CWC ENERGY SERVICES

CWC ENERGY SERVICES CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2020

Dated: March 4, 2021

TABLE OF CONTENTS

CONVENTIONS

Unless otherwise indicated, any reference in this Annual Information Form ("**AIF**") to "**CWC**", the "**Company**", the "**Corporation**", "**we**", "**us**" or "**our**" means CWC Energy Services Corp. and its subsidiaries as the context requires. Unless otherwise specified, information in this AIF is as at the end of the Company's most recently completed financial year, being December 31, 2020. All dollar amounts herein are in Canadian dollars, unless otherwise stated. Certain portions of CWC's audited consolidated financial statements ("**Financial Statements**") and Management's Discussion and Analysis ("**MD&A**") for the year ended December 31, 2020 are incorporated by reference into this AIF as indicated herein. The Financial Statements and MD&A are available on SEDAR at www.sedar.com.

NON-IFRS FINANCIAL MEASURES

This AIF and certain documents incorporated by reference herein make reference to certain financial measures that are not recognized by IFRS. Non-IFRS financial measures do not have standardized meanings prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. Investors are cautioned that these non-IFRS financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with IFRS. For information regarding the non-IFRS financial measures used by CWC, see "Reconciliation of Non-IFRS Measures" in the MD&A, which section is incorporated by reference herein. The Financial Statements and MD&A are available on SEDAR at www.sedar.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

This AIF contains certain forward-looking information and statements, including statements relating to matters that are not historical facts and statements of the Company's beliefs, expectations about developments, results and events which will or may occur in the future, which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Certain statements contained in this AIF, including statements which may contain such words as "anticipate", "could", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", and similar expressions suggest future outcomes or statements regarding an outlook.

Forward-looking information and statements are included throughout this AIF, including under the headings "General Development of the Business", "Description of the Business" and "Risk Factors" and include, but are not limited to, the risks associated with COVID-19, the oilfield contract drilling and services sector (i.e., demand, pricing and terms for 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 and pandemic (including COVID-19) 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, the effects and impacts of the COVID-19 pandemic as further described in this AIF under the heading "Risk Factors" and the oil supply conflict between the Organization of Petroleum Exporting Countries and other oil producing countries over production restrictions which have also impacted crude oil prices, resulting in increased global supply, the extent and duration of which are uncertain at this time, on CWC's business and general economic and business conditions and markets, and such other risks and uncertainties described from time to time in CWC's reports and filings with the Canadian securities authorities. Accordingly, readers should not place undue reliance on the forward-looking information and statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Management has made certain assumptions and analyses which reflect their experience and knowledge in the industry. In addition to other factors and assumptions which may have been identified in this AIF, assumptions have been made regarding, among other things; the impact of increasing competition; the general stability of the economic and political environment in which the Company operates; the timely receipt of any required regulatory approvals; the ability of the Company to obtain qualified staff and equipment in a timely and cost efficient manner; the ability of the Company to operate in a safe, efficient and effective manner; the ability of the Company to obtain financing on acceptable terms; results from operations; future crude oil and natural gas prices and the regulatory framework regarding royalties and the corresponding demand for oilfield services; currency, exchange and interest rates; and taxes and environmental matters in the jurisdictions in which the Company operates. These assumptions and analyses are believed to be accurate at the time but the Company cannot assure readers that actual results will be consistent with these forward-looking statements. However, whether actual results, performance, or achievements will conform to the Company's expectations and predictions is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations. Further information regarding these risks and uncertainties may be found under the heading "Risk Factors" in this AIF, under the heading "Risks and Uncertainties" in the MD&A (which section is incorporated by reference herein) and in the Company's most recent financial statements, information circular and quarterly reports and other documents available on SEDAR at www.sedar.com.

All forward-looking information and statements contained in this AIF are expressly qualified by this cautionary statement and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized that they will have the expected outcomes to or effects on the Company or its business operations. The Company does not intend and does not assume any obligation to update these forward-looking statements except as expressly required by applicable securities law.

CORPORATE STRUCTURE

Name, Address and Incorporation

CWC was amalgamated under the *Business Corporations Act* (Alberta) (the "**ABCA**") on May 15, 2014 with its then wholly-owned subsidiary, Ironhand Drilling Inc., and continued as "CWC Energy Services Corp.".

The Company's head office is Suite 610, 205 – 5th Avenue S.W., Calgary, Alberta, T2P 2V7 and its registered office is Suite 2400, 525 – 8th Avenue S.W., Calgary, Alberta, T2P 1G1.

Intercorporate Relationships

The Company has no subsidiaries in which the assets and revenues of such subsidiaries exceed 10% individually, or 20% in the aggregate, of the total consolidated assets or total consolidated revenues of the Company as at and for the year ended December 31, 2020.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a provider of oilfield services to oil and gas exploration and production companies ("**E&P Companies**") operating in the Western Canadian Sedimentary Basin ("**WCSB**") and the Bakken, Denver-Julesburg ("**DJ**") and Eagle Ford basins located in the United States. Its common shares ("**Common Shares**") are listed and posted for trading on the TSX Venture Exchange (the "**TSXV**"). The Corporation's business is focused on the contract drilling and well services segments of the oilfield services industry and its operations are presently based in Canada and the United States.

With a fleet of 145 service rigs, CWC is one of the largest well servicing companies in Canada as measured by active fleet and operating hours. CWC's service rig fleet consists of 75 single, 56 double, and 14 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. CWC has chosen to park 64 of its service rigs and focus its sales and operational efforts on the remaining 81 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB.

CWC's fleet of 12 swabbing rigs operate under the trade name CWC Swabtech. The swabbing rigs are used to remove liquids from the wellbore and allow reservoir pressures to push the commodity up the tubing. The Company has chosen to park seven of its swabbing rigs and focus its sales and operational efforts on the remaining five active swabbing rigs.

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. Eight of nine rigs have top drives and three have pad rig walking systems. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. The Company has expanded its drilling rig services into select United States basins including the Eagle Ford, DJ and Bakken. One of the Company's strategic initiatives is to continue to increase the capabilities of its existing fleet to meet the growing demands of E&P Companies for deeper depths at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

A description of each of the Corporation's services, including details regarding the Corporation's equipment, can be found below under "*Description of the Business*".

Three Year History

The following is a summary of the significant events in the development of CWC's business over the last three completed financial years.

The oil and gas sector was hit particularly hard amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. Demand for crude oil collapsed at a time when global supply was ramping up, fueled by rising shale oil output in the U.S. As a result, global oil prices collapsed. The Company's exploration and production ("**E&P**") customers, struggling with declining demand and business stability, cut their capital expenditure programs leading to reduced demand for the Company's services. The duration of the negative impact from the COVID-19 health pandemic on the Company's operations is unknown and will depend on future economic developments, which cannot be predicted with confidence at this time. Therefore, the Company continues to pursue cash saving initiatives to preserve cash resources and maintain balance sheet strength as well as to retain its most valuable asset – its key employees. The Company has also enacted enhanced safety protocols to protect the health and safety of its employees so that we can operate with confidence that its employees and customers are taking the necessary precautions.

In the second quarter of 2019, CWC moved two drilling rigs from Canada into the United States which commenced operations in mid-June 2019.

On June 29, 2018 the Company obtained a new five year credit facility (the "**Mortgage Loan**") in the principal amount of $12.8 million. The Mortgage Loan is secured by, among other things, a collateral mortgage from the Company in favour of the bank over properties located in Sylvan Lake, Brooks and Slave Lake Alberta. The Mortgage Loan significantly reduced the Company's overall borrowing costs by reducing standby charges on the syndicated credit facilities (the "**Bank Loan**") and realizing a lower interest rate on the term Bank Loan. The Mortgage Loan has been amortized over 22 years with blended monthly principal and interest payments. On July 27, 2018 the Company entered into an interest rate swap to effectively fix the interest rate at 4.00% until June 28, 2023.

Significant Acquisitions

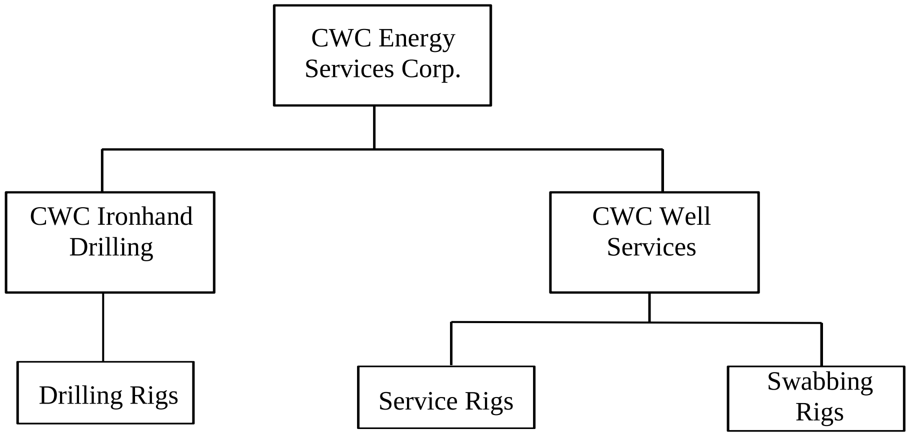
No significant acquisitions were completed by the Company during its most recently completed year for which disclosure is required under Part 8 of National Instrument 51-102.

DESCRIPTION OF THE BUSINESS

Overview

CWC is a premier contract drilling and well servicing company operating in Canada and the United States with a complementary suite of oilfield services including drilling, service and swabbing rigs. CWC provides these services through two distinct operating segments, Contract Drilling and Production Services. CWC's equipment and services are provided in northeast British Columbia and throughout Alberta to Saskatchewan from strategic regional operating locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta and in the DJ, Eagle Ford and Bakken formations in the United States.

CWC's corporate office is located in Calgary, Alberta.



Segmented Results

The Company's revenue by business segment are illustrated in the following table:

Segment	2020 Revenue $ (in 000s)	%	2019 Revenue $ (in 000s)	%
Contract Drilling	19,859	29	28,497	26
Production Services	48,034	71	79,949	74
Total	67,893	100	108,446	100

As of March 4, 2021 and December 31, 2020, the Company operated the following fleet of equipment within the WCSB and in the United States:

Units in Operation	March 4, 2021	December 31, 2020
Drilling Rigs	**9**	**9**
Service Rigs	**145**	**145**
Swabbing Rigs	**12**	**12**

The Company's commitment to maintaining a modern fleet with leading edge technology continues to stand out in an industry characterized by aging equipment infrastructure.

Contract Drilling

CWC Ironhand Drilling provides contract drilling services in the WCSB and in the United States. The market demand for contract drilling services is subject to the capital expenditure budgets of E&P Companies. Such capital expenditures are influenced by the ability of E&P Companies to have sufficient cash flow or access to debt or equity financing. Market fluctuations, the price of crude oil, the price of natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, and government regulations, including regulations relating to prices, taxes, foreign exchange, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection will be important factors in determining the number of oil and natural gas wells to be drilled by E&P Companies and consequently, the demand for CWC's contract drilling services.

CWC's estimated capital cost to build a new telescopic double drilling rig package is approximately $10.0 million to $15.0 million, depending on the manufacturing specifications.

Services and Contracts

Contract drilling services are performed using drilling rigs and auxiliary equipment pursuant to contracts from E&P Companies. Customers provide instructions to CWC regarding drilling locations and the desired depth of the oil or natural gas well to be drilled. If the well is productive and can be economically produced, the drilling rig will set the production casing or liner for the well. The drilling rig may also complete the well or install a wellhead for completion at a later date by a service rig.

Drilling contracts are awarded through competitive bidding or on a negotiated basis. In periods of low activity, more contracts are offered on a competitive bid basis. During periods of high activity, contracts are often awarded on a negotiated basis. Terms and rates will vary depending on competitive conditions, equipment and services to be supplied, the geographical area, the geological formation to be drilled, the onsite drilling conditions and the anticipated duration of the work. The drilling rig contractor provides the drilling rig and crew and is typically responsible for the payment of rig operating and maintenance expenses. Surface lease construction, negotiating access with land owners, rig mobilization expenses as well as third party rentals are generally paid by the E&P Company.

Contract drilling services are performed primarily pursuant to industry standard drilling contracts endorsed by both the Canadian Association of Oilwell Drilling Contractors ("**CAODC**") and Canadian Association of Petroleum Producers ("**CAPP**") in Canada. The contract can be for a specific well or number of wells or for a specific time period. Generally, contracts are carried out on a daywork basis. Pursuant to daywork contracts, the customer pays a fixed charge per day for the number of days to drill a well. Daywork contracts also provide for an hourly rate, or a lump sum amount, for mobilization of the rig to the well location and for rig-up and rig-down. Daywork contracts typically provide that the drilling company bears very limited downhole risks such as time delays for various reasons such as a well control situation or a stuck or broken drill string.

Production Services

The Production Services segment consists of service rigs and swabbing rigs operating under the CWC Well Services trade name. Market demand for service rigs and swabbing rigs are subject to the capital expenditure budgets of E&P Companies. Such capital expenditures are influenced by the ability of E&P Companies to have sufficient cash flow or access to debt or equity financing. Market fluctuations, the price of crude oil and natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, and government regulations, including regulations relating to prices, taxes, foreign exchange, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection will be important factors in determining the number of oil and natural gas wells to be completed, maintained, or abandoned by E&P Companies and consequently, determine the demand for CWC's production services. In 2020, CWC's Production Services segment worked predominately on oil wells and performed production workovers and maintenance and well decommissioning services as opposed to completions.

CWC's estimated capital cost to build a new service rig package is approximately $2.0 million to $3.0 million depending on the manufacturing specifications.

Services and Contracts

Service Rig

CWC's service rigs are used for completion services, well maintenance services, workover services, and well decommissioning services on oil and gas wells. Completion services prepare a newly drilled well for production and may include cleaning out and installing production tubing or downhole well equipment. Well maintenance services are also required to ensure continuous and efficient production of a producing well. These services include routine mechanical repairs or replacing damaged production tubing. Workover services include major repairs or modifications to existing wells. Workovers are done to restore and enhance production in an existing producing well. Well decommissioning services include plugging or decommissioning a well. These services have been specifically designed for producers operating in the WCSB. Rigs and related equipment are built to work from the natural gas fields in British Columbia to the oilfields of Saskatchewan. The equipment is not only designed for quick, compact set-up and low maintenance, but also to ensure optimal performance given the area's weather and geographical conditions. CWC's fleet of slant rigs are designed to accommodate the demand for this type of equipment in the heavy oil and oil sands resource plays.

Service rigs are generally charged to customers on an hourly basis that fluctuates depending upon the time of year, geographic area and level of industry activity, which is subject to pronounced seasonal and cyclical variance. The highest rate of activity in the industry is typically during the winter season, from November through mid-March.

Service rig work is typically awarded through competitive bidding or on a negotiated basis. In periods of low activity, more work is awarded on a competitive bid basis. During periods of high activity, service rig work is more often awarded on a negotiated basis. Terms and rates will vary depending on competitive conditions, equipment and services to be supplied, the geographical area, the nature of the work (completion, maintenance, workover, well decommissioning), and the anticipated duration of the work. The service rig contractor provides the service rig and crew and is typically responsible for the payment of rig operating and maintenance expenses. Negotiating access with land owners, rig mobilization expenses as well as third party rentals are generally paid by the E&P Companies).

Service rig work is performed primarily pursuant to industry standard master services agreement endorsed by both the CAODC and CAPP in Canada. Each service rig job is typically awarded on the basis of an agreed bid sheet on a job by job basis as long term contracts are not typical in the industry.

Swabbing Rig

CWC's swabbing services in the WCSB are performed by a derrick unit (similar to a small service rig) to remove liquids from within the wellbore and allow reservoir pressure to push all fluids up the tubing or casing. In wells with high water cuts, swabbing is needed on a regular basis to keep the water column from chocking off production and shutting the well in prematurely.

Swabbing rigs are generally charged to customers on an hourly basis that fluctuates depending upon the time of year, geographic area and level of industry activity, which is subject to pronounced seasonal and cyclical variance. The highest rate of activity in the industry is typically during the winter season, from November through mid-March.

Swabbing work is typically awarded on the basis of an agreed bid sheet on a job by job basis and long term contracts are not typically awarded in the industry.

Seasonal Nature of Industry

The level of activity within the oil and natural gas industry in Canada is influenced by seasonal weather patterns. This seasonality is also affected by geography as activity further north is generally more affected by seasonal weather. The annual weather cycle affects the entire energy industry in Canada and can generally be viewed in four components:

- *Spring Break-up* – occurs between mid-March and mid-June. The northern geographic locations thaw and southern lands become impractical for travel due to wet road and surface conditions resulting in road bans. Drilling and other oilfield service activity is generally low with E&P Companies planning for the summer season.

- *Summer and Fall Season* – occurs between mid-June and mid-October, generally focused on areas that are accessible in the summer (i.e., not situated in areas covered with muskeg); summer drilling and oilfield service activity is generally not as strong as the winter season.

- *Switch Over to Winter Season* – occurs between mid-October and mid-November and is characterized by lighter drilling and oilfield service activity when many companies are moving off summer locations and preparing winter leases for delivery of equipment.

- *Winter Season* – occurs between mid-November through mid-March and is the period when a large part of contract drilling and service rig activity takes place and E&P Companies take advantage of the frozen landscape to access northern locations. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -30C.

The ability to move heavy equipment safely and efficiently in western Canadian oil and natural gas fields is dependent on weather conditions.

The volatility in the weather and temperature can create unpredictable activity and utilization rates, which can have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows. Seasonal factors and unexpected weather patterns may lead to declines in the activity levels of E&P Companies and corresponding declines in the demand for the goods and services of the Corporation. See "*Risk Factors – Seasonal Nature of CWC's Business*". In the contract drilling industry, more and more customers are utilizing pad drilling techniques and programs to allow for longer or even year round drilling.

Human Resources

As of December 31, 2020, the Company employed approximately 435 employees, the majority of whom are seasonal field employees. The Company also utilized the services of several professionals on a part-time contract or consulting basis. The Company seeks to employ individuals and utilize the services of consultants who have extensive experience in the oil and gas service business.

Safety Standards

Safety policies and procedures, accepted industry safety practices, customer specific safety requirements and health and safety legislation govern the standards for the prevention of incidents in the oil and gas industry. The safety policies and procedures adopted by the Company meet or exceed those imposed by industry, customers and/or legislation. The Company maintains a safety program which reinforces workplace safety through training, observation and communication. A key factor considered by the Company's customers in selecting contract drilling and other oilfield service providers is safety. Deterioration in the Company's safety performance could result in a decline in the demand for the Company's services and could have a material adverse impact on its revenue, cash flows and profitability.

Environmental Considerations

The oil and gas industry is regulated by a number of federal and provincial governmental bodies and agencies under a variety of complex federal and provincial legislation that sets forth numerous prohibitions and requirements, with respect to planning and approval processes related to land use, sustainable resource management, waste management, responsibility for the release of presumed hazardous materials, protection of wildlife and the environment and the health and safety of workers. Legislation provides for restrictions and prohibitions on the transport of dangerous goods and the release or emission of various substances, including substances used and produced in association with certain oil and natural gas industry operations. Legislation addresses various permits, drilling, well completion, installation of surface equipment, air monitoring, surface and ground water monitoring in connection with these activities, waste management and access to remote or environmentally sensitive areas.

CWC and its customers are subject to the above noted regulatory regime, and as a consequence, the various environmental and health and safety statutes and regulations governing the manufacturing, processing, importation, transportation, handling and disposal of substances used in its operations. Government authorities have the power to make orders and take other actions (including enforcement action) to protect the environment and ensure safety, including licensing, equipment certification, environmental assessments, reclamation orders and safety regimes.

The Corporation is pro-active in its approach to environmental concerns. Generally, industry acceptable contracts in Canada for both drilling and well servicing, provide a clear division of responsibilities relating to the foregoing between oilfield service companies and the customer. Procedures are also in place to ensure that care is taken in the day-to-day management of the Corporation's oilfield services operations. All government regulations and procedures are followed in strict adherence with the law.

Quality, Health, Safety and Environment Committee

The Board has constituted a Quality, Health, Safety and Environment Committee ("QHSE Committee"). The Quality, Health, Safety and Environment Committee is composed of at least two (2) directors of CWC and one (1) Brookfield representative or such greater number as the Board may determine from time to time. The current committee members are Dean Schultz (Chairman), Wade McGowan and Deborah Close. Among other things the Quality, Health, Safety and Environment Committee is responsible for reviewing procedures relating to quality, health, safety and environmental matters with respect to its business activities including reviewing its procedures for complying with applicable laws and regulations. Full details of the Quality, Health, Safety and Environment Committee’s mandate can be found on the Corporation’s website at www.cwcenergyservices.com.

Competition

The contract drilling and well servicing sector is highly competitive and to be successful, CWC must provide services that meet the needs of customers at competitive prices. The principal competitive factors are service quality, equipment availability, price, reliability, equipment performance, technical knowledge, experience, reputation, and safety performance. CWC competes with several competitors that are smaller and larger than it. Some competitors offer both contract drilling and well services while the majority offer only one or the other. CWC's competitors operate in all geographic regions in which CWC operates. See "Risk Factors".

CWC Ironhand Drilling’s seven Canadian based rigs compete with approximately 489 drilling rigs in the WCSB, of varying design and capability. The largest six drilling rig companies are Precision Drilling (a division of Precision Drilling Canada Limited Partnership), Ensign Energy Services Inc., Savanna Drilling (a division of Total Energy Services Inc.), Horizon Drilling (a division of Western Energy Services Corp.), Nabors Drilling (a subsidiary of Nabors Industries, Inc.) and AKITA Drilling Ltd., who collectively operate approximately 79% of the drilling rig fleet across the WCSB.

CWC Well Services' service rig division competes against approximately 778 service rigs of varying design and capacity operating in the WCSB. The largest six service rig companies are Precision Well Servicing (a division of Precision Limited Partnership), CWC Well Services (a division of CWC Energy Services Corp.), Eagle Well Servicing (a division of Western Energy Services Corp.), Savanna Well Servicing (a division of Total Energy Services Inc.), Ensign Well Servicing (a division of Ensign Energy Services Inc.) and Concord Well Servicing (a division of High Arctic Energy Services) who collectively operate approximately 55% of the service rig fleet across the WCSB. Service rigs typically operate within a fairly close proximity to their home base and, therefore, the competition is more localized in nature and effectively limited to other service rigs based nearby.

Reduced levels of activity in the crude oil and/or natural gas exploration and production industry can intensify competition and result in lower revenue to CWC. Variations in the exploration and development budgets of E&P Companies, which are directly impacted by fluctuations in commodity prices, the cyclical nature and competiveness of the oil and gas industry and government regulation, will all have an effect upon CWC's ability to generate revenue and earnings. See "Risk Factors".

RISK FACTORS

The following is a summary of certain risk factors relating to the business of the Corporation. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this document, along with CWC's other continuous disclosure documents filed in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*.

In addition to the risk factors discussed in the MD&A, investors should carefully consider the risk factors set out below and consider all other information contained herein and in the Corporation's other public filings before making an investment decision. The risks set out below are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Corporation's business and the oil and gas drilling and services business generally.

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

Weakness and Volatility in the Oil and Natural Gas Industry

Market events and conditions, including global excess oil and natural gas supply, the ongoing coronavirus disease ("**COVID-19**") pandemic, actions taken by the Organization of the Petroleum Exporting Countries ("**OPEC**"), sanctions against Iran and Venezuela, slowing growth in China and emerging economies, weakened global relationships, conflict between the U.S. and Iran, isolationist and punitive trade policies, U.S. shale production, sovereign debt levels and political upheavals in various countries including a growing anti-hydrocarbon sentiment, have caused significant volatility in commodity prices. See "*Risk Factors – Political Uncertainty*" and "*Risk Factors - The Impact of Pandemics*". These events and conditions have caused a significant reduction in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry as a whole including the drilling and service companies. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation. In addition, the difficulties encountered by midstream proponents to obtain on a timely basis or continue to maintain the necessary approvals to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in Western Canada has led to additional downward price pressure on oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, and Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the oil and natural gas industry in Western Canada.

Lower commodity prices have restricted E&P Companies' cash flows resulting in reduced capital expenditure budgets. Such events directly affect the demand for pressure pumping and related well servicing services provided by the Corporation to oil and gas customers and could have a material adverse effect on CWC's business, financial condition, results of operations and cash flows. Any addition to, or elimination or curtailment of, government incentives could have a significant impact on the oil and gas services industry. Lower oil and natural gas prices could also cause the Corporation's customers to seek to terminate, renegotiate or fail to honour the Corporation's services contracts; affect the fair market value of the Corporation's equipment fleet which in turn could trigger a write-down for accounting purposes; affect the Corporation's ability to retain skilled oil and gas services personnel; and affect the Corporation's access to capital required to finance and grow the Corporation's business on favorable terms to the Corporation or at all.

Impact of Pandemics

Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide, including COVID-19, Middle East Respiratory Syndrome, Severe Acute Respiratory Syndrome, H1N1 influenza virus, avian flu or any other similar illnesses could have an adverse impact on the Corporation's results, business, financial condition or liquidity.

On March 11, 2020, the World Health Organization declared the outbreak of a strain of novel coronavirus disease, COVID-19, a global pandemic. The COVID-19 pandemic has negatively impacted the Canadian, U.S., and global economies; disrupted Canadian, U.S., and global supply chains; disrupted financial markets; contributed to a decrease in interest rates; resulted in ratings downgrades, credit deterioration and defaults in many industries; forced the closure of many businesses, led to loss of revenues, increased unemployment and bankruptcies; and necessitated the imposition of quarantines, physical distancing, business closures, travel restrictions, and sheltering-in-place requirements in Canada, the U.S., and other countries. If the pandemic is prolonged, including through subsequent waves, or if additional variants of COVID-19 emerge which are more transmissible or cause more severe disease, or if other diseases emerge with similar effects, the adverse impact on the economy could worsen. Moreover, it remains uncertain how the macroeconomic environment, and societal and business norms will be impacted following this COVID-19 pandemic. Unexpected developments in financial markets, regulatory environments, or consumer behaviour may also have adverse impacts on the Corporation's results, business, financial condition or liquidity, for a substantial period of time.

The Corporation's business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, and/or business plans may, in particular, and without limitation, be adversely impacted as a result of the pandemic and/or decline in commodity prices as a result of:

- the delay or suspension of work due to workforce disruption or labour shortages caused by workers becoming infected with COVID-19, or government or health authority mandated restrictions on travel by workers or closure of facilities or worksites;
- suppliers and third-party vendors experiencing similar workforce disruption or being ordered to cease operations;
- reduced cash flows resulting in less funds from operations being available to fund capital expenditure budgets;
- reduced commodity prices resulting in a reduction of the Corporation's services;
- counterparties being unable to fulfill their contractual obligations on a timely basis or at all;
- the inability to provide services caused by border restrictions, road or port closures or pipeline shut-ins, including as a result of pipeline companies suffering workforce disruptions or otherwise being unable to continue to operate; and
- the ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, commodity prices and/or a change in market fundamentals.

The COVID-19 pandemic has also created additional operational risks for the Corporation, including the need to provide enhanced safety measures for its employees and customers; comply with rapidly changing regulatory guidance; address the risk of, attempted fraudulent activity and cybersecurity threat behaviour; and protect the integrity and functionality of the Corporation's systems, networks, and data as a larger number of employees work remotely. The Corporation is also exposed to human capital risks due to issues related to health and safety matters, and other environmental stressors as a result of measures implemented in response to the COVID-19 pandemic, as well as the potential for a significant proportion of the Corporation's employees, including key executives, to be unable to work effectively, because of illness, quarantines, sheltering-in-place arrangements, government actions or other restrictions in connection with the pandemic.

The extent to which the COVID-19 pandemic continues to impact the Corporation's results, business, financial condition or liquidity will depend on future developments in Canada, the U.S. and globally, including the development and widespread availability of efficient and accurate testing options, and effective treatment options or vaccines. Despite the approval of certain vaccines by the regulatory bodies in Canada and the U.S., the ongoing evolution of the development and distribution of an effective vaccine also continues to raise uncertainty.

Price Competition and Cyclical Nature of the Oilfield Services Business

The drilling rig, service rig and swabbing rig businesses are highly competitive with numerous industry participants. Management believes pricing and rig availability are the primary factors considered by CWC's potential customers in determining which drilling rig, service rig or swabbing rig contractor to select. Management believes other factors are also important, including:

- the capabilities and condition of drilling rigs, service rigs or swabbing rigs;
- the quality of service and experience of crews;
- the safety record of the contractor and the particular drilling rig, service rig or swabbing rigs;
- the offering of ancillary services;
- the ability to provide equipment adaptable to, and personnel familiar with, new technologies;
- the mobility and efficiency of the drilling rigs, service rigs or swabbing rigs; and
- marketing relationships.

The drilling and well servicing industry historically has been cyclical and has experienced periods of low demand, excess rig supply, and low day or hourly rates, followed by periods of high demand, short rig supply and increasing day or hourly rates. Periods of excess rig supply intensify the competition in the industry and result in rigs being idle. There are numerous drilling rig, service rig and swabbing rig suppliers in each of the markets in which CWC operates. In all of those markets, an oversupply of equipment can cause greater price competition. Oilfield service companies compete primarily on a regional basis, and the intensity of competition may vary significantly from region to region at any particular time.

CWC provides services primarily to the field operation locations of oil and natural gas exploration and production companies located in western Canada. The oil and natural gas services business in which CWC operates is highly competitive. To be successful, CWC must provide services that meet the specific needs of its clients at competitive prices. CWC will compete with several regional competitors that are both smaller and larger than it is. These competitors offer similar services in all geographic regions in which CWC operates. As a result of competition, CWC may be unable to continue to provide its present services or to acquire additional business opportunities, which could have a material adverse effect on CWC's business, financial condition, results of operations and cash flows.

Reliance on Key Personnel

The success of the Corporation is dependent upon its management, technical and field personnel. Any loss of the services of such individuals could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. The ability of the Corporation to expand its services is dependent upon its ability to attract additional qualified employees. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Corporation. Currently, the Corporation does not maintain key person insurance.

Dependence on Major Customers

The Corporation has a customer base of more than 125 E&P Companies, ranging from large multinational public entities to small private companies. Notwithstanding the Corporation's significant customer base, 10 customers accounted for approximately 63% of the Corporation's revenue in 2020. The Corporation has historically had a stable relationship with these customers and has no reason to believe there will be any change to this relationship in the future. Notwithstanding the foregoing, there can be no assurance that the Corporation's relationship with these customers will continue. A significant reduction or total loss of the business from these customers, if not offset by sales to new or existing customers, may have a material adverse effect on the Corporation's business, results of operations, financial condition and cash flows.

Excess Equipment Levels in the Industry

Due to the long-life nature of oilfield service equipment and the long delivery time for equipment being manufactured, the quantity of equipment available does not always correspond with the demand for its use. Periods of high demand often lead to increases in capital expenditures, which in turn lead to increased supply and decreased demand. Such increases in supply often lead to downward pricing pressures across the industry which could materially impact the Corporation's profitability. Additionally, CWC could fail to secure enough work in which to employ its equipment, which could have a material adverse effect on the Corporation's business, results of operations, financial conditions and cash flows.

Government Regulation

The Corporation's operations and those of its customers are subject to a variety of Canadian federal, provincial and local laws, regulations and guidelines, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment and the manufacture, management, transportation, storage and disposal of certain materials used in the Corporation's operations. Management believes that the Corporation is in material compliance with such laws, regulations and guidelines. The Corporation has invested financial and managerial resources to ensure compliance with applicable laws, regulations and guidelines and will continue to do so in the future. Although such expenditures have not, historically, been material to the Corporation, such laws, regulations and guidelines are subject to change. Accordingly, it is impossible for the Corporation to predict the cost or impact of such laws, regulations or guidelines on its future operations. It is not expected that any changes to these laws, regulations or guidelines would affect the operations of the Corporation in a materially different manner than they would affect other oil and natural gas service companies of a similar size.

The implementation of new laws, regulations and guidelines or the modification of existing laws, regulations and guidelines may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct business, the Corporation requires regulatory permits, licenses, registrations, approvals and authorizations from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the permits, licenses, registrations, approvals and authorizations that may be required to conduct operations that it may wish to undertake. In addition, certain federal legislation such as the *Competition Act* (Canada) and the *Investment Canada Act* (Canada) could negatively affect the Corporation's business, financial condition and the market value of its Common Shares or its assets, particularly when undertaking, or attempting to undertake, acquisition or disposition activity.

Political Uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. During its tenure, the former American administration withdrew the United States from the Trans-Pacific Partnership and passed sweeping tax reform, which, among other things, significantly reduced U.S. corporate tax rates. This has affected the competitiveness of other jurisdictions, including Canada. The former U.S. administration also took action to reduce regulation, which affected relative competitiveness of other jurisdictions.

In addition, the United States Mexico Canada Agreement (the "**USMCA**"), which replaced the former North American Free Trade Agreement ("**NAFTA**") was ratified on July 1, 2020 and may impact the Corporation's business.

The newly-inaugurated Biden administration in the U.S. has indicated that it will roll-back certain policies of the former administration, and has taken action to cancel TC Energy Corporation's Keystone X.L. pipeline permit. While it is unclear which other legislation or policies of the former Trump administration will be rolled-back and if such roll-backs will be a priority of the new administration in light of the ongoing COVID-19 pandemic, any future actions taken by the new U.S. administration could have a negative impact on the Canadian economy and on the businesses, financial conditions, results of operations and the valuation of Canadian oil and natural gas companies, including the Corporation.

In addition to the changing political landscape in the United States, the impact of the United Kingdom's exit from the European Union are slowly emerging and some impacts may not become apparent for some time. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. Conflict and political uncertainty also continues to progress in the Middle East. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, it could have an adverse effect on the Corporation's ability to market its products internationally, increase costs for goods and services required for the Corporation's operations, reduce access to skilled labour and negatively impact the Corporation's business, operations, financial conditions and the market value of the Common Shares.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the oil and natural gas industry including the balance between economic development and environmental policy.

The United Conservative Party government in Alberta is supportive of the Trans Mountain Pipeline expansion project and, although there has been notable opposition from the government of British Columbia, the federal Government remains in support of the project. Continued uncertainty and delays have led to decreased investor confidence, increased capital costs and operational delays for producers and service providers operating in the jurisdiction where the Corporation is active.

The federal Government was re-elected in 2019, but in a minority position. The ability of the minority federal government to pass legislation will be subject to whether it is able to come to agreement with, and garner the support of, the other elected parties, most of whom are opposed to the development of the oil and natural gas industry. The minority federal government will also be required to rely on the support of the other elected parties to remain in power, which provides less stability and may lead to an earlier subsequent federal election. Lack of political consensus, at both the federal and provincial level, continues to create regulatory uncertainty, the effects of which become apparent on an ongoing basis, particularly with respect to carbon pricing regimes, curtailment of crude oil production and transportation and export capacity, and may affect the business of participants in the oil and natural gas industry.

The oil and natural gas industry has become an increasingly politically polarizing topic in Canada, which has resulted in a rise in civil disobedience surrounding oil and natural gas development—particularly with respect to infrastructure projects. Protests, blockades and demonstrations have the potential to delay and disrupt the Corporation's activities.

Carbon Pricing Risk

The majority of countries across the globe have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In Canada, the federal government implemented legislation aimed at incentivizing the use of alternative fuels and in turn reducing carbon emissions. The federal system applies in provinces and territories that request it to be implemented or are without their own system that meets federal standards. The federal regime was subject to a number of court challenges by Alberta, Saskatchewan and Ontario. The final decision from the Supreme Court of Canada is expected to be delivered sometime in 2021. Any taxes placed on carbon emissions may have the effect of decreasing the demand for oil and natural gas products and at the same time, increasing the Corporation's operating expenses, each of which may have a material adverse effect on the Corporation's profitability and financial condition. Further, the imposition of carbon taxes puts the Corporation at a disadvantage with its counterparts who operate in jurisdictions where there are less costly carbon regulations.

Climate Change Risk

The Corporation's operations and activities emit greenhouse gases ("**GHG**") which may require the Corporation to comply with federal and/or provincial greenhouse gas emissions legislation. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate its effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. Some of the Corporation's operations may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions

Climate change has been linked to long-term shifts in climate patterns, including sustained higher temperatures. As the level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns, long-term shifts in climate patterns pose the risk of exacerbating operational delays and other risks posed by seasonal weather patterns. See "*Risk Factors – Seasonality*". In addition, long-term shifts in weather patterns such as water scarcity, increased frequency of storm and fire and prolonged heat waves may, among other things, require the Corporation to incur greater expenditures (time and capital) to deal with the challenges posed by such changes to its premises, operations, supply chain, transport needs, and employee safety. Specifically, in the event of water shortages or sourcing issues, the Corporation may not be able to, or will incur greater costs to, carry out its operations.

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of hydrocarbons which has influenced investors' willingness to invest in the oil and natural gas industry. Historically, political and legal opposition to the hydrocarbon industry focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and oil and natural gas companies responsible for climate change through climate litigation. In recent years, climate change advocacy groups have attempted to bring legal action against various levels of government for climate-related harms.

Given the evolving nature of climate change policy and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing the Corporation's operating expenses, and, in the long-term, potentially reducing the demand for oil and natural gas production, resulting in a decrease in the Corporation's profitability and a reduction in the value of its assets or requiring asset impairments for financial statement purposes.

Climate change has been linked to extreme weather conditions. Extreme hot and cold weather, heavy snowfall, heavy rainfall and wildfires may restrict the Corporation's ability to access its properties, cause operational difficulties including damage to machinery and facilities. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions. Moreover, extreme weather conditions may lead to disruptions in the Corporation's ability to conduct its operations.

Operational Risks

Demand and prices for CWC's products and services depend upon the level of activity in the Canadian oil and gas exploration and production industry which in turn depends on the level of oil and gas prices, expectations about future oil and gas prices, the cost of exploring for, producing and delivering oil and gas, the discovery rate of new oil and gas reserves, available pipeline and other oil and gas transportation capacity, worldwide weather conditions, political, military, regulatory and economic conditions and the ability of oil and gas companies to raise capital. The level of activity in the Canadian oil and gas exploration and production industry is volatile. The marketability of any oil and natural gas acquired or discovered by CWC's customers will be affected by numerous factors beyond the control of such customers. These factors include market fluctuations, the price of crude oil, the price of natural gas, the supply and demand for oil and natural gas, the proximity and capacity of oil and natural gas pipelines and processing equipment, and government regulations, including regulations relating to prices, taxes, royalties, land tenure, allowable production, the import and export of oil and natural gas, and environmental protection. The effect of these factors cannot be accurately predicted. No assurances can be given that current levels of oil and gas exploration and production activities will improve, deteriorate further, or continue or that demand for the Company's services will continue to reflect the level of activity in the industry generally. Industry conditions will continue to be influenced by numerous factors over which the Company will have no control. Prices for oil and gas are expected to continue to be volatile and to affect the demand for and pricing of the Company's products and services.

Merger and Acquisition Activity

Merger and acquisition activity in the oil and gas exploration and production sector may impact demand for CWC's services as customers focus on reorganizing their business prior to committing funds to exploration and development projects. Further, in any merger or acquisition transaction the resulting or acquired company may have preferred supplier relationships with oilfield service providers other than CWC.

Oilfield Service Industry Risks

There are many risks inherent in the oilfield services industry, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The Company's operations are subject to hazards inherent in the oilfield service industry, such as explosions, fires and spills that can cause personal injury or loss of life, damage to or destruction of property, equipment and the environment and suspension of operations. In addition, claims for loss of oil and gas production, damage to formations, damage to facilities and business interruptions can occur. While the Company maintains insurance coverage that it believes to be adequate and customary in the industry, there can be no assurances that insurance proceeds will be available or sufficient or that CWC will be able to maintain adequate insurance in the future at rates considered reasonable. The single occurrence of a significant uninsured claim or a claim in excess of the insurance coverage limits maintained by the Company could have a material adverse effect on the Company's business, results of operation and prospects.

Hazards such as unusual or unexpected geological formations, pressures, blow-outs, fires or other conditions may be encountered in drilling or servicing wells. CWC will have the benefit of insurance maintained by it, however, CWC may become liable for damages arising from pollution, blowouts or other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons.

Leverage and Restrictive Covenants

The ability of CWC to make payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of those entities including the Corporation's credit facilities. The degree to which CWC is leveraged could have important consequences for investors including: (i) CWC's ability to obtain additional financing for working capital, capital expenditures or future acquisitions; (ii) all or part of CWC's cash flow from operations may be dedicated to the payment of the principal of and interest on CWC's indebtedness, thereby reducing funds available for future operations and to pay dividends; (iii) certain of CWC's borrowings may be at variable rates of interest, which exposes CWC to the risk of increased interest rates; and (iv) CWC may be more vulnerable to economic downturns and be limited in its ability to withstand competitor pressures. These factors could have a material adverse effect on CWC's business, financial condition, results of operations and cash flows.

The Corporation's credit facilities contain numerous covenants that limit the discretion of management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of CWC to create liens or other encumbrances; to pay dividends or make other distributions, or make certain other investments, loans and guarantees; to sell or otherwise dispose of assets or repurchase stock, merge, amalgamate or consolidate with another entity. In addition, the credit facilities, contain a number of financial covenants that require CWC to meet certain financial ratios and financial condition tests. CWC's ability to meet such tests could be affected by events beyond its control, and it may not be able to meet such tests.

A failure to comply with the obligations in the credit facilities, including financial ratios and financial condition tests, could result in a default which, if not cured or waived, would permit acceleration of the repayment of the relevant indebtedness as the lenders could elect to declare all amounts outstanding under the credit facilities to be immediately due and payable and terminate all commitments to extend further credit. If the lenders were to accelerate the repayment of borrowings, CWC may not have sufficient assets to repay balances owing on the credit facilities as well as its unsecured indebtedness as the acceleration of CWC's indebtedness under one agreement may permit acceleration of indebtedness under other agreements that contain cross-default or cross-acceleration provisions. If CWC's indebtedness is accelerated and the Corporation was not able to repay its indebtedness or borrow sufficient funds to refinance it, the lenders under the credit facilities could proceed to realize upon the collateral granted to them to secure that indebtedness which could have a material adverse effect on CWC and its cash flows. Even if CWC is able to obtain new financing, it may not be on commercially reasonable terms or on terms that are acceptable to CWC and may impose financial restrictions and other covenants on it that may be more restrictive than the credit facilities.

Notwithstanding an event of default, there is also no assurance that CWC will be able to refinance any or all of the credit facilities at their maturity dates on acceptable terms, or on any basis.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due or can do so only at excessive cost. The Company's liquidity could be adversely affected by a material negative change in the oilfield service industry, which in turn could lead to covenant breaches of the credit facilities, which, if not amended or waived, could limit the Company's access to the credit facilities. If available liquidity is not sufficient to meet CWC's operating and debt obligations as they come due, CWC will need to significantly reduce expenditure, pursue alternative financing arrangements, dispose of significant assets, or pursue other corporate strategic alternatives, the ability of which to do so is uncertain.

Government Regulation

CWC operations are subject to a variety of federal, provincial and local laws, regulations and guidelines, including laws and regulations related to health and safety, transportation, the conduct of operations, the manufacture, management, transportation and disposal of certain materials used in the Company's operations. Changes in any such laws, regulations or guidelines could have a material adverse effect on CWC's operations.

In addition, the oil and gas industry in general is subject to extensive government policies and regulations, which result in additional cost and risk for industry participants or parties, such as CWC, that service the industry. Royalty rates, carbon taxes, other laws or government incentive programs relating to the oil and gas industry generally may in the future be changed or interpreted in a manner that adversely affects the Company and its shareholders.

Seasonality

The Company's operations are carried on generally in Western Canada. The ability to move heavy equipment in the Western Canadian 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. The timing of freeze-up and spring breakup affects the ability to move equipment in and out of these areas. As a result, mid-March through June is traditionally the Company's slowest time, and as such, the operating results of the Company will vary on a quarterly basis.

Equipment and Technology Risks

Complex drilling programs for the exploration and development of remaining conventional and unconventional oil and natural gas reserves in North America places high demands on drilling rigs, service rigs, swabbing rigs and related equipment. CWC's ability to deliver equipment and services that are more efficient than equipment and services offered by its competitors is critical to continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by CWC.

The ability of CWC to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment and there can be no assurance that CWC will be successful in its efforts in this regard or that it will have the resources available to meet this continuing demand. Failure by CWC to do so could have a material adverse effect on CWC's business, financial condition, results of operations and cash flows. No assurances can be given that competitors will not achieve technological advantages over CWC.

In the future, the Company may seek patents or other similar protections in respect of particular tools, equipment and technology; however, the Company may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to those of the Company thereby adversely affecting the Company's competitive advantage in one or more of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology developed by the Company may not be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, results of operations and financial condition of the Company.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

As part of the Corporation's business strategy, it has and will continue to consider and evaluate acquisitions of, or significant investments in, complementary businesses and assets, as well as dispositions of businesses and assets in the ordinary course of business. Any acquisition that the Corporation has completed or completes in the future could have unforeseen and potentially material adverse effects on the Corporation's financial position and operating results.

Acquisitions involve numerous risks, including:

- unanticipated costs and liabilities;
- difficulty integrating the operations and assets of the acquired business;
- inability to properly access and maintain an effective internal control environment over an acquired company;
- potential loss of key employees and customers of the acquired company; and

- increased expenses and working capital requirements.

The Corporation may incur additional indebtedness to finance acquisitions and also may issue equity securities in connection with any such acquisitions. The Corporation will be required to meet certain financial covenants in order to borrow money under its credit agreements to fund acquisitions. Debt service requirements could represent a significant burden on the Corporation's results of operations and financial condition and the issuance of additional equity could be dilutive to Shareholders. Acquisitions could also divert the attention of management and other employees from the Corporation's day-to-day operations and the development of new business opportunities. In addition, the Corporation may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets.

Significant Shareholder

Brookfield Capital Partners Ltd. and Brookfield Business Partners L.P., collectively ("**Brookfield**"), through its ownership of 80.3% of CWC's outstanding voting shares is a significant shareholder. As such, Brookfield will have, subject to applicable law, the ability to determine the outcome of certain matters submitted to shareholders for approval in the future, including the election and removal of directors, amendments to the CWC's corporate governance documents and certain business combinations. CWC's interests and those of its controlling shareholder may at times conflict, and this conflict might be resolved against CWC's interests. The concentration of control in the hands of a significant shareholder may impact the potential for the initiation, or the success, of an unsolicited bid for CWC's securities.

Drilling Rig, Service Rig and Swabbing Rig Construction Risks

When CWC contracts for the construction of a drilling rig, service rig or swabbing rig, the cost of construction of the rig and the timeline for completing the construction, are estimated at that time. Actual costs of construction may, however, vary significantly from those estimated as a result of numerous factors, including, without limitation, changes in input costs such as the price of steel; variations in labour rates; and, to the extent that component parts must be sourced from other countries, fluctuations in exchange rates. In addition, several factors could cause delays in the construction of a drilling rig, service rig or swabbing rig, including, and without limitation, shortages in skilled labour and delays or shortages in the supply of component parts. Construction delays may lead to postponements of the anticipated date for deployment of the newly constructed rig into operation and any such postponement could have a negative effect on cash flows generated from operations, of which the effect may be material.

Equipment and Parts Availability

The Company's ability to expand its operations and provide reliable service is dependent upon timely delivery of new equipment and replacement parts from fabricators and suppliers. A lack of skilled labour to build equipment combined with new competitors entering the oilfield service sector has resulted in increased order times on new equipment and increased uncertainty surrounding final delivery dates. Significant delays in the arrival of new equipment from expected dates may impact future growth and the financial performance of the Company. CWC attempts to mitigate this risk by maintaining strong relations with key fabricators and suppliers.

Dependence on Suppliers

The ability of the Company to compete and grow will be dependent on the Company having access, at a reasonable cost and in a timely manner, to equipment, parts, components and consumables. Failure of suppliers to deliver such equipment, parts, components and consumables at a reasonable cost and in a timely manner would be detrimental to the Company's ability to maintain existing customers and expand its customer list. No assurances can be given that the Company will be successful in maintaining its required supply of equipment, parts, components and consumables.

The Company's ability to provide services to its customers is also dependent upon the availability at reasonable prices of raw materials which the Company purchases from various suppliers, most of whom are located in Canada or the United States. Alternate suppliers exist for all raw materials. In periods of high industry activity periodic industry shortages of certain materials have been experienced and costs may be affected. In contrast, periods of low industry activity levels may cause financial distress on a supplier, thus limiting their ability to continue to operate and provide the Company with necessary services and supplies.

Management maintains relationships with a number of suppliers in an attempt to mitigate this risk. However, if the current suppliers are unable to provide the necessary raw materials, or otherwise fail to deliver products in the quantities required, any resulting delays in the provision of services to the Company's customers could have a material adverse effect on CWC's business, financial condition, results of operations and cash flows.

Risks of Interruption and Casualty Losses

CWC's operations are, or will be, subject to many hazards inherent in the well drilling, workover and completion industry, including blowouts, cratering, explosions, fires, loss of well control, loss of hole, damaged or lost drilling equipment and damage or loss from inclement weather or natural disasters and reservoir damage. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, damage to the property of others and damage to producing or potentially productive oil and natural gas formations. Generally, drilling rig, service rig and swabbing rig contracts provide for the division of responsibilities between a drilling rig, service rig or swabbing rig provider and its customer, and CWC will seek to obtain indemnification from its customers by contract for certain of these risks. CWC will also seek protection through insurance. However, CWC cannot ensure that such insurance or indemnification agreements will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic.

Future Capital Requirements and Future Sales of Common Shares by CWC

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. CWC may issue additional common shares in the future, which may dilute a shareholder's holdings in CWC or negatively affect the market price of common shares. CWC's articles permit the issuance of an unlimited number of common shares. The directors of CWC have the discretion to determine the price and the terms of issue of further issuances of common shares, subject to applicable law. Also, additional common shares will be issued by CWC on the exercise of stock options granted pursuant to CWC's stock option plan, or pursuant to its restricted share unit plan.

Capital and Financial Markets

As future capital expenditures and potential acquisitions will need to be financed out of cash generated from operations, through debt or, if available, equity offerings, the Company's ability to access new capital is dependent on, among other factors, the overall state of capital markets generally, and the appetite for investments in the energy industry and the Company's securities specifically. All of these factors could have a negative effect on CWC's ability to obtain new capital on acceptable terms, or at all, and this could have a material adverse effect on operations and share price.

Environmental Protection

CWC, is subject to various environmental laws and regulations enacted in most jurisdictions in which the Company operates, which primarily govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in the Company's operations. CWC believes that all CWC's business lines are currently in compliance with such laws and regulations. CWC's customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, CWC cannot predict the nature of the restrictions that may be imposed. CWC may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Historically, environmental protection requirements have not had a significant financial operational effect on capital expenditures, earnings or competitive position of the Company. Environmental protection requirements are not presently anticipated to have a significant effect on such matters in the future.

The services provided by CWC, in some cases, involve flammable products being pumped under high pressure. To address these risks, CWC has developed and implemented safety and training programs. In addition, a comprehensive insurance and risk management program has been established to protect CWC's assets and operations. CWC also complies with current environmental requirements and maintains an ongoing participation in various industry-related committees and programs.

The Company has established procedures to address compliance with current environmental laws and regulations and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. The Company may have the benefit of insurance maintained by it or the operator; however the Company may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

Third Party Credit Risk

CWC is exposed to third party credit risk through its contractual arrangements with other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company.

CWC May Make Dispositions of Businesses and Assets in the Ordinary Course of Business

Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that CWC can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of CWC, if disposed of, could be expected to realize less than their carrying value on the financial statements of CWC.

Tax Matters

The taxation of companies is complex. In the ordinary course of business, CWC is subject to ongoing audits by tax authorities. While CWC believes that its tax filing positions are appropriate and supportable, it is possible that tax matters, including the calculation and determination of revenue, expenditures, deductions, credits and other tax attributes, taxable income and taxes payable, may be reviewed and challenged by the tax authorities. In addition, the tax filing positions of businesses acquired by CWC may be reviewed and challenged by the tax authorities. If such challenge were to succeed, it could have a material adverse effect on CWC's tax position. Further, the interpretation of, and changes in, tax laws, whether by legislative or judicial action or decision, and the administrative policies and assessing practices of taxation authorities, could materially adversely affect CWC's tax position. As a consequence, CWC is unable to predict with certainty the effect of the foregoing on CWC's effective tax rate and earnings.

CWC regularly reviews the adequacy of its tax provisions and believes that it has adequately provided for those matters. Should the ultimate outcomes materially differ from the provisions, CWC's effective tax rate and earnings may be affected positively or negatively in the period in which the matters are resolved. CWC intends to mitigate this risk through ensuring staff is well trained and supervised and that tax filing positions are carefully scrutinized by management and external consultants, as appropriate.

There can be no assurance that income tax laws or the interpretation thereof in any of the jurisdictions in which CWC operates will not be changed or interpreted or administered in a manner which adversely affects CWC and its shareholders. In addition, there is no assurance that the Canada Revenue Agency, or a provincial or foreign tax agency (collectively the "**Tax Agencies**") will agree with the manner in which CWC or its subsidiaries calculate their income or taxable income for tax purposes or that any of the Tax Agencies will not change their administrative practices to the detriment of CWC or its shareholders (or both).

Vulnerability to Market Changes

Fixed costs, including costs associated with leases, labour and depreciation will account for a significant portion of the Company's costs and expenses. As a result, reduced utilization of equipment and other fixed assets resulting from reduced demand, equipment failure, weather or other factors could significantly affect financial results.

Alternatives to and Changing Demand for Petroleum Products

Regulation, fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Interest Rate Risk

The Company is exposed to interest rate price risk as its bank loan has floating interest rate terms. However, the floating interest rate terms do give rise to interest rate cash flow risk as interest payments are recalculated as the market rates change. Management currently does not see this risk as significant due to Canada's history of reasonably stable interest rates and their expectations of future interest rates.

Legal Proceedings

In the normal course of the Corporation's operations, it may become involved in, named as a party to, or be the subject of, various legal proceedings, including regulatory proceedings, tax proceedings and legal actions. Potential litigation may develop in relation to personal injuries (including resulting from exposure to hazardous substances, property damage, property taxes, land and access rights, environmental issues, including claims relating to contamination or natural resource damages and contract disputes). The outcome with respect to outstanding, pending or future proceedings cannot be predicted with certainty and may be determined adversely to the Corporation and could have a material adverse effect on the Corporation's assets, liabilities, business, financial condition and results of operations. Even if the Corporation prevails in any such legal proceedings, the proceedings could be costly and time-consuming and may divert the attention of management and key personnel from business operations, which could have an adverse affect on the Corporation's financial condition.

Insurance

The Corporation's involvement in the oil and natural gas service business may result in the Corporation becoming subject to liability for pollution, blowouts, leaks of sour gas, property damage, personal injury or other hazards. Although the Corporation maintains insurance in accordance with industry standards to address certain of these risks, such insurance has limitations on liability and may not be sufficient to cover the full extent of such liabilities. In addition, certain risks are not, in all circumstances, insurable or, in certain circumstances, the Corporation may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of any uninsured liabilities would reduce the funds available to the Corporation. The occurrence of a significant event that the Corporation is not fully insured against, or the insolvency of the insurer of such event, may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Non-Governmental Organizations

The business conducted by the Corporation may, at times, be subject to public opposition. Such public opposition could expose the Corporation to the risk of higher costs, delays or even project cancellations due to increased pressure on governments and regulators by special interest groups including Indigenous groups, landowners, environmental interest groups (including those opposed to oil and natural gas production operations) and other non-governmental organizations, blockades, legal or regulatory actions or challenges, increased regulatory oversight, reduced support of the federal, provincial or municipal governments, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses, and direct legal challenges, including the possibility of climate-related litigation. There is no guarantee that the Corporation will be able to satisfy the concerns of the special interest groups and non-governmental organizations and attempting to address such concerns may require the Corporation to incur significant and unanticipated capital and operating expenditures.

Reputational Risk Associated with the Corporation's Operations

The Corporation's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Corporation or as a result of any negative sentiment toward, or in respect of, the Corporation's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Corporation operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. The Corporation's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural service gas industry, particularly the E&P Companies, over which the Corporation has no control. Similarly, the Corporation's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and environmental damage caused by the Corporation's operations. In addition, if the Corporation develops a reputation of having an unsafe work site, it may impact the ability of the Corporation to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and hydrocarbon companies may impact the Corporation's reputation. See "*Risk Factors – Climate Change Risks*".

Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Corporation's reputation. Damage to the Corporation's reputation could result in negative investor sentiment towards the Corporation, which may result in limiting the Corporation's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Corporation's securities.

Changing Investor Sentiment

A number of factors, including the concerns of the effects of the use of fossil fuels on climate change, concerns of the impact of oil and gas operations on the environment, concerns of environmental damage relating to spills of petroleum products during transportation and concerns of indigenous rights, have affected certain investors' sentiments towards investing in the oil and gas industry. As a result of these concerns, some institutional, retail and public investors have announced that they no longer are willing to fund or invest in oil and gas properties or companies or are reducing the amount thereof over time. In addition, certain institutional investors are requesting that issuers develop and implement more robust social, environmental and governance policies and practices. Developing and implementing such policies and practices can involve significant costs and require a significant time commitment from the Board, management and employees of the Company. Failing to implement the policies and practices as requested by institutional investors may result in such investors reducing their investment in the Company or not investing in the Company at all. Any reduction in the investor base interested or willing to invest in the oil and gas industry and more specifically, the Company, may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Common Shares.

Dilution

The Company may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Company which may be dilutive.

Management of Growth

The Company may be subject to growth related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Intellectual Property Litigation

Due to the rapid development of oil and gas technology, in the normal course of the Company's operations, the Company may become involved in, named as a party to, or be the subject of, various legal proceedings in which it is alleged that the Company has infringed the intellectual property rights of others or commenced lawsuits against others who the Company believes are infringing upon its intellectual property rights. The Company's involvement in intellectual property litigation could result in significant expense, adversely affecting the development of its assets or intellectual property or diverting the efforts of its technical and management personnel, whether or not such litigation is resolved in the Company's favour. In the event of an adverse outcome as a defendant in any such litigation, the Company may, among other things, be required to: (a) pay substantial damages; cease the development, use, sale or importation of processes that infringe upon other patented intellectual property; (b) expend significant resources to develop or acquire non-infringing intellectual property; (c) discontinue processes incorporating infringing technology; or (d) obtain licences to the infringing intellectual property. However, the Company may not be successful in such development or acquisition or such licences may not be available on reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Company's business and financial results.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Company may disclose confidential information relating to the business, operations or affairs of the Company. Although confidentiality agreements are generally signed by third parties prior to the disclosure of any confidential information, a breach could put the Company at competitive risk and may cause significant damage to its business. The harm to the Company's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Company will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Income Taxes

The Corporation files all required income tax returns and believes that it is in full compliance with the provisions of the *Income Tax Act* (Canada) and all other applicable provincial tax legislation. However, such returns are subject to reassessment by the applicable taxation authority. In the event of a successful reassessment of the Corporation, whether by re-characterization of exploration and development expenditures or otherwise, such reassessment may have an impact on current and future taxes payable.

Income tax laws may in the future be changed or interpreted in a manner that adversely affects the Corporation. Furthermore, tax authorities having jurisdiction over the Corporation may disagree with how the Corporation calculates its income for tax purposes or could change administrative practices to the Corporation's detriment.

Third Party Credit Risk

The Corporation may be exposed to third party credit risk through its contractual arrangements with its current or future customers and other parties. In the event such entities fail to meet their contractual obligations to the Corporation, such failures may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. To the extent that any of such third parties go bankrupt, become insolvent or make a proposal or institute any proceedings relating to bankruptcy or insolvency, it could result in the Corporation being unable to collect all or a portion of any money owing from such parties. Any of these factors could materially adversely affect the Corporation's financial and operational results.

Conflicts of Interest

Certain directors or officers of the Corporation may also be directors or officers of other oil and natural gas service companies and as such may, in certain circumstances, have a conflict of interest. Conflicts of interest, if any, will be subject to and governed by procedures prescribed by the ABCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Corporation to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the ABCA. See "*Directors and Officers – Conflicts of Interest*".

Reliance on a Skilled Workforce and Key Personnel

The operations and management of the Corporation require the recruitment and retention of a skilled workforce, including technical personnel and other professionals. The loss of key members of such workforce, or a substantial portion of the workforce as a whole, could result in the failure to implement the Corporation's business plans which could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Competition for qualified personnel in the oil and natural gas service industry is intense and there can be no assurance that the Corporation will be able to continue to attract and retain all personnel necessary for the development and operation of its business. The Corporation does not have any key personnel insurance in effect. Contributions of the existing management team to the immediate and near term operations of the Corporation are likely to be of central importance. In addition, certain of the Corporation's current employees are senior and have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Corporation is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii) recruit new employees with the requisite knowledge and experience, the Corporation could be negatively impacted. In addition, the Corporation could experience increased costs to retain and recruit these professionals.

Information Technology Systems and Cyber-Security

The Corporation has become increasingly dependent upon the availability, capacity, reliability and security of our information technology infrastructure and our ability to expand and continually update this infrastructure, to conduct daily operations. The Corporation depends on various information technology systems to estimate processes and record financial data, manage the Corporation's customers, suppliers, manage financial resources, administer contracts with E&P Companies and communicate with employees and third-party partners.

CWC's operations are dependent on the functioning of several information technology systems. Exposure of CWC's information technology systems to external threats poses a risk to the security of these systems. Such cyber-security threats include unauthorized access to information technology systems due to hacking, viruses and other causes that can result in service disruptions, system failures and the disclosure, deliberate or inadvertent, of confidential business information. Significant interruption or failure of any or all of these systems could result in operational outages, delays, lost profits, lost data, increased costs, and other adverse outcomes. These factors could include a loss of communication links or reliable information, security breaches by computer hackers and cyber terrorists, and the inability to automatically process commercial transactions or engage in similar automated or computerized business activities.

Further, the Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising as a trustworthy entity in an electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim to a cyber phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Corporation's employees are often the targets of such cyber phishing attacks, as they are and will continue to be targeted by parties using fraudulent "spoof" emails to misappropriate information or to introduce viruses or other malware through "Trojan horse" programs to the Corporation's computers. These emails appear to be legitimate emails, but direct recipients to fake websites operated by the sender of the email or request recipients to send a password or other confidential information through email or to download malware.

The Corporation maintains policies and procedures that address and implement employee protocols with respect to electronic communications and electronic devices and conducts annual cyber-security risk assessments. The Corporation also employs encryption protection of its confidential information, all computers and other electronic devices. Despite the Corporation's efforts to mitigate such cyber phishing attacks through education and training, cyber phishing activities remain a serious problem that may damage its information technology infrastructure. The Corporation applies technical and process controls in line with industry-accepted standards to protect its information, assets and systems, including a written incident response plan for responding to a cyber-security incident. However, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on the Corporation's performance and earnings, as well as its reputation, and any damages sustained may not be adequately covered by the Corporation's current insurance coverage, or at all. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Social Media

Increasingly, social media is used as a vehicle to carry out cyber phishing attacks. Information posted on social media sites, for business or personal purposes, may be used by attackers to gain entry into the Corporation's systems and obtain confidential information. The Corporation restricts the social media access of its employees and periodically reviews, supervises, retains and maintains the ability to retrieve social media content. Despite these efforts, as social media continues to grow in influence and access to social media platforms becomes increasingly prevalent, there are significant risks that the Corporation may not be able to properly regulate social media use and preserve adequate records of business activities and client communications conducted through the use of social media platforms.

Expansion into New Activities

The operations and expertise of the Company's management are currently focused primarily on contract drilling and well servicing operations in the WCSB and the United States. In the future the Company may acquire or move into new industry related activities or new geographical areas, may acquire different energy related assets and as a result may face unexpected risks or alternatively, significantly increase the Company's exposure to one or more existing risk factors, which may in turn result in the Company's future operational and financial conditions being adversely affected.

Forward-Looking Information

Shareholders and prospective investors are cautioned not to place undue reliance on the Company's forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Additional information on the risks, assumption and uncertainties are found under the heading "Cautionary Statement Regarding Forward-Looking Information and Statements" of this AIF.

DIVIDENDS

The Company does not pay a dividend on its Common Shares. The payment of dividends in the future, if any, are dependent on CWC's earnings, financial condition, the satisfaction of the applicable solvency test in the ABCA, and such other factors as the board of directors considers appropriate.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Common Shares and an unlimited number of preferred shares (issuable in series).

Common Shares

The Company is authorized to issue an unlimited number of Common Shares. The holders of the Common Shares are entitled to receive notice of and to one vote per share at all meetings of shareholders of the Company. The Common shareholders are entitled to dividends in such amounts as the Board of Directors may from time to time declare and, in the event of liquidation, dissolution or winding-up of the Company, are entitled to share pro rata in the assets of the Company.

Preferred Shares

The preferred shares are non-voting, except that holders of preferred shares are entitled to one vote per share when entitled to vote as a class pursuant to the provisions of the ABCA. The preferred shares rank in priority to the Common Shares as to the payment of dividends and as to the distribution of assets in the event of liquidation, dissolution or winding up of the Company. Preferred shares may also be given such other preferences over the Common Shares as may be determined for any series authorized to be issued by the Board of Directors of the Company. There are no preferred shares issued and outstanding.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSXV under the trading symbol "CWC". The table below sets out the monthly price range and volume traded for the Common Shares on the TSXV for year ended December 31, 2020.

	Price Range ($)			
Period	**High**	**Low**	**Close**	**Trading Volume**
January	0.12	0.10	0.105	1,965,510
February	0.125	0.105	0.11	2,711,010
March	0.11	0.05	0.07	2,812,050
April	0.12	0.075	0.12	989,250
May	0.18	0.115	0.14	659,370
June	0.16	0.125	0.125	594,914
July	0.13	0.10	0.10	706,557
August	0.15	0.12	0.14	1,501,440
September	0.16	0.13	0.14	797,300
October	0.16	0.13	0.155	1,068,524
November	0.165	0.14	0.14	810,483
December	0.155	0.12	0.12	477,330

Prior Sales

The following tables set forth, for each class of securities of the Corporation that is outstanding but not listed or quoted on a marketplace, the price at which securities of the class have been issued during the financial year ended

December 31, 2020 and the number of securities of the class issued at that price and the date on which the securities were issued.

Stock Options

Description (1)	**Number of Securities**	**Price per Security** (2) **($)**	**Date of Issuance**
Stock Options	-	n/a	n/a

Restricted Share Units ("**RSUs**")

Description (3)	**Number of Securities**	**Date of Issuance**
RSUs	11,767,975	December 3, 2020

Notes:

(1) Stock Options means options to purchase Common Shares pursuant to CWC's Stock Option Plan.
(2) Represents the exercise price per stock option.
(3) RSUs means Restricted Share Units pursuant to CWC's Restricted Award Incentive Plan.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

To the Company's knowledge, as of December 31, 2020, no securities of CWC are held in escrow or subject to a contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security holding

The following table sets forth the names, province and country of residence, positions with the Company, time served as a director or officer and the principal occupation of the directors and officers of the Company. Directors are elected at the annual meetings of shareholders and serve until the next annual meeting or until a successor is elected or appointed.

Name and Province or State and Country of Residence	**Office Held**	**Principal Occupation**
Jim Reid(1) Alberta, Canada	Director since May 31, 2007	Managing Partner, Brookfield Asset Management Inc. since June 2003.
Duncan T. Au(3) Alberta, Canada	President, Chief Executive Officer since January 1, 2011 and Director since July 6, 2010	President and Chief Executive Officer, CWC; prior thereto, Vice President, Business Development and CFO of Essential Energy Services Trust from May 2006 to April 2008.
Daryl Austin Alberta, Canada	Director since May 15, 2014	Independent businessman since 2006.
Gary L. Bentham(2)(3) Alberta, Canada	Director since January 14, 2009	President, BTM Corporate Advisory Inc. since 2005.
Wade J. McGowan(2)(3)(4) Alberta, Canada	Director since July 6, 2010	Independent businessman; prior thereto, President and Chief Executive Officer, Ironhand Drilling Inc. from July 2006 to May 2014.

Name and Province or State and Country of Residence	Office Held	Principal Occupation
Dean Schultz(2)(4) Alberta, Canada	Director since December 12, 2014	Senior Vice President, Brookfield Asset Management Inc. since September 2012; prior thereto, CFO and VP Finance at Waldron Energy Corporation from January 2010 to August 2012.
Stuart King Alberta, Canada	Chief Financial Officer since December 11, 2017	Chief Financial Officer, CWC; prior thereto Corporate Controller, CWC since July 2017; Vice President, Finance and Controller of Canadian International Oil Corp. since 2010.
Paul Donohue Alberta, Canada	Vice President, Operations (Drilling) since June 20, 2016	Vice President, Operations (Drilling), CWC; prior thereto, General Manager (Drilling) at CWC since April 4, 2016 and General Manager, Operations at Horizon Drilling since 2012.
Darwin L. McIntyre Alberta, Canada	Vice President, Operations (Well Services) since January 1, 2011	Vice President, Operations (Well Services), CWC; prior thereto General Manager of CWC since 2005.
Robert Apps Alberta, Canada	Vice President, Sales & Marketing (Drilling) since April 26, 2016	Vice President, Sales & Marketing (Drilling), CWC; prior thereto, Interim Vice President, Sales and Marketing and Sales Manager at Horizon Drilling since 2011.
Mike DuBois Alberta, Canada	Vice President, Sales & Marketing (Well Services) since January 1, 2015	Vice President, Sales and Marketing (Well Services), CWC; prior thereto, Sales and Marketing Manager of CWC since May 2012.
James L. Kidd Alberta, Canada	Corporate Secretary since November 14, 2011	Partner at Burnet, Duckworth & Palmer LLP Law Firm since 2009.

Notes:

(1) Chairman of the Board of Directors.
(2) Member of Compensation and Governance Committee.
(3) Member of Audit Committee.
(4) Member of Quality, Health, Safety and Environment Committee.

As at March 4, 2021 directors and officers of the Company, as a group, control, directly and indirectly 34,873,666 Common Shares, representing 6.9% of the outstanding Common Shares at the date hereof. As at March 4, 2021, Brookfield controls 406,463,423 Common Shares representing 80.3% of the outstanding Common Shares at the date hereof. In addition, as at March 4, 2021 our directors and officers, as a group, have outstanding stock options to purchase 13,679,000 Common Shares under the Company's Stock Option Plan and have restricted share unit awards to receive 10,494,668 Common Share under the Restricted Award Incentive Plan.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Cease Trade Orders

To the knowledge of the Company, no director or executive officer of the Company (nor any personal holding company of any of such persons) is, as of the date of this AIF, or was within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that: (a) was subject to a cease trade order (including a management cease trade order), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, in each case that was in effect for a period of more than 30 consecutive days (collectively, an "**Order**"), that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

Bankruptcies

Other than as described below, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (a) is, as of the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

Mr. Reid and Mr. Schultz are directors of Second Wave Petroleum Inc. ("**SWP**"), a private oil and gas exploration and production company. On June 30, 2017 SWP made an assignment into bankruptcy pursuant to the *Bankruptcy and Insolvency Act* (Canada) ("**BIA**"). On September 7, 2017, SWP made a proposal under the BIA and on October 5, 2017 the proposal was approved by the Court of Queen's Bench of Alberta and the bankruptcy was annulled.

Penalties or Sanctions

To the knowledge of the Company, except as described below, no director or executive officer of the Company (nor any personal holding company of any of such persons), or shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On June 30, 2005 the United States Securities and Exchange Commission ("**SEC**") issued a settlement order relating to certain administrative proceedings involving a number of parties including KPMG LLP and Mr. Bentham, a former partner of KPMG LLP. The SEC alleged that during the years 1999 to 2002, Mr. Bentham, while a partner at KPMG LLP, oversaw the provision of certain accounting services by KPMG LLP to an SEC registrant while KPMG LLP were also serving as auditors to the same registrant. Under the terms of the settlement with the SEC, Mr. Bentham agreed not to appear or practice as an accountant before the SEC, for a period of two years, after which time, he was able to apply for reinstatement.

Conflicts of Interest

Certain officers and directors of the Company are also officers and/or directors of other entities engaged in the oil and gas business generally. As a result, situations may arise where the interest of such directors and officers conflict with their interests as directors and officers of other companies. The resolution of such conflicts is governed by applicable corporate laws, which require that directors act honestly, in good faith and with a view to the best interests of the Company. Conflicts, if any, will be handled in a manner consistent with the procedures and remedies set forth in the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

There are no legal proceedings CWC is or was a party to, or that any of its property is or was the subject of, during CWC's financial year, nor are any such legal proceedings known to CWC to be contemplated, that involves a claim for damages, exclusive of interest and costs, exceeding 10% of the current assets of CWC.

Regulatory Actions

There are no:

(i) penalties or sanctions imposed against CWC by a court relating to securities legislation or by a securities regulatory authority during CWC's financial year;

(ii) other penalties or sanctions imposed by a court or regulatory body against CWC that would likely be considered important to a reasonable investor in making an investment decision; and

(iii) settlement agreements CWC entered into before a court relating to securities legislation or with a securities regulatory authority during CWC's financial year.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There is no material interest, direct or indirect, of any: (a) director or executive officer of CWC; (b) person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of CWC's voting securities; and (c) associate or affiliate of any of the persons or companies referred to in (a) or (b) above in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect CWC.

MATERIAL CONTRACTS

Except for the Corporation's credit facilities (which are described in note 6 of the Financial Statements, which note is incorporated by reference herein), the Company has not entered into any material contracts within the most recently completed financial year, or before the most recently completed financial year which are still in effect.

COMPOSITION OF THE AUDIT COMMITTEE AND MANDATE

Audit Committee Mandate

The Audit Committee of the Board of Directors of the Company operates under a written mandate that sets out its responsibilities and composition requirements. The text of the Audit Committee Mandate is attached to this AIF as Schedule A.

Composition of the Audit Committee

As of the date hereof, the members of the Audit Committee are Gary L. Bentham (Chairman), Duncan T. Au, and Wade J. McGowan. All members are financially literate and all members are independent except for Duncan Au who is the President and Chief Executive Officer of the Company.

Relevant Education and Experience

Gary L. Bentham is a Chartered Professional Accountant and has acted as a financial advisor to a wide range of companies. From 1984 to 2004, Mr. Bentham was a corporate recovery and audit partner with KPMG LLP Canada, where he served a number of public companies in the high technology, financial services, real estate development and energy sectors.

Duncan T. Au has over 31 years of accounting and corporate finance experience. He is currently President and CEO of CWC and also of JAFETICA Capital Inc., a private equity firm and independent corporate finance consulting practice specializing in energy service opportunities since 2006. From 2006 to 2008, Mr. Au was the Vice President, Business Development and CFO for Essential Energy Services Trust. Mr. Au was a Vice President and Director in Corporate Finance with both Deloitte and EY leading financings and mergers and acquisitions in the energy services industry. He currently serves on the Board of Directors of CAODC and is a past Chairman of the Petroleum Services

Association of Canada ("**PSAC**"). Duncan holds a Bachelor of Commerce from the University of Alberta, is a Fellow of the Chartered Professional Accountants and Chartered Financial Analyst.

Wade J. McGowan is an Independent Businessman since May 2014 and the former President and CEO of Ironhand Drilling Inc. from June 2006 to May 2014. He has extensive management and operational experience with over 30 years in the oil and gas industry. Mr. McGowan holds a Bachelor of Science Degree in Petroleum Engineering from the University of Alberta. He is a member of the Association of Professional Engineers and Geoscientists of Alberta ("**APEGA**").

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor (currently, Ernst & Young LLP, Chartered Professional Accountants) not adopted by the Board.

Reliance on Certain Exemptions

The Company is a "venture issuer" as defined in National Instrument 52-110 *Audit Committees* ("**NI 52-110**") and is relying on the exemption in section 6.1 of NI 52-110 relating to Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations).

Since the effective date of NI 52-110, the Company has not relied on the exemptions contained in sections 2.4 or 8 of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Section 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

Pre-Approval Policies and Procedures

Formal policies and procedures for the engagement of non-audit services have yet to be formulated and adopted. Subject to the requirements of the instrument, the engagement of non-audit services is considered by the Board, and where applicable by the Audit Committee, on a case by case basis.

External Auditor Service Fees

Ernst & Young LLP ("**EY**"), Chartered Professional Accountants, has served as the Company's auditor since 2018. The following table provides the information about the fees billed CWC for professional services rendered by EY in the years ended December 31, 2020 and 2019:

	Year ended December 31, 2020	**Year ended December 31, 2019**
Audit fees (1)	$53,000	$86,500
Audit-related fees (2)	25,500	30,000
Tax fees (3)	90,600	96,260
Totals	$169,100	$212,760

Notes:

(1) Audit fees consist of fees for the audit of the Company's annual financial statements or services that are normally provided in connection with statutory and regulatory filings or engagements.

(2) Audit-related fees consist of fees for assurance and related services that are reasonably related to performance of the audit or reviews of the Company's financial statements and are not reported as Audit Fees.

(3) Tax fees consist of preparation and review of tax return, transfer pricing services and employee mobility services.

INTERESTS OF EXPERTS

EY has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

TRANSFER AGENT AND REGISTRAR

Computershare, at its principal office located at Suite 800, 324 – 8th Avenue S.W., Calgary, Alberta, T2P 2Z2, is the transfer agent and registrar for the Common Shares of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans is contained in the Company's information circular for the Company's most recent annual meeting of security holders that involved the election of directors. Additional financial information is contained in the Company's financial statements and the related management's discussion and analysis for the Company's most recently completed financial year.

SCHEDULE A

CWC ENERGY SERVICES CORP.

AUDIT COMMITTEE

MANDATE AND TERMS OF REFERENCE

Role and Objective

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of CWC Energy Services Corp. ("**CWC**" or the "**Corporation**") to which the Board has delegated its responsibility for the oversight of the nature and scope of the annual audit, the oversight of management's reporting on internal accounting standards and practices, the review of financial information, accounting systems and procedures, financial reporting and financial statements and has charged the Committee with the responsibility of recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information.

The primary objectives of the Committee are as follows:

1. To assist directors in meeting their responsibilities (especially for accountability) in respect of the preparation and disclosure of the financial statements of CWC and related matters;

2. To provide better communication between directors and external auditors;

3. To enhance the external auditor's independence;

4. To increase the credibility and objectivity of financial reports; and

5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.

Membership of Committee

1. The Committee will be comprised of at least three (3) directors of CWC or such greater number as the Board may determine from time to time and the majority of the members of the Committee shall be "independent" (as such term is used in Multilateral Instrument 52-110 – Audit Committees ("**MI 52-110**") unless the Board determines that the exemption contained in MI 52-110 is available and determines to rely thereon.

2. The Board of Directors may from time to time designate one of the members of the Committee to be the Chair of the Committee.

3. All of the members of the Committee must be "financially literate" (as defined in MI 52-110) unless the Board determines that an exemption under MI 52-110 from such requirement in respect of any particular member is available and determines to rely thereon in accordance with the provisions of MI 52-110.

Mandate and Responsibilities of Committee

It is the responsibility of the Committee to:

1. Oversee the work of the external auditors, including the resolution of any disagreements between management and the external auditors regarding financial reporting.

2. Satisfy itself on behalf of the Board with respect to CWC's internal control and risk management systems:

- identifying, monitoring and mitigating business risks; and
- ensuring compliance with legal, ethical and regulatory requirements.

3. Review the annual and interim financial statements of CWC and related management's discussion and analysis ("**MD&A**") prior to their submission to the Board for approval. The process should include but not be limited to:

- reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
- reviewing significant accruals, reserves or other estimates such as asset impairment calculations;
- reviewing accounting treatment of unusual or non-recurring transactions;
- ascertaining compliance with covenants under loan agreements;
- reviewing disclosure requirements for commitments and contingencies;
- reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
- reviewing unresolved differences between management and the external auditors; and
- obtaining and reviewing explanations of significant variances with comparative reporting periods.

4. Review the financial statements, prospectuses, MD&A, annual information forms ("**AIF**") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of CWC's disclosure of all other financial information and will periodically assess the accuracy of those procedures.

5. With respect to the appointment of external auditors by the Board:

- recommend to the Board the external auditors to be nominated;
- recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors will report directly to the Committee;
- on an annual basis, review and discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
- on an annual basis, review the performance of the external auditor;
- when there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and
- review and pre approve any non-audit services to be provided to CWC or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member(s) report to the Committee at the next scheduled meeting such pre-

approval and the member(s) comply with such other procedures as may be established by the Committee from time to time.

6. Review with external auditors (and internal auditor if one is appointed by CWC) their assessment of the internal controls of CWC, their written reports containing recommendations for improvement, and management's response and follow-up to any identified weaknesses. The Committee will also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of CWC and its subsidiaries.

7. Review periodically CWC's susceptibility to fraud and oversee management's processes for identifying and managing the risks of fraud.

8. Review risk management policies and procedures of CWC, including but not limited to hedging, litigation, insurance and its system of identifying and mitigating financial and business risks to CWC.

9. Review periodically the status of taxation matters of CWC.

10. Establish a procedure for:

    - the receipt, retention and treatment of complaints received by CWC regarding accounting, internal accounting controls or auditing matters; and

    - the confidential, anonymous submission by employees of CWC of concerns regarding questionable accounting or auditing matters.

11. Review and approve CWC's hiring policies regarding partners and employees and former partners and employees of the present and former external auditors of CWC.

The Committee has authority to communicate directly with the internal auditors (if any) and the external auditors of the Corporation. The Committee will also have the authority to investigate any financial activity of CWC. All employees of CWC are to cooperate as requested by the Committee.

The Committee may also retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at such compensation as established by the Committee and at the expense of CWC without any further approval of the Board.

Assessment

In conjunction with the Compensation and Corporate Governance Committee, the Committee will periodically review its effectiveness in fulfilling its responsibilities as set out in this mandate.

Reporting

The Committee will regularly report to the Board on:

- its recommendations regarding CWC's interim and annual financial statements, Management's Discussion and Analysis and related news release;
- its review of other public disclosure documents of CWC;
- the status of CWC's internal controls and risk management policies and procedures;
- the external auditor's qualifications and independence; and
- the performance of the external auditor and recommendations regarding its reappointment or termination.

Meetings and Administrative Matters

1. At all meetings of the Committee every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chairman of the meeting shall be entitled to a second or casting vote.

2. The Chair will preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee that are present will designate from among such members the Chair for purposes of the meeting.

3. A quorum for meetings of the Committee will be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee will be the same as those governing the Board unless otherwise determined by the Committee or the Board.

4. Meetings of the Committee should be scheduled to take place at least four times per year. Minutes of all meetings of the Committee will be taken. The Chief Financial Officer will attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chairman.

5. The Committee will meet with the external auditor at least once per year (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.

6. Agendas, approved by the Chair, will be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.

7. The Committee may invite such officers, directors and employees of the Corporation as it sees fit from time to time to attend at meetings of the Committee and assist in the discussion and consideration of the matters being considered by the Committee.

8. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board at the request of the directors.

9. The Committee may retain persons having special expertise and may obtain independent professional advice to assist in fulfilling its responsibilities at the expense of the Corporation.

10. Any members of the Committee may be removed or replaced at any time by the Board and will cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If and whenever a vacancy exists on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, following appointment as a member of the Committee, each member will hold such office until the Committee is reconstituted.

11. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chairman of the Board by the Committee Chair.