

CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2021 and 2020

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

<i>Stated in thousands of Canadian dollars</i>	Note	September 30, 2021	December 31, 2020
ASSETS			
Current			
Cash		\$ 90	\$ 166
Accounts receivable		23,214	16,232
Prepaid expenses and deposits		629	1,925
		23,933	18,323
Property, plant and equipment	5	176,844	183,900
		\$ 200,777	\$ 202,223
LIABILITIES			
Current			
Accounts payable and accrued liabilities		7,698	6,254
Current portion of long-term debt	6	770	750
		8,468	7,004
Long term			
Deferred tax liability		8,438	7,761
Long-term debt	6	23,918	29,481
		40,824	44,246
SHAREHOLDERS' EQUITY			
Share capital	7	254,523	255,478
Contributed surplus		20,542	19,395
Accumulated other comprehensive loss		(117)	(194)
Deficit		(114,995)	(116,702)
		159,953	157,977
		\$ 200,777	\$ 202,223

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and nine months ended September 30, 2021 and 2020
(Unaudited)

<i>Stated in thousands of Canadian dollars except per share amounts</i>	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Revenue and other income					
Revenue	9, 11	\$ 27,776	\$ 10,322	\$ 68,942	\$ 47,828
Other income	10	1,118	2,635	4,762	4,423
		28,894	12,957	73,704	52,251
Expenses					
Direct operating expenses	11, 12	19,456	7,457	50,120	35,071
Selling and administrative expenses		4,044	3,547	10,847	11,116
Stock based compensation	7	176	137	519	409
Finance costs	6	287	362	792	1,826
Depreciation and amortization	5	2,512	2,582	7,789	8,349
(Gain) loss on disposal of equipment	5	(249)	(114)	(43)	860
Impairment of assets and assets held for sale	5	-	-	1,296	25,451
		26,226	13,971	71,320	83,082
Income (loss) before income taxes		2,668	(1,014)	2,384	(30,831)
Deferred income tax expense (recovery)		649	(204)	677	(7,110)
Net income (loss)		\$ 2,019	\$ (810)	\$ 1,707	\$ (23,721)
Other comprehensive income (loss)					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized gain (loss) on translation of foreign operations		401	(319)	77	1,201
Comprehensive income (loss)		\$ 2,420	\$ (1,129)	\$ 1,784	\$ (22,520)
Net income (loss) per share					
Basic and diluted	7	\$ 0.00	\$ (0.00)	\$ 0.00	\$ (0.05)

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three and nine months ended September 30, 2021 and 2020
(Unaudited)

<i>Stated in thousands of Canadian dollars except share amounts</i>	Note	Number of Shares	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Deficit	Total Equity
Balance – January 1, 2020		510,702,349	\$ 259,515	\$ 15,459	\$ (730)	\$ (92,212)	\$ 182,032
Net loss		-	-	-	-	(23,721)	(23,721)
Stock based compensation expense	7(c)(d)	-	-	409	-	-	409
Settlement of restricted share units	7(d)	551,000	72	(72)	-	-	-
Cancellation of common shares purchased under normal course issuer bid	7(b)	(7,701,500)	(3,961)	2,999	-	-	(962)
Other comprehensive income		-	-	-	1,201	-	1,201
Balance – September 30, 2020		503,551,849	\$ 255,626	\$ 18,795	\$ 471	\$ (115,933)	\$ 158,959
Balance – January 1, 2021		505,620,916	\$ 255,478	\$ 19,395	\$ (194)	\$ (116,702)	\$ 157,977
Net income		-	-	-	-	1,707	1,707
Stock based compensation expense	7(c)(d)	-	-	519	-	-	519
Settlement of restricted share units	7(d)	1,393,381	182	(182)	-	-	-
Cancellation of common shares purchased under normal course issuer bid	7(b)	(2,249,500)	(1,137)	810	-	-	(327)
Other comprehensive income		-	-	-	77	-	77
Balance – September 30, 2021		504,764,797	\$ 254,523	\$ 20,542	\$ (117)	\$ (114,995)	\$ 159,953

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and nine months ended September 30, 2021 and 2020
(Unaudited)

<i>Stated in thousands of Canadian dollars except per share amounts</i>	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
Operating activities:					
Net income (loss)		\$ 2,019	\$ (810)	\$ 1,707	\$ (23,721)
Adjustments for:					
Stock based compensation	7	176	137	519	409
Finance costs		287	362	792	1,826
Depreciation and amortization	5	2,512	2,582	7,789	8,349
Impairment of assets and assets held for sale	5	-	-	1,296	25,451
(Gain) loss on disposal of equipment	5	(249)	(114)	(43)	860
Deferred income tax expense (recovery)		649	(204)	677	(7,110)
Funds from operations		5,394	1,953	12,737	6,064
Changes in non-cash working capital balances	8	(8,085)	(2,738)	(4,242)	12,601
Operating cash flow		(2,691)	(785)	8,495	18,665
Investing activities:					
Purchase of equipment	5	(1,224)	(1,022)	(3,838)	(4,547)
Proceeds on disposal of equipment		948	271	2,241	885
Investing cash flow		(276)	(751)	(1,597)	(3,662)
Financing activities:					
Increase (repayment) of long-term debt		3,221	2,281	(5,669)	(12,190)
Interest paid		(227)	(313)	(621)	(1,654)
Finance costs paid		-	-	(252)	(6)
Lease repayments		(85)	(158)	(179)	(569)
Common shares purchased under NCIB	7	-	(330)	(327)	(962)
Financing cash flow		2,909	1,480	(7,048)	(15,381)
Decrease in cash during the period		(58)	(56)	(150)	(378)
Effect of exchange rate changes on cash and cash equivalents		58	(26)	74	365
Cash, beginning of period		90	186	166	117
Cash, end of period		\$ 90	\$ 104	\$ 90	\$ 104

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

1. Reporting entity

CWC Energy Services Corp. ("CWC" or the "Company") is incorporated under the Business Corporations Act (Alberta). The address of the Company's head office is Suite 610, 205 – 5th Avenue SW, Calgary, Alberta, Canada. The Company is an oilfield services company providing drilling and production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin ("WCSB") and the Bakken, Denver-Julesburg ("DJ"), and Eagle Ford basins located in the United States. These consolidated financial statements reflect only the Company's proportionate interests in such activities and are comprised of the Company and its subsidiaries. The Company's common stock is listed and traded on the TSX Venture Exchange under the symbol CWC. Additional information regarding CWC's business is available in CWC's most recent Annual Information Form available on SEDAR at www.sedar.com, on the Company's website www.cwcenergyservices.com, or by contacting the Company at the address noted above.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2020.

These condensed interim consolidated financial statements were approved by the Board of Directors on October 28, 2021.

(b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars. Each of the Company's subsidiaries are measured using the functional currency of that subsidiary, which is the currency of the primary economic environment in which that subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand except where otherwise noted.

(d) Use of estimates and judgments

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

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2020. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2020.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

4. Seasonality of operations

The Company's Canadian operations are dependent on weather conditions which impact our ability to move heavy equipment safely and efficiently in Western Canada's oil and natural gas fields. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier drilling and service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

5. Property, plant and equipment

	Contract Drilling equipment	Production Services property, plant, and equipment	Right-of- use assets	Other equipment	Total
Costs					
Balance, January 1, 2021	\$ 121,530	\$ 256,123	\$ 946	\$ 2,098	\$ 380,697
Additions	3,015	819	401	4	4,239
Disposals	(362)	(13,074)	(561)	-	(13,997)
Effect of foreign currency exchange differences	15	-	-	-	15
Balance, September 30, 2021	124,198	243,868	786	2,102	370,954
Accumulated depreciation and impairment losses					
Balance, January 1, 2021	57,357	136,726	753	1,961	196,797
Depreciation	2,462	5,108	178	41	7,789
Disposals	(54)	(11,188)	(543)	-	(11,785)
Impairments	-	1,296	-	-	1,296
Effect of foreign currency exchange differences	13	-	-	-	13
Balance, September 30, 2021	59,778	131,942	388	2,002	194,110
Net book value					
Balance, September 30, 2021	\$ 64,420	\$ 111,926	\$ 398	\$ 100	\$ 176,844

In Q1 2021, the Company transferred production services equipment with a carrying amount of \$3,146 to assets held for sale and recognized an impairment charge of \$1,296 in respect of these assets. These assets were subsequently sold for proceeds of \$1,273 resulting in a loss on disposal of \$577.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

6. Loans and borrowings

The following table provides information with respect to amounts included in the consolidated statement of financial position related to loans and borrowings:

	September 30, 2021	December 31, 2020
Current liabilities		
Current portion of lease liabilities	\$ 188	\$ 168
Current portion of Mortgage Loan	582	582
	\$ 770	\$ 750
Non-current liabilities		
Bank Loan	\$ 13,751	\$ 18,983
Mortgage Loan	10,327	10,764
Lease liabilities	225	38
Financing fees	(385)	(304)
	\$ 23,918	29,481
Total loans and borrowings	\$ 24,688	\$ 30,231

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). The Credit Facility provides the Company with a \$50,076 extendible revolving term facility (the "Bank Loan") and other credit instruments. Of the Bank Loan, \$35,250 is a syndicated facility and \$7,500 is a Canadian operating facility with the remaining \$7,326 (US\$5,750) being a U.S. operating facility. On March 4, 2021, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments until July 31, 2024 ("Maturity Date"). No principal payments are required under the Bank Loan until the Maturity Date, at which time any amounts outstanding are due and payable. The Company may, on an annual basis, request the Maturity Date be extended for a period not to exceed three years from the date of the request. If a request for an extension is not approved by the banking syndicate, the Maturity Date will remain unchanged.

The Bank Loan bears interest based on a sliding scale pricing grid tied to the Company's trailing Consolidated Debt⁽²⁾ to Consolidated EBITDA⁽¹⁾ ratio from a minimum of the bank's prime rate plus 1.25% to a maximum of the bank's prime rate plus 4.25% or from a minimum of the bankers' acceptances rate plus a stamping fee of 2.25% to a maximum of the bankers' acceptances rate plus a stamping fee of 5.25%. Standby fees under the Bank Loan range between 0.56% and 1.31%. Interest and fees under the Bank Loan are payable monthly. The Company has the option to borrow funds denominated in either Canadian or United States dollars under the Credit Facility. Borrowings under the Bank Loan are limited to an aggregate of 75% of accounts receivable outstanding less than 90 days plus 60% of the net book value of property and equipment less certain priority payables. As at September 30, 2021, of the \$50,076 Bank Loan facility, \$36,262 was available for immediate borrowing and \$13,751 was outstanding (December 31, 2020: \$18,983). The Bank Loan has an accordion feature which provides the Company with an ability to increase the maximum borrowings up to \$125,000, subject to the approval of the lenders. The Bank Loan is secured by a security agreement covering all of the assets of the Company and a first charge Security Interest covering all assets of the Company (other than real estate assets related to the Mortgage Loan). Effective September 30, 2021, the applicable rates under the Bank Loan are: bank prime rate plus 1.25%, bankers' acceptances rate plus a stamping fee of 2.25%, and standby fee rate of 0.56%.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

Under the terms of the Credit Facility, the Company is required to comply with the following financial covenants:

	Covenant limits	September 30, 2021
Consolidated Debt ⁽²⁾ to Consolidated EBITDA ⁽¹⁾	3.50:1.00 or less	0.85:1.00
Consolidated Debt ⁽²⁾ to Capitalization ⁽³⁾	0.50:1.00 or less	0.08:1.00
Consolidated Adjusted Cash Flow ⁽⁴⁾ to Consolidated Adjusted Finance Obligations ⁽⁵⁾	1.15:1.00 or more	24.04:1.00

(1) Consolidated EBITDA is calculated as net income plus finance costs, plus current and deferred income taxes, plus depreciation, plus stock-based compensation, plus any non-recurring losses or impairment losses, or permitted severance costs, minus any non-recurring gain, plus any expenses related to corporate or business acquisitions with all amounts being for the twelve month period ended the calculation date, minus all principal paid or payable in connection with the Mortgage Loan. Consolidated EBITDA is adjusted to reflect the inclusion of material acquisitions or material dispositions on a pro forma basis for the twelve month period ended the calculation date. Consolidated EBITDA is increased if debt repayments from the proceeds of equity issuance are used to repay the syndicated facility and designated by the Company as an Equity Cure amount.

(2) Consolidated Debt is calculated as total loans and borrowings as shown in the schedule above adjusted to exclude: the Mortgage Loan, the funds held in any segregated accounts and to remove any financing fees included.

(3) Capitalization is calculated as Consolidated Debt plus Shareholders' Equity as at the calculation date.

(4) Consolidated Adjusted Cash Flow is calculated as Consolidated EBITDA minus amounts paid for transaction costs, dividends or share repurchases in the twelve month period ended the calculation date. The Calculation of Adjusted Cash Flow excludes Consolidated EBITDA resulting from an Equity Cure.

(5) Consolidated Adjusted Finance Obligations is calculated as finance costs plus scheduled principal payments on debt including scheduled principal payments under finance leases minus accretion of finance fees included in finance costs for the twelve month period ended the calculation date (excluding scheduled principal payments attributed to the Mortgage Loan).

Mortgage Loan is a loan maturing on June 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of \$86. At maturity, approximately \$9,891 of principal will become payable assuming only regular monthly payments are made. On July 27, 2018, the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers' Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt.

Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of September 30, 2021, the mark-to-market value of the interest rate swap of \$338 is included within accounts payable and accrued liabilities on the Consolidated Statements of Financial Position (December 31, 2020: \$572).

Lease liabilities consist of vehicles and office space which mature in 1 to 3 years. The incremental borrowing rates applied to the individual lease liabilities vary from 5.0% to 6.0% per annum.

Financing fees consist of commitment fees and legal expenses relating to the Credit Facility and are being amortized using the effective interest rate method over the term of the Credit Facility. Financing fees of \$60 for the three months ended September 30, 2021 (three months ended September 30, 2020 : \$49) and \$171 for the nine months ended September 30, 2021 (nine months ended September 30, 2020 : \$172) were amortized and included in finance costs.

7. Share capital

(a) Authorized

Unlimited number of Common voting shares without par value.

Unlimited number of Preferred shares without par value.

(b) Normal course issuer bid

On April 15, 2020, the Company commenced a normal course issuer bid ("NCIB") which expired on April 14, 2021. Under this NCIB the Company was entitled to purchase, from time to time as it considered advisable, up

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

to 25,340,742 issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces.

CWC made its NCIB purchases through an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James"). Such purchases were determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allowed common shares to be purchased at times when CWC was otherwise prohibited from doing so pursuant to securities laws and its internal trading policies.

For the three months ended September 30, 2021, no common shares (three months ended September 30, 2020: 2,405,000 for consideration of \$330, including commissions) were purchased under the NCIB, and for the nine months ended September 30, 2021, 2,249,500 common shares for consideration of \$327, including commissions were purchased, cancelled, and returned to treasury under the NCIB (nine months ended September 30, 2020: 7,787,500 for consideration of \$962, including commissions were purchased and 7,701,500 were cancelled and returned to treasury).

(c) Stock options

The following table summarizes changes in the number of stock options outstanding:

	Number of options	Weighted average exercise price
Balance at December 31, 2020	16,038,000	0.19
Expired	(4,250,000)	0.18
Forfeited	(295,000)	0.19
Balance at September 30, 2021	11,493,000	0.19

For the three months ended September 30, 2021, stock-based compensation expense relating to stock options totaled \$1 (three months ended September 30, 2020: \$62). For the nine months ended September 30, 2021, stock-based compensation expense relating to stock options totaled \$3 (nine months ended September 30, 2020: \$184).

(d) Restricted share unit plan

The following table summarizes changes in the number of Restricted Share Units ("RSUs") outstanding:

	Number of RSUs	Weighted average fair value at issue date
Balance at December 31, 2020	14,954,562	0.13
Redeemed for common shares	(1,393,381)	0.13
Forfeited - unvested	(386,000)	0.13
Balance at September 30, 2021	13,175,181	0.13

The following table summarizes information about RSUs outstanding as at September 30, 2021:

Issue date fair value	Number of RSUs outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price (\$)	Number of RSUs exercisable
\$ 0.09 - \$ 0.17	13,175,181	1.8	n/a	2,012,181

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

For the three months ended September 30, 2021, stock-based compensation expense relating to RSUs totaled \$175 (for the three months ended September 30, 2020: \$75). For the nine months ended September 30, 2021, stock-based compensation expense relating to RSUs totaled \$516 (nine months ended September 30, 2020: \$225).

(e) Weighted average common shares outstanding

The following table reconciles the common shares used in computing per share amounts for the periods noted:

	For the three months ended		For the nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Weighted average common shares outstanding – basic	504,764,797	507,543,333	505,110,980	509,239,883
Effect of dilutive share-based compensation plans	8,973,776	-	7,604,435	-
Weighted average common shares outstanding – diluted	513,738,573	507,543,333	512,715,415	509,239,883

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share. For the three and nine months ended September 30, 2020, the effect of all outstanding stock options and RSUs were not included in the computation of net loss per common share because to do so would have been anti-dilutive.

8. Supplemental cash flow information

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2021	2020	2021	2020
Increase (decrease) in non-cash working capital items:				
Accounts receivable	\$ (9,566)	\$ (4,128)	\$ (6,982)	\$ 13,125
Prepaid expenses and deposits	577	(820)	1,296	679
Accounts payable and accrued liabilities	904	2,210	1,444	(1,203)
	\$ (8,085)	\$ (2,738)	\$ (4,242)	\$ 12,601

9. Revenue

Revenue consists of amounts earned from sale of Contract Drilling and Production Services. Production Services includes revenue from service rigs, swabbing rigs and coil tubing units.

The following table presents the Company's revenue disaggregated by type:

For the three months ended September 30, 2021	Contract Drilling Drilling Rigs	Production Services			Total
		Service Rigs	Swabbing Rigs	Coil Tubing	
Canada	\$ 6,490	\$ 19,106	\$ 233	\$ -	\$ 25,829
United States	1,947	-	-	-	1,947
Revenue	\$ 8,437	\$ 19,106	\$ 233	\$ -	\$ 27,776

For the three months ended September 30, 2020	Contract Drilling Drilling Rigs	Production Services			Total
		Service Rigs	Swabbing Rigs	Coil Tubing	
Canada	\$ 543	\$ 9,593	\$ 186	\$ -	\$ 10,322
United States	-	-	-	-	-
Revenue	\$ 543	\$ 9,593	\$ 186	\$ -	\$ 10,322

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

For the nine months ended September 30, 2021	Contract Drilling	Production Services			Total
	Drilling Rigs	Service Rigs	Swabbing Rigs	Coil Tubing	
Canada	\$ 14,955	\$ 48,930	\$ 833	\$ -	\$ 64,718
United States	4,224	-	-	-	4,224
Revenue	\$ 19,179	\$ 48,930	\$ 833	\$ -	\$ 68,942

For the nine months ended September 30, 2020	Contract Drilling	Production Services			Total
	Drilling Rigs	Service Rigs	Swabbing Rigs	Coil Tubing	
Canada	\$ 9,721	\$ 32,371	\$ 660	\$ 265	\$ 43,017
United States	4,811	-	-	-	4,811
Revenue	\$ 14,532	\$ 32,371	\$ 660	\$ 265	\$ 47,828

Included in accounts receivable at September 30, 2021 was \$783 (December 31, 2020: \$1,089) of accrued revenue for services provided in the month then ended. There have been no significant adjustments for prior period accrued revenue in the current period.

As of September 30, 2021, the Company did not have any sales contracts beyond one year in term.

10. Other income

Other income for the three and nine months ended September 30, 2021 consists of Government of Canada grants received under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. CEWS is a program to assist employers facing financial hardship, as measured by certain monthly revenue declines compared to the prior year as a result of the COVID-19 health pandemic. CERS is a program to assist businesses who have seen a drop in revenue due to the COVID-19 health pandemic to cover part of their commercial rent and mortgage and property expenses.

Included in accounts receivable at September 30, 2021 was \$120 of accrued other income related to the CEWS and CERS programs for the period from August 29, 2021 to September 30, 2021 (December 31, 2020: \$1,124).

11. Operating segments

The Company operates its Contract Drilling segment in both Canada and the United States while its Production Services segment operates in Canada. The Contract Drilling segment provides drilling rigs and related ancillary equipment to oil and gas exploration and production companies. The Production Services segment provides well services to oil and gas exploration and production companies through the use of service rigs and swabbing rigs.

Management uses net income before depreciation and income taxes ("segment profit") in management reports reviewed by key management personnel and the board of directors to measure performance at a segment basis. Segment profit is used to measure performance, as management believes this is the most relevant measure in evaluating the results of our segments relative to each other and to other entities that operate within the respective industries.

The Corporate segment captures general and administrative expenses associated with supporting each of the reporting segments operations, plus costs associated with being a public company. Also included in the Corporate segment is interest expense for debt servicing, income tax expense and other amounts not directly related to the two primary segments.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

The amounts related to each industry segment are as follows:

For the three months ended September 30, 2021	Contract Drilling	Production Services	Corporate	Total
Revenue	\$ 8,437	\$ 19,339	\$ -	\$ 27,776
Other income	224	852	42	1,118
Direct operating expenses	6,746	12,710	-	19,456
Selling and administrative expenses	444	2,204	1,396	4,044
Stock based compensation	-	-	176	176
Finance costs	-	-	287	287
Depreciation	846	1,520	146	2,512
Gain on disposal of equipment	(1)	(248)	-	(249)
Income (loss) before tax	626	4,005	(1,963)	2,668
Deferred income tax expense	-	-	649	649
Net income (loss)	\$ 626	\$ 4,005	\$ (2,612)	\$ 2,019
Capital expenditures	\$ 1,020	\$ 510	\$ -	\$ 1,530
As at September 30, 2021				
Property, plant and equipment	\$ 64,420	\$ 111,926	\$ 100	\$ 176,446
Right-of-use assets	\$ 9	\$ 360	\$ 29	\$ 398

For the three months ended September 30, 2020	Contract Drilling	Production Services	Corporate	Total
Revenue	\$ 543	\$ 9,779	\$ -	\$ 10,322
Other income	89	2,280	266	2,635
Direct operating expenses	510	6,947	-	7,457
Selling and administrative expenses	292	1,757	1,498	3,547
Stock based compensation	-	-	137	137
Finance costs	-	-	362	362
Depreciation	762	1,686	134	2,582
Gain on disposal of equipment	(10)	(104)	-	(114)
Loss (income) before tax	(922)	1,773	(1,865)	(1,014)
Deferred income tax recovery	-	-	(204)	(204)
Net (loss) income	\$ (922)	\$ 1,773	\$ (1,661)	\$ (810)
Capital expenditures	\$ 620	\$ 402	\$ -	\$ 1,022
As at September 30, 2020				
Property, plant and equipment	\$ 65,297	\$ 120,889	\$ 152	\$ 186,338
Right-of-use assets	\$ 65	\$ 113	\$ 80	\$ 258

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

For the nine months ended September 30, 2021	Contract Drilling	Production Services	Corporate	Total
Revenue	\$ 19,179	\$ 49,763	\$ -	\$ 68,942
Other income	467	4,043	252	4,762
Direct operating expenses	15,257	34,863	-	50,120
Selling and administrative expenses	1,011	6,201	3,635	10,847
Stock based compensation	-	-	519	519
Finance costs	-	-	792	792
Depreciation	2,505	4,916	368	7,789
Gain on disposal of equipment	(29)	(14)	-	(43)
Impairment of assets held for sale	-	1,296	-	1,296
Income (loss) before tax	902	6,544	(5,062)	2,384
Deferred income tax expense	-	-	677	677
Net income (loss)	\$ 902	\$ 6,544	\$ (5,739)	\$ 1,707
Capital expenditures	\$ 3,015	\$ 1,220	\$ 4	\$ 4,239

For the nine months ended September 30, 2020	Contract Drilling	Production Services	Corporate	Total
Revenue	\$ 14,532	\$ 33,296	\$ -	\$ 47,828
Other income	412	3,571	440	4,423
Direct operating expenses	9,736	25,335	-	35,071
Selling and administrative expenses	1,217	5,867	4,032	11,116
Stock based compensation	-	-	409	409
Finance costs	-	-	1,826	1,826
Depreciation	2,677	5,084	588	8,349
Loss on disposal of equipment	123	737	-	860
Impairment of assets	24,000	1,451	-	25,451
Loss before tax	(22,809)	(1,607)	(6,415)	(30,831)
Deferred income tax recovery	-	-	(7,110)	(7,110)
Net (loss) income	\$ (22,809)	\$ (1,607)	\$ 695	\$ (23,721)
Capital expenditures	\$ 1,714	\$ 2,807	\$ 26	\$ 4,547

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

12. Expenses by nature

For the three months ended September 30, 2021	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Total
Personnel expenses	\$ 13,282	\$ 2,568	\$ 176	\$ -	\$ -	\$ -	\$ 16,026
Third party charges	2,573	-	-	-	-	-	2,573
Repairs and maintenance	3,601	-	-	-	-	-	3,601
Other selling and administrative expenses	-	1,062	-	-	-	-	1,062
Bad debt expense	-	67	-	-	-	-	67
Facility expenses	-	347	-	-	-	-	347
Finance costs	-	-	-	287	-	-	287
Depreciation expense	-	-	-	-	2,512	-	2,512
Gain on disposal of equipment	-	-	-	-	-	(249)	(249)
Total	\$ 19,456	\$ 4,044	\$ 176	\$ 287	\$ 2,512	\$ (249)	\$ 26,226

For the three months ended September 30, 2020	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Total
Personnel expenses	\$ 5,160	\$ 1,589	\$ 137	\$ -	\$ -	\$ -	\$ 6,886
Third party charges	1,379	-	-	-	-	-	1,379
Repairs and maintenance	918	-	-	-	-	-	918
Other selling and administrative expenses	-	1,214	-	-	-	-	1,214
Bad debt expense	-	412	-	-	-	-	412
Facility expenses	-	332	-	-	-	-	332
Finance costs	-	-	-	362	-	-	362
Depreciation expense	-	-	-	-	2,582	-	2,582
Gain on disposal of equipment	-	-	-	-	-	(114)	(114)
Total	\$ 7,457	\$ 3,547	\$ 137	\$ 362	\$ 2,582	\$ (114)	\$ 13,971

For the nine months ended September 30, 2021	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Impairment of assets held for sale	Total
Personnel expenses	\$ 33,718	\$ 6,802	\$ 519	\$ -	\$ -	\$ -	\$ -	\$ 41,039
Third party charges	7,499	-	-	-	-	-	-	7,499
Repairs and maintenance	8,903	-	-	-	-	-	-	8,903
Other selling and administrative expenses	-	3,098	-	-	-	-	-	3,098
Bad debt recovery	-	(153)	-	-	-	-	-	(153)
Facility expenses	-	1,100	-	-	-	-	-	1,100
Finance costs	-	-	-	792	-	-	-	792
Depreciation expense	-	-	-	-	7,789	-	-	7,789
Gain on disposal of equipment	-	-	-	-	-	(43)	-	(43)
Impairment of assets held for sale	-	-	-	-	-	-	1,296	1,296
Total	\$ 50,120	\$ 10,847	\$ 519	\$ 792	\$ 7,789	\$ (43)	\$ 1,296	\$ 71,320

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2021 and 2020

(Unaudited)

Stated in thousands of Canadian dollars except share and per share amounts

For the nine months ended September 30, 2020	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on disposal of equipment	Impairment of assets	Total
Personnel expenses	\$ 23,694	\$ 6,186	\$ 409	\$ -	\$ -	\$ -	\$ -	30,289
Third party charges	5,469	-	-	-	-	-	-	5,469
Repairs and maintenance	5,908	-	-	-	-	-	-	5,908
Other selling and administrative expenses	-	3,268	-	-	-	-	-	3,268
Bad debt expense	-	651	-	-	-	-	-	651
Facility expenses	-	1,011	-	-	-	-	-	1,011
Finance costs	-	-	-	1,826	-	-	-	1,826
Depreciation expense	-	-	-	-	8,349	-	-	8,349
Loss on disposal of equipment	-	-	-	-	-	860	-	860
Impairment of assets	-	-	-	-	-	-	25,451	25,451
Total	\$ 35,071	\$ 11,116	\$ 409	\$ 1,826	\$ 8,349	\$ 860	\$ 25,451	\$ 83,082
