering resulting in the issuance of 34.3 million common shares at a price of $0.84 per common share. $84.0 million in common shares were issued as purchase consideration to former Ironhand shareholders with 80.8 million common shares issued at a deemed price of $1.04 per common share based on the closing price of CWC's common shares on the TSX Venture Exchange on May 15, 2014.

Industry Overview

The CAODC drilling rig industry average utilization has increased year over year with Q2 2014 utilization being 25% as compared to 18% in Q2 2013 and utilization for the first 6 months of 2014 increasing to 42% as compared to 38% in the first six months of 2013.

Drilling activity is a reference point for all of our business lines as expenditures on new wells by oil and gas companies comprise the largest portion of industry spending and, as such, changes in drilling activity is a leading indicator for all energy services.

The second quarter is typically 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 the Company's slowest time. As a generalization, spring breakup in 2014 was less severe and less prolonged than in 2013.

	Three months ended							
COMMODITY PRICES ($ average prices for the quarter)	**Jun 30, 2014**	**Mar 31, 2014**	**Dec 31, 2013**	**Sep 30, 2013**	**Jun 30, 2013**	**Mar 31, 2013**	**Dec 31, 2012**	**Sep 30, 2012**
Crude Oil								
WTI crude oil $US/bbl	103.00	98.68	97.46	105.83	94.22	94.37	88.18	92.22
WCS crude oil $CAD/bbl	90.44	83.40	68.45	91.75	76.82	62.99	69.49	70.04
WCS differential to WTI $USD/bbl	(20.05)	(23.14)	(32.19)	(17.48)	(19.16)	(31.96)	(18.08)	(21.72)
Natural Gas								
AECO monthly index natural gas $CAD/GJ	4.43	4.51	2.99	2.65	3.40	2.92	2.90	2.08

Commodity prices are a significant activity driver as CWC's customers' exploration and development programs are directly impacted by oil and natural gas prices. Oil and gas producers spend capital on new wells and service operations when they are economic within the context of current and forecasted commodity prices. Western Canadian Select ("WCS") crude oil is the type of crude oil produced by most of our customers. WCS crude oil is heavier than the more actively quoted West Texas Intermediate ("WTI") crude oil and can trade at a substantial discount to WTI due to both the heavy nature and the Canadian delivery location. WCS averaged $90.44/bbl during Q2 2014 as compared to $76.82/bbl during Q2 2013, an increase of 22%.

Natural gas prices have significantly improved in 2014 as compared to 2013, with the average AECO monthly index price being $4.47/GJ for first six months of 2014 compared to $3.16/GJ in the first half of 2013. These higher prices suggest increased cash flow and profitability for our customers. This increased cash flow will ultimately be spent by the E&P companies on the services that CWC provides to increase their exploration and production activities.

Operational Overview

Contract Drilling

On May 15, 2014, CWC entered the contract drilling business through the acquisition of Ironhand Drilling Inc. CWC's drilling fleet is operated under the CWC Ironhand Drilling trade name, and is included in our results for only the 46 day period since the acquisition. CWC Ironhand Drilling currently has a fleet of eight telescopic double drilling rigs with depth ratings from 3,200 to 4,500 metres having an average age of five years. Seven of these eight rigs have top drives. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Duvernay, Cardium and other deep basin horizons.

OPERATING HIGHLIGHTS	June 30, 2014[1]
Drilling Rigs	
Number of drilling rigs [2]	8
Revenue per operating day [3]	$30,258
Drilling rig operating days	107
Drilling rig utilization % [4]	29%
CAODC industry average utilization rate	26% [5]

[1] Ironhand was acquired on May 15, 2014, as such the Contract Drilling Segment includes the results for the period commencing May 16, 2014.

[2] Number of drilling rigs at the end of the period

[3] Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New drilling rigs are added based on the first day of field service.

[4] 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 . New drilling rigs are added based on the first day of field service.

[5] Calculated based on including ½ month of May which was 20% utilization and the month of June, which was 29% as reported by the CAODC.

Notwithstanding spring breakup conditions, three of CWC's eight drilling rigs were active during the 46 day period included in our results. The drilling rigs have achieved higher utilization levels in the first six months of 2014 than in the same period of 2013.

Currently CWC Ironhand Drilling has long term contracts for three of its eight drilling rigs with terms that extend into 2015. Long term contracts typically provide for 225 to 275 committed drilling days annually.

CWC Ironhand Drilling is currently constructing two new telescopic double drilling rigs with a depth capacity of 4,500 metres with one expected to be completed and in service under a long term contract in the fourth quarter of 2014 and the other to be in service in the fourth quarter of 2015. These two drilling rigs, like our other eight rigs, are well suited for drilling the Montney, Duvernay, Cardium, and other deep basin targets. CWC expects to continue to grow the CWC Ironhand Drilling rig fleet through organic new builds backed by multi-year contracts with oil and gas companies.

Production Services

	Three months ended							
OPERATING HIGHLIGHTS	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	Sep 30, 2013	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012	Sep 30, 2012
Service Rigs								
Number of units [1]	71	71	71	71	69	68	68	65
Hours worked	20,399	37,652	33,828	32,190	17,700	37,689	32,059	31,347
Utilization % [2]	33%	61%	52%	51%	29%	62%	53%	52%
Revenue per hour	$752	$820	$786	$755	$746	$823	$791	$755
Coil Tubing Units								
Number of units [1]	7	8	8	8	8	8	8	8
Hours worked	1,403	4,600	2,106	1,833	1,045	3,285	1,463	1,034
Utilization % [3]	22%	64%	29%	25%	14%	46%	20%	14%
Revenue per hour	$784	$967	$1,129	$1,074	$1,107	$1,273	$1,209	$1,203
Snubbing Units								
Number of units [1]	6	6	6	6	6	6	7	7
Hours worked	494	1,214	1,081	891	220	1,460	1,191	574
Utilization % [4]	11%	22%	20%	16%	4%	27%	18%	9%
Revenue per hour	$1,532	$1,868	$1,774	$1,666	$1,218	$1,416	$1,399	$1,449

[1] Number of units at the end of the period – includes units which are out of service for recertification and/or refurbishment.

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

[3] 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.

[4] Snubbing unit utilization is calculated based on 10 hours a day, 365 days a year. New snubbing units are added based on the first day of field service.

CWC is the 6th largest service rig provider in the WCSB, having a modern fleet of 71 service rigs as at June 30, 2014. The Company's service rig fleet consists of 41 singles, 27 doubles, and 3 slant rigs. The average age of CWC's service rig fleet is approximately 7 years, making CWC's fleet amongst the newest in the WCSB. Service rigs have a long useful life if properly serviced and maintained and many rigs operating in Western Canada are over 25 years old. In the past two and a half years

the Company has added seven newly built service rigs to our fleet and refurbished and recertified one previously unused service rig. Customer acceptance of our high quality equipment continues to be strong and a differentiating factor for CWC. Both customers and field personnel generally prefer to use newer equipment due to lighter weight, better design, and modern safety features. Rig services include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres.

Consistent with the shift in industry activity away from natural gas oriented development towards oil and liquids rich natural gas development, CWC has shifted focus towards oil related activities. Additionally, since mid 2012 the Company has concentrated on production maintenance, workovers and abandonments as opposed to completion activity which is more dependent upon drilling activity levels. We estimate that approximately 85% of our annual service rig activity is working on production maintenance, workovers and abandonments, which results in a steadier revenue and cash flow stream compared to completions oriented work that relies on the level of drilling activity. Utilization and total hours worked for the three month period ended June 30, 2014 have increased in comparison to the prior year period due to a less prolonged and wet spring breakup in 2014 as compared to 2013.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. The market for the Class III deep coil tubing units has become extremely competitive with an increased supply of new deep coil tubing units over the last year having an adverse affect on industry utilization and pricing. In light of these competitive challenges for CWC's Class III coil tubing units, the Company has chosen to focus its sales and operational efforts on SAGD wells, which are shallower in depth and more appropriate for our Class I and II coil tubing units. These strategies resulted in record 2013 revenue and cash flow in the eight year history of CWC's coil tubing division. In the first six months of 2014, our coil tubing division continues to show increased utilization and revenues over 2013 levels. Consistent with our focus on shallower SAGD wells, during the second quarter CWC sold one of our two Class III deep coil units, recognizing a gain on the sale. Subsequent to quarter end, in July 2014, the Company purchased two shallow coil tubing units, similar to our existing shallow coil tubing units and suitable for the SAGD wells we have been focused on servicing.

CWC's snubbing division continues to be negatively affected by low activity on natural gas projects that suit our equipment but we have seen an improvement in utilization in the current year quarter over the second quarter of 2013 and increased revenue per hour for both the current year quarter and six month periods ended June 30 as compared to those periods of 2013.

Outlook

CWC anticipates a continuation of the steady demand for our drilling and service rigs and slightly higher levels of utilization for our coil tubing units than those of the past year. Strong crude oil prices and higher than prior year natural gas prices are expected to result in improved cash flow and an enhanced sense of urgency amongst our customers to ramp up both production oriented and new drilling and completion work in the latter half of 2014.

CWC also believes that the capital markets have become more favourable in 2014 for our E&P customers to raise financing for their capital expenditure programs.

With the acquisition of Ironhand the Company has an additional platform for growth and the opportunity to build CWC Ironhand Drilling into a larger and more relevant player in the deep basin. CWC has demonstrated the commitment for growth through the announcement of an increased capital budget, building one new telescopic double drilling rig, which is expected to be completed and in service in Q4 2015. This will be our tenth telescopic double drilling rig. Construction of our ninth drilling rig is nearing completion and it is expected to enter the field under a long term customer contract at the beginning of the fourth quarter of 2014. Both of these drilling rigs are designed to meet the requirements of oil and gas companies drilling in the deep basin.

Our production services segment continues to have solid performance and we have also targeted specific opportunities for growth. Three new slant service rigs, one anticipated to be completed and in service during Q4 2014 and two in Q1 2015 will aim to capitalize on the growing market for heavy oil and SAGD work. With our coil tubing product line, we have continued to decrease our focus on deep coil tubing due to the increased competition in favour of a more targeted focus on shallow SAGD coil tubing units. In Q2 2014 we sold one of our two deep coil tubing units and in Q3 2014 we have acquired two additional shallow coil tubing units which were put into service in August, 2014. All of these additional capital expenditures are focused on meeting the specific needs of our customers on SAGD wells.

The Company is committed to disciplined fiscal management and pursuit of growth opportunities driven by customer demand. Management continues to evaluate and assess merger and acquisition opportunities of oilfield service businesses and assets that are best-in-class that have the potential to increase shareholder value.

Discussion of Financial Results

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Revenue								
Contract drilling	3,240	-	3,240	n/m[2]	3,240	-	3,240	n/m[2]
Production services	17,248	14,845	2,403	16%	55,621	53,223	2,398	5%
	20,488	14,845	5,643	38%	58,861	53,223	5,638	11%
Direct operating expenses								
Contract drilling	2,334	-	2,334	n/m[2]	2,334	-	2,334	n/m[2]
Production services	13,342	11,752	1,590	14%	38,205	35,272	2,933	8%
	15,676	11,752	3,924	33%	40,539	35,272	5,267	15%
Gross margin [1]								
Contract drilling	906	-	906	n/m[2]	906	-	906	n/m[2]
Production services	3,906	3,093	813	26%	17,416	17,951	(535)	(3%)
	4,812	3,093	1,719	56%	18,322	17,951	371	2%
Gross margin percentage [1]								
Contract drilling	28%	n/m[2]		n/m[2]	28%	n/m[2]		n/m[2]
Production services	23%	21%		2%	31%	34%		(3%)
	23%	21%		2%	31%	34%		(3%)

[1] Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.
[2] Not meaningful

Revenue

Revenue for the three months and full year periods ended June 30, 2014 increased over the prior year for both our new contract drilling and our production services segments. Activity levels in the second quarter were generally stronger than in the prior year quarter due to a less prolonged and dryer spring break up in most of the areas where we operate.

Direct Operating Expenses and Gross Margin

CWC has demonstrated consistent performance in the first half of 2014, with revenues and gross margin increasing year over year compared the first half of 2013. CWC is operating in a very tight labour market and higher current year fuel and labour costs have not been able to be fully passed on to our customers. This has been the primary driver for lower current year gross margin percentages.

Many operating costs 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. Labour cost is the largest cost incurred by the Company, with much of this cost being variable in nature. However, there is also a portion of our labour costs which are fixed in nature and do not reduce, even in periods of lower activity. A tight labour market and changes to our compensation structure for field personnel has increased operating costs in the current year period. Some of this increase in cost relative to revenue is driven by labour laws which require the Company to pay overtime labour rates at times when the Company is not contractually able to pass on overtime rate premiums to our customers. This has narrowed in the second quarter as field employee bonuses were only paid during the second and fourth quarters in 2013 but are being paid bi-weekly in 2014. Going forward, the Company will attempt to improve the matching of labour overtime costs with overtime premiums in our customer contracts. Additionally, fuel costs have increased significantly in the current year period without an ability to pass those increases along to customers in the short term.

Selling and Administrative Expenses and Transaction Costs

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Selling and administrative expenses	3,636	3,362	274	8%	7,690	6,955	735	11%
Transaction costs	715	-	715	n/m	788	-	788	n/m

Selling and administrative expenses have increased year over year for both the three month and six month periods ended June 30, 2013. Many of the costs in this category, such as building and office rent, and office staff salaries are relatively fixed in nature and are not subject to significant fluctuation on a quarterly basis. Other costs such as professional and legal fees can fluctuate depending on specific services received in the period. Costs have increased year over year due to the expansion into the Slave lake area, general increases in the levels of salaries and other administrative expenses, and the cost of having a larger asset base to manage.

Transaction costs totaling $788 in 2014 relate to the acquisition of Ironhand Drilling Inc. and consist primarily of legal, professional and regulatory fees and expenses of the acquisition.

EBITDAS

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
EBITDAS [1]								
Contract drilling	696	-	696	n/m[2]	696	-	696	n/m[2]
Production services	2,653	1,733	920	53%	14,562	15,202	(640)	(4%)
Corporate	(2,173)	(2,002)	(171)	9%	(4,626)	(4,206)	(420)	10%
	1,176	(269)	1,445	n/m[2]	10,632	10,996	(364)	(3%)
EBITDAS margin (%) [1]	6%	(2%)	n/a	8%	18%	21%	n/a	(3%)

[1] Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.
[2] Not meaningful

Management uses EBITDAS as a measure of the cash flow generated by the Company. Positive EBITDAS provides the cash flow needed to grow our business through the purchase of new equipment or business acquisitions, maintain a dividend for our shareholders, repurchase outstanding common shares under a Normal Course Issuer Bid ("NCIB"), and reduce outstanding long-term debt. The company managed to achieve positive EBITDAS for the three months ended June 30, 2014, which traditionally is a challenging quarter due to reduced spring breakup activity levels.

Stock-Based Compensation

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Stock based compensation	357	188	169	90%	637	390	247	63%

Stock based compensation is primarily a function of the outstanding stock options and restricted share units being expensed over their vesting term. As a generalization, a higher trading price for our common shares will increase the value of stock options and restricted share units ("RSUs") at their grant date which is the value used for stock based compensation expensing. As CWC's stock price has increased significantly over the past two years, the value and therefore expense amounts of new RSUs is generally higher in the current year period than it was for RSUs expensed in the prior year period. Additionally, payments under the Company's dividend bonus plan have increased as more in-the-money stock options have vested over time.

Finance Costs

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Finance costs	523	1,558	(1,035)	(66%)	966	2,213	(1,247)	(56%)

Lower finance costs for the three month period ended June 30, 2014 are primarily a result of lower interest rates under the current bank facilities compared to the facilities which were in place in the prior year. Prior to June 21, 2013, the Company had a portion of its debt under a term facility bearing interest at 7.42% per annum and in the three month period ended June 30, 2013 the Company expensed $0.9 million in cash and deferred fees when cancelling that facility. During the first six months of 2014 the Company's borrowings under the current bank facilities bore interest at approximately 3.6%.

Depreciation

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Depreciation								
Contract drilling	479	-	479	n/m	479	-	479	n/m[2]
Production services	3,222	2,947	275	9%	7,362	6,801	561	8%
Corporate	120	123	(3)	2%	245	257	(12)	(5%)
	3,821	3,070	751	24%	8,086	7,058	1,028	15%

Depreciation for drilling rigs and service rigs is based on hours of work. As a result, an increase or decrease in hours worked for an individual drilling or service rig results in an increase or decrease in depreciation expense for that individual drilling or service rig. However, there can be significant variation in the historical cost basis for our service rigs based on type of rig and our newest service rigs, which have the highest cost and depreciation rate per hour, also typically have higher utilization. Our coil tubing, snubbing and well testing units are depreciated straight line resulting in consistent depreciation expense regardless of utilization or hours of use.

(Gain) Loss on Disposal of Equipment

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
(Gain) loss on disposal of equipment	(113)	19	(132)	n/m	(113)	(125)	12	n/m

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize our operations. During the second quarter of 2014 one Class III deep coil tubing unit was sold accounting for most of the current year gain. During the first quarter of 2013 one snubbing unit was sold at a gain.

Income Taxes

$ thousands	Three months ended June 30, 2014	2013	Six months ended June 30, 2014	2013
Net income before income taxes	(4,127)	(5,104)	268	1,460
Deferred income tax expense	(945)	(1,260)	205	422
Deferred income tax expense as a % of net income before income taxes	23%	25%	76%	29%
Expected statutory income tax rate	25%	25%	25%	25%

Income taxes are a function of taxable income and are calculated differently than accounting income. Differences between accounting income and taxable income include such things as the non-taxable portion of capital gains, the non-deductible portion of capital losses, items which are not deductible for income tax purposes such as (gains) losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, and other differences. Additionally, the recognition or de-recognition of certain tax credits or pool balances can occur based on judgments as to the ability of the Corporation to be able to realize the benefits of such tax balances or credits in the future. The difference between the actual income tax rate and the expected income tax rate in both the current year and prior year periods is due to these types of items. The Company has substantial tax pools and non-capital losses available to reduce future taxable income such that no cash taxes are expected to be payable for 2014.

Net Income (loss) and Comprehensive Income (loss)

$ thousands	Three months ended June 30, 2014	2013	Change $	Change %	Six months ended June 30, 2014	2013	Change $	Change %
Net income (loss) and comprehensive income	(3,182)	(3,844)	662	(17%)	63	1,038	(975)	(94%)

In both the current year and the prior year three month periods ended June 30 the Company had certain non recurring costs which adversely effected the net income reported. In the current year quarter, transaction costs of $715 (six months ended June 30, 2014 - $788) relating to the Ironhand acquisition were expensed. In the prior year quarter, the Company expensed $0.9 million in cash and deferred fees in connection with the cancellation of an credit facility with less favourable terms.

Liquidity and Capital Resources

Sources of Funds:
During the six months ended June 30, 2014, the Company financed capital expenditures with cash flow from operations. The acquisition of Ironhand Drilling Inc. was financed with a combination of new equity and bank debt.

At June 30, 2014, the Company had positive working capital excluding debt of $9.6 million (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information).

On May 15, 2014, the Company amended its syndicated credit facility. The amendments included the addition of a fourth Canadian financial institution to the syndicate, an increase in the credit facility to $100 million, and an extension of the committed term to June 21, 2017. All other terms of the credit facility remain substantially the same or more favourable to the Company than was the case prior to the amendments, including the continued availability of the $25 million accordion. No principal payments are required under the credit facility until June 21, 2017, at which time any amounts outstanding are due and payable. As at June 30, 2014, drawings under the Bank Loan totaled $51.4 million.

The Bank Loan is secured by a general security agreement covering all of the assets of the Company and a first charge security interest covering all assets of the Company. Under the terms of the Bank Loan, the Company is required to comply with certain financial covenants. As of June 30, 2014, the Company is in compliance with each of those financial covenants.

Effective July 1, 2014 the applicable rates under the agreement are: bank prime rate plus 1.0%, bankers acceptances rate plus a stamping fee of 2.0%, and standby fee rate of 0.45%.

Capital Requirements:
Over the past three years the Company has been increasing its asset base of service rigs. Given the Company's relatively young fleet of equipment many capital expenditures are discretionary in nature and are incurred with a view to increase the size and revenue generating capacity of the business as opposed to being required in order to maintain the current business operations. The Company anticipates spending approximately $3 million annually over the next several years to recertify the oldest of its service rigs due for their Level IV recertification. As at June 30, 2014, 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 generated from operations and bank debt from existing credit facilities as required. However, additional funds may be raised by additional bank debt, other forms of debt, the sale of assets, or the issue of equity.

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.

Dividends, Normal Course Issuer Bid, Common Shares and Outstanding Share Data

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

	August 14, 2014	June 30, 2014	December 31, 2013
Common shares	270,458,224	270,458,224	155,323,066
Stock options	11,777,012	11,777,012	8,307,012
Restricted share units	2,065,000	2,065,000	1,600,000

On April 10, 2014, CWC issued a total of 34,270,000 subscription receipts at a price of $0.84 per subscription receipt for aggregate gross proceeds of $28.8 million. On May 15, 2014, contemporaneous with the closing of the acquisition of Ironhand, each subscription receipt was converted to one common share of CWC.

On May 15, 2014, CWC acquired Ironhand pursuant to a plan of arrangement whereby all of the issued and outstanding common shares of Ironhand were exchanged for common shares of CWC or cash. The aggregate purchase consideration consisted of 80,785,158 common shares of CWC and $18.2 million in cash.

$18.2 million of the net proceeds from the April 10, 2014 subscription receipt offering were used to satisfy the cash portion of the purchase consideration for the Ironhand acquisition with the remainder used towards extinguishing the bank debt of Ironhand under its former banking facility which was repaid in full and cancelled on May 15, 2014.

The following table summarizes dividends declared or paid since December 31, 2013:

Declaration Date	Record Date	Payment Date	Dividend per Common Share
November 13, 2013	December 31, 2013	January 15, 2014	$0.01625
March 5, 2014	March 31, 2014	April 15, 2014	$0.01625
May 15, 2014	June 30, 2014	July 15, 2014	$0.01750
August 14, 2014	September 30, 2014	October 15, 2014	$0.01750

The declaration of dividends is determined on a quarter by quarter basis by the Board of Directors and reflects CWC's positive view on the sustainability of its cash flows and earnings in the future.

The Company's previous normal course issuer bid ("NCIB") expired on March 31, 2014. From January 1, 2014 to March 31, 2014, no common shares were purchased under the NCIB. The Company renewed its NCIB effective May 22, 2014, to purchase from time to time, as it considered advisable, up to 13,520,411 of its issued and outstanding common shares through the facilities of the TSX Venture Exchange ("TSXV") or other recognized marketplaces. The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV or such other recognized marketplace at the time of such purchase. From May 22, 2014 to August 14, 2014, no common shares were purchased under the renewed NCIB. The NCIB expires on May 21, 2015.

Capital Expenditures

The Board of Directors has approved an increase to the 2014 capital expenditure budget by $27.9 million, consisting of growth capital of $20.4 million and $7.5 million of maintenance and infrastructure capital. This brings the total 2014 approved capital budget to $45.6 million. The additional $20.4 million of growth capital consists of:

- one new telescopic double drilling rig complete with top drive (Rig 10);
- two new slant service rigs; and
- two shallow coil tubing units.

Of this $27.9 million, $17.8 million is expected to be carried over into 2015 due primarily to long lead time items that are not expected to be received in 2014.

As at June 30, 2014, the Company has spent $7.2 million of the $45.6 million 2014 capital budget.

Commitments and Contractual Obligations

Under the terms of the Company's amended credit facility, the Bank Loan is due in full on June 21, 2017. The Company is committed to make only monthly payments of interest and bank charges until June 21, 2017. There have been no other significant changes in commitments or contractual obligations since December 31, 2014.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	**2014**		**2013**				**2012**	
Three months ended	**June 30**	**March 31**	**Dec. 31**	**Sept. 30**	**June 30**	**March 31**	**Dec. 31**	**Sept. 30**
Revenue	20,488	38,373	31,515	28,559	14,845	38,378	29,396	26,887
EBITDAS (1)	1,176	9,383	7,597	7,578	(269)	11,265	7,050	6,348
Net income (loss)	(3,182)	3,245	2,196	1,629	(3,844)	4,883	1,729	1,255
Net income (loss) per share: basic and diluted	(0.01)	0.02	0.01	0.01	(0.02)	0.03	0.01	0.01
Total assets	277,679	151,661	148,999	150,522	144,604	157,262	152,680	147,566
Total long-term debt	51,324	43,547	44,009	46,225	42,279	42,634	41,841	37,987
Shareholders' equity	195,851	92,202	91,344	91,537	92,440	98,969	96,465	97,272

(1) Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

The table above summarizes CWC's quarterly results for the previous eight financial quarters. All of CWC's operations are carried out in Western Canada. The second quarter (three months ended June 30) 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 our equipment generally and the increase in the number of service rigs over the period as detailed in the section titled "**Operational Overview**".

Other significant impacts have been a result of:

- Three months ended June 30, 2013, spring breakup in 2013 was wetter and more prolonged than in 2012 resulting in a larger decline in seasonal activity levels than in 2012.
- Three months ended June 30, 2013, $0.9 million of finance costs were incurred to terminate debt facilities prior to their expiry (see the heading titled "Finance Costs" in this document).
- Three months ended September 30, 2013, $0.7 million for impairment of a coil tubing unit not completed due to the manufacturer going into receivership.
- The increase to total assets and shareholders' equity reflects the acquisition of Ironhand drilling and related equity financing. Ironhand was acquired for a total purchase consideration of $128.7 million

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the financial statements which are prepared in accordance with IFRS. The preparation of the financial statements 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 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. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the interim unaudited financial statements for the three months ended June 30, 2014 and the section titled Critical Accounting Estimates and Judgments in the Annual MD&A. There have been no significant or material changes in the nature of critical accounting estimates and judgments since December 31, 2013.

New Accounting Pronouncements

Effective January 1, 2014, the Company adopted the following accounting standards or revisions thereto:

IAS 36 - Impairment of Assets - Amendments of IAS 36 require entities to disclose the recoverable amount of an impaired Cash Generating Unit ("CGU"). The Company assessed the effect of IAS 36 on its financial results and financial position and will adopt these disclosures in the annual financial statements.

IFRIC 21 - Levies - Interpretation of IAS 37, Provisions, Contingent Liabilities and Assets - sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as the result of a past event. The interpretation clarifies that the obligation that gives rise to the liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company assessed the effect of IFRIC 21 on its financial results and statement of financial position and has determined there is no material impact.

On adoption, these standards had no impact on the recognition or measurement of the balances recorded in the Company's financial statements.

A number of new standards, amendments to standards and interpretations have been issued by the IASB and are not yet effective for the year ended December 31, 2014. The new standards, amendments to standards and interpretations have not been applied in preparing these condensed interim financial statements. None of these are expected to have a significant effect on the consolidated financial statements, except for:

IFRS 15, Revenue from Contracts with Customers, which provides guidance on revenue recognition and relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. IFRS 15 was issued in May 2014 and applies to annual reporting periods beginning on or after January 1, 2017, with early adoption permitted under IFRS. The Company has not yet assessed the impact this standard will have on the financial statements.

Related Party Transactions

The Ironhand acquisition was a related party transaction for CWC as certain directors and shareholders of CWC were also directors, officers and / or shareholders of Ironhand. Further information regarding the Ironhand acquisition is available on SEDAR at www.sedar.com in the Joint Information Circular of CWC and Ironhand Drilling Inc. dated April 15, 2014.

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 June 30, 2014 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 interim filings; and
- That based upon their knowledge, the interim filings, together with the other financial information included in the interim 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, or that they determine to be immaterial 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 AIF and under "The Arrangement - Risk Factors" in the JIC dated April 15, 2014, both of which are available under the Company's profile at www.sedar.com or by contacting the Company.

CWC's various businesses are generally tied in large part to the oil and gas exploration and production industry in Western Canada. CWC's businesses are sensitive to and will be affected by changing industry conditions in the oil and gas industry including changes in the level of demand, changes in pricing levels, changes in legislation or in regulation relating to exploration, development, production, refining, transportation, or marketing in the oil and gas industry. All of these risk factors could negatively impact CWC's revenue, margins and cash flow.

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 everything 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 level of capital expenditures, expectations as to the increase in activity levels, expectations on the sustainability of future cash flow and earnings and the ability to pay dividends, expectations with respect to oil and natural gas prices and price levels necessary for increases in oil and natural gas activity levels, activity levels in various areas, continuing focus on cost saving measures, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB, expectations regarding entering into long term drilling contracts, and expectations regarding the business, operations and revenue 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, including the Ironhand Acquisition, 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 and the inability to pay dividends. 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 June 30, 2014	2013	Six months ended June 30, 2014	2013
NON-IFRS MEASURES				
EBITDAS:				
Net income (loss)	(3,182)	(3,844)	63	1,038
Add:				
Depreciation	3,821	3,070	8,086	7,058
Finance costs	523	1,558	966	2,213
Transaction costs	715	-	788	-
Income tax expense	(945)	(1,260)	205	422
Stock based compensation	357	188	637	390
(Gain) loss on sale of equipment	(113)	19	(113)	(125)
EBITDAS (1)	1,176	(269)	10,632	10,996
EBITDAS per share – basic(1)	$0.01	($0.00)	$0.06	$0.07
EBITDAS per share – diluted(1)	$0.01	($0.00)	$0.05	$0.07
EBITDAS margin (EBITDAS/Revenue) (1)	6%	(2%)	18%	21%
Weighted average number shares outstanding - basic	213,515,563	154,905,479	184,591,172	154,991,321
Weighted average number shares outstanding - diluted	213,515,563	154,905,479	194,334,851	162,930,945
Funds from operations:				
Cash flows from operating activities	5,983	12,052	12,444	17,830
Add (deduct): Change in non-cash working capital	(5,522)	(12,321)	(2,600)	(6,834)
Funds from operations (2)	461	(269)	9,844	10,996
Gross margin:				
Revenue	20,488	14,845	58,861	53,223
Less: Direct operating expenses	15,676	11,752	40,539	35,273
Gross margin (3)	4,812	3,093	18,322	17,950
Gross margin percentage (3)	23%	21%	31%	34%

$ thousands	June 30, 2014	December 31, 2013
Working capital (excluding debt):		
Current Assets	23,785	25,353
Less: Current Liabilities	(14,452)	(11,031)
Add: Current portion of long term debt	220	185
Working capital (excluding debt) (4)	9,553	14,507
Working capital (excluding debt) ratio(4)	1.7:1	2.3:1
Net debt:		
Long term debt	51,104	43,824
Less: Current assets	(23,785)	(25,353)
Add: Current liabilities	14,452	11,031
Net debt (5)	41,771	29,502

(1) EBITDAS (Earnings before interest and finance costs, income tax expense, depreciation, amortization, (gain) loss on disposal of asset, transaction costs, and stock based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS 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 EBITDAS should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. EBITDAS margin is calculated as EBITDAS divided by revenue and provides a measure of the percentage of EBITDAS per dollar of revenue. EBITDAS per share is calculated by dividing EBITDAS by the weighted average number of shares outstanding as used for calculation of earnings per share.

[2] Funds from operations is not a recognized measure under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Company's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations.

[3] Gross margin is calculated from the statement of comprehensive income 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.

[4] 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.

[5] 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.