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

Management's Discussion and Analysis ("MD&A") is a review of the results of operations and liquidity and capital resources of CWC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "CWC", the "Company", "we", "us", or "our" means CWC Energy Services Corp.). The following discussion and analysis provided by CWC is dated October 28, 2022 and should be read in conjunction with unaudited condensed interim consolidated financial statements ("Financial Statements") for the three and nine months ended September 30, 2022, the audited annual consolidated financial statements for the year ended December 31, 2021 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2021 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The Financial Statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC is available on SEDAR at www.sedar.com.

Financial Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended September 30, 2022	2021	Change %	Nine months ended September 30, 2022	2021	Change %
FINANCIAL RESULTS						
Revenue						
Contract Drilling	35,895	8,437	325%	75,325	19,179	293%
Production Services	25,886	19,339	34%	69,968	49,763	41%
	61,781	27,776	122%	145,293	68,942	111%
Other income	-	(1,118)	(100%)	-	(4,762)	(100%)
Adjusted EBITDA[1]	16,169	5,394	200%	32,195	12,737	153%
Adjusted EBITDA margin (%)[1]	26%	19%		22%	18%	
Net income	9,517	2,019	371%	15,620	1,707	815%
Net income margin (%)[2]	15%	7%	8%	11%	2%	9%
Capital expenditures	4,844	1,530	217%	20,317	4,239	379%
Per share information:						
Weighted average number of shares outstanding – basic	512,074,834	504,764,797		510,341,075	505,110,980	
Weighted average number of shares outstanding - diluted	524,588,670	513,738,573		522,059,668	512,715,415	
Adjusted EBITDA[1] per share - basic and diluted	$ 0.03	$ 0.01		$ 0.06	$ 0.03	
Net income per share - basic and diluted	$ 0.02	$ 0.00		$ 0.03	$ 0.00	

$ thousands, except ratios	September 30, 2022	December 31, 2021
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt)[1]	37,819	18,966
Working capital (excluding debt) ratio[1]	3.5:1	3.1:1
Total assets	265,050	226,645
Total long-term debt (including current portion)	52,087	45,847
Shareholders' equity	184,499	163,269

[1] Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

[2] Net income margin is a Non-GAAP Measure which is calculated as net income divided by total revenue.

Working capital (excluding debt) for September 30, 2022 has increased $18.9 million (99%) since December 31, 2021 driven by increases in accounts receivable ($25.9 million (99%)), partially offset by decreases in prepaid expenses and deposits ($1.0 million (60%)) and increases in accounts payable ($6.0 million (67%)). Long-term debt (including current portion) of $52.1 million has increased $6.2 million (14%) from December 31, 2021 primarily due to the purchase of three (3) triple drilling rigs in June 2022 and partially offset by the repayment of long-term debt from operating cash flows in the first nine months of 2022.

Highlights for the Three Months Ended September 30, 2022

- Q3 2022 saw the Company achieve a new milestone with quarterly record revenue, Adjusted EBITDA(1) and net income in CWC's seventeen (17) year history.
- Record revenue in Q3 2022 of $61.8 million, an increase of $34.0 million (122%) compared to $27.8 million in Q3 2021. Revenue increased $27.5 million (325%) in Q3 2022 for the Contract Drilling segment and $6.5 million (34%) for the Production Services segment compared to Q3 2021.
- Record Adjusted EBITDA(1) in Q3 2022 of $16.2 million, an increase of $10.8 million (200%) compared to $5.4 million in Q3 2021.
- Record net income in Q3 2022 of $9.5 million, an increase of $7.5 million compared to $2.0 million in Q3 2021.
- On July 29, 2022, the Company exercised the accordion feature to expand the Credit Facility to an $80.3 million Bank Loan comprised of a $50.7 million Canadian syndicated facility, a US$12.0 million (C$15.6 million) U.S. syndicated facility, a $7.5 million Canadian operating facility and a US$5.0 million (C$6.5 million) U.S. operating facility. The Company further amended the Credit Facility to extend the maturity to July 31, 2025.

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

Highlights for the Nine Months Ended September 30, 2022

- The nine months ended September 30, 2022 saw the Company achieve a new milestone with record revenue, Adjusted EBITDA(1) and net income in CWC's seventeen (17) year history.
- Record revenue for the first nine months of 2022 of $145.3 million, an increase of $76.4 million (111%) compared to $68.9 million in the first nine months of 2021. Revenue increased $56.1 million (293%) in the Contract Drilling segment and $20.2 million (41%) in the Production Services segment compared to the first nine months of 2021. With revenue of $145.3 million for the first nine months of 2022, CWC has surpassed the previous annual record revenue of $144.8 million for the year ended 2018.
- Record Adjusted EBITDA(1) for the first nine months of 2022 of $32.2 million, an increase of $19.5 million (153%) compared to $12.7 million in the first nine months of 2021. With Adjusted EBITDA(1) of $32.2 million for the first nine months of 2022, CWC is on track to surpass the previous annual record Adjusted EBITDA of $34.1 million for the year ended 2014.
- Record net income for the first nine months of 2022 of $15.6 million, an increase of $13.9 million compared to $1.7 million in the first nine months of 2021. With net income of $15.6 million for the first nine months of 2022, CWC has surpassed the previous annual record net income of $12.7 million for the year ended 2011.

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

Industry Overview

Average crude oil and natural gas prices

	Three months ended							
	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Crude oil								
West Texas Intermediate (US$/bbl)	91.55	108.41	94.29	77.19	70.56	66.12	57.79	42.75
Western Canadian Select (US$/bbl)	70.95	93.05	81.49	60.44	57.64	54.68	45.39	33.48
Natural gas								
AECO (C$/mcf)	5.00	6.92	4.66	4.89	3.75	3.05	2.91	2.84

Source: GLJ Ltd price forecasts.

Russia's invasion of Ukraine and the western world's response with trade sanctions against Russia, including sanctions on crude oil and natural gas by certain countries, have resulted in a significant increase in crude oil and natural gas prices in the

first nine months of 2022. In addition, the continued re-opening of the global economy after being significantly slowed down in 2020 and 2021 due to the COVID-19 health pandemic, has resulted in a steady rise in global demand without a significant corresponding increase in global supply for crude oil and natural gas, further justifying the higher prices experienced in the first nine months of 2022. However, significant inflationary increases and rising interest rates have sparked fears of a global recession, which has recently pulled WTI back to a range of US$80 to US$100/bbl. Despite recessionary fears, discussion about energy security is at the top of many governmental agendas, which should bode well for North American oil and gas activity and oilfield service companies for the foreseeable future.

Corporate Overview

CWC Energy Services Corp. 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 rigs and service rigs. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta and U.S. offices in Denver, Colorado and Casper, Wyoming. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

The Contract Drilling division operates under the trade name CWC Ironhand Drilling and is comprised of thirteen (13) electric triple drilling rigs with depth ratings from 3,600 to 7,600 metres and nine (9) telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. All twenty-two (22) rigs have top drives, seventeen (17) have pad rig moving systems, nine (9) have 7,500 psi pumping systems, three (3) have carbon reduction bi-fuel capabilities, and two (2) have high line power capabilities. All of the drilling rigs are ideally suited for the most active depths for horizontal drilling in the Western Canadian Sedimentary Basin ("WCSB"), including the Montney, Cardium, Duvernay and other deep basin horizons, and select United States basins including the Permian, Eagle Ford, Niobrara, Denver-Julesburg ("DJ"), Powder River and Bakken.

The Production Services division operates under the trade name CWC Well Services. With a fleet of 143 service rigs, CWC is one of Canada's largest well servicing companies as measured by active fleet and operating hours. CWC's service rig fleet consists of 75 single, 54 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. In 2022, CWC chose to park 79 of its service rigs and focus its sales and operational efforts on the remaining 64 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB and the tight labour market experienced in the industry for service rig crews.

Outlook

The outlook for contract drilling and well servicing in Canada and the U.S. continues to improve as the removal of economic restrictions due to the COVID-19 health pandemic has created an increased demand for crude oil and natural gas without a sufficient corresponding increase in global supply. This supply/demand imbalance, along with Russia's invasion of Ukraine, has resulted in increases in the crude oil and natural gas prices that we have seen for the first three quarters of 2022. Discussion about energy security is at the top of many governmental agendas, which should bode well for North American oil and gas activity and oilfield service companies for the foreseeable future. Analysts forecast North American drilling activity will continue to rise under a favourable crude oil and natural gas price environment, although at a sustainable and measured pace given the capital discipline instilled upon E&P companies by their debt and equity stakeholders for return of capital through debt reduction, dividends and share buybacks. These sustainable and measured increases in oilfield activity levels should bode well for CWC as E&P customers gradually increase their drilling programs and complete maintenance on existing wells to increase their production.

The first nine months of 2022 have been fantastic for CWC and are anticipated to result in a record year in our seventeen (17) year history. The Company has been successful in recruiting new field employees and crewing both our drilling and service rigs. The Company now employs over 720 employees; a higher employee count than our February 2020 pre-COVID-19 employment level of 620 employees. However, the primary constraint for how quickly the industry and CWC can grow continues to be the available labour market for rig crews, which remains extremely tight. This limited availability of rig crews has resulted in inflationary pressure on field labour costs as well as fuel and supplies, which have been and will continue to be passed on to our E&P customers through further price increases in 2023.

While CWC expects a continuation of its strong operational and financial results for the remainder of 2022 and into 2023, various global uncertainties may derail the Company's expected positive path. Russia's invasion of Ukraine has elicited a strong global response of sanctions against Russia from many western countries. Such sanctions may have a negative effect on the global economy through supply chain disruptions and volatile commodity prices. In addition, many global economies are experiencing high levels of inflation resulting in central banks increasing interest rates at a rapid pace, which is intended to slow the pace of inflation. If interest rates increase too rapidly, or rise to a high enough level whereby economic activity slows significantly resulting in a global recession, CWC may be negatively impacted.

In June 2022, CWC released its 2022 Environmental, Social and Governance ("ESG") Report. Since the release of our inaugural report last year, we've made numerous strides in our ESG journey, including being leaders in the Canadian drilling and well services sector by publicly reporting our Scope 1 and 2 emissions. We are committed to further advancing these efforts in future years as we work on emission reductions and setting targets with our customers to reduce our collective environmental impact. One of the initial steps CWC has taken towards meeting its ESG targets has been to convert some of our field equipment to have carbon reduction bi-fuel capabilities and converting a service rig to a Tier 4 engine. As we progress through 2022, we are deepening our commitment to ESG excellence and look forward to sharing our initiatives and progress with our stakeholders. CWC is honoured to have worked with one of our customers on drilling Alberta's first lithium evaluation well. We are proud of the versatility of our equipment and are not just limited to working strictly in the oil and gas fields. CWC has worked on carbon capture, helium, potash and saltwater disposal wells in the past, thereby reflecting the diversity and versatility of the nature of work for our drilling rigs. Management is confident that CWC will continue to be regarded as a leader in ESG and sustainability matters in the oilfield services industry as the nature of the work for our equipment evolves.

Results of Operations

$ thousands, except per share amounts	Three months ended September 30, 2022	Three months ended September 30, 2021	Change $	Change %	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change $	Change %
Revenue	61,781	27,776	34,005	122%	145,293	68,942	76,351	111%
Direct operating expenses	39,807	19,456	20,351	105%	97,382	50,120	47,262	94%
Gross margin [1]	21,974	8,320	13,654	164%	47,911	18,822	29,089	155%
Other income	-	1,118	(1,118)	(100%)	-	4,762	(4,762)	(100%)
Selling and administrative expenses	5,805	4,044	1,761	44%	15,716	10,847	4,869	45%
Adjusted EBITDA[1]	16,169	5,394	10,775	200%	32,195	12,737	19,458	153%
Stock based compensation	231	176	55	31%	693	519	174	34%
Finance costs	710	287	423	147%	1,703	792	911	115%
Depreciation	3,221	2,512	709	28%	9,129	7,789	1,340	17%
(Gain) loss on disposal of equipment	(487)	(249)	(238)	96%	77	(43)	120	(279%)
Impairment of assets	-	-	-	n/m[2]	-	1,296	(1,296)	(100%)
Income before income taxes	12,494	2,668	9,826	368%	20,593	2,384	18,209	764%
Deferred income tax expense	2,977	649	2,328	359%	4,973	677	4,296	635%
Net income	9,517	2,019	7,498	371%	15,620	1,707	13,913	815%
Net income per share								
Basic and diluted	$ 0.02	$ 0.00	$ 0.02	n/m[2]	$ 0.03	$ 0.00	$ 0.03	n/m[2]

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.
(2) Not meaningful.

Contract Drilling – Canada and United States

$ thousands, except margins, number of rigs, revenue per operating day, and utilization	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Revenue								
Canada	14,274	6,490	7,784	120%	34,847	14,955	19,892	133%
United States	21,621	1,947	19,674	1,010%	40,478	4,224	36,254	858%
	35,895	8,437	27,458	325%	75,325	19,179	56,146	293%
Direct operating expenses								
Canada	9,357	5,360	3,997	75%	24,189	12,023	12,166	101%
United States	15,047	1,386	13,661	986%	28,816	3,234	25,582	791%
	24,404	6,746	17,658	262%	53,005	15,257	37,748	247%
Gross margin (1)								
Canada	4,917	1,130	3,787	335%	10,658	2,932	7,726	264%
United States	6,574	561	6,013	1,072%	11,662	990	10,672	1,078%
	11,491	1,691	9,800	580%	22,320	3,922	18,398	469%
Gross margin percentage (1)								
Canada	34%	17%	n/a	17%	31%	20%	n/a	11%
United States	30%	29%	n/a	1%	29%	23%	n/a	6%
	32%	20%	n/a	12%	30%	20%	n/a	10%
Total drilling rigs, end of period								
Canada	7	7	-	0%	7	7	-	0%
United States	15	2	13	650%	15	2	13	650%
	22	9	13	144%	22	9	13	144%
Revenue per operating day(2)								
Canada	$29,234	$22,421	$6,813	30%	$30,051	$21,926	$8,125	37%
United States (US$)	US$27,390	US$27,711	US$(321)	(1%)	US$26,155	US$25,966	US$189	1%
Drilling rig operating days								
Canada	475	296	179	60%	1,192	667	525	79%
United States	633	59	574	973%	1,144	121	1,023	845%
	1,108	355	753	212%	2,336	788	1,548	196%
Drilling rig utilization %(3)								
Canada	74%	46%	n/a	28%	62%	35%	n/a	27%
United States	57%	31%	n/a	26%	35%	22%	n/a	13%
	63%	49%	n/a	14%	45%	32%	n/a	13%

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.
(2) Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.
(3) Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis). Drilling rigs requiring their Level IV recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

Canadian Contract Drilling revenue of $14.3 million in Q3 2022, an increase of $7.8 million (120%) compared to $6.5 million in Q3 2021, was achieved with a utilization rate of 74% (Q3 2021: 46%), compared to the CAOEC industry average of 40% (Q3 2021: 27%). CWC completed 475 Canadian drilling rig operating days in Q3 2022, an increase of 179 operating days (60%) compared to 296 Canadian drilling rig operating days in Q3 2021 as all seven (7) Canadian drilling rigs were working during the quarter.

Gross margin in the Canadian Contract Drilling segment was $4.9 million, an increase of $3.8 million from $1.1 million in Q3 2021. The gross margin increase is a result of a 60% increase in Canadian drilling rig operating days and a 30% increase in average revenue per operating day while the increase in direct operating expenses, primarily related to inflationary increases in field labour, fuel and supplies cost, was successfully recovered from customers.

U.S. Contract Drilling revenue of $21.6 million in Q3 2022, an increase of $19.7 million (1,010%) compared to $1.9 million in Q3 2021, was achieved with 633 U.S. drilling rig operating days (Q3 2021: 59 U.S. drilling rig operating days). During Q3 2022, CWC had eight (8) of twelve (12) marketable drilling rigs working in the U.S.

Gross margin in the U.S. Contract Drilling segment was $6.6 million, an increase of $6.0 million compared to $0.6 million in Q3 2021. The gross margin increase is a result of a 973% increase in U.S. drilling rig operating days partially offset by a 1% decrease in average revenue per operating day.

Total Contract Drilling's gross margin percentage of 32% in Q3 2022 is higher than the 20% gross margin percentage in Q3 2021 as the Company was successful in increasing pricing and recovering inflationary increases for field labour, fuel and supplies cost from customers.

Production Services – Canada

$ thousands, except margins, number of rigs, revenue per operating hour, and utilization	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Revenue	25,886	19,339	6,547	34%	69,968	49,763	20,205	41%
Direct operating expenses	15,403	12,710	2,693	21%	44,377	34,863	9,514	27%
Gross margin [(1)]	10,483	6,629	3,854	58%	25,591	14,900	10,691	72%
Gross margin percentage [(1)]	40%	34%	n/a	6%	37%	30%	n/a	7%
Service rigs, end of period								
Active service rigs	64	68	(4)	(6%)	64	68	(4)	(6%)
Inactive service rigs	79	77	2	3%	79	77	2	3%
Total service rigs	143	145	(2)	(1%)	143	145	(2)	(1%)
Revenue per hour	$887	$675	$212	31%	$839	$645	$194	30%
Service rig operating hours	29,177	28,293	884	3%	83,388	75,843	7,545	10%
Service rig utilization %[(2)]	69%	64%	n/a	5%	65%	55%	n/a	10%

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

(2) In accordance with CAOEC methodology, service rig utilization is calculated based on 10 operating hours a day x number of days per quarter x 5 days a week divided by 7 days in a week to reflect maximum utilization available due to hours of service restrictions on rig crews. Service rigs requiring their 24,000-hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

Production Services revenue of $25.9 million in Q3 2022, an increase of $6.5 million (34%) compared to $19.4 million in Q3 2021 as the Company was successful in implementing pricing adjustments to partially offset higher inflationary field labour, fuel and supply costs as evident from the average revenue per hour of $887 in Q3 2022 increasing $212 per hour (31%) compared to the $675 per hour in Q3 2021. CWC's service rig utilization in Q3 2022 of 69% (Q3 2021: 64%) with 29,177 operating hours was 3% higher than the 28,293 operating hours in Q3 2021.

During Q3 2022, the Company earned $1.2 million (Q3 2021: $1.4 million) in revenue on 62 oil and gas sites (Q3 2021: 98) requiring well decommissioning under the Alberta Site Rehabilitation Program ("SRP") and 3 oil and gas sites (Q3 2021: 13) under the Saskatchewan Accelerated Site Closure Program ("ASCP"). The $1.0 billion Alberta SRP, the $400 million ASCP and the $100 million B.C. Dormant Sites Reclamation Program ("DSRP") provide grants to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment until February 14, 2023. CWC's Production Services segment has already pivoted its service rigs to do more production oriented work in anticipation of the end of these well decommissioning programs.

Selling and Administrative Expenses

$ thousands	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Selling and administrative expenses	5,805	4,044	1,761	44%	15,716	10,847	4,869	45%

Selling and administrative expenses of $5.8 million in Q3 2022, an increase of $1.8 million (44%) compared to $4.0 million in Q3 2021. For the nine months ended September 30, 2022, selling and administrative expenses of $15.7 million, an increase of $4.9 million (45%) compared to $10.8 million in 2022. The increase in selling and administrative expenses for the quarter

and nine months ended September 30, 2022 compared to the same periods in 2021 was primarily due to an increase in the number of employees and compensation in response to higher activity levels.

Adjusted EBITDA[(1)]

$ thousands	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Adjusted EBITDA[(1)]								
Contract Drilling	10,005	1,471	8,534	580%	18,190	3,378	14,812	438%
Production Services	8,239	5,277	2,962	56%	18,796	12,742	6,054	48%
Corporate	(2,075)	(1,354)	(721)	53%	(4,791)	(3,383)	(1,408)	42%
	16,169	5,394	10,775	200%	32,195	12,737	19,458	153%
Adjusted EBITDA margin (%) [(1)]	26%	19%	n/a	7%	22%	18%	n/a	4%

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

Management uses Adjusted EBITDA[(1)] as a measure of the cash flow generated by the Company. Positive Adjusted EBITDA[(1)] provides the cash flow needed to grow the business through the purchase of equipment or business acquisitions, to fund working capital, and service and reduce outstanding long-term debt.

Adjusted EBITDA[(1)] was $16.2 million in Q3 2022, an increase of $10.8 million (200%) compared to $5.4 million in Q3 2021.

Adjusted EBITDA[(1)] was $32.2 million for the first nine months of 2022, an increase of $19.5 million (153%) compared to $12.7 million in the same period of 2021. The increase in Adjusted EBITDA[(1)] is primarily due to the expansion of our U.S. operations with the addition of ten (10) triple drilling rigs and the overall increase in industry activity and pricing as restrictive measures taken to reduce the spread of COVID-19 globally were eased and crude oil and natural gas prices increased.

Stock Based Compensation

$ thousands	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Stock based compensation	231	176	55	31%	693	519	174	34%

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSUs") being expensed over their vesting periods.

Stock based compensation of $0.2 million in Q3 2022 did not materially change compared to $0.2 million in Q3 2021.

Stock based compensation of $0.7 million for the first nine months of 2022, an increase of $0.2 million (34%) compared to $0.5 million in the same period of 2021.

Finance Costs

$ thousands	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Finance costs	710	287	423	147%	1,703	792	911	115%

Finance costs of $0.7 million in Q3 2022, an increase of $0.4 million (147%) compared to $0.3 million in Q3 2021.

Finance costs of $1.7 million for the first nine months of 2022, an increase of $0.9 million (115%) compared to $0.8 million in the same period of 2021. The increase in finance costs for the quarter and nine months ended September 30, 2022 compared to the same periods in 2021 was primarily due to the higher long-term debt balances and increased interest rates in 2022.

Depreciation

$ thousands	Three months ended September 30, 2022	2021	Change $	Change %	Nine months ended September 30, 2022	2021	Change $	Change %
Depreciation	3,221	2,512	709	28%	9,129	7,789	1,340	17%

Depreciation of $3.2 million in Q3 2022, an increase of $0.7 million (28%) compared to $2.5 million in Q3 2021.

Depreciation of $9.1 million in the first nine months of 2022, an increase of $1.3 million (17%) compared to $7.8 million in the same period of 2021 was primarily due to the higher depreciable asset base compared to the prior period.

(Gain) Loss on Disposal of Equipment

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
$ thousands	**2022**	**2021**	**$**	**%**	**2022**	**2021**	**$**	**%**
(Gain) loss on disposal of equipment	(487)	(249)	(238)	96%	77	(43)	120	(279%)

Management continually monitors the asset mix and equipment needs of the Company and divests assets as needed to optimize operations.

For the nine months ended September 30, 2022, the loss on disposal of equipment was primarily related to drill pipe lost downhole that was partially recovered from customers, partially offset by the gain on disposal of one (1) service rig.

Deferred Income Tax Expense

	Three months ended September 30,		Nine months ended September 30,	
$ thousands	**2022**	**2021**	**2022**	**2021**
Net income before income taxes	12,494	2,668	20,593	2,384
Current income tax	-	-	-	-
Deferred income tax expense	2,977	649	4,973	677
Deferred income tax expense as a % of net income before income taxes	24%	24%	24%	28%
Expected statutory income tax rate	23.2%	23.7%	23.2%	23.7%

Income taxes are a function of taxable income and are calculated differently than tax provisions on accounting income. Differences between accounting income and taxable income include such things as gains or losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, and other differences.

The deferred income tax expense in Q3 2022 of $3.0 million (Q3 2021: $0.6 million) and $5.0 million in the first nine months of 2022 (2021: $0.7 million) is a result of the income before income taxes.

The Company has substantial tax pools and non-capital losses available to reduce future taxable income in Canada and the United States.

Net Income and Comprehensive Income

	Three months ended September 30,		Change	Change	Nine months ended September 30,		Change	Change
$ thousands	**2022**	**2021**	**$**	**%**	**2022**	**2021**	**$**	**%**
Net income	9,517	2,019	7,498	371%	15,620	1,707	13,913	815%
Unrealized gain on translation of foreign operations	3,648	401	3,247	810%	4,367	77	4,290	n/m[1]
Comprehensive income	13,165	2,420	10,745	444%	19,987	1,784	18,203	1,020%

[1] Not meaningful

Net income of $9.5 million in Q3 2022, an increase of $7.5 million compared to $2.0 million in Q3 2021. Comprehensive income of $13.2 million in Q3 2022, an increase of $10.7 million compared to $2.4 million in Q3 2021.

For the first nine months of 2022, net income of $15.6 million, an increase of $13.9 million compared to $1.7 million in the same period of 2021. Comprehensive income of $20.0 million in the first nine months of 2022, an increase of $18.2 million compared to $1.8 million in the same period of 2021. The increase in net income and comprehensive income in 2022 were primarily due to the expansion of our U.S. operations with the addition of 10 triple drilling rigs and the overall increase in industry activity as restrictive measures taken to reduce the spread of COVID-19 globally were eased and crude oil and natural gas prices increased. In addition, no impairment of assets was recognized in the first nine months of 2022 compared with $1.3 million in the same period of 2021.

Liquidity and Capital Resources

Source of Funds

The Company’s liquidity needs in the short and long term can be sourced in several ways including funds from operations, borrowing against existing credit facilities, new debt instruments, equity issuances and proceeds from the sale of assets. Cash inflows are used to repay outstanding amounts on the Company's credit facilities and fund capital requirements.

During the first nine months of 2022, the Company’s operating cash flow of $14.4 million, proceeds on disposal of equipment of $1.1 million, long-term debt increase of $5.9 million, and cash settlement from the exercise of stock options of $0.6 million were used to fund capital expenditures of $19.8 million and interest on long-term debt, finance costs and lease payments of $2.2 million.

At September 30, 2022 the Company had working capital (excluding debt) of $37.8 million, an increase of $18.9 million (99%) from $19.0 million at December 31, 2021 (please refer to the "Non-GAAP and Other Financial Measures" section for further information). The increase in working capital (excluding debt) is primarily due to higher accounts receivable related to increased activity levels, particularly in the U.S., in Q3 2022 versus Q4 2021. Typically as activity levels increase or decrease, working capital will also increase or decrease.

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 $80.3 million Bank Loan comprised of a $50.7 million Canadian syndicated facility, a US$12.0 million (C$15.6 million) U.S. syndicated facility, a $7.5 million Canadian operating facility and a US$5.0 million (C$6.5 million) 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 Company is in compliance with each of the financial covenants at September 30, 2022. 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%.

The Company’s 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 thousand. At maturity, approximately $7.0 million 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).

Capital Requirements

On December 6, 2021, the Company announced its capital expenditure budget for 2022 of $9.9 million, $6.9 million of which is maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rig and service rig divisions as well as information technology infrastructure, with the remaining $3.0 million being growth capital to upgrade one of the drilling rigs, purchase additional mud pumps and additional strings of specialty drill pipe. On June 24, 2022, the Company announced the acquisition of three (3) high-spec AC triple drilling rigs in the U.S. for US$7.4 million ($9.6 million). In conjunction with this acquisition, the Company increased its 2022 capital expenditure budget by an additional $8.3 million to recertify and upgrade these three (3) triple drilling rigs. On July 29, 2022 the Company increased its 2022 capital expenditure budget by a further $2.5 million in growth capital to update one of the drilling rigs and to purchase additional strings of specialty drill pipe. The revised total 2022 capital expenditure budget is now $30.3 million comprised of $23.4 million in growth capital and $6.9 million in maintenance and infrastructure capital. CWC intends to finance its 2022 capital expenditure budget from operating cash flows and by borrowing against the Credit Facility.

The Company’s 2022 capital expenditure is detailed in the section below titled “Capital Expenditure”. In the future, additional discretionary capital expenditures will be required in order to continue to grow the Company’s assets and revenue. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

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

Common Shares and Dividends

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

	October 28, 2022	September 30, 2022	December 31, 2021
Common shares	512,413,438	512,413,438	509,072,091
Stock options	4,480,000	4,480,000	7,323,000
Restricted share units	15,587,540	15,587,540	16,085,887

For the nine months ended September 30, 2022, 2,843,000 stock options and 498,347 Restricted Share Units were exercised.

Capital Expenditures

$ thousands	Three months ended September 30, 2022	Three months ended September 30, 2021	Change $	Change %	Nine months ended September 30, 2022	Nine months ended September 30, 2021	Change $	Change %
Capital expenditures								
Contract drilling	3,931	1,020	2,911	285%	17,060	3,015	14,045	466%
Production services	901	510	391	77%	3,130	1,220	1,910	157%
Other equipment	12	-	12	n/m[1]	127	4	123	n/m[1]
	4,844	1,530	3,314	217%	20,317	4,239	16,078	379%
Growth capital	3,762	738	3,024	410%	15,292	1,729	13,563	784%
Maintenance and infrastructure capital	1,082	792	290	37%	5,025	2,510	2,515	100%
Total capital expenditures	4,844	1,530	3,314	217%	20,317	4,239	16,078	379%

[1] Not meaningful

Capital expenditures of $4.8 million in Q3 2022, an increase of $3.3 million compared to $1.5 million in Q3 2021.

For the nine months ended September 30, 2022, capital expenditures of $20.3 million compared to $4.2 million in the same period of the prior year, primarily due to the purchase of three (3) triple drilling rigs for US$7.4 million (C$9.6 million) and recertifications of equipment.

Commitments and Contractual Obligations

Under the terms of the Company's amended Bank Loan, the borrowings under the Bank Loan are due in full on July 31, 2025. The Company is committed to monthly payments of interest and bank charges until July 31, 2025. The Company's Mortgage Loan is being amortized over 22 years with blended monthly principal and interest payments and matures on June 30, 2028. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required capital expenditures of the Company through 2023.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	Three months ended Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020
Revenue	61,781	42,681	40,831	33,693	27,776	16,497	24,669	20,065
Adjusted EBITDA[1]	16,169	7,600	8,426	6,135	5,394	2,489	4,854	5,034
Net income (loss)	9,517	2,664	3,439	2,866	2,019	(759)	447	(769)
Net income (loss) per share: basic and diluted	0.02	0.01	0.01	0.01	0.00	0.00	0.00	(0.01)
Total assets	265,050	241,827	231,410	226,645	200,777	193,127	202,191	202,223
Total long-term debt	52,087	49,773	46,946	45,847	24,688	21,187	29,285	30,231
Shareholders' equity	184,499	170,976	166,445	163,269	159,953	157,242	158,108	157,977

[1] Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

The table above summarizes CWC's quarterly results for the previous eight financial quarters. CWC's operations are carried out in western Canada and the United States. The second quarter is typically expected to be the weakest financial and operating quarter for the Company due to ground conditions being impacted by spring breakup in Canada. The ability to move heavy equipment in the Canadian crude oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this spring breakup has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. As a result, late March through May is traditionally the Company's slowest time, and as such the revenue, operating costs, and financial results of the Company will vary on a quarterly basis.

Through the eight quarters presented, the amount of revenue and net income (loss), adjusted for the effects of seasonality, have fluctuated primarily due to changes in the utilization of equipment, changes in the day and hourly billing rate, and the increase in the number of drilling rigs and service rigs over the period as detailed in the section titled "Results of Operations".

Other significant impacts have been a result of:

- Q3 2022 saw the Company achieve record quarterly revenue, Adjusted EBITDA[1] and net income in its seventeen (17) year history primarily due to the expansion of our U.S. operations with the addition of ten (10) triple drilling rigs and the overall increase in industry activity and pricing as inflationary costs from field labour, fuel and supplies were successfully recovered from our E&P customers.
- Q2 2022 saw the Company achieve record Q2 revenue, Adjusted EBITDA[1] and net income in its seventeen (17) year history with the continuation of higher activity levels as crude oil, as measured by WTI, rose to an average of US$108/bbl with natural gas, as measured by AECO, averaging over $6.90/mcf which resulted in both increases in activity levels and pricing. Additionally in the quarter, the Company acquired three (3) high-spec AC triple drilling rigs for US$7.4 million (CAD$9.6 million) further expanding the Company's presence in the U.S.
- Q1 2022 saw crude oil prices continue to rise above US$105/bbl as activity levels rose to pre-COVID-19 health pandemic levels. Inflation rose in field labour, fuel and supply costs, which resulted in pricing increases for the Company's customers, which more than offset the higher inflation resulting in higher Adjusted EBITDA and margins in over seven (7) years.
- Q4 2021 saw the Company acquire ten (10) triple drilling rigs and related ancillary equipment based in Casper, Wyoming for total cash consideration including transaction costs of US$18.5 million (approximately C$23.5 million). The purchase further expanded the Company's presence in the U.S. and more than doubled the size of the Company's active drilling fleet to nineteen (19) drilling rigs comprised of seven (7) conventional heavy double drilling rigs in Canada and five (5) AC triple, five (5) DC triple and two (2) conventional heavy double drilling rigs in the U.S. The Company believes the purchase of these ten (10) triple drilling rigs will have a significant positive impact on future quarterly operational and financial results.
- Q3 2021 saw the continuation of higher activity levels as crude oil prices continued to rise towards US$80/bbl. A continuation of a shortage of field labour or rig crews in the industry during the quarter resulted in a further increase in wages, which led to higher pricing for the Company's well servicing work.

- Q2 2021 saw the continuation of higher activity levels adjusted for seasonality as crude oil prices continued to rise to over US$70/bbl. Shortage of available field labour or rig crews in the industry during the quarter became a constraint to higher growth, which is expected to lead to higher pricing for the Company's drilling and well servicing work in future quarters.
- Q1 2021 saw the continuation of a recovery in Canadian oilfield service activity compared to Q4 2020 as the belief of the return to normalcy as a result of the rollout of the COVID-19 vaccines provided support for an increased forecast of global crude oil demand for the remainder of 2021. As such, oil prices continued to rise during the quarter to over US$60/bbl. During Q1 2021, 2,249,500 common shares were purchased, cancelled and returned to treasury under the NCIB.
- Q4 2020 saw a modest recovery in oilfield service activity compared to Q3 2020 as the lower demand for crude oil 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 continued. Crude oil prices continued to modestly increase in Q4 2020 to an average of US$42.63/bbl as the introduction of vaccines to combat the virus were distributed globally toward the end of the quarter, thereby increasing E&P customers' confidence to increase drilling and production activities. During Q4 2020, 1,196,500 common shares were purchased under the NCIB and 1,282,500 common shares were cancelled and returned to treasury.

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with IFRS. The preparation of the 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 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the September 30, 2022 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer state:

- They have reviewed the interim financial report and MD&A;
- That, based on their knowledge, they have determined there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the annual filings; and
- That based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the interim filings.

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of at the present time may also become important factors which affect the Company. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's December 31, 2021 Management's Discussion and Analysis which is available under the Company's profile at www.sedar.com.

Forward-Looking Information

This MD&A contains certain forward-looking information and statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to industry and Company activity levels in various areas, expectations on the sustainability of future cash flow and earnings, expectations with respect to crude oil and natural gas prices, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and U.S. basins, expectations regarding entering into long term drilling contracts and expanding our customer base, and expectations regarding the business, operations, revenue and debt levels of the Company in addition to general economic conditions including industry labour shortages, inflationary pressures and a rising interest rate environment and the impact of those conditions on the Company. Although the Company believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Factors that could cause actual results to vary from forward-looking statements or may affect the operations, performance, development and results of CWC's businesses include, among other things: risks and assumptions associated with operations, such as CWC's ability to successfully implement its strategic initiatives and achieve expected benefits therefrom; assumptions concerning operational reliability; the ability to access sufficient capital from internal and external sources including debt and equity capital; risks inherent in CWC's Canadian and U.S. operations; CWC's ability to generate sufficient cash flow from operations to meet its current and future obligations; risks associated with the failure to finalize formal agreements with counterparties in certain circumstances; CWC's ability to make capital investments and the amounts of capital investments; increases in maintenance, operating or financing costs; the realization of the anticipated benefits of transactions; the possibility that CWC is unable to identify or consummate any acceptable strategic alternatives; the availability and price of labour, equipment and construction materials; the status, credit risk and continued existence of customers having contracts with CWC and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors, including competition from third parties in the areas in which CWC operates or intends to operate, pricing pressures and supply and demand in the drilling and service rig business; fluctuations in currency and interest rates; inflation; risks of war (including the war in Ukraine), hostilities, civil insurrection, pandemics (including COVID-19), instability and political and economic conditions in or affecting jurisdictions in which CWC and its affiliates operate; severe weather conditions and risks related to climate change; terrorist threats; risks associated with technology; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to CWC's business; the risks associated with existing and potential or threatened future lawsuits, legal proceedings and regulatory actions against CWC and its affiliates; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals or land access rights and maintenance of support of such approvals and rights; the effects and impacts of the COVID-19 pandemic on CWC's business and general economic and business conditions and markets; and such other risks and uncertainties described in the Annual MD&A under the section entitled "Risk Factors" and from time to time in CWC's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a forward-looking statement cannot be determined with certainty, as these are interdependent and CWC's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in the Annual MD&A under the section entitled "Risk Factors" and in CWC's other securities filings at www.sedar.com.

Readers are cautioned that the foregoing list of assumptions, risks, uncertainties and factors is not exhaustive. See also the section entitled "Risks and Uncertainties" for further risk factors. The forward-looking statements contained in this MD&A are made as of the date of this MD&A and, except to the extent expressly required by applicable securities laws and regulations, CWC assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this MD&A and all subsequent forward-looking statements, whether written or oral, attributable to CWC or persons acting on CWC's behalf are expressly qualified in their entirety by these cautionary statements. Any forward-looking statements made previously may be inaccurate now.

Non-GAAP and Other Financial Measures

$ thousands, except shares, per share amounts and margins	Three months ended September 30, 2022	Three months ended September 30, 2021	Nine months ended September 30, 2022	Nine months ended September 30, 2021
NON-GAAP MEASURES				
Adjusted EBITDA:				
Net income	9,517	2,019	15,620	1,707
Add:				
Stock based compensation	231	176	693	519
Finance costs	710	287	1,703	792
Depreciation	3,221	2,512	9,129	7,789
Impairment of assets	-	-	-	1,296
(Gain) loss on sale of equipment	(487)	(249)	77	(43)
Income tax expense	2,977	649	4,973	677
Adjusted EBITDA[(1)]	16,169	5,394	32,195	12,737
Adjusted EBITDA per share – basic and diluted[(1)]	$ 0.03	$ 0.01	$ 0.06	$ 0.03
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)[(1)]	26%	19%	22%	18%
Weighted average number of shares outstanding - basic	512,074,834	504,764,797	510,341,075	505,110,980
Weighted average number of shares outstanding - diluted	524,588,670	513,738,573	522,059,668	512,715,415
Gross margin:				
Revenue	61,781	27,776	145,293	68,942
Less: Direct operating expenses	39,807	19,456	97,382	50,120
Gross margin[(2)]	21,974	8,320	47,911	18,822
Gross margin percentage[(2)]	36%	30%	33%	27%

$ thousands	September 30, 2022	December 31, 2021
Working capital (excluding debt):		
Current assets	52,726	27,911
Less: Current liabilities	(15,725)	(9,709)
Add: Current portion of long-term debt	818	764
Working capital (excluding debt) [(3)]	37,819	18,966
Working capital (excluding debt) ratio[(3)]	3.5:1	3.1:1
Net debt:		
Long-term debt	51,269	45,083
Less: Current assets	(52,726)	(27,911)
Add: Current liabilities	15,725	9,709
Net debt [(4)]	14,268	26,881

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

[(2)] Gross margin is calculated from the statement of comprehensive income (loss) as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-GAAP measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

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

[4] Net debt is calculated based on long-term debt less current assets plus current liabilities. Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.