

CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2022 and 2021

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

<i>Stated in thousands of Canadian dollars</i>	Note	September 30, 2022	December 31, 2021
ASSETS			
Current			
Cash		\$ -	\$ 90
Accounts receivable		52,083	26,227
Prepaid expenses and deposits		643	1,594
		52,726	27,911
Property, plant and equipment	5	212,324	198,734
		\$ 265,050	\$ 226,645
LIABILITIES			
Current			
Accounts payable and accrued liabilities		14,907	8,945
Current portion of long-term debt	6	818	764
		15,725	9,709
Long term			
Deferred tax liability		13,557	8,584
Long-term debt	6	51,269	45,083
		80,551	63,376
SHAREHOLDERS' EQUITY			
Share capital	7	255,999	255,066
Contributed surplus		20,572	20,262
Accumulated other comprehensive income		4,437	70
Deficit		(96,509)	(112,129)
		184,499	163,269
		\$ 265,050	\$ 226,645

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2022 and 2021
(Unaudited)

<i>Stated in thousands of Canadian dollars except per share amounts</i>	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Revenue and other income					
Revenue	9	\$ 61,781	\$ 27,776	\$ 145,293	\$ 68,942
Other income		-	1,118	-	4,762
		61,781	28,894	145,293	73,704
Expenses	9				
Direct operating expenses	10	39,807	19,456	97,382	50,120
Selling and administrative expenses	10	5,805	4,044	15,716	10,847
Stock based compensation	7(b)(c)	231	176	693	519
Finance costs	6	710	287	1,703	792
Depreciation	5	3,221	2,512	9,129	7,789
(Gain) loss on disposal of equipment		(487)	(249)	77	(43)
Impairment of assets		-	-	-	1,296
		49,287	26,226	124,700	71,320
Income before income taxes		12,494	2,668	20,593	2,384
Deferred income tax expense		2,977	649	4,973	677
Net income		\$ 9,517	\$ 2,019	\$ 15,620	\$ 1,707
Other comprehensive income					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized gain on translation of foreign operations		3,648	401	4,367	77
Comprehensive income		\$ 13,165	\$ 2,420	\$ 19,987	\$ 1,784
Net income per share					
Basic and diluted	7	\$ 0.02	\$ 0.00	\$ 0.03	\$ 0.00

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, 2022 and 2021
(Unaudited)

<i>Stated in thousands of Canadian dollars except share amounts</i>		Number of	Share	Contributed	Accumulated Other Comprehensive	Deficit	Total
	Note	Shares	Capital	Surplus	Income (Loss)		Equity
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(b)(c)	-	-	519	-	-	519
Settlement of restricted share units	7(c)	1,393,381	182	(182)	-	-	-
Cancellation of common shares purchased under normal course issuer bid		(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
Balance - January 1, 2022		509,072,091	\$ 255,066	\$ 20,262	\$ 70	\$ (112,129)	\$ 163,269
Net income		-	-	-	-	15,620	15,620
Stock based compensation expense	7(b)(c)	-	-	693	-	-	693
Settlement of stock options	7(b)	2,843,000	866	(316)	-	-	550
Settlement of restricted share units	7(c)	498,347	67	(67)	-	-	-
Other comprehensive income		-	-	-	4,367	-	4,367
Balance - September 30, 2022		512,413,438	\$ 255,999	\$ 20,572	\$ 4,437	\$ (96,509)	\$ 184,499

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, 2022 and 2021
(Unaudited)

<i>Stated in thousands of Canadian dollars except per share amounts</i>	Note	Three months ended September 30,		Nine months ended September 30,	
		2022	2021	2022	2021
Operating activities:					
Net income		\$ 9,517	\$ 2,019	\$ 15,620	\$ 1,707
Adjustments for:					
Stock based compensation	7(b)(c)	231	176	693	519
Finance costs		710	287	1,703	792
Unrealized gain on interest rate swap		161	56	336	233
Depreciation	5	3,221	2,512	9,129	7,789
Impairment of assets and assets held for sale		-	-	-	1,296
(Gain) loss on disposal of equipment		(487)	(249)	77	(43)
Foreign exchange		646	58	786	74
Deferred income tax expense		2,977	649	4,973	677
Funds from operations		16,976	5,508	33,317	13,044
Changes in non-cash working capital balances	8	(14,514)	(8,085)	(18,943)	(4,242)
Operating cash flow		2,462	(2,577)	14,374	8,802
Investing activities:					
Purchase of equipment	5	(4,624)	(1,224)	(19,774)	(3,838)
Proceeds on disposal of equipment		808	948	1,099	2,241
Investing cash flow		(3,816)	(276)	(18,675)	(1,597)
Financing activities:					
Increase in (repayment of) long-term debt		2,246	3,221	5,905	(5,669)
Interest paid		(811)	(283)	(1,833)	(854)
Finance costs paid		(168)	-	(260)	(252)
Lease payments		(41)	(85)	(152)	(179)
Cash settlement on exercise of options	7(b)	128	-	551	-
Common shares purchased under NCIB		-	-	-	(327)
Financing cash flow		1,354	2,853	4,211	(7,281)
Decrease in cash during the period		-	-	(90)	(76)
Cash, beginning of period		-	90	90	166
Cash, end of period		\$ -	\$ 90	\$ -	\$ 90

See accompanying notes to the consolidated financial statements.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(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 2910, 605 – 5th Avenue SW, Calgary, Alberta, Canada. The Company is an oilfield services company providing drilling and well servicing to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin (“WCSB”) and select United States basins including the Permian, Eagle Ford, Niobrara, Denver-Julesburg (“DJ”), Powder River and Bakken. 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 at 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, 2021.

These condensed interim consolidated financial statements were approved by the Board of Directors on October 28, 2022.

(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 is 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, 2021. 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, 2021.

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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 extremely 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, 2022	\$ 148,692	\$ 243,251	\$ 827	\$ 2,113	\$ 394,883
Additions	17,060	2,587	543	127	20,317
Disposals	(641)	(1,650)	(126)	-	(2,417)
Effect of foreign currency exchange differences	4,273	-	-	-	4,273
Balance, September 30, 2022	169,384	244,188	1,244	2,240	417,056
Accumulated depreciation and impairment losses					
Balance, January 1, 2022	60,845	132,833	457	2,014	196,149
Depreciation	4,223	4,665	171	70	9,129
Disposals	(143)	(972)	(126)	-	(1,241)
Effect of foreign currency exchange differences	695	-	-	-	695
Balance, September 30, 2022	65,620	136,526	502	2,084	204,732
Net book value					
Balance, September 30, 2022	\$ 103,764	\$ 107,662	\$ 742	\$ 156	\$ 212,324

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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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, 2022	December 31, 2021
Current liabilities		
Current portion of lease liabilities	\$ 236	\$ 182
Current portion of Mortgage Loan	582	582
	\$ 818	\$ 764
Non-current liabilities		
Bank Loan	\$ 41,430	\$ 35,088
Mortgage Loan	9,745	10,182
Lease liabilities	552	215
Financing fees	(458)	(402)
	\$ 51,269	45,083
Total loans and borrowings	\$ 52,087	\$ 45,847

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). On July 29, 2022, the Company exercised the accordion feature to expand the Credit Facility to an \$80,310 Bank Loan comprised of a \$50,710 Canadian syndicated facility, a US\$12,000 (C\$15,600) U.S. syndicated facility, a \$7,500 Canadian operating facility and a US\$5,000 (C\$6,500) U.S. operating facility. The Company further amended the Credit Facility to extend the maturity to July 31, 2025 ("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, 2022, of the \$81,512 Bank Loan facility, \$40,013 was available for immediate borrowing and \$41,430 was outstanding (December 31, 2021: \$35,088). The Bank Loan has an accordion feature which provides the Company with the 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 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, 2022, the applicable rates under the Bank Loan are bank prime rate plus 1.375%, bankers' acceptances rate plus a stamping fee of 2.375%, and standby fee rate of 0.594%.

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

	Covenant limits	September 30, 2022
Consolidated Debt ⁽²⁾ to Consolidated EBITDA ⁽¹⁾	3.50:1.00 or less	1.13:1.00
Consolidated Debt ⁽²⁾ to Capitalization ⁽³⁾	0.50:1.00 or less	0.19:1.00
Consolidated Adjusted Cash Flow ⁽⁴⁾ to Consolidated Adjusted Finance Obligations ⁽⁵⁾	1.15:1.00 or more	22.65:1.00

(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 30, 2028 that is amortized over 22 years with blended monthly principal and interest payments of \$86. At maturity, approximately \$7,030 of principal will become payable assuming only regular monthly payments are made. On May 2, 2022, 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 3.38% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.73%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. At September 30, 2022, the mark-to-market value of the interest rate swap of \$126 is included within accounts receivable on the Consolidated Statements of Financial Position (December 31, 2021: \$210 included within accounts payable and accrued liabilities).

Lease liabilities consist of vehicles and office space which mature in 1 to 6 years. The incremental borrowing rates applied to the individual lease liabilities vary from 5.0% to 7.5% 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 \$59 for the three months ended September 30, 2022 (three months ended September 30, 2021: \$60) and \$206 for the nine months ended September 30, 2022 (nine months ended September 30, 2021: \$171) were amortized and included in finance costs.

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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7. Share capital

a. Authorized

Unlimited number of Common voting shares without par value.

Unlimited number of Preferred shares without par value.

b. 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, 2021	7,323,000	0.20
Exercised	(2,843,000)	0.20
Balance at September 30, 2022	4,480,000	0.20

For the three months ended September 30, 2022, stock based compensation expense relating to stock options totalled \$1 (for the three months ended September 30, 2021: \$1). For the nine months ended September 30, 2022, stock based compensation expense relating to stock options totalled \$3 (for the ninemonths ended September 30, 2021: \$3).

c. Restricted share unit plan

The Company has a restricted share unit plan which allows CWC to issue RSUs which are redeemable for common shares at future vesting dates. The aggregate number of RSUs and stock options outstanding is limited to a maximum of ten percent of the outstanding common shares. The Corporation has granted RSUs to directors, officers, and key employees. RSUs vest annually over three years from the date of grant as employees or directors render continuous service to the Company and have a maximum term of the end of the third year following their grant date. The Company may choose to settle RSUs for the intrinsic value of the RSUs on the settlement date, but the Company has no current intention or obligation to do so.

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, 2021	16,085,887	0.14
Redeemed for common shares	(498,347)	0.13
Balance at September 30, 2022	15,587,540	0.14

The following table summarizes information about RSUs outstanding as at September 30, 2022:

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	15,587,540	2.0	n/a	1,842,041

For the three months ended September 30, 2022, stock based compensation expense relating to RSUs totalled \$230 (for the three months ended September 30, 2021: \$175). For the nine months ended September 30, 2022, stock based compensation expense relating to stock options totalled \$690 (for the nine months ended September 30, 2021: \$516).

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d. 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 September 30,		For the nine months ended September 30,	
	2022	2021	2022	2021
Weighted average common shares outstanding – basic	512,074,834	504,764,797	510,341,075	505,110,980
Effect of dilutive share-based compensation plans	12,513,836	8,973,776	11,718,593	7,604,435
Weighted average common shares outstanding – diluted	524,588,670	513,738,573	522,059,668	512,715,415

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share.

8. Supplemental cash flow information

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
Source (use) of cash related to working capital items:				
Accounts receivable	\$ (19,454)	\$ (9,566)	\$ (25,856)	\$ (6,982)
Prepaid expenses and deposits	531	577	951	1,296
Accounts payable and accrued liabilities	4,409	904	5,962	1,444
	\$ (14,514)	\$ (8,085)	\$ (18,943)	\$ (4,242)

9. Segmented information

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.

Management uses net income before depreciation and income taxes (“segment income (loss)”) in management reports reviewed by key management personnel and the board of directors to measure performance at a segment basis. Segment income (loss) 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.

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The amounts related to each industry segment are as follows:

For the three months ended September 30, 2022	Contract Drilling	Production Services	Corporate	Total
Revenue				
Canada	\$ 14,274	\$ 25,886	\$ -	\$ 40,160
United States	21,621	-	-	21,621
Total revenue	35,895	25,886	-	61,781
Direct operating expenses				
Canada	\$ 9,357	\$ 15,403	\$ -	\$ 24,760
United States	15,047	-	-	15,047
Total direct operating expenses	24,404	15,403	-	39,807
Selling and administrative expenses	1,486	2,244	2,075	5,805
Stock based compensation	-	-	231	231
Finance costs	-	-	710	710
Depreciation	1,601	1,479	141	3,221
Gain on disposal of equipment	(4)	(483)	-	(487)
Income (loss) before tax	8,408	7,243	(3,157)	12,494
Deferred income tax expense	-	-	2,977	2,977
Net income (loss)	\$ 8,408	\$ 7,243	\$ (6,134)	\$ 9,517
Capital expenditures	\$ 3,931	\$ 901	\$ 12	\$ 4,844
As at September 30, 2022				
Property, plant and equipment				
Canada	\$ 52,781	\$ 107,662	\$ 156	\$ 160,599
United States	50,983	-	-	50,983
	103,764	107,662	156	211,582
Right-of-use assets	215	283	244	742
Total property, plant and equipment	\$ 103,979	\$ 107,945	\$ 400	\$ 212,324

Included in accounts receivable at September 30, 2022 was \$6,815 (December 31, 2021: \$3,619) 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.

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For the three months ended September 30, 2021	Contract Drilling	Production Services	Corporate	Total
Revenue				
Canada	\$ 6,490	\$ 19,339	\$ -	\$ 25,829
United States	1,947	-	-	1,947
Total revenue	8,437	19,339	-	27,776
Other income	224	852	42	1,118
Direct operating expenses				
Canada	\$ 5,360	\$ 12,710	\$ -	\$ 18,070
United States	1,386	-	-	1,386
Total 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				
Canada	\$ 51,822	\$ 111,926	\$ 100	\$ 163,848
United States	12,598	-	-	12,598
	64,420	111,926	100	176,446
Right-of-use assets	9	360	29	398
Total property, plant and equipment	\$ 64,429	\$ 112,286	\$ 129	\$ 176,844

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For the nine months ended September 30, 2022	Contract Drilling	Production Services	Corporate	Total
Revenue				
Canada	\$ 34,847	\$ 69,968	\$ -	\$ 104,815
United States	40,478	-	-	40,478
Total revenue	75,325	69,968	-	145,293
Direct operating expenses				
Canada	\$ 24,189	\$ 44,377	\$ -	\$ 68,566
United States	28,816	-	-	28,816
Total direct operating expenses	53,005	44,377	-	97,382
Selling and administrative expenses	4,130	6,795	4,791	15,716
Stock based compensation	-	-	693	693
Finance costs	-	-	1,703	1,703
Depreciation	4,229	4,474	426	9,129
Loss (gain) on disposal of equipment	474	(397)	-	77
Income (loss) before tax	13,487	14,719	(7,613)	20,593
Deferred income tax expense	-	-	4,973	4,973
Net income (loss)	\$ 13,487	\$ 14,719	\$ (12,586)	\$ 15,620
Capital expenditures	\$ 17,060	\$ 3,130	\$ 127	\$ 20,317

For the nine months ended September 30, 2021	Contract Drilling	Production Services	Corporate	Total
Revenue				
Canada	\$ 14,955	\$ 49,763	\$ -	\$ 64,718
United States	4,224	-	-	4,224
Total revenue	19,179	49,763	-	68,942
Other income	467	4,043	252	4,762
Direct operating expenses				
Canada	12,023	34,863	-	46,886
United States	3,234	-	-	3,234
Total 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

CWC ENERGY SERVICES CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2022 and 2021

(Unaudited)

*Stated in thousands of Canadian dollars except share and per share amounts***10. Expenses by nature**

The following tables summarize the disaggregation of direct operating and selling and administrative expenses by nature:

For the three months ended September 30, 2022	Direct operating expenses	Selling and administrative expenses	Total
Personnel expenses	\$ 27,669	\$ 3,468	\$ 31,137
Third party charges	462	-	462
Repairs and maintenance	11,676	-	11,676
Other selling and administrative expenses	-	1,807	1,807
Bad debt expense	-	99	99
Facility expenses	-	431	431
Total	\$ 39,807	\$ 5,805	\$ 45,612

For the three months ended September 30, 2021	Direct operating expenses	Selling and administrative expenses	Total
Personnel expenses	\$ 13,282	\$ 2,568	\$ 15,850
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
Total	\$ 19,456	\$ 4,044	\$ 23,500

For the nine months ended September 30, 2022	Direct operating expenses	Selling and administrative expenses	Total
Personnel expenses	\$ 66,167	\$ 9,723	\$ 75,890
Third party charges	5,272	-	5,272
Repairs and maintenance	25,943	-	25,943
Other selling and administrative expenses	-	4,917	4,917
Bad debt recovery	-	(244)	(244)
Facility expenses	-	1,320	1,320
Total	\$ 97,382	\$ 15,716	\$ 113,098

For the nine months ended September 30, 2021	Direct operating expenses	Selling and administrative expenses	Total
Personnel expenses	\$ 33,718	\$ 6,802	\$ 40,520
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
Total	\$ 50,120	\$ 10,847	\$ 60,967