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

Management's Discussion and Analysis ("MD&A") is a review of the results of operations and liquidity and capital resources of CWC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "CWC", the "Company", "we", "us", or "our" means CWC Energy Services Corp.). The following discussion and analysis provided by CWC is dated May 2, 2017 and should be read in conjunction with unaudited condensed interim financial statements for the three months ended March 31, 2017, the audited annual financial statements for the year ended December 31, 2016 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2016 ("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 March 31, 2017

- In Q1 2017, the Company continued to experience higher utilization attributable to improved and stable crude oil prices. Average crude oil price, as measured by WTI, of US$51.85/bbl in Q1 2017 was a 6% increase over Q4 2016 average price of US$49.04/bbl and 54% higher than US$33.64/bbl in Q1 2016. Natural gas prices, as measured by AECO, decreased 13% from an average of $2.95/GJ in Q4 2016 to $2.57/GJ in Q1 2017 (Q1 2016: $1.74/GJ) as a result of a relatively warm North American winter that reduced the demand for natural gas.

- CWC's drilling rig utilization of 66% in Q1 2017 (Q1 2016: 26%) exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 41**%**. Activity levels increased 179% in Q1 2017 compared to Q1 2016 reflecting increased optimism from our E&P customers that the oversupply of oil globally over the last two years is coming to an end. CWC's utilization of 66% on 532 drilling rig operating days in Q1 2017 (Q1 2016: 191 operating days) was the highest level of activity in the last nine quarters (Q4 2014: 84% utilization on 693 operating days).

- CWC's service rig utilization of 56% in Q1 2017 (Q1 2016: 40%) with 32,997 operating hours was 41% higher than the 23,466 operating hours in Q1 2016. CWC's Q1 2017 service rig operating hours and utilization was the best operating results the Company has achieved in the last twelve quarters (Q1 2014: 37,652 operating hours and 61% respectively) and reflects the increasing demand from our E&P customers to do maintenance, workovers and abandonments on existing wells.

- CWC's coil tubing utilization of 52% in Q1 2017 (Q1 2016: 42%) with 4,243 operating hours was 40% higher than the 3,034 operating hours in Q1 2016. CWC's Q1 2017 coil tubing operating hours and utilization was the highest level of activity in the Company's last eight quarters (Q1 2015: 4,351 operating hours and 60% respectively). The increased activity level is a direct result of a greater demand by our E&P customers to service their steam assisted gravity drainage ("SAGD") wells.

- Revenue of $32.5 million, an increase of $12.8 million (65%) compared to $19.7 million in Q1 2016. The increase from Q1 2016 is a result of the significant year-over-year increase in activity levels with customer pricing stabilizing for drilling rigs and modestly increasing for service rigs from its previous downward trend in 2015 and 2016.

- Adjusted EBITDA [1] of $5.2 million, an increase of $2.6 million (101%) compared to $2.6 million in Q1 2016. Increased Adjusted EBITDA is a direct result of increased year-over-year activity levels offset by higher direct operating expenses and general and administrative expenses attributable to increased activity.

- Net loss of $0.4 million, a decrease of $1.0 million (-74%) compared to $1.4 million in Q1 2016. The reduction in net loss is primarily due to the increase in Adjusted EBITDA and lower finance costs and deferred income tax recovery partially offset by an increase in non-cash stock based compensation.

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

Corporate Overview

CWC Energy Services Corp. is a premier Contract Drilling and Well Servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") with a complementary suite of oilfield services including drilling rigs, service rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Red Deer, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Financial and Operational Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended March 31, 2017	2016	% Change
FINANCIAL RESULTS			
Revenue			
Contract drilling	11,136	4,119	170%
Production services	21,372	15,621	37%
	32,508	19,740	65%
Adjusted EBITDA [1]	5,150	2,557	101%
Adjusted EBITDA margin (%) [1]	16%	13%	3%
Funds from operations	5,150	2,557	101%
Net loss	(368)	(1,430)	n/m[2]
Net loss margin (%)	(1%)	(7%)	n/m[2]
Per share information			
Weighted average number of shares outstanding – basic	392,269,947	292,636,578	
Weighted average number of shares outstanding – diluted	392,269,947	292,636,578	
Adjusted EBITDA [1] per share – basic and diluted	$0.01	$0.01	
Net loss per share - basic and diluted	$0.00	$0.00	

$ thousands, except ratios	March 31, 2017	December 31, 2016
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	21,189	11,333
Working capital (excluding debt) ratio [1]	3.3:1	2.5:1
Total assets	218,171	210,750
Total long-term debt (including current portion)	38,987	33,142
Shareholders' equity	155,358	155,482

(1) Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.
(2) Not meaningful.

Working capital (excluding debt) has increased 87% since December 31, 2016 driven by a 77% increase in accounts receivable from higher revenue in Q1 2017 offset by a 24% increase in accounts payable. Due to the seasonality of the oilfield services business in Canada, working capital typically peaks in Q1 and drops in Q2 as accounts receivable are collected. Long-term debt (including current portion) has increased 18% from December 31, 2016 in part to fund the increase in working capital (excluding debt).

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres, eight of nine rigs have top drives and two have pad rig walking systems. The drilling rig fleet has an average age of eight years. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**
Drilling Rigs								
Active drilling rigs, end of period	9	9	9	8	8	9	9	9
Inactive drilling rigs, end of period	-	-	-	1	1	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day [1]	$20,942	$20,623	$16,835	$21,754	$21,565	$24,996	$24,740	$26,661
Drilling rig operating days	532	257	301	65	191	191	379	99
Drilling rig utilization % [2]	66%	31%	37%	9%	26%	23%	46%	12%
CAODC industry average utilization %	40%	24%	17%	7%	20%	20%	24%	13%
Wells drilled	41	21	21	5	14	16	26	7
Average days per well	13.0	12.2	14.3	13.0	13.6	11.9	14.6	14.1
Meters drilled (thousands)	151.8	82.0	70.0	19.5	56.0	59.9	98.0	26.2
Meters drilled per day	285	319	232	300	293	314	259	265
Average meters per well	3,702	3,906	3,332	3,903	4,000	3,741	3,767	3,748

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

[2] Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis) in accordance with the methodology prescribed by the CAODC.

Contract Drilling revenue of $11.1 million for Q1 2017 (Q1 2016: $4.1 million) was achieved with a utilization rate of 66% (Q1 2016: 26%), compared to the CAODC industry average of 41%. Overall, Q1 2017 Contract Drilling revenue was 170% higher compared to Q1 2016 as a 178% increase in operating days offset the 3% reduction in pricing.

CAODC reports that the total Canadian drilling industry operating days was 23,448 in Q1 2017, a 79% increase from Q1 2016 operating days of 13,100 days. In comparison, CWC’s 179% increase from 191 operating days in Q1 2016 to 532 operating days in Q1 2017 outperformed the CAODC industry average and is attributable to the Company having the most modern, relevant and well maintained drilling rigs as well as a reputation for safe and efficient operations, exceptional management and experienced drilling rig crews. Of note, in Q1 2017, Drilling Rig #8 reached a milestone depth of 6,290 metres demonstrating that CWC’s fleet of telescopic double drilling rigs have the hook loads, racking capacity and pumping capabilities to reach the most active horizons of the WCSB.

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at March 31, 2017 which consists of 41 single, 27 double, and 6 slant rigs. At an average age of ten years old, CWC's fleet is amongst the newest in the WCSB and provides services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. CWC has chosen to park seven of its service rigs and focus its sales and

operational efforts on the remaining 67 active service rigs with one temporarily taken out of service in Q1 2017 to complete its Level IV recertification.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at March 31, 2017, the Company's fleet of ten coil tubing units consists of six Class I, three Class II and one Class III coil tubing units. In light of competitive challenges for CWC's Class III coil tubing unit, the Company has chosen to focus its sales and operational efforts on its nine Class I and II coil tubing units which are better suited at servicing SAGD wells, which are shallower in depth and more appropriate for these coil tubing operations.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**
Service Rigs								
Active service rigs, end of period	66	67	66	65	65	64	65	66
Inactive service rigs, end of period	8	7	8	9	9	10	9	8
Total service rigs, end of period	74	74	74	74	74	74	74	74
Operating hours	32,997	27,091	22,927	21,724	23,466	21,008	16,676	14,051
Revenue per hour	$584	$536	$543	$548	$580	$615	$657	$668
Service rig utilization % (1)	56%	45%	38%	37%	40%	36%	27%	23%
Coil Tubing Units								
Active coil tubing units, end of period	9	8	8	8	8	8	8	8
Inactive coil tubing units, end of period	1	2	1	1	1	1	1	1
Total coil tubing units, end of period	10	10	9	9	9	9	9	9
Operating hours	4,243	2,349	2,160	1,147	3,034	1,665	1,048	2,111
Revenue per hour	$491	$507	$458	$508	$662	$657	$771	$724
Coil tubing units utilization % (2)	52%	32%	29%	16%	42%	23%	14%	29%

(1) 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.

(2) Coil tubing unit utilization is calculated based on 10 hours a day, 365 days a year. New coil tubing units are added based on the first day of field service.

Production Services revenue was $21.4 million in Q1 2017, up $5.8 million (37%) compared to $15.6 million in Q1 2016, as the impact of increased activity for the Company's service rigs and coil tubing units were due primarily to a seasonal pickup in winter demand driven by an improvement in the global crude oil price for our E&P customers. The Company also saw a modest increase to hourly rates charged to certain customers in Q1 2017.

CWC's service rig utilization of 56% in Q1 2017 (Q1 2016: 40%) with 32,997 operating hours was 41% higher than the 23,466 operating hours in Q1 2016. CWC's Q1 2017 service rig operating hours and utilization was the best operating results the Company has achieved in the last twelve quarters (Q1 2014: 37,652 operating hours and 61% respectively) and reflects the increasing demand from our E&P customers to do maintenance, workovers and abandonments on existing wells.

CWC's coil tubing utilization of 52% in Q1 2017 (Q1 2016: 42%) from 4,243 operating hours was 40% higher than the 3,034 operating hours in Q1 2016. CWC's Q1 2017 coil tubing operating hours and utilization was the highest level of activity in the Company's last eight quarters (Q1 2015: 4,351 operating hours and 60% respectively). The increased activity level is a direct result of a greater demand by our E&P customers to service their SAGD wells. Coil tubing's average hourly rate of $491 per hour in Q1 2017 was a 26% decline from $662 per hour in Q1 2016 due to a higher activity mix of lower priced Class I shallow units working on SAGD wells compared to the deeper Class II units compared to a year ago.

Outlook

Crude oil, as represented by WTI, averaged US$51.85/bbl in Q1 2017, an increase of 6% over Q4 2016 average price of US$49.04/bbl and 54% higher than US$33.64/bbl in Q1 2016. Natural gas prices, as represented by AECO, averaged $2.57/GJ, 13% lower than Q4 2016 average of $2.95/GJ, but 48% higher than $1.74/GJ in Q1 2016. Crude oil and natural gas prices have been steadily increasing since WTI's low of US$26.21/bbl in February 2016 and AECO's low of $0.65/GJ in May 2016 resulting in an improved outlook for higher activity levels for North American oilfield service companies, as evident in Q1 2017. On April 27, 2017, The Petroleum Services Association of Canada ("PSAC") revised its forecast of wells to be drilled in 2017 for a second time to 6,680 wells, up 1,530 wells or 30% from its first upwardly revised forecast on January 30, 2017 of 5,150 wells; a 64% increase to the 4,084 wells drilled in 2016.

CWC expects to continue to be highly utilized after spring breakup ends. However, as demand for oilfield services increases across the industry, it has become apparent that attracting and retaining field employees will become more difficult for each additional rig to meet rising customer demand. Currently, CWC can crew nine of nine drilling rigs (100%), 54 of 66 service rigs (82%) and eight of nine coil tubing units (89%). The Company will continue to attract field employees by being one of the most active drilling rig, service rig and coil tubing contractors in the WCSB. Offering new field employees more hours worked rather than increased wages per hour should allow the Company to keep wage inflation under control when attracting and retaining the next incremental rig crew. Should customer demand continue to increase for the remainder of 2017 and into 2018 along with a tight labour market, CWC believes increases to customer pricing should materialize resulting in improved operating and cash flow margins in future quarters.

While CWC continues to maintain focus on its operational and financial performance, it also recognizes the need to pursue opportunities that create long-term shareholder value. With the support of the Board of Directors, management continues to actively evaluate strategic opportunities and pursue those it believes will fundamentally position CWC well for the future.

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

	Three months ended March 31,			
$ thousands	**2017**	**2016**	**$ Change**	**% Change**
Revenue				
Contract drilling	11,136	4,119	7,017	170%
Production services	21,372	15,621	5,751	37%
	32,508	19,740	12,768	65%
Direct operating expenses				
Contract drilling	8,203	2,969	5,234	176%
Production services	15,815	11,147	4,668	42%
	24,018	14,116	9,902	70%
Gross margin [(1)]				
Contract drilling	2,933	1,150	1,783	155%
Production services	5,557	4,474	1,083	24%
	8,490	5,624	2,866	51%
Gross margin percentage [(1)]				
Contract drilling	26%	28%	n/a	(2%)
Production services	26%	29%	n/a	(3%)
	26%	28%	n/a	(2%)

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

Q1 2017 revenue of $32.5 million, an increase of $12.8 million (65%) compared to $19.7 million in Q1 2016. Revenue increased $7.0 million (170%) in the Contract Drilling segment and $5.8 million (37%) in the Production Services segment in Q1 2017 compared to Q1 2016. The year-over-year increase in Contract Drilling revenue was due to higher activity (operating days) which was partially offset by a 3% reduction in the Q1 2017 average revenue per operating day of $20,942compared to Q1 2016 of $21,565. The year-over-year increase in Production Services revenue was due

primarily to higher activity (operating hours) for both service rigs and coil tubing along with a modest 1% increase to the Q1 2017average revenue per operating hour of $584 compared to Q1 2016 of $580 for service rigs partially offset by a 26% reduction in Q1 2017 average revenue per operating hour of $491 compared to Q1 2016 of $662 for coil tubing units due to the higher asset mix of shallower Class I coil tubing units generating more operating hours.

The higher industry activity in Q1 2017 allowed CWC to diversify its customer base and reduce reliance on its top ten customers. Revenue contribution from the Company's top ten customers dropping from 81% in Q1 2016 to 66% in Q1 2017 with its top customer's revenue contribution dropping from 32% in Q1 2016 to 18% in Q1 2017.

Approximately 63% of revenue in Q1 2017 was from work on crude oil wells while 37% was from natural gas wells. Further, approximately 42% of revenue was related to drilling and completions work, 44% from maintenance and workovers on producing wells and 14% from abandonments.

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. CWC's management has focused on maintaining direct costs in line with reduced pricing and where possible, minimizing the fixed cost component. Given the higher activity level in Q1 2017, the Company experienced increases in repairs and maintenance and higher fuel costs for the Production Services segment due to the introduction on January 1, 2017 of the Alberta Carbon Tax Levy resulting in a slightly lower gross margin of 26% in Q1 2017 (Q1 2016: 28%).

Selling and Administrative Expenses

	Three months ended March 31,			
$ thousands	**2017**	**2016**	**$ Change**	**% Change**
Selling and administrative expenses	3,340	3,067	273	9%

Selling and administrative expenses of $3.3 million in Q1 2017, an increase of $0.3 million (9%) compared to $3.0 million in Q1 2016. The increased selling and administrative expenses in Q1 2017 are due primarily to recruitment of field employees and other costs required to support significantly higher year-over-year activity levels. Most selling and administrative expenses, such as building and office rent and administrative salaries are fixed 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.

Adjusted EBITDA

	Three months ended March 31,			
$ thousands	**2017**	**2016**	**$ Change**	**% Change**
Adjusted EBITDA [(1)]				
Contract drilling	2,690	983	1,707	174%
Production services	3,430	2,756	674	24%
Corporate	(970)	(1,182)	212	(18%)
	5,150	2,557	2,593	101%
Adjusted EBITDA margin (%) [(1)]	16%	13%	n/a	3%

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

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

Adjusted EBITDA of $5.2 million in Q1 2017, an increase of $2.6 million (101%) compared to $2.6 million in Q1 2016. The increase in Adjusted EBITDA is consistent with increased activity and gross margins ($2.9 million) from the Contract Drilling and Production Services segments and lower Corporate expenses ($0.2 million), offset by an increase in Contract Drilling and Production Services selling and administrative expenses ($0.5 million) incurred to support increased activity.

Stock Based Compensation

$ thousands	Three months ended March 31, 2017	2016	$ Change	% Change
Stock based compensation	200	84	116	138%

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSU's") being expensed over their vesting term. Stock based compensation of $0.2 million in Q1 2017 is 138% higher than Q1 2016 primarily due to the forfeiture of stock options and RSU's on employee departures in Q1 2016. As a generalization, a higher stock based compensation expense will result from a higher trading price of CWC's common shares at the time the stock options and RSU's are granted.

Finance Costs

$ thousands	Three months ended March 31, 2017	2016	$ Change	% Change
Finance costs	546	577	(31)	(5%)

Finance costs of $0.5 million in Q1 2017, a decrease of $0.1 million (5%) compared to $0.6 million in Q1 2016. The decrease in finance costs was due to higher average interest rates and amortization of capitalized finance costs, offset by a reduction in the average outstanding borrowing in Q1 2017 compared to Q1 2016. In Q3 2016, $7.0 million of the proceeds from the $14.6 million rights offering were used to repay long-term debt and included in the Consolidated Debt to Consolidated EBITDA ratio calculation as an equity cure. The remaining $7.6 million in proceeds from the $14.6 million rights offering is held in a segregated bank account, which for accounting purposes, offsets the long-term debt. Finance costs continue to be calculated on the long-term debt excluding the monies held in the segregated bank account.

Depreciation and Amortization

$ thousands	Three months ended March 31, 2017	2016	$ Change	% Change
Depreciation				
Contract drilling	1,777	806	971	120%
Production services	2,940	2,822	118	4%
Corporate	41	43	(2)	(5%)
	4,758	3,671	1,087	30%

Depreciation and amortization for drilling rigs and service rigs are based on operating days and hours. Coil tubing units, capitalized recertifications and other production equipment are depreciated on a straight line basis resulting in consistent depreciation and amortization expense regardless of activity. As such, the increase in depreciation for Q1 2017 reflects the increased utilizations compared to Q1 2016 offset by lower total depreciable equipment.

Loss on Disposal of Equipment

$ thousands	Three months ended March 31, 2017	2016	$ Change	% Change
Loss on disposal of equipment	48	145	(97)	(67%)

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q1 2017, the loss on disposal of equipment was the result of the sale of equipment with proceeds on sale of $0.02 million (Q1 2016: $0.1 million).

Deferred Income Taxes

$ thousands	Three months ended March 31, 2017	2016	$ Change
Net loss before income taxes	(402)	(1,920)	(1,518)
Deferred income tax recovery	(33)	(490)	(457)
Deferred income tax recovery as a % of net loss before income taxes	8%	26%	n/m[1]
Expected statutory income tax rate	27%	27%	27%

Income taxes are a function of taxable income and are calculated differently than accounting net income. Differences between accounting net income and taxable income include such things as gains or losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, goodwill impairment, and other differences. The Q1 2017 deferred income tax recovery of $0.03 million is a result of the net loss before income taxes.

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

Net Loss and Comprehensive Loss

$ thousands	Three months ended March 31, 2017	2016	$ Change	% Change
Net loss and comprehensive loss	(369)	(1,430)	1,061	(74%)

Q1 2017 net loss and comprehensive loss of $0.4 million, a decrease of $1.0 million (74%) from $1.4 million in Q1 2016. The year-over-year reduction in net loss is due primarily to a higher Adjusted EBITDA, decreased finance costs offset by the decline in deferred income tax recovery, increases in depreciation and amortization expense and non-cash stock based compensation.

Liquidity and Capital Resources

Source of Funds

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 credit facilities, new debt instruments, equity issuances and proceeds from the sale of assets. Cash inflows are used to repay outstanding amounts on the Company's credit facilities, acquire shares under the NCIB and fund capital requirements.

During Q1, 2017, the Company's Funds from Operations of $5.2 million and total credit facility borrowing of $5.8 million were used to fund the seasonal increase in working capital, $0.6 million capital expenditures, net of proceeds on disposition, and financing costs of $0.5 million. In Q1 2016, the Company's Funds from Operations were used to fund net capital expenditures, financing costs and repay $1.6 million in long term debt.

At March 31, 2017 the Company had working capital (excluding debt) of $21.2 million compared to $11.3 million at December 31, 2016. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The increase in working capital (excluding debt) from December 31, 2016 is due to increased accounts receivable from higher revenue offset by increased accounts payable and other liabilities. Typically, as activity levels increase or decrease working capital will also increase or decrease.

At March 31, 2017, the applicable rates under the credit facilities are: bank prime rate plus 2.25%, bankers' acceptance rate plus a stamping fee of 3.25%, and standby fee rate of 0.73%.

Capital Requirements

As utilization of the Company's equipment increases, CWC plans to recertify several of its service rigs. As at March 31, 2017, the Company has capital spending plans as noted in the section titled "Capital Expenditures". Additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue in the future. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

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

Common Shares and Dividends

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

	May 2, 2017	March 31, 2017	December 31, 2016
Common shares	392,972,342	393,065,842	391,920,676
Stock options	20,491,000	20,491,000	21,791,000
Restricted share units	3,987,167	4,007,167	4,473,000

During Q1 2017, 833,333 stock options were exercised and 466,667 were forfeited. In addition, 265,833 RSU's were exercised, 60,000 were forfeited and 75,000 were granted.

During Q1 2017, the Company had an NCIB which allowed it to purchase, from time to time as it considers advisable, up to 19,512,200 of issued and outstanding common shares through the facilities of the TSX Venture Exchange ("TSXV"). The price that the Company paid for any common share under the NCIB was the prevailing market price on the TSXV at the time of such purchase. During Q1 2017, 282,500 common shares were purchased under the NCIB and 169,000 common shares were cancelled and returned to treasury. Subsequent to Q1 2017, an additional 113,500 common shares were cancelled and returned to treasury. On April 7, 2017, the Company replaced its then current NCIB with a new NCIB which now expires on April 6, 2018. Under the new NCIB the Company may purchase, from time to time as it considers advisable, up to 19,653,292 of issued and outstanding common shares through the facilities of the TSXV. In addition, CWC entered into an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies. From April 7, 2017 to May 2, 2017, an additional 400,000 common shares were purchased under the ASPP.

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. Given the lower Adjusted EBITDA and cash flow of the Company, on November 24, 2015, the Board of Directors suspended the Company's quarterly dividend and dividend reinvestment plan ("DRIP") and stock dividend program ("SDP").

Capital Expenditures

$ thousands	Three months ended March 31, 2017	2016	$ Change
Contract Drilling	146	26	120
Production Services	512	240	272
Total capital expenditures	658	266	392
Growth capital	-	-	-
Maintenance and infrastructure capital	658	266	392
Total capital expenditures	658	266	392

Capital expenditures in Q1 2017 of $0.7 million are $0.4 million (133%) higher than $0.3 million in Q1 2016 and primarily consist of recertification costs, replacement components and one new leased vehicle. This compares to Q1 2016 capital expenditures consisting of recertification costs and one leased vehicle.

The 2017 capital expenditure budget of $5.9 million was approved by the Board of Directors on December 6, 2016 comprised of $5.4 million of maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as for information technology and $0.5 million of growth capital.

Commitments and Contractual Obligations

Under the terms of the Company's amended credit facilities, the borrowing under the credit facilities are due in full on July 31, 2018. The Company is committed to monthly payments of interest and bank charges until July 31, 2018. There have been no significant changes in other commitments or contractual obligations since December 31, 2016. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required maintenance and growth capital of the Company in 2017.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	2017	2016				2015		
Three months ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Revenue	32,580	20,922	18,506	13,884	19,740	18,787	21,135	13,508
Adjusted EBITDA	5,150	2,923	1,741	999	2,557	2,327	3,679	777
Net loss	(368)	(1,717)	(2,042)	(2,279)	(1,430)	(6,747)	(18,103)	(4,294)
Net loss per share: basic and diluted	0.00	0.00	(0.01)	(0.01)	0.00	(0.02)	(0.06)	(0.02)
Total assets	218,171	210,750	212,634	212,440	218,906	222,428	236,246	249,544
Total long-term debt	38,828	33,142	34,013	32,235	50,538	52,036	57,519	51,618
Shareholders' equity	155,358	155,482	156,605	158,515	146,116	147,462	153,503	171,100

The table above summarizes CWC's quarterly results for the previous eight financial quarters. CWC's operations are carried out in western Canada. The second quarter is typically expected to be the weakest financial and operating quarter for the Company due to ground conditions being impacted by spring breakup. The ability to move heavy equipment in the Canadian crude oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of

supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this spring breakup has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. As a result, late March through May is traditionally the Company's slowest time, and as such the revenue, operating costs, and financial results of the Company will vary on a quarterly basis.

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

Other significant impacts have been a result of:

- Q1 2017 saw significantly higher operating activity in the Company's Contract Drilling and Production Services segments than what had been experienced in the last eight to twelve quarters;
- Q4 2016 saw improved utilizations in both drilling and service rig activity as a result of increased global crude oil and natural gas prices after OPEC's agreement on crude oil production cuts;
- Q3 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company continued to see leading market share and utilization of its service rigs;
- Q2 2016 service rig fleet worked a record 21,730 operating hours, the highest second quarter in the company's eleven year history despite a very challenging industry operating environment, which continued to reduce hourly rates. The prolonged downturn and pricing pressure had a significant impact on the utilization of the Company's Contract Drilling division as the need to drill new wells by E&P customers were at extremely low levels;
- Q1 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company saw a significant increase in its market share and utilization of its service rigs during a period of declining industry activity;
- Q4 2015 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. Q4 2015 net loss included an impairment of drilling rig, service rig and coil tubing property and equipment and intangible assets totaling $6.9 million;
- Q3 2015 saw improved utilizations in drilling and service rig activity compared to Q2 2015 due in part to improved crude oil pricing in Q2 2015. Q3 2015 net loss includes a $17.3 million impairment in goodwill and assets held for sale. The goodwill arose on the purchase of Ironhand Drilling Inc. in Q2 2014;
- Q2 2015 continued to be negatively impacted by global market conditions resulting in a 34% decline in both revenue and Adjusted EBITDA from Q2 2014. Net loss was further impacted by the 2% increase to the Alberta corporate income tax rate.

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 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, 2016.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the March 31, 2017 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 most of those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to activity levels, expectations on the sustainability of future cash flow and earnings and the ability to pay dividends, expectations with respect to crude oil and natural gas prices, 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 expanding its customer base, 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, 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 March 31, 2017	2016
NON-IFRS MEASURES		
Adjusted EBITDA:		
Net loss and comprehensive loss	(368)	(1,430)
Add:		
Depreciation	4,758	3,671
Finance costs	545	577
Deferred income tax recovery	(33)	(490)
Stock based compensation	200	84
Loss on sale of equipment	48	145
Adjusted EBITDA (1)	5,150	2,557
Adjusted EBITDA per share – basic and diluted(1)	$0.01	$0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	16%	13%
Weighted average number shares outstanding - basic	392,269,947	292,636,578
Weighted average number shares outstanding - diluted	392,269,947	292,636,578
Gross margin:		
Revenue	32,508	19,740
Less: Direct operating expenses	24,018	14,116
Gross margin (2)	8,490	5,624
Gross margin percentage (2)	26%	28%

$ thousands	March 31, 2017	December 31, 2016
Working capital (excluding debt):		
Current assets	30,281	18,691
Less: Current liabilities	(9,251)	(7,535)
Add: Current portion of long term debt	159	176
Working capital (excluding debt) (3)	21,189	11,332
Working capital (excluding debt) ratio (3)	3.3:1	2.5:1
Net debt:		
Long term debt	38,828	32,966
Less: Current assets	(30,281)	(18,691)
Add: Current liabilities	9,251	7,535
Net debt (4)	17,798	21,810

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

(2) Gross margin is calculated from the statement of comprehensive 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.

[3] Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital (excluding debt) is used to assist management and investors in assessing the Company's liquidity. Working capital (excluding debt) does not have any meaning prescribed under IFRS and may not be comparable to similar measures provided by other companies. Working capital (excluding debt) ratio is calculated as current assets divided by the difference of current liabilities less the current portion of long term debt.

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