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 August 10, 2015 and should be read in conjunction with unaudited condensed interim financial statements for the three and six months ended June 30, 2015, the audited annual financial statements for the year ended December 31, 2014 ("Annual Financial Statements"), the annual management's discussion and analysis for the year ended December 31, 2014 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). 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, is available on SEDAR at www.sedar.com.

Highlights for the Three Months Ended June 30, 2015

- Revenue of $13.5 million was 34% lower compared to $20.5 million in Q2 2014. The revenue decrease is primarily due to lower E&P companies activity levels as there continues to be a downward pressure on oil and natural gas pricing resulting from the current global uncertainty over excess supply of crude oil which has increased competitive pressure.

- Drilling rig utilization of 12% was on par with the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 13% in Q2 2015. Service rig utilization was 23% in Q2 2015 compared to 33% in Q2 2014 resulting from reduced activity levels by customers.

- EBITDAS[1] of $0.8 million was 34% lower compared to $1.2 million in Q2 2014. The EBITDAS decrease is a direct result of the lower activity levels and lower pricing partly offset by lower costs resulting from the Company's effective cash saving initiatives. EBITDAS margin was maintained at 6%.

- Net loss of $4.3 million was $1.1 million more than a net loss of $3.2 million in Q2 2014. The year over year increase in the net loss results primarily from the impact of lower activity levels and pricing and a one time deferred tax expense in Q2 2015 from a 2% increase in the Alberta corporate income tax rate effective July 1, 2015.

- The Company currently has a Dividend Reinvestment Plan ("DRIP") and a Stock Dividend Program ("SDP") in place. Holders of approximately 70% of outstanding common shares elected to participate in the DRIP or SDP for the June 30, 2015 dividend resulting in a cash savings of $1.0 million.

- In Q2 2015, the Company has amended its credit agreement with its banking syndicate to relax the financial covenants for Consolidated Debt to Consolidated EBITDA ratio to 3.5:1 for the quarters ending December 31, 2015 and March 31, 2016, reducing to 3.25:1 for quarters ending June 30, 2016 and September 30, 2016 and returning to 3.0:1 thereafter. At June 30, 2015 the Company's Consolidated Debt to Consolidated EBITDA ratio is 1.8:1. Other debt covenants remain unchanged.

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

Highlights for the Six Months Ended June 30, 2015

- Revenue of $41.3 million was 30% lower compared to $58.9 million in the prior year with a decrease in the Production Services segment of $27.9 million being partially offset by a $10.4 million increase in revenue in the Contract Drilling segment. The Contract Drilling segment was purchased in May 2014 and as a result 2015 represents the first full fiscal period of results.

- Year to date, Service Rig utilization is 26% versus 47% in 2014 resulting from reduced activity levels by customers. Coil tubing utilization was 45% for the six month period versus 44% in 2014 due to the successful strategy of focusing on SAGD wells as opposed to deeper wells in the other parts of the WCSB.

- EBITDAS was $6.0 million, a decline of $4.6 million from the first six months of 2014. EBITDAS for the Production Services Segment declined $8.5 million from lower activity and pricing when compared to 2014. This decline was partially offset by a $4.0 million increase in EBITDAS for Contract Drilling segment and $0.1 million increase in Corporate costs as a result of increased costs associated with the Contract Drilling segment being incurred for six months in 2015 partially offset by cash saving initiatives.

- $5.3 million in cash dividends has been saved through the implementation of a DRIP and SDP. Although these plans are dilutive to shareholders who elect to receive a cash dividend it has provided the Company additional financial flexibility to navigate these difficult times while continuing to provide shareholders a return on their investment.

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the WCSB with a complementary suite of oilfield services including drilling rigs, service rigs and coil tubing. 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”.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended June 30, 2015	2014[1]	% Change	Six months ended June 30, 2015	2014[1]	% Change
FINANCIAL RESULTS						
Revenue						
Contract drilling[1]	2,639	3,240	(19%)	13,612	3,240	n/m[3]
Production services	10,869	17,248	(37%)	27,726	55,621	(50%)
	13,508	20,488	(34%)	41,338	58,861	(30%)
EBITDAS [2]	777	1,176	(34%)	6,031	10,632	(43%)
EBITDAS margin (%) [2]	6%	6%		15%	18%	(3%)
Funds from operations [2]	777	461	69%	6,031	9,844	(39%)
Net income (loss)	(4,294)	(3,182)	35%	(4,256)	63	n/m[3]
Net income (loss) margin (%)	(32%)	(16%)	(16%)	(10%)	0%	(10%)
Dividends declared	1,435	4,856	(70%)	2,856	7,494	(62%)
Per share information						
Weighted average number of shares outstanding – basic	283,902,087	213,515,563		280,797,326	184,591,172	
Weighted average number of shares outstanding – diluted	283,902,087	213,515,563		280,797,326	194,334,851	
EBITDAS [1] per share – basic	$0.00	$0.01		$0.02	$0.06	
EBITDAS [1] per share – diluted	$0.00	$0.01		$0.02	$0.05	
Net income (loss) per share - basic and diluted	($0.02)	($0.01)		($0.02)	$0.00	
Dividends declared per share	$0.005	$0.0175		$0.01	$0.035	

$ thousands, except margins and ratios	June 30, 2015	December 31, 2014
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [(2)]	6,526	20,603
Working capital (excluding debt) ratio [(2)]	2.0:1	2.2:1
Total assets	249,544	275,353
Total Long-term debt (including current portion)	51,618	65,666
Shareholders' equity	171,100	172,705

(1) CWC entered into the contract drilling business on May 15, 2014, through the acquisition of Ironhand and results are included May 16, 2014 onward.

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

(3) Not meaningful.

Working capital (excluding debt) and total assets have decreased since December 31, 2014 from collection of accounts receivables combined with lower sales revenue in the first half of 2015 compared to Q4 2014. Long term debt (including current portion) has decreased as Funds from Operations and collection of accounts receivable exceeded capital expenditures, interest and dividends in the six months ended June 30, 2015.

Shareholders' equity has decreased since December 31, 2014 as net losses and dividends have more than offset the additional equity issued under the company stock option plan, restricted share plan, and the DRIP and SDP.

Operational Overview

The acquisition of Ironhand Drilling Inc. ("Ironhand") on May 15, 2014 resulted in the aggregation of the well servicing and other oilfield services segments into the Production Services segment, as this acquisition shifted the Company's internal financial reporting and operational management structure. Management concluded that the well servicing and other oilfield services segments share similar economic characteristics and are also similar in other respects in accordance with IFRS 8.12.

Contract Drilling

Ironhand was acquired on May 15, 2014 and renamed CWC Ironhand Drilling representing our Contract Drilling segment. Our Contract Drilling segment has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 4,500 metres, eight of nine rigs have top drives and the rig fleet has an average age of six years. In Q2 2015 Rig #3 was upgraded to include a Pad Rig Walking System. 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, 2015	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014[(4)]
Drilling Rigs					
Number of drilling rigs [(1)]	9	9	9	9	8
Revenue per operating day [(2)]	$26,661	$30,553	$29,305	$27,715	$30,258
Drilling rig operating days	99	359	693	551	107
Drilling rig utilization % [(3)]	12%	44%	84%	75%	29%
CAODC industry average utilization rate	13%	34%	45%	46%	26%

(1) Number of drilling rigs at the end of the period.

(2) 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.

(3) 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.

(4) Ironhand was acquired on May 15, 2014, as such the Contract Drilling Segment includes the results for the period commencing May 16, 2014.

Contract Drilling revenue of $2.6 million for the quarter and $13.6 million for the first half of 2015 was achieved with a utilization rate of 12% and 28% respectively comparable to the CAODC industry average of 13% and 24% for the same periods. Drilling activity levels continue to be affected by the global oversupply of oil and corresponding collapse in oil prices of greater than 50% which has led our E&P customers to reduce drilling, completions and production maintenance programs to conserve their cash resources until commodity prices improve and E&P companies increase their programs.

Production Services

CWC is the third largest service rig provider in the WCSB, having a modern fleet of 74 service rigs as at June 30, 2015. The Company's service rig fleet consists of 41 single, 27 double, and 6 slant rigs. CWC's fleet is amongst the newest in the WCSB. Rig services include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at June 30, 2015, the Company's fleet of nine coil tubing units consist of five Class I, three Class II and one Class III coil tubing units. The market for the Class III deep coil tubing unit has become extremely competitive with an increased supply of new deep coil tubing units over the last several years having an adverse affect on industry utilization and pricing. In light of these competitive challenges for CWC's one Class III coil tubing unit, the Company has chosen to focus its sales and operational efforts on its eight Class I and II coil tubing units which are better suited at servicing steam-assisted gravity drainage ("SAGD") wells, which are shallower in depth and more appropriate for these coil tubing units.

	Three months ended							
OPERATING HIGHLIGHTS	**June 30, 2015**	**Mar 31, 2015**	**Dec 31, 2014**	**Sep 30, 2014**	**June 30, 2014**	**Mar 31, 2014**	**Dec 31, 2013**	**Sep 30, 2013**
Service Rigs								
Number of units (1)	74	73	72	71	71	71	71	71
Operating hours	14,051	16,580	28,644	26,354	20,399	37,652	33,828	32,190
Revenue per hour	$668	$769	$790	$756	$752	$820	$786	$755
Utilization % (2)	23%	29%	45%	42%	33%	61%	52%	51%
Coil Tubing Units								
Number of units (1)	9	9	9	9	7	8	8	8
Operating hours	2,111	4,351	2,631	2,056	1,403	4,600	2,106	1,833
Revenue per hour	$724	$885	$825	$894	$784	$967	$1,129	$1,074
Utilization % (3)	29%	60%	32%	29%	22%	64%	29%	25%

(1) Number of units at the end of the period – includes units which are out of service for recertification, refurbishment or otherwise unavailable in the period.

(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, 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.

(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.

Production Services revenue was $10.9 million for the quarter, $27.7 million year to date, down $6.4 million and $27.9 million respectively year over year. Service rig revenue was severely impacted by a reduction in activity levels to 23% compared to 33% in Q2 2014 and a 11% reduction in hourly rates compared to the prior period. E&P customers asked for and were given significant pricing reductions to help them become more competitive given the current commodity price environment and our competitors are working at lower rates to maintain or increase utilizations. Coil tubing utilization of 29% compared to 22% in Q2 2014 continued to be relatively strong as the focus on production work for shallower SAGD wells was resilient in the current environment. The 8% decrease in the coil tubing units' average hourly rate is a function of shallower Class I and II unit work in Q2 2015 compared Q2 2014 having experienced less pricing pressure from CWC's customers. In September 2014, the Company sold its Snubbing assets and business which contributed year to date 2014 revenue of $3.0 million and EBITDAS of $0.8 million with no corresponding amounts in year to date 2015. In March 2015, CWC suspended its non-core Well Testing business indefinitely, which contributed year to date 2014 revenue of $1.1 million and EBITDAS of ($53) thousand.

The Company completed, but has yet to put into service, two new slant service rigs, Rig #505, completed during Q1 2015 and Rig #506 completed in Q2 2015. The addition of these two new slant service rigs will bring the slant fleet to six rigs and will help CWC establish a greater market presence servicing the growing number of heavy oil and SAGD wells.

Outlook

The Canadian oil and gas industry has been negatively impacted by ongoing volatility of commodity prices and reduced capital and operating budgets of E&P companies. The timing and magnitude of a crude oil and/or natural gas price recovery continues to be uncertain as global political and economic events put pressure on the commodity supply and demand imbalance. In addition, concern over the impact of the newly elected Alberta government with significant corporate income tax and carbon tax rate increases announced in Q2 2015 and the potential outcome of an announced royalty review has created uncertainty for oil and gas and oilfield services industries' investors. In June 2015, The Canadian Association of Oilwell Drilling Contractors ("CAODC") updated its 2015 forecast to 5,531 wells drilled in western Canada, down 19% from its January 2015 estimate, highlighting the short and medium term challenges for the oilfield services industry.

The lower activity and pricing pressure in 2015 is expected to negatively impact CWC's revenue, EBITDAS and funds from operations. In 2015, CWC implemented several cash saving initiatives aimed at preserving our cash resources and maintaining our balance sheet strength as well as retaining our most valuable asset – our key employees. The Company believes cash saving initiatives are necessary to maneuver CWC through these choppy industry conditions until commodity prices recover.

With the continued uncertainty, CWC remains focused on managing discretionary spending, staffing levels and critically evaluating pricing and its capital spending program. CWC also has significant tax pools to shelter corporate income taxes and does not expect to pay cash taxes until 2018.

For the remainder of 2015, CWC expects stronger than industry average drilling rig utilization to offset softer pricing as six of our nine drilling rigs are currently active. In addition, CWC anticipates that at some point in the short to medium term future, E&P customers will start increasing service rig activity for workovers and maintenance as an indefinite deferral of this type of work by our E&P customers on their producing wells will result in lower production and cash flow streams. CWC has the right equipment, employees, locations and relationships to properly position us to service this work.

Discussion of Financial Results

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Revenue								
Contract Drilling[1]	2,639	3,240	(601)	(19%)	13,612	3,240	10,372	n/m[3]
Production Services	10,869	17,248	(6,379)	(37%)	27,726	55,621	(27,895)	(50%)
	13,508	20,488	(6,980)	(34%)	41,338	58,861	(17,523)	(30%)
Direct operating expenses								
Contract Drilling	2,093	2,334	(241)	(10%)	8,333	2,334	5,999	n/m[3]
Production Services	7,618	13,342	(5,724)	(43%)	19,597	38,205	(18,608)	(49%)
	9,711	15,676	(5,965)	(38%)	27,930	40,539	(12,609)	(31%)
Gross margin [2]								
Contract Drilling	546	906	(360)	(40%)	5,279	906	4,373	n/m[3]
Production Services	3,251	3,906	(655)	(17%)	8,129	17,416	(9,287)	(53%)
	3,797	4,812	(1,015)	(21%)	13,408	18,322	(4,914)	(27%)
Gross margin percentage [2]								
Contract Drilling	21%	28%		(7%)	39%	28%		11%
Production Services	30%	23%		7%	29%	31%		(2%)
	28%	23%		5%	32%	31%		1%

[1] CWC entered into the contract drilling business on May 15, 2014, through the acquisition of Ironhand and results are included May 16, 2014 onward.
[2] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.
[3] Not meaningful.

Revenue

Revenue has declined year over year both for the quarter and year to date. Year to date revenues in Contract Drilling have increased as a result of the acquisition of Ironhand on May 2014. Both Contract Drilling and Production Services segments experienced reduced utilization and reduced day and hourly rates resulting in lower than anticipated revenue in both segments consistent with declines seen throughout the industry.

Many direct operating expenses 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 is the largest cost incurred by the Company, the majority related to field operating employees and, as such, variable in nature. Both Contract Drilling and Production Services announced reductions to the field labour costs to offset declining revenue rates. These savings will be realized in the third and fourth quarters. There is however a portion of our labour costs which are fixed and do not generally reduce, even in periods of lower activity. Year over year gross margin percentages have increased both for the quarter and year to date as a result of fixed repair and maintenance costs that normally would take place in the second quarter being delayed as well as reductions in all discretionary costs.

Selling and Administrative Expenses and Transaction Costs

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Selling and administrative expenses	3,020	3,636	(616)	(17%)	7,377	7,690	(313)	(4%)
Transaction costs	-	715	(715)	n/m	-	788	(788)	n/m

Q2 2015 selling and administrative expenses of $3.0 million are 17% lower than Q2 2014. The decrease both in the quarter and year to date is a result of the impact of cash savings initiatives undertaken in 2015, including the voluntary salary

reductions by senior management, cash savings from layoffs and lower bonus accruals. The reduction in activity and corporate focus on reducing discretionary costs has positively impacted expenses in both the three and six month periods. Offsetting this is higher bad debt expense in 2015 and additional selling and administrative expenses related to acquisition of Ironhand in Q2 2014. Selling and administrative expenses in future quarters are anticipated to benefit from layoffs and salary reductions.

Most selling and administrative expenses, such as building and office rent, and office staff salaries are fixed in nature and 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.

EBITDAS

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
EBITDAS [1]								
Contract Drilling	253	696	(443)	(64%)	4,681	696	3,985	n/m[2]
Production Services	1,683	1,781	(98)	(6%)	4,050	12,517	(8,467)	(68%)
Corporate	(1,159)	(1,301)	142	(11%)	(2,700)	(2,581)	(119)	5%
	777	1,176	(399)	(34%)	6,031	10,632	(4,601)	(43%)
EBITDAS margin (%) [1]	6%	6%	n/a	-	15%	18%	n/a	(3%)

[1] Please refer to the “Reconciliation of Non-IFRS Measures” section for further information.
[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 purchase of new equipment or business acquisitions, maintain the dividend, repurchase outstanding common shares under a NCIB, and service and reduce outstanding long-term debt.

EBITDAS for Q2 2015 was $0.8 million in comparison to $1.2 million in Q2 2014. The $0.4 million decrease year over year is a result of $0.1 million from the year over year decrease in the Production Services, $0.4 million decrease in the Contract Drilling segment offset by a $0.1 million decrease in Corporate segment expenses. Year over year, EBITDAS of $6.0 million has declined $4.6 million from the six months ended June 30, 2014. Contract Drilling EBITDAS of $4.7 million has increased $4.0 million as a result of the decrease in activity being offset by a full six months of operations compared to one and a half months in 2014. Production Services EBITDAS of $4.0 million has declined $8.5 million from $12.5 million year to date June 30, 2014. The decline in EBITDAS is a result of the year over year decline in service rig utilization and pricing. Corporate costs decreased for the quarter as a result of cash saving initiatives implemented early in 2015. The increase in year to date corporate costs is a result of lower salary costs and reduced discretionary expenditures offset by increased corporate costs resulting from the acquisition of Ironhand.

Stock-Based Compensation

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Stock based compensation	251	357	(106)	(30%)	574	637	(63)	(10%)

Stock based compensation is primarily a function of the outstanding stock options and restricted share units (“RSUs”) 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 RSUs at their grant date which is the value used for expensing stock based compensation. The year over year decrease in annual stock based compensation expense is a result of stock options and RSUs granted in May 2014 being 1/3 vested at the end of the second quarter and the more recent stock options and RSUs issued in December being issued at a lower stock price of $0.45.

Finance Costs

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Finance costs	525	523	2	-	1,099	966	133	14%

Finance costs for Q2 2015 are consistent with Q2 2014 as debt was $51.3 million as at June 30, 2014 compared to $51.6 million as at June 30, 2015. Year to date finance costs have increased year over year as a result of lower debt levels the first two quarters of 2014 prior to the purchase of Ironhand. Effective June 30, 2015, the applicable rates under the revolving debt facility are: bank prime rate plus 1.0%, bankers acceptances rate plus a stamping fee of 2.0% and a standby fee rate of 0.45%.

Depreciation

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Depreciation								
Contract Drilling	540	479	61	n/m(1)	1,860	479	1,381	n/m(1)
Production Services	2,644	3,222	(578)	(18%)	5,415	7,362	(1,947)	(26%)
Corporate	94	120	(26)	(22%)	187	245	(58)	(24%)
	3,278	3,821	(543)	(14%)	7,462	8,086	(624)	(8%)

(1) Not meaningful.

Depreciation for drilling rigs and service rigs are based on hours of work. 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. Coil tubing and well testing units are depreciated straight line resulting in consistent depreciation expense regardless of utilization or hours of use.

Depreciation in the Contract Drilling segment did not differ significantly year over year for the second quarter as the decrease in activity was offset by the segment being in operation for the full quarter. The Contract Drilling segment was purchased on May 15, 2014. Year to date the increase in depreciation for the Contract Drilling segment was offset by a decrease in Production Services segment as a result of the lower activity in service rigs.

Loss (Gain) on Disposal of Equipment

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Loss (gain) on disposal of equipment	279	(113)	392	n/m(1)	314	(113)	427	n/m(1)

(1) Not meaningful

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize our operations. During the first six months of 2015, the loss on disposal of equipment was the result of the sale of equipment and the regular replacement of crew trucks resulting in proceeds on sale of $0.2 million.

Income Taxes

$ thousands	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Net (loss) income before income taxes	(3,556)	(4,127)	(3,418)	268
Deferred income tax expense (recovery)	738	(945)	838	205
Deferred income tax expense(recovery) as a % of net (loss) before income taxes	(21%)	23%	(25%)	76%
Expected statutory income tax rate	26%	25%	26%	25%

The increase in income taxes in the current period is largely a result of a 2% increase in the Alberta corporate income tax rate that was announced in the second quarter, effective July 1, 2015, and the resulting revaluation of net deferred tax liability. The increase was partially offset by the year over year decrease in net income before income taxes. 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 until 2018.

Net (Loss) Income and Comprehensive (Loss) Income

$ thousands	Three months ended June 30, 2015	2014	Change $	Change %	Six months ended June 30, 2015	2014	Change $	Change %
Net (loss) income and comprehensive (loss) income	(4,294)	(3,182)	(1,112)	(35%)	(4,256)	63	(4,319)	n/m(1)

(1) Not meaningful

Net (loss) income and comprehensive (loss) income decreased $1.1 million year over year for the quarter and $4.3 million year to date as a result of reduced operating activities in Production Services and an increase in the deferred tax expense resulting from the Q2 2015 increase in the Alberta corporate tax rate.

Liquidity and Capital Resources

The Company's liquidity needs in the short term and long term can be sourced in several ways including: funds from operations, borrowing against existing debt 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 debt credit facility, fund capital requirements and pay dividends. At June 30, 2015, the Company's $100 million credit facility, which does not mature until June 21, 2017, has approximately $48.4 million undrawn.

During the first six months of 2015, the Company had operating cash flows of $23.4 million. Of the $23.4 million in cash flows from operations, $7.0 million was used to fund capital expenditures net of proceeds on disposition, $14.9 million was paid to reduce the outstanding debt and pay required interest and $1.8 million was returned to shareholders in the form of cash dividends.

As at June 30, 2015 the Company had positive working capital excluding debt of $6.5 million compared to $20.6 million at December 31, 2014 and $9.6 million at June 30, 2014. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The decline in working capital is expected in the second quarter in keeping with the seasonality of operations. Lower activity levels have resulted in reduced net working capital as a result of less revenue generated in the first six months of 2015. Typically, as activity increases in the third and fourth quarter, working capital will also increase.

The current industry slowdown in activity combined with the increased pressure to reduce day and hourly rates from E&P customers has reduced the Company's projections regarding operating cash flows for 2015. As a result, the Company instituted cash saving initiatives beginning Q1 2015 which was intended result in year over year cash savings of approximately $25.5 million consisting of the following:

- reductions to the compensation of the Board of Directors and senior management of 9%;
- salary reductions to all employees of 4%;
- staff reductions of 15% of salaried employees and 5% of field employees;
- suspension of profit share and bonus programs for all employees;
- reduction of the 2015 capital expenditure budget by 26%; and,
- implementation of the DRIP and SDP with 70% shareholder participation combined with a reduction of the quarterly dividend March 31, 2015 to $0.005 per common share and a further reduction of the quarterly dividend beginning September 30, 2015 to $0.0025 per common share.

At June 30, 2015, CWC's Consolidated Debt to trailing 12 month EBITDA ratio is 1.8:1 with a debt covenant limit of 3.0:1. In response to the expected drop in CWC's EBITDA for 2015 and 2016, on March 13, 2015, we amended the credit agreement with our banking syndicate to amend our financial covenants for Consolidated Debt to EBITDA ratio from 3.0:1 to 3.5:1 for the quarters ending December 31, 2015 and March 31, 2016, reducing to 3.25:1 for quarters ending June 30, 2016 and September 30, 2016 and returning to 3.0:1 thereafter. Other debt covenants remain unchanged.

As funds from operations are expected to decline during the current downturn, the Company has focused on cash saving initiatives outlined above, reduction of capital expenditures and reduction of the dividend paid to shareholders. The Company has taken significant and immediate steps to ensure the Company has sufficient liquidity to cover future financial obligations.

Capital Requirements:

Over the past three years the Company has been increasing its asset base of drilling rigs and 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. In 2014, the Company initiated a plan that would result in spending approximately $3.0 million annually over the next several years to recertify the oldest of its service rigs due for their Level IV recertification. With the current downturn the Company has decided to delay the program to preserve cash flows. Because these recertifications are based on hours of service, the reduced activity currently being experienced in 2015 will prolong the time before recertification is required. Once utilizations return to normal, the program will be reinstated to ensure the effective management of the Company's cash flows as well as ensure that future operations are not negatively impacted by rigs "houring out". As at June 30, 2015, 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 the Company's existing credit facility 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.

Common Shares and Dividends

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

	August 10, 2015	June 30, 2015	December 31, 2014
Common shares	289,303,662	285,216,136	270,762,224
Stock options	8,825,000	9,225,010	13,020,012
Restricted share units	1,945,000	1,945,000	2,065,000

During the six months ended June 30, 2015, 2,630,002 options were exercised, 120,000 RSUs were exercised and 11,703,910 shares were issued under the DRIP/SDP. In addition 1,165,000 options, 75,000 were issued and 75,000 RSUs were forfeited. Subsequent to Q2, 4,025,934 shares were issued under the DRIP/SDP.

On December 23, 2014, the Company introduced a DRIP and SDP as a prudent cash resource measure given the volatility and uncertainty in the oil price environment. Participation in the DRIP or the SDP is optional and will not affect shareholders' cash dividends unless they elect to participate in the DRIP or SDP. The adoption of the DRIP and SDP provides CWC with additional cash resources while ensuring that it continues to maintain its balance sheet flexibility allowing for the payment of a cash or stock dividend. Shares issued under DRIP and SDP have a dilutive effect to shareholders that elect to receive a cash dividend.

Since the introduction of the DRIP and SDP on December 23, 2014, the following shares have been issued under the respective plans:

	July 15, 2015	April 15, 2015	January 15, 2015
Dividend declared per common shares	$0.005	$0.005	$0.0175
Common shares issued under DRIP	4,025,934	3,275,513	7,982,080
Common shares issued under SDP	61,592	145,291	301,026
% of dividend settled through the issuance of shares	69.7%	72.1%	69.2%
Cash savings (in thousands)	$ 994	$ 1,006	$ 3,281

The following table summarizes dividends declared or paid since March 31, 2014:

Declaration Date	Record Date	Payment Date	Dividend per Common Share
May 15, 2014	June 30, 2014	July 15, 2014	$0.0175
August 14, 2014	September 30, 2014	October 15, 2014	$0.0175
November 12, 2014	December 31, 2014	January 15, 2015	$0.0175
March 9, 2015	March 31, 2015	April 15, 2015	$0.0050
May 13, 2015	June 30, 2015	July 15, 2015	$0.0050
August 10, 2015	September 30, 2015	October 15, 2015	$0.0025

The reduction in the declared dividend from $0.02 cents per share annually to $0.01 cent per share annually will provide CWC additional flexibility to repay long term debt, invest in capital expenditures and/or acquire the Company's shares under its NCIB program.

The declaration of dividends is determined on a quarter by quarter basis by the Board of Directors and is based on the sustainability of its cash flows and earnings in the future.

The Company renewed its NCIB effective May 22, 2015, to purchase from time to time, as it considered advisable, up to 14,229,807of 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. During 2014, 1,145,000 common shares were purchased and returned to treasury and cancelled under the NCIB for total proceeds including commissions of $0.9 million. No purchases were made in the first six months of 2015. The NCIB expires on May 21, 2016 unless renewed.

Capital Expenditures

$ thousands	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Contract Drilling	1,492	1,805	3,262	1,805
Production Services	641	2,428	3,882	5,439
Total capital expenditures	2,133	4,233	7,144	7,244
Growth capital	321	2,157	4,153	3,444
Maintenance and infrastructure capital	1,812	2,076	2,991	3,800
Total capital expenditure	2,133	4,233	7,144	7,244

Year to date growth capital spending of $4.2 million was primarily incurred to complete slant service Rigs #505 and #506 and supporting equipment in order to further expand our growth in heavy oil and SAGD wells. Additional growth capital was incurred to complete upgrades to Drilling Rig #2. Maintenance capital spending of $3.0 million has been primarily directed at adding a Rig Walking System for Drilling Rig #3, required drilling and service rig recertification costs and upgrades, additions to field equipment for the service rig and coil tubing divisions and information technology infrastructure.

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 monthly payments of interest and bank charges until June 21, 2017. There have been no significant changes in commitments or contractual obligations since December 31, 2014. Management believes that, despite the lower activity levels anticipated for its services combined with the cash saving initiatives planned for 2015, there will be sufficient cash flows generated from operations to service the interest on the debt, finance the required maintenance capital of the Company and maintain a dividend payment to its shareholders.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	2015		2014				2013	
Three months ended	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
Revenue	13,508	27,830	45,959	38,846	20,488	38,373	31,515	28,559
EBITDAS	777	5,254	13,540	9,886	1,176	9,456	7,598	7,578
Net income (loss)	(4,294)	38	(15,760)	2,246	(3,182)	3,245	2,196	1,629
Net income (loss) per share: basic and diluted	(0.02)	0.00	(0.06)	0.01	(0.01)	0.02	0.01	0.01
Total assets	249,544	258,835	275,353	288,011	277,679	151,661	148,999	150,522
Total long-term debt	51,618	55,096	65,666	60,313	51,324	43,547	44,009	46,225
Shareholders' equity	171,100	174,925	172,705	193,151	195,851	92,202	91,344	91,537

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 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 drilling rigs, service rigs and coil tubing units over the period as detailed in the section titled "Operational Overview".

Other significant impacts have been a result of:

- Q2 2015 continued to be negatively impact by global market conditions resulting in a 34% decline in both revenues and EBITDAS. Net loss was further impacted by the 2% increase to the Alberta corporate tax rate;
- Q1 2015 was impacted by the global oversupply of oil and the 2014 decision by OPEC not to curtail production which resulted in significant decreases in revenue in both Contract Drilling and Production Services. Decreases in rates were demanded by E&P customers which further impacted revenue negatively. The result was a 27% and 44% decline in revenue and EBITDAS respectively, year over year;
- Q4 2014 represented another record revenue quarter for CWC since the Company's inception. The Contract Drilling segment, acquired in the second quarter of 2014, represented 44% of the Company's Q4 revenue;
- Q4 2014 saw revenue in the Production Services segment decline on a year over year basis by 19%. Of the $5.9 million decrease in revenue, $1.9 million is a result of a decrease in the snubbing assets and business as it was sold in Q3 2014 with the remaining $4.0 million decline in revenue a result of reduced activity level with several of CWC's largest E&P customers. Q4 2014 service rig utilization declined by 7% compared to Q4 2013;
- Q4 2014 net loss includes $20.9 million goodwill impairment. Goodwill arose on the purchase of Ironhand in Q2 2014. At the time of purchase, the current economic downturn had not yet emerged and all indications were that CWC would continue to grow the Contract Drilling segment with the completion of Rig #9 and building an additional Rig #10 in 2015. In Q1 2015, revised predictions of lower drilling activity were released by CAODC and PSAC and analysts were predicting that 2015 would be a significantly challenging year for oilfield service companies. Although the Company anticipates the decline in the Contract Drilling segment revenue to be less than others in the industry, the anticipated decline was sufficient to indicate an impairment to the Goodwill;
- Q3 2014 represented the first full three month period with the Contract Drilling segment which represented 39% of the Company's Q3 revenue;
- Q3 2014 included a gain on disposal of equipment of $0.2 million in net income as a result of the sale of the snubbing assets and business;
- Q2 2014 increase to total assets and shareholders' equity reflects the acquisition of Ironhand and related equity financing. Ironhand was acquired for a total purchase consideration of $128.7 million;
- Q2 2014, $0.8 million in transaction costs were incurred relating to the acquisition of Ironhand;
- Q3 2013, $0.7 million for impairment of a coil tubing unit not completed due to the manufacturer going into receivership;
- Q2 2013, an increase in the precipitation levels in the spring of 2013 led to a prolonged spring breakup compared to recent years resulting in a larger decline in seasonal activity levels than in previous years.

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 and six months ended June 30, 2015 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, 2014.

New Accounting Pronouncements

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, 2015. 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 annual 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, 2018, with early adoption permitted under IFRS. The Company has not yet assessed the impact this standard will have on the financial statements.

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, 2015 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 most recent Annual Information Form which is available under the Company's profile at www.sedar.com or by contacting the Company.

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 changes 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 cash 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, 2015	Three months ended June 30, 2014	Six months ended June 30, 2015	Six months ended June 30, 2014
NON-IFRS MEASURES				
EBITDAS:				
Net (loss) income	(4,294)	(3,182)	(4,256)	63
Add:				
Depreciation	3,278	3,821	7,462	8,086
Finance costs	525	523	1,099	966
Transaction costs	-	715	-	788
Income tax expense	738	(945)	838	205
Stock based compensation	251	357	574	637
Loss (gain) on sale of equipment	279	(113)	314	(113)
EBITDAS [(1)]	777	1,176	6,031	10,632
EBITDAS per share – basic[(1)]	$0.00	$0.01	$0.02	$0.06
EBITDAS per share – diluted[(1)]	$0.00	$0.01	$0.02	$0.05
EBITDAS margin (EBITDAS/Revenue) [(1)]	6%	6%	15%	18%
Weighted average number shares outstanding - basic	283,902,087	213,515,563	280,797,326	184,591,172
Weighted average number shares outstanding - diluted	283,902,087	213,515,563	280,797,326	194,334,851
Funds from operations:				
Cash flows from operating activities	5,869	5,983	23,357	12,444
Add (deduct): Change in non-cash working capital	(5,092)	(5,522)	(17,326)	(2,600)
Funds from operations [(2)]	777	461	6,031	9,844
Gross margin:				
Revenue	13,508	20,488	41,338	58,861
Less: Direct operating expenses	9,711	15,676	27,930	40,539
Gross margin [(3)]	3,797	4,812	13,408	18,322
Gross margin percentage [(3)]	28%	23%	32%	31%

$ thousands	June 30, 2015	December 31, 2014
Working capital (excluding debt):		
Current Assets	13,334	38,405
Less: Current Liabilities	(6,991)	(18,003)
Add: Current portion of long term debt	183	201
Working capital (excluding debt) [(4)]	6,526	20,603
Working capital (excluding debt) ratio[(4)]	2.0:1	2.2:1
Net debt:		
Long term debt	51,435	65,465
Less: Current assets	(13,334)	(38,405)
Add: Current liabilities	6,991	18,003
Net debt [(5)]	45,092	45,063

(1) EBITDAS (Earnings before interest and finance costs, income tax expense, depreciation, amortization, (gain) loss on disposal of asset, transaction costs, goodwill impairment 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 (loss) income and comprehensive (loss) income 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.