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 March 1, 2023 and should be read in conjunction with audited consolidated financial statements for the year ended December 31, 2022. Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The consolidated financial statements are prepared in accordance with IFRS 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 December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	2020
FINANCIAL RESULTS							
Revenue							
Contract Drilling	35,249	12,533	22,716	181%	110,574	31,712	19,859
Production Services	24,790	21,160	3,630	17%	94,758	70,923	48,034
	60,039	33,693	26,346	78%	205,332	102,635	67,893
Other income (expense)	-	(927)	927	(100%)	-	3,835	6,786
Adjusted EBITDA[(1)]	13,736	6,135	7,601	124%	45,931	18,872	11,098
Adjusted EBITDA margin (%)[(1)]	23%	18%			22%	18%	16%
Impairment (reversal) of assets	(23,261)	-	(23,261)	n/m[(3)]	(23,261)	1,296	25,451
Net income (loss)	26,040	2,866	23,174	809%	41,660	4,573	(24,490)
Net income (loss) margin (%)[(2)]	43%	9%		34%	20%	4%	(36%)
Capital expenditures	5,724	25,039	(19,315)	(77%)	26,041	29,278	5,138
Per share information:							
Weighted average number of shares outstanding – basic	514,082,344	506,011,580			511,284,083	505,337,978	507,104,004
Weighted average number of shares outstanding - diluted	531,620,255	513,877,389			528,821,994	513,203,787	507,104,004
Adjusted EBITDA[(1)] per share - basic and diluted	$ 0.03	$ 0.01			$ 0.09	$ 0.04	$ 0.02
Net income (loss) per share - basic and diluted	$ 0.05	$ 0.01			$ 0.08	$ 0.01	$ (0.05)

$ thousands, except ratios	As at December 31, 2022	2021	2020
FINANCIAL POSITION AND LIQUIDITY			
Working capital (excluding debt)[(1)]	35,942	18,966	12,069
Working capital (excluding debt) ratio[(1)]	3.6:1	3.1:1	2.9:1
Total assets	287,552	226,645	202,223
Total long-term debt (including current portion)	43,004	45,847	30,231
Shareholders' equity	210,381	163,269	157,977

(1) Please refer to the "Non-GAAP and Other Financial Measures" section for further information.
(2) Net income (loss) margin is a Non-GAAP Measure which is calculated as net income (loss) divided by total revenue.
(3) Not meaningful.

Working capital (excluding debt) for December 31, 2022, has increased $17.0 million (90%) since December 31, 2021, driven by increases in accounts receivable ($19.7 million (75%)) and prepaid expenses and deposits ($2.3 million (143%)) offset by increases in accounts payable ($5.0 million (56%)). Long-term debt (including current portion) of $43.0 million has decreased $2.9 million (6%) from December 31, 2021, primarily due to the repayment of long-term debt from operating cash flows in 2022.

Highlights for the Three Months Ended December 31, 2022

- Q4 2022 saw the Company achieve a new milestone for the fourth quarter with Q4 record revenue, Adjusted EBITDA and net income in CWC's eighteen (18) year history.
- Record Q4 2022 revenue of $60.0 million, an increase of $26.3 million (78%) compared to $33.7 million in Q4 2021. Revenue increased $22.7 million (181%) in Q4 2022 for the Contract Drilling segment and $3.6 million (17%) for the Production Services segment compared to Q4 2021.
- Record Q4 2022 Adjusted EBITDA(1) of $13.7 million, an increase of $7.6 million (124%) compared to $6.1 million in Q4 2021.
- Record Q4 2022 net income of $26.0 million, an increase of $23.2 million compared to $2.9 million in Q4 2021. The increase is primarily due to a $23.3 million reversal of an impairment charge to assets taken in 2015 and 2020.
- During Q4 2022, 210,000 (Q4 2021: nil) common shares were purchased under the Normal Course Issuer Bid ("NCIB") which were cancelled and returned to treasury.

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

Highlights for the Year Ended December 31, 2022

- The year ended December 31, 2022 saw the Company achieve a new milestone with record revenue, Adjusted EBITDA(1) and net income in CWC's eighteen (18) year history.
- Record revenue for 2022 of $205.3 million, an increase of $102.7 million (100%) compared to $102.6 million in 2021, surpassing the previous annual record revenue of $144.8 million for the year ended 2018. Revenue increased $78.9 million (249%) in the Contract Drilling segment and $23.8 million (34%) in the Production Services segment compared to 2021.
- Record Adjusted EBITDA(1) for 2022 of $45.9 million, an increase of $27.0 million (143%) compared to $18.9 million in 2021, surpassing the previous annual record Adjusted EBITDA of $34.1 million for the year ended 2014.
- Record net income for 2022 of $41.7 million, an increase of $37.1 million compared to $4.6 million in 2021, surpassing the previous annual record net income of $12.7 million for the year ended 2011.
- On June 24, 2022, purchased three (3) triple drilling rigs and critical spare components for US$7.4 million (C$9.6 million).
- 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.
- On November 16, 2022, the Company reinstated its NCIB with an Automatic Securities Purchase Plan ("ASPP") with Raymond James Ltd., which expires on November 15, 2023. For the year ended December 31, 2022, the Company purchased 210,000 (2021: 2,249,500) common shares under the NCIB which were cancelled and returned to treasury.
- Drilled Alberta's first lithium brine evaluation well in June 2022, showing the diversity and versatility of our equipment.
- First Canadian drilling and well servicing company to publicly report our Scope 1 and 2 emissions in our 2022 ESG Report in June 2022.

(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							
	Dec. 31, 2022	**Sep. 30, 2022**	**Jun. 30, 2022**	**Mar. 31, 2022**	**Dec. 31, 2021**	**Sep. 30, 2021**	**Jun. 30, 2021**	**Mar. 31, 2021**
Crude oil								
West Texas Intermediate (US$/bbl)	82.65	91.55	108.41	94.29	77.19	70.56	66.12	57.79
Western Canadian Select (US$/bbl)	54.48	70.95	93.05	81.49	60.44	57.64	54.68	45.39
Natural gas								
AECO (C$/mcf)	6.00	5.00	6.92	4.66	4.89	3.75	3.05	2.91

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 significant increases in crude oil and natural gas prices in 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 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$70 to US$80/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.

For the year ended December 31, 2022, approximately 88% of revenue (2021: 71%) was from work on crude oil wells, 11% (2021: 27%) was from natural gas wells and 1% was from other wells comprised of carbon capture and lithium brine wells (2021: 2% was from other wells comprised of carbon capture, helium, and salt water disposal wells). Further, approximately 60% of revenue (2021: 36%) was related to drilling and completions work, 29% of revenue (2021: 47%) was from maintenance and workovers on producing wells and 11% of revenue (2021: 17%) was from well decommissioning.

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 saw in 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.

Barring a severe global recession, some analysts believe that global crude oil prices could continue to move higher to US$100/bbl[1] in 2023 based on the following factors:

- Increased demand for crude oil as a result of the re-opening of China's economy from COVID-19 lockdown;
- OPEC announced in October 2022 a crude oil production cut of 2.0 million bbls/day throughout 2023;
- Sanctions on the purchase of Russian crude oil by European Union ("EU") members and G7 nations, which took effect in December 2022, with EU members capping the purchase price of Russian crude oil at $60/bbl;

- Russia announced in February 2023 a crude oil production cut of 500,000 bbls/day in response to western nation sanctions; and
- U.S. Strategic Petroleum Reserve ("SPR") inventory is at one of its lowest levels in four (4) decades as a result of the U.S. approving a release of 180 million bbls over six (6) months that ended in October 2022 as a response to Russia's invasion of Ukraine and the resultant increase in crude oil prices. The U.S. administration intends to replenish its SPR inventory in 2023 when WTI is at a price of $72/bbl or lower.

(1) Source: Goldman Sachs

CWC believes the increased global demand and decreased global supply should result in an upward movement in crude oil prices, which could translate into increased North American oilfield services activity in 2023.

2022 was a record year for CWC in its eighteen (18) year history. The Company has been successful in recruiting new field employees and crewing both its drilling and service rigs. As at December 31, 2022 the Company employed 665 employees; a higher employee count than its 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 in 2022, which have been and will continue to be passed on to E&P customers if further price increases arise in 2023.

While CWC expects a continuation of its strong operational and financial results for 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 economic growth and 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 its inaugural report in 2021, the Company has made numerous strides in its ESG journey, including as a leader in the Canadian drilling and well services sector by publicly reporting its Scope 1 and 2 emissions. CWC is committed to further advancing these efforts in future years as the Company works with its customers on emission reductions and setting targets to reduce its collective environmental impact. One of the initial steps CWC has taken towards meeting its ESG targets has been to convert some field equipment to have carbon reduction bi-fuel capabilities and converting a service rig to a Tier 4 engine. As the Company moves into 2023, CWC is deepening its commitment to ESG excellence and to sharing these initiatives and progress with its stakeholders. In 2022, CWC was honoured to have worked with a customer on drilling Alberta's first lithium brine evaluation well. CWC is proud of the versatility of its equipment which is not 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 its 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 CWC's equipment evolves.

Results of Operations

$ thousands, except per share amounts	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Revenue	60,039	33,693	26,346	78%	205,332	102,635	102,697	100%
Direct operating expenses	39,565	22,168	17,397	78%	136,947	72,288	64,659	89%
Gross margin [1]	20,474	11,525	8,949	78%	68,385	30,347	38,038	125%
Other income (expense)	-	(927)	927	(100%)	-	3,835	(3,835)	(100%)
Selling and administrative expenses	6,738	4,463	2,275	51%	22,454	15,310	7,144	47%
Adjusted EBITDA[1]	13,736	6,135	7,601	124%	45,931	18,872	27,059	143%
Stock based compensation	356	263	93	35%	1,049	782	267	34%
Finance costs	855	294	561	191%	2,558	1,086	1,472	136%
Depreciation	3,033	2,774	259	9%	12,162	10,563	1,599	15%
(Gain) loss on disposal of equipment	(27)	(208)	181	(87%)	50	(251)	301	120%
Impairment (reversal) of assets	(23,261)	-	(23,261)	n/m[2]	(23,261)	1,296	(24,557)	(1,895%)
Income before income taxes	32,780	3,012	29,768	988%	53,373	5,396	47,977	889%
Current tax expense	114	-	114	n/m[2]	114	-	114	n/m[2]
Deferred tax expense	6,626	146	6,480	4,438%	11,599	823	10,776	1,309%
Income tax expense	6,740	146	6,594	4,516%	11,713	823	10,890	1,323%
Net income	26,040	2,866	23,174	809%	41,660	4,573	37,087	811%
Net income per share								
Basic and diluted	$ 0.05	$ 0.01	$ 0.04	400%	$ 0.08	$ 0.01	$ 0.07	700%

(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 December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Revenue								
Canada	12,432	9,755	2,677	27%	47,279	24,710	22,569	91%
United States	22,817	2,778	20,039	721%	63,295	7,002	56,293	804%
	35,249	12,533	22,716	181%	110,574	31,712	78,862	249%
Direct operating expenses								
Canada	8,256	6,810	1,446	21%	32,445	18,833	13,612	72%
United States	15,786	2,060	13,726	666%	44,602	5,294	39,308	743%
	24,042	8,870	15,172	171%	77,047	24,127	52,920	219%
Gross margin [1]								
Canada	4,176	2,945	1,231	42%	14,834	5,877	8,957	152%
United States	7,031	718	6,313	879%	18,693	1,708	16,985	994%
	11,207	3,663	7,544	206%	33,527	7,585	25,942	342%
Gross margin percentage [1]								
Canada	34%	30%	n/a	4%	31%	24%	n/a	7%
United States	31%	26%	n/a	5%	30%	24%	n/a	6%
	32%	29%	n/a	3%	30%	24%	n/a	6%
Total drilling rigs, end of period								
Canada	7	7	-	0%	7	7	-	0%
United States	15	12	3	25%	15	12	3	25%
	22	19	3	16%	22	19	3	16%
Revenue per operating day[2]								
Canada	$31,959	$25,103	$6,856	27%	$29,904	$23,433	$6,471	28%
United States (US$)	US$29,847	US$28,425	US$1,422	5%	US$28,200	US$28,198	US$2	0%
Drilling rig operating days								
Canada	389	387	2	1%	1,581	1,054	527	50%
United States	563	79	484	613%	1,707	198	1,509	762%
	952	466	486	104%	3,288	1,252	2,036	163%
Drilling rig utilization %[3]								
Canada	61%	60%	n/a	1%	62%	41%	n/a	21%
United States	51%	11%	n/a	40%	39%	16%	n/a	23%
	55%	56%	n/a	(1%)	47%	38%	n/a	9%

(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 $12.4 million in Q4 2022, an increase of $2.7 million (27%) compared to $9.8 million in Q4 2021, was achieved with a utilization rate of 61% (Q4 2021: 60%), compared to the CAOEC industry average of 38% (Q4 2021: 29%). CWC completed 389 Canadian drilling rig operating days in Q4 2022, an increase of 2 operating days (1%) compared to 387 Canadian drilling rig operating days in Q4 2021 as all seven (7) Canadian drilling rigs were working during the quarter.

Gross margin in the Canadian Contract Drilling segment was $4.2 million, an increase of $1.2 million from $2.9 million in Q4 2021. The gross margin increase is a result of a 27% 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 $22.8 million in Q4 2022, an increase of $20.0 million (721%) compared to $2.8 million in Q4 2021, was achieved with 563 U.S. drilling rig operating days (Q4 2021: 79 U.S. drilling rig operating days). During Q4 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 $7.0 million, an increase of $6.3 million compared to $0.7 million in Q4 2021. The gross margin increase is a result of a 613% increase in U.S. drilling rig operating days.

Total Contract Drilling's gross margin percentage of 32% in Q4 2022 is higher than the 29% gross margin percentage in Q4 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 December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Revenue	24,790	21,160	3,630	17%	94,758	70,923	23,835	34%
Direct operating expenses	15,523	13,298	2,225	17%	59,900	48,161	11,739	24%
Gross margin (1)	9,267	7,862	1,405	18%	34,858	22,762	12,096	53%
Gross margin percentage (1)	37%	37%	n/a	0%	37%	32%	n/a	5%
Service rigs, end of period								
Active service rigs	64	67	(3)	(4%)	64	67	(3)	(4%)
Inactive service rigs	79	77	2	3%	79	77	2	3%
Total service rigs	143	144	(1)	(1%)	143	144	(1)	(1%)
Revenue per hour	$923	$712	$211	30%	$860	$672	$188	28%
Service rig operating hours	26,854	29,732	(2,878)	(10%)	110,241	105,570	4,675	4%
Service rig utilization %(2)	64%	68%	n/a	(4%)	66%	60%	n/a	6%

(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 $24.8 million in Q4 2022, an increase of $3.6 million (17%) compared to $21.2 million in Q4 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 $923 in Q4 2022 increasing $211 per hour (30%) compared to the $712 per hour in Q4 2021. CWC's service rig utilization in Q4 2022 of 64% (Q4 2021: 68%) with 26,854 operating hours was 10% lower than the 29,732 operating hours in Q4 2021 as extremely cold weather conditions in December 2022 and budget exhaustion from our E&P customers resulted in reduced activity in Q4 2022 compared to Q4 2021.

During Q4 2022, the Company earned $0.7 million (Q4 2021: $1.3 million) in revenue on 34 oil and gas sites (Q4 2021: 87) requiring well decommissioning under the Alberta Site Rehabilitation Program ("SRP") and 8 oil and gas sites (Q4 2021: 2) under the Saskatchewan Accelerated Site Closure Program ("ASCP") as the Company appropriately pivoted away from well decommissioning work to production-oriented maintenance and workover work. The $1.0 billion Alberta SRP, the $400 million ASCP and the $100 million B.C. Dormant Sites Reclamation Program ("DSRP") provided grants until February 14, 2023 to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment.

Selling and Administrative Expenses

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Selling and administrative expenses	6,738	4,463	2,275	51%	22,454	15,310	7,144	47%

Selling and administrative expenses of $6.7 million in Q4 2022, an increase of $2.3 million (51%) compared to $4.5 million in Q4 2021. For the year ended December 31, 2022, selling and administrative expenses of $22.5 million, an increase of $7.1 million (47%) compared to $15.3 million in 2021. The increase in selling and administrative expenses for the quarter and year ended December 31, 2022 compared to 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 December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Adjusted EBITDA[1]								
Contract Drilling	9,224	2,935	6,289	214%	27,414	6,313	21,101	334%
Production Services	6,819	5,947	872	15%	25,615	18,689	6,926	37%
Corporate	(2,307)	(2,747)	440	16%	(7,098)	(6,130)	(968)	(16)%
	13,736	6,135	7,601	124%	45,931	18,872	27,059	143%
Adjusted EBITDA margin (%) [1]	23%	18%	n/a	5%	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 $13.7 million in Q4 2022, an increase of $7.6 million (124%) compared to $6.1 million in Q4 2021.

Adjusted EBITDA[1] was $45.9 million for 2022, an increase of $27.1 million (143%) compared to $18.9 million in 2021. The increase in Adjusted EBITDA[1] is primarily due to the expansion of our U.S. operations with the addition of thirteen (13) 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 December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Stock based compensation	356	263	93	35%	1,049	782	267	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 $0.4 million in Q4 2022, an increase of $0.1 million (35%) compared to $0.3 million in Q4 2021.

Stock based compensation of $1.0 million for 2022, an increase of $0.3 million (34%) compared to $0.8 million in 2021.

Finance Costs

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Finance costs	855	294	561	191%	2,558	1,086	1,472	136%

Finance costs of $0.9 million in Q4 2022, an increase of $0.6 million (191%) compared to $0.3 million in Q4 2021.

Finance costs of $2.6 million for 2022, an increase of $1.5 million (136%) compared to $1.1 million in 2021. The increase in finance costs for the quarter and year ended December 31, 2022 compared to 2021 was primarily due to the increased interest rates in 2022.

Depreciation

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Depreciation	3,033	2,774	259	9%	12,162	10,563	1,599	15%

Depreciation of $3.0 million in Q4 2022, an increase of $0.3 million (9%) compared to $2.8 million in Q4 2021.

Depreciation of $12.2 million in 2022, an increase of $1.6 million (15%) compared to $10.6 million in 2021 was primarily due to the higher depreciable asset base in 2022 compared to 2021.

Impairment (Reversal) of Assets

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Impairment (reversal) of assets								
Contract Drilling	(22,952)	-	(22,952)	n/m[1]	(22,952)	-	(22,952)	n/m[1]
Production Services	(309)	-	(309)	n/m[1]	(309)	1,296	(1,605)	(124%)
	(23,261)	-	(23,261)	n/m[1]	(23,261)	1,296	(24,557)	(1,895%)

The removal of economic restrictions due to the COVID-19 health pandemic created an increased demand for crude oil and natural gas without a sufficient corresponding increase in global supply. This positively affected current and forecasted drilling and production levels in Canada and the United States resulting in increased demand for the Company's services. As such, the Company concluded that there were indicators of impairment reversal and performed an impairment test for the Company's cash generating units ("CGUs") at December 31, 2022.

The recoverable amount of the CGU was based on the value in use method, estimated using discounted cash flows incorporating the Company's most recent 2023 internal 5-year forecasts at December 31, 2022. The calculation of estimated future cash flows were discounted to their present value using an after-tax discount rate of 20% which reflects current market assessments of the time value of money and the risks specific to the assets. The fair value of measurement was categorized as Level 3 fair value based on the inputs in the valuation technique used.

The impairment reversal test concluded that the recoverable amounts of the Company's CGUs exceeded their carrying amounts. At December 31, 2022, the Company recorded a reversal of historical impairment charges of $22,952 related to the Contract Drilling CGU and $309 related to the Production Services CGU in the consolidated statements of comprehensive income. No historical impairments remain for either of the Company's CGUs.

(Gain) Loss on Disposal of Equipment

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
(Gain) loss on disposal of equipment	(27)	(208)	(181)	(87%)	50	(251)	(301)	(120%)

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

For the year ended December 31, 2022, the loss on disposal of equipment of $0.1 million, a decrease of $0.3 million (120%) compared to a gain on disposal of equipment of $0.3 million in 2021, was primarily related to drill pipe lost downhole that was partially recovered from customers and the disposal of service rig equipment.

Deferred Income Tax Expense

$ thousands	Three months ended December 31, 2022	2021	Twelve months ended December 31, 2022	2021
Net income before income taxes	32,780	3,012	53,373	5,396
Current income tax	114	-	114	-
Deferred income tax expense	6,626	146	11,599	823
Deferred income tax expense as a % of net income before income taxes	20%	5%	22%	15%
Expected statutory income tax rate	23.1%	23.7%	23.1%	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 Q4 2022 of $6.6 million (Q4 2021: $0.1 million) and $11.6 million for 2022 (2021: $0.8 million) is a result of the income before income taxes. The increase in deferred income tax expense in 2022 was primarily due to the reversal of impairment of asset charges of $23.3 million in 2022 compared to an impairment of assets charge of $1.3 million in 2021.

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

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Net income	26,040	2,866	23,174	809%	41,660	4,573	37,087	811%
Unrealized gain (loss) on translation of foreign operations	(823)	187	(1,010)	(540%)	3,544	264	3,280	1,242%
Comprehensive income	25,217	3,053	22,164	726%	45,204	4,837	40,367	835%

(1) Not meaningful

Net income of $26.0 million in Q4 2022, an increase of $23.2 million compared to $2.9 million in Q4 2021. Comprehensive income of $25.2 million in Q4 2022, an increase of $22.2 million compared to $3.1 million in Q4 2021.

Net income of $41.7 million in 2022, an increase of $37.1 million compared to $4.6 million in 2021. Comprehensive income of $45.2 million in 2022, an increase of $40.4 million compared to $4.8 million in 2021. The increases in net income and comprehensive income in 2022 were primarily due to the reversal of impairment of asset charges of $23.3 million in 2022 compared to an impairment of assets charge of $1.3 million in 2021. As addition, the Company saw increases in net income and comprehensive income primarily due to the expansion of our U.S. operations with the addition of 13 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.

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 2022, the Company's operating cash flow of $29.8 million, proceeds on disposal of equipment of $1.2 million, and cash settlement from the exercise of stock options of $0.9 million was used to fund capital expenditures of $25.4 million, repayments of long-term debt of $3.3 million, payments of interest on long-term debt, finance costs and leases of $3.1 million and acquisition of common shares under the NCIB of $0.1 million.

As at December 31, 2022 the Company had working capital (excluding debt) of $35.9 million, an increase of $17.0 million (90%) 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 Q4 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 comprised of a $50,710 Canadian syndicated facility, a US$12,000 U.S. syndicated facility, a $7,500 Canadian operating facility and a US$5,000 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 Credit Facility 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 December 31, 2022. Effective December 31, 2022, 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 0.563%.

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. As at December 31, 2022, the mark-to-market value of the interest rate swap of $152 thousand is included within accounts receivable on the Consolidated Statements of Financial Position (December 31, 2021: $210 thousand included within accounts payable and accrued liabilities).

Capital Requirements

On December 5, 2022, the Company announced its capital expenditure budget for 2023 of $26.3 million including $4.0 million of 2022 capital expenditure being carried forward into 2023 for the upgrades and Level IV re-certifications of the three (3) triple drilling rigs acquired in June 2022. $6.7 million of the 2023 capital expenditure is for maintenance and infrastructure capital related to re-certifications, additions and upgrades to field equipment for the drilling rig and service rig divisions as well as information technology infrastructure, with the remaining $15.6 million being for growth capital to complete upgrades to four (4) of the drilling rigs and to purchase additional strings of specialty drill pipe. The 2023 capital expenditures budget is consistent with CWC's commitment to safety and operational efficiency with high-quality and well-maintained equipment. CWC intends to finance its 2023 capital expenditures budget from operating cash flows.

The Company's 2022 capital expenditures are detailed in the section below titled "Capital Expenditures". 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:

	March 1, 2023	December 31, 2022	December 31, 2021
Common shares	518,171,894	518,084,727	509,072,091
Stock options	89,000	89,000	7,323,000
Restricted share units	17,361,744	17,448,911	16,085,887

For the year ended December 31, 2022, 4,615,000 stock options were exercised and 2,619,000 expired. In addition, 6,024,000 Restricted Share Units ("RSUs") were granted, 4,607,636 were exercised and 53,340 expired.

On November 16, 2022, the Company reinstated its NCIB which expires on November 15, 2023. Under this NCIB the Company may purchase, from time to time as it considers advisable, up to 25,620,671 issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC entered into an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies.

For the year ended December 31, 2022, the Company purchased 210,000 (2021: 2,249,500) common shares under the NCIB which were cancelled and returned to treasury.

Capital Expenditures

$ thousands	Three months ended December 31, 2022	2021	Change $	Change %	Twelve months ended December 31, 2022	2021	Change $	Change %
Capital expenditures								
Contract drilling	4,433	24,778	(20,345)	(82%)	21,493	27,793	(6,300)	(23%)
Production services	1,290	250	1,040	416%	4,420	1,470	2,950	201%
Other equipment	1	11	(10)	(91%)	128	15	113	753%
	5,724	25,039	(19,315)	(77%)	26,041	29,278	(3,237)	(11%)
Growth capital	4,267	23,664	(19,397)	(82%)	19,559	25,393	(5,834)	(23%)
Maintenance and infrastructure capital	1,457	1,375	82	8%	6,482	3,885	2,597	67%
Total capital expenditures	5,724	25,039	(19,315)	(77%)	26,041	29,278	(3,237)	(11%)

Capital expenditures of $5.7 million in Q4 2022, a decrease of $19.3 million compared to $25.0 million in Q4 2021. The decreased capital expenditures for Q4 2022 was primarily due to the purchase of ten (10) triple drilling rigs and ancillary equipment for US$18.5 million (C$23.5 million) in Q4 2021 with no comparable purchase in Q4 2022.

Capital expenditures of $26.0 million for the year ended December 31, 2022, a decrease of $3.2 million compared to $29.3 million in 2021. The decreased capital expenditure for 2022 compared to 2021 was primarily due to the purchase of three (3) triple drilling rigs and critical spare components for US$7.4 million (C$9.6 million) and upgrades and Level IV re-certifications of these three (3) triple drilling rigs spent in 2022 of $4.6 million, which was less than the amount spent to purchase ten (10) triple drilling rigs and ancillary equipment for US$18.5 million (C$23.5 million) in 2021.

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 Dec. 31, 2022	Sep. 30, 2022	Jun. 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021	Jun. 30, 2021	Mar. 31, 2021
Revenue	60,039	61,781	42,681	40,831	33,693	27,776	16,497	24,669
Adjusted EBITDA[1]	13,736	16,169	7,600	8,426	6,135	5,394	2,489	4,854
Net income (loss)	26,040	9,517	2,664	3,439	2,866	2,019	(759)	447
Net income (loss) per share: basic and diluted	0.05	0.02	0.01	0.01	0.01	0.00	0.00	0.00
Total assets	287,552	265,050	241,827	231,410	226,645	200,777	193,127	202,191
Total long-term debt	43,004	52,087	49,773	46,946	45,847	24,688	21,187	29,285
Shareholders' equity	210,381	184,499	170,976	166,445	163,269	159,953	157,242	158,108

[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, mid-March through June 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:

- Q4 2022 saw the Company achieve record Q4 revenue, Adjusted EBITDA[1] and net income in its eighteen (18) 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 continue to be recovered from our E&P customers. During Q4 2022, 210,000 common shares were purchased, cancelled, and returned to treasury under the NCIB.
- 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.

[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 December 31, 2022, annual 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 officers state:

- They have reviewed the annual 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 annual filings.

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties not currently known to management or that may currently not be considered material by management, could nevertheless also have an adverse effect on the Company's business. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's most recent Annual Information Form which is available under the Company's profile at www.sedar.com. These risks are not an exhaustive list and should not be taken as a complete summary or description of all the risks associated with the Company's business and the energy services industry generally. While some exposures may be reduced by the Company's risk management strategies, many risks are driven by external factors beyond its control or are of a nature which cannot be eliminated.

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

Market Events and Conditions

Market events and conditions, including global excess crude oil and natural gas supply, actions taken by OPEC+, sanctions against, and civil unrest in, Iran and Venezuela, slowing growth in China and emerging economies, market volatility and disruptions in Asia, weakening global relationships, conflict between the United States and Iran, isolationist and punitive trade policies, increased United States shale production, sovereign debt levels, world health emergencies (including the COVID-19 pandemic), climate change concerns and political upheavals in various countries, including growing anti-fossil fuel sentiment, have caused significant weakness and volatility in commodity prices. Following extreme supply/demand imbalance in 2020, the crude oil and natural gas industry rebounded strongly throughout 2021 and 2022, with oil prices

reaching their highest levels in eight years. However, the ongoing war in the Ukraine and price caps and sanctions on oil from Russia have impacted demand and oil prices throughout the latter half of 2022. It is anticipated that the petroleum and natural gas industry will experience more pressure from investors to take meaningful strides towards combating climate change in the upcoming years, including diversifying their energy portfolios. These events and conditions have caused a significant decrease in the valuation of crude oil and natural gas companies and a decrease in confidence in the petroleum and natural gas industry. Such difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes and environmental regulation.

In addition, difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the petroleum and natural gas industry in Western Canada and cross-border with the United States has led to additional downward price pressure on crude oil and natural gas produced in Western Canada. The resulting price differential between Western Canadian Select crude oil, Brent and West Texas Intermediate crude oil has created uncertainty and reduced confidence in the petroleum and natural gas industry in Western Canada.

Geopolitical Events

The Company's business may be adversely affected by recent geopolitical and events and decisions made in Canada, the United States, China, Europe and elsewhere.

The current war in Ukraine and the international response has, and may continue to have, potential wide ranging consequences for global market volatility and economic conditions, including energy and commodity prices, which may, in turn, increase inflationary pressures and interest rates. Certain countries, including Canada and the United States, have imposed strict financial and trade sanctions against Russia, which have, and may continue to have, far-reaching effects on the global economy and energy and commodity prices. The short, medium and long-term implications of the war in Ukraine are difficult to predict with any certainty at this time and there remains uncertainty relating to the potential direct and indirect impact of the war on the Company, and it could have a material and adverse effect on its business, financial condition and results of operations. Depending on the extent, duration, and severity of the war, it may have the effect of heightening many of the other risks described herein, including, without limitation, the risks relating to the Company's exposure to commodity prices; the successful completion of the Company's growth and expansion projects, including the expected return on investment thereof; supply chains and the Company's ability to obtain required equipment, materials or labour; cybersecurity risks; inflationary pressures; and restricted access to capital and increased borrowing costs as a result of increased interest rates.

Inflation and Cost Management

A failure to secure the services and equipment necessary to the Company's operations for the expected price, on the expected timeline, or at all, may have an adverse effect on the Company's financial performance and cash flows. Third party production companies' operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations, which may reduce the Company's revenue. Third party production companies' inability to manage costs may impact project returns and future development decisions, which, in turn, could have a material adverse effect on the Company's business and financial condition.

The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices, and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact margins which could have a material adverse effect on its financial performance and cash flows.

Reliance on Skilled Crews

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

There is competition for qualified personnel in the petroleum and natural gas industry and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Contributions of the existing management team to the immediate and near-term operations of the Company are likely to be of central importance. In addition, certain of the Company's current employees are senior and have significant institutional knowledge that must be transferred to other employees prior to their departure from the workforce. If the Company is unable to: (i) retain current employees; (ii) successfully complete effective knowledge transfers; and/or (iii)

recruit new employees with the requisite knowledge and experience, the Company could be negatively impacted, which negative impact could prove to be material over time. In addition, the Company could experience increased costs to retain and recruit these professionals.

Industry Competition

The petroleum and natural gas industry is competitive throughout its lifecycle. The Company competes with numerous other entities in the energy services industry. Other companies may have access to substantially greater financial resources, crews, staff and equipment than those of the Company and who may have lower costs of, and better access to, capital.

Infectious Diseases (including COVID-19)

Pandemics, epidemics or outbreaks of an infectious disease in Canada or worldwide could have an adverse impact on the Company's business, including changes to the way the Company and its counterparties operate, and on the Company's financial results and condition. The spread of the COVID-19 pandemic continues to pose risks to the global economy and the petroleum and natural gas industry more broadly. While the duration and full impact of the COVID-19 pandemic is not yet known, effects of COVID-19 may also include disruptions to production operations, reduced access to materials and services, increased employee absenteeism from illness, and temporary closures of the Company's office or field sites. At the onset of the COVID-19 pandemic in March 2020, governments and regulatory bodies in affected areas imposed a number of measures designed to contain the COVID-19 pandemic, including widespread business closures, social distancing protocols, travel restrictions, quarantines, curfews and restrictions on gatherings and events. While substantially all containment measures in Canada and the United States have been lifted, additional safety precautions and operating protocols aimed at containing the spread of COVID-19 may be instituted in line with guidance of public health authorities. Additional waves of the COVID-19 pandemic, together with the emergence of new COVID-19 variant strains, may lead to the imposition of containment measures to varying degrees in many regions within Canada, the United States and globally. These containment measures have the potential to impact global economic activity, and such measures may also contribute to the decreased demand for hydrocarbons, increased market volatility and continued changes to the macroeconomic environment. The prolonged effects of any disruption may have adverse impacts on the Company's business strategies and initiatives, resulting in ongoing effects to its inancial results, including the increase of counterparty, market and operational risks.

While the duration and full impact of the COVID-19 pandemic is not yet known, the effects of COVID-19 may also include disruptions to production operations, access to materials and services, increased employee absenteeism from illness and temporary closures of the Company's facilities. Uncertainty remains as to the full impacts of the COVID-19 pandemic on the global economy, commodity and financial markets, crude oil and natural gas capital investment levels in the Western Canadian Sedimentary Basin and the energy business more broadly. The ultimate impacts will depend on future developments that are highly uncertain and cannot be predicted, including the scope, severity, duration and additional subsequent waves of the COVID-19 pandemic, including the introduction of new variants, as well as the effectiveness of actions and measures taken by the various levels of government. If the COVID-19 pandemic is further prolonged, including the possibility of additional subsequent waves, and introduction of new variants, or further diseases emerge that give rise to similar effects, the adverse impact on the economy could deepen and result in further volatility and declines in commodity and financial markets. Moreover, it remains uncertain how the macroeconomic environment will be impacted following the COVID-19 pandemic. Unexpected developments in commodity and financial markets, regulatory environments, industrial activity or consumer behavior and confidence may also have adverse impacts on the Company's business and financial condition, potentially for a substantial period of time.

Price Competition and Cyclical Nature of the Oilfield Services Business

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

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

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

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

Oversupply of Oilfield Services Equipment in the Drilling Rig and Service Rig Industry

Because of the long-life nature of drilling rigs and service rigs and the lag between the moment a decision to build a rig is made and the moment the rig is placed into service, the number of rigs in the industry does not always correlate to the level of demand for those rigs. Periods of high demand often spur increased capital expenditures on rigs, and those capital expenditures may exceed actual demand. An oversupply of oilfield services equipment could cause CWC's competitors to lower their rates and could lead to a decrease in rates in the oilfield services industry generally, which would have a material adverse effect on the revenue, cash flows and earnings of CWC.

Operational Risks

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

Merger and Acquisition Activity

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

Oilfield Services Industry Risks

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

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

Reputational Risk Associated with the Company's Operations

The Company's business, operations or financial condition may be negatively impacted as a result of any negative public opinion towards the Company or as a result of any negative sentiment toward, or in respect of, the Company's reputation with stakeholders, special interest groups, political leadership, the media or other entities. Public opinion may be influenced by certain media and special interest groups' negative portrayal of the industry in which the Company operates as well as their opposition to certain oil and natural gas projects. Potential impacts of negative public opinion or reputational issues may include delays or interruptions in operations, legal or regulatory actions or challenges, blockades, increased regulatory oversight, reduced support for, delays in, challenges to, or the revocation of regulatory approvals, permits and/or licenses and increased costs and/or cost overruns. The Company's reputation and public opinion could also be impacted by the actions and activities of other companies operating in the oil and natural gas industry, particularly other oilfield service providers, over which the Company has no control. Similarly, the Company's reputation could be impacted by negative publicity related to loss of life, injury or damage to property and environmental damage caused by the Company's operations. In addition, if the Company develops a reputation of having an unsafe work site, it may impact the ability of the Company to attract and retain the necessary skilled employees and consultants to operate its business. Opposition from special interest groups opposed to oil and natural gas development and the possibility of climate related litigation against governments and fossil fuel companies may impact the Company's reputation. Reputational risk cannot be managed in isolation from other forms of risk. Credit, market, operational, insurance, regulatory and legal risks, among others, must all be managed effectively to safeguard the Company's reputation. Damage to the Company's reputation could result in negative investor sentiment towards the Company, which may result in limiting the Company's access to capital, increasing the cost of capital, and decreasing the price and liquidity of the Company's securities.

Changing Investor Sentiment

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

Leverage and Restrictive Covenants

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

The credit facilities contain numerous covenants that limit the discretion of management with respect to certain business matters. These covenants will place restrictions on, among other things, the ability of CWC to create liens or other encumbrances; to pay dividends or make other distributions, or make certain other investments, loans and guarantees; to sell or otherwise dispose of assets or repurchase stock, merge, amalgamate or consolidate with another entity. In addition, the credit facilities, contain a number of financial covenants that require CWC to meet certain financial ratios and financial

condition tests. CWC's ability to meet such tests could be affected by events beyond its control, and it may not be able to meet such tests.

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

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

Liquidity Risk

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

Government Regulation

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

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

Seasonal Nature of CWC's Business

The Company's operations are carried on generally in Western Canada and the United States. The ability to move heavy equipment in the Western Canadian oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. The timing of freeze-up and spring breakup affects the ability to move equipment in and out of these areas. As a result, mid-March through June is traditionally the Company's slowest time, and as such, the operating results of the Company will vary on a quarterly basis.

Dependence on Key Personnel

CWC's future performance and development will depend, to a significant extent, on the efforts and abilities of its executive officers and key management personnel, and on the ability to attract and retain qualified field staff. The loss of the services of one or more of its management team could harm the Company. Also, CWC's success largely depends on the Company's continuing ability to attract, develop and retain skilled employees in all areas of its business. The ability of the Company to expand its services is dependent upon its ability to attract additional qualified employees. The ability to secure the services of additional personnel is constrained in times of strong industry activity.

Climate Change

Global climate issues continue to attract public and scientific attention. Numerous reports, including reports from the Intergovernmental Panel on Climate Change, have engendered concern about the impacts of human activity, especially hydrocarbon combustion, on global climate issues. In turn, increasing public, government, and investor attention is being paid to global climate issues and to emissions of greenhouse gas ("**GHG**"), including emissions of carbon dioxide and methane from the production and use of oil, liquids and natural gas. The majority of countries across the globe, including Canada, have agreed to reduce their carbon emissions in accordance with the Paris Agreement. In addition, during the course of the 2021 United Nations Climate Change Conference in Glasgow, Scotland, Canada's Prime Minister Justin Trudeau made several pledges aimed at reducing Canada's GHG emissions and environmental impact. As discussed below, the Company faces both transition risks and physical risks associated with climate change and climate change policy and regulations.

Transition risks

Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations focused on restricting emissions commonly referred to as GHG emissions and promoting adaptation to climate change and the transition to a low-carbon economy. It is not possible to predict what measures foreign and domestic governments may implement in this regard, nor is it possible to predict the requirements that such measures may impose or when such measures may be implemented. However, international multilateral agreements, the obligations adopted thereunder and legal challenges concerning the adequacy of climate-related policy brought against foreign and domestic governments may accelerate the implementation of these measures. Given the evolving nature of climate change policy and the control of GHG emissions and resulting requirements, including carbon taxes and carbon pricing schemes implemented by varying levels of government, it is expected that current and future climate change regulations will have the effect of increasing the Company's operating expenses, and, in the long-term, potentially reducing the demand for oil, liquids, natural gas and related products, resulting in a decrease in the Company's profitability and a reduction in the value of its assets and services.

Claims have been made against certain energy companies alleging that GHG emissions from oil and natural gas operations constitute a public nuisance under certain laws or that such energy companies provided misleading disclosure to the public and investors of current or future risks associated with climate change. As a result, individuals, government authorities, or other organizations may make claims against oil and natural gas companies, including the Company, for alleged personal injury, property damage, or other potential liabilities. While the Company is not a party to any such litigation or proceedings, it could be named in actions making similar allegations. An unfavourable ruling in any such case could adversely affect the demand for and price of securities issued by the Company, impact its operations and have an adverse impact on its financial condition.

Given the perceived elevated long-term risks associated with policy development, regulatory changes, public and private legal challenges, or other market developments related to climate change, there have also been efforts in recent years affecting the investment community, including investment advisors, sovereign wealth funds, banks, public pension funds, universities and other institutional investors, promoting direct engagement and dialogue with companies in their portfolios on climate change action (including exercising their voting rights on matters relating to climate change) and increased capital allocation to investments in low-carbon assets and businesses while decreasing the carbon intensity of their portfolios through, among other measures, divestments of companies with high exposure to GHG-intensive operations and products. Certain stakeholders have also pressured insurance providers and commercial and investment banks to reduce or stop financing, and providing insurance coverage to oil and natural gas and related infrastructure businesses and projects. The impact of such efforts requires the Company's management to dedicate significant time and resources to these climate change-related concerns, which may adversely affect the Company's operations, the demand for and price of the Company's securities and may negatively impact the Company's cost of capital and access to the capital markets.

Emissions, carbon and other regulations impacting climate and climate-related matters are constantly evolving. With respect to environmental, social, governance and climate reporting, the International Sustainability Standards Board has issued an IFRS Sustainability Disclosure Standard with the aim to develop sustainability disclosure standards that are globally consistent, comparable and reliable. In addition, the Canadian Securities Administrators published for comment Proposed National Instrument 51-107 – Disclosure of Climate-Related Matters, intended to introduce climate-related disclosure requirements for reporting issuers in Canada with limited exceptions. If the Company is not able to meet future sustainability reporting requirements of regulators or current and future expectations of investors, insurance providers, or other stakeholders, its business and ability to attract and retain skilled employees, obtain regulatory permits, licences, registrations, approvals, and authorizations from various governmental authorities, and raise capital may be adversely affected.

Physical risks

Based on the Company's current understanding, the potential physical risks resulting from climate change are long-term in nature and associated with a high degree of uncertainty regarding timing, scope, and severity of potential impacts. Many experts believe global climate change could increase extreme variability in weather patterns such as increased frequency of severe weather, rising mean temperature and sea levels, and long-term changes in precipitation patterns. Extreme hot and cold weather, heavy snowfall, heavy rainfall, and wildfires may restrict the Company's ability to access properties and cause operational difficulties, including damage to equipment. Extreme weather also increases the risk of personnel injury as a result of dangerous working conditions.

Political Uncertainty

In the last several years, the United States and certain European countries have experienced significant political events that have cast uncertainty on global financial and economic markets. Since the 2016 U.S. presidential election, the American administration has withdrawn the United States from the Trans-Pacific Partnership (TPP) and the United States Congress has passed sweeping tax reform, which, among other things, significantly reduces U.S. corporate tax rates. This has affected the competitiveness of other jurisdictions, including Canada.

The U.S. has not indicated any intention to rejoin the TPP but could try to negotiate stronger labour and environmental standards. On January 20, 2021, Mr. Joseph Biden was sworn in as the 46th President of the United States. The political unrest associated with the transition to the new Biden administration was unprecedented in the United States, and the short and long-term impacts on business and capital markets are unknown. Additionally, on January 20, 2021, the Biden administration announced its decision to revoke the federal permit granted by the former administration for the Keystone XL Pipeline, which has overturned a comprehensive regulatory process that lasted more than a decade. In addition, NAFTA has been replaced with the USMCA. This has affected the competitiveness of other jurisdictions, including Canada. On January 25, 2021, the Biden administration signed an executive order with respect to stringent new Made-In-America rules for the U.S. government and has indicated that the exceptions to such rules will be very limited. It is unclear what the impact of this executive order will be and how it may impact the USMCA and the Canada-U.S. supply chain. Further, it is unclear exactly what other actions the U.S. administration will implement, and if implemented, how these actions may impact Canada and in particular the petroleum and natural gas industry.

Any actions taken by the current United States administration may have a negative impact on the Canadian economy and on the businesses, financial condition, results of operations, prospects and the valuation of Canadian crude oil and natural gas companies, which could also negatively impact the Company, which negative impact could prove to be material over time.

In addition to the political disruption in the United States, the impact of the United Kingdom's exit from the European Union remains to be determined, especially in a post-pandemic era. Some European countries have also experienced the rise of anti-establishment political parties and public protests held against open-door immigration policies, trade and globalization. Conflict and political uncertainty also continues to progress in the Middle East. To the extent that certain political actions taken in North America, Europe and elsewhere in the world result in a marked decrease in free trade, access to personnel and freedom of movement, costs for goods and services required for the Company's business could increase and access to skilled labour could decrease, negatively impacting the Company's business, financial condition, results of operations, prospects and the market value of its Common Shares, which negative impact could prove to be material over time.

Beginning in November 2021, Russia began to amass troops along the Ukrainian border, heightening military tension in Eastern Europe. In February 2022, Russia sent troops into pro-Russian separatist regions in Ukraine. Ongoing military tensions between Russia and Ukraine have the potential to threaten supply of oil and gas from the region and demand from other European countries as well as the possibility that other nations will impose certain tariffs and restrictions on oil from Russia. The long-term impacts of the war between Russia and the Ukraine remains unclear, including the responses from other nations globally.

A change in federal, provincial or municipal governments in Canada may have an impact on the directions taken by such governments on matters that may impact the petroleum and natural gas industry including the balance between economic development and environmental policy. Alberta elected a new government in 2019 that is supportive of the Trans Mountain Pipeline expansion project. In January 2020, the Supreme Court of Canada unanimously rejected the government of British Columbia's proposed regulation of the transport of heavy oil products into and through British Columbia, tensions remain between provincial and federal governments. Continued uncertainty and delays, including a temporary shutdown due to flooding in British Columbia have led to decreased investor confidence, increased capital costs and operational delays for producers and service providers.

Following former Alberta Premier Jason Kenney's resignation on May 18, 2022, Danielle Smith was elected as Premier on October 11, 2022. Shortly after her appointment, Premier Smith introduced Bill 1: *The Alberta Sovereignty Within a United Canada Act* (the *Sovereignty Act*). The Sovereignty Act was passed on December 8, 2022 and received Royal Assent on December 15, 2022. The Sovereignty Act, amongst other things, enables the Alberta Government to choose which federal legislation, policies or programs it will enforce in Alberta, providing an overriding right to not enforce those which the Alberta Government deems to be " harmful" to Alberta's interests or infringe on the Federal Constitution and its division of powers. The Sovereignty Act has been opposed by many, including the New Democratic Party and various Indigenous groups who have expressed concern as to how the Sovereignty Act will affect Indigenous rights and consultation obligations in Alberta. It is unclear what the effect the Sovereignty Act will have on Alberta, including the petroleum and natural gas industry, Alberta businesses and its federal and interprovincial relationships, including the application of certain federal legislation in Alberta, such as the GGPPA and the IAA and the way in which the Alberta Government may address any legislative and policy gaps created. Although the Sovereignty Act has not yet been challenged in court, it is possible the Sovereignty Act's constitutionality will be challenged.

The federal government was re-elected in 2019, but in a minority position. Another federal election was held on September 20, 2021 and the federal government was re-elected again in a minority position. The ability of the minority federal government to pass legislation will be subject to whether it is able to come to agreement with, and garner the support of, the other elected parties, most of whom are opposed to the development of the petroleum and natural gas industry. The minority federal government will also be required to rely on the support of the other elected parties to remain in power, which provides less stability and may lead to an earlier subsequent federal election. Lack of political consensus, at both the federal and provincial government level, continues to create regulatory uncertainty, the effects of which become apparent on an ongoing basis, particularly with respect to carbon pricing regimes, curtailment of crude oil production and transportation and export capacity, and may affect the business of participants in the petroleum and natural gas industry, which effect could prove to be material over time.

Non-Governmental Organizations and Eco-Terrorism Risks

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

In addition, the Company's oilfield services equipment could be the subject of a terrorist attack. If any of the Company's equipment is the subject of a terrorist attack it may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The Company does not have insurance to protect against the risk from acts of terrorism in Canada, however, does have coverage under the Terrorism Risk Insurance Act in the United States.

Equipment and Technology Risks

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

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

In the future, the Company may seek patents or other similar protections in respect of particular tools, equipment and technology; however, the Company may not be successful in such efforts. Competitors may also develop similar tools, equipment and technology to those of the Company thereby adversely affecting the Company's competitive advantage in one or more of its businesses. Additionally, there can be no assurance that certain tools, equipment or technology developed by the Company may not be the subject of future patent infringement claims or other similar matters which could result in

litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on the business, results of operations and financial condition of the Company.

Significant Shareholder

Brookfield Business Partners L.P. ("Brookfield"), through its ownership of 55.8% of CWC's outstanding voting shares is a significant shareholder. As such, Brookfield will have, subject to applicable law, the ability to determine the outcome of certain matters submitted to shareholders for approval in the future, including the election and removal of directors, amendments to CWC's corporate governance documents and certain business combinations. CWC's interests and those of its controlling shareholder may at times conflict, and this conflict might be resolved against CWC's interests. The concentration of control in the hands of a significant shareholder may impact the potential for the initiation, or the success, of an unsolicited bid for CWC's securities.

Drilling Rig and Service Rig Construction Risks

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

Equipment and Parts Availability

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

Dependence on Suppliers

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

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

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

Risks of Interruption, Casualty Losses and Insurance

CWC's operations are or will be, subject to many hazards inherent in the well drilling, workover and completion industry, including blowouts, cratering, explosions, fires, loss of well control, loss of hole, damaged or lost drilling equipment and damage or loss from inclement weather or natural disasters and reservoir damage. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage, damage to the property of others and damage to producing or potentially productive oil and natural gas formations. Generally, drilling rig and service rig contracts provide for the division of responsibilities between a drilling rig or service rig provider and its customer, and CWC will seek to obtain indemnification from its customers by contract for certain of these risks. CWC will also seek protection through insurance. However, CWC cannot ensure that such insurance or indemnification

agreements will adequately protect it against liability from all of the consequences of the hazards described above. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification or insurance obligations, could result in substantial losses. In addition, insurance may not be available to cover any or all of these risks, or, even if available, may not be adequate. Insurance premiums or other costs may rise significantly in the future, so as to make such insurance prohibitively expensive or uneconomic.

The Company's insurance policies are generally renewed on an annual basis and, depending on factors such as market conditions, the premiums, policy limits and/or deductibles for certain insurance policies can vary substantially. In some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Significantly increased costs could lead the Company to decide to reduce or possibly eliminate coverage. In addition, insurance is purchased from a number of third-party insurers, often in layered insurance arrangements, some of whom may discontinue providing insurance coverage for their own policy or strategic reasons. Should any of these insurers refuse to continue to provide insurance coverage, the Company's overall risk exposure could be increased and the Company could incur significant costs.

Future Capital Requirements and Future Sales of Common Shares by CWC

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favourable terms. CWC may issue additional common shares in the future, which may dilute a shareholder's holdings in CWC or negatively affect the market price of common shares. CWC's articles permit the issuance of an unlimited number of common shares. The directors of CWC have the discretion to determine the price and the terms of further issuances of common shares, subject to applicable law. Also, additional common shares will be issued by CWC on the exercise of stock options granted pursuant to CWC's stock option plan, or pursuant to its restricted share unit plan.

Capital and Financial Markets

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

Environmental Protection

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

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

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

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

Third-Party Credit Risk

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

Failure to Realize Anticipated Benefits of Acquisitions

The Company makes acquisitions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions, retaining key employees and customer relationships and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources, may divert management's focus from other strategic opportunities and operational matters and ultimately the Company may fail to realize the anticipated benefits of acquisitions.

Management of Growth

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

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

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

Tax Matters

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

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

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

Vulnerability to Market Changes

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

Alternatives to and Changing Demand for Petroleum Products

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

Interest Rate Risk

The Company is exposed to interest rate price risk as its bank loan has floating interest rate terms. However, the floating interest rate terms do give rise to interest rate cash flow risk as interest payments are recalculated as the market rates change. Management does anticipate that interest rates are likely to continue to increase in 2023 to combat inflation, but do not expect rates to increase to a level that will have a large impact on future cash flows.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other oil and natural gas exploration and/or production entities and oil and natural gas services companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply, under the Alberta Business Corporations Act.

Legal and Regulatory Proceedings

The Company is involved in legal and regulatory proceedings from time to time in the ordinary course of business. No assurance can be given as to the final outcome of any legal or regulatory proceedings or that the ultimate resolution of any legal proceedings will not have a material adverse effect on the Company.

Indigenous Land and Rights Claims

Opposition by Indigenous groups to the conduct of the Company's operations in any of the jurisdictions in which the Company conducts business may negatively impact it in terms of public perception, diversion of management's time and resources, legal and other advisory expenses, and could adversely impact the Company's progress.

Some Indigenous groups have established or asserted Indigenous treaty, title and rights to portions of Canada. No certainty exists that any lands currently unaffected by claims brought by Indigenous groups will remain unaffected by future claims. Such claims, if successful, could have a material adverse impact on its operations or pace of growth.

The Canadian federal and provincial governments have a duty to consult with Indigenous people when contemplating actions that may adversely affect the asserted or proven Indigenous or treaty rights and, in certain circumstances, accommodate their concerns. The scope of the duty to consult by federal and provincial governments varies with the circumstances and is often the subject of ongoing litigation. The fulfillment of the duty to consult Indigenous people and any associated accommodations may adversely affect the Company's ability to, or increase the timeline to, obtain or renew, permits, leases, licenses and other approvals, or to meet the terms and conditions of those approvals. For example, a recent British Columbia Supreme Court decision determined that the cumulative impacts of government sanctioned industrial development on the traditional territories of a First Nations group in northeast British Columbia breached that group's treaty rights. Going forward, this decision may have significant impacts on the regulation of industrial activities in northeast British Columbia. Further, it may lead to similar claims of cumulative effects across Canada in other areas covered by numbered treaties. The long-term impacts of and associated risks of the decision on the Canadian oil and natural gas industry and the Company remain uncertain.

In addition, the federal government has introduced legislation to implement the UNDRIP. Other Canadian jurisdictions, including British Columbia, have also introduced or passed similar legislation, or begun considering the principles and objectives of UNDRIP, or may do so in the future. The means and timelines associated with UNDRIP's implementation by government is uncertain; additional processes may be created or legislation amended or introduced associated with project development and operations, further increasing uncertainty with respect to project regulatory approval timelines and requirements.

Intellectual Property Litigation

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

reasonable terms. Any such development, acquisition or licence could require the expenditure of substantial time and other resources and could have a material adverse effect on the Company's business and financial results.

Breach of Confidentiality

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

Cyber-Security Threats and Reliance on Information Technology

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

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

Further, the Company is subject to a variety of information technology and system risks as a part of its normal course operations, including potential breakdown, invasion, virus, cyber-attack, cyber-fraud, security breach, and destruction or interruption of the Company's information technology systems by third parties or insiders. Unauthorized access to these systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to our business activities or our competitive position. In addition, cyber phishing attempts, in which a malicious party attempts to obtain sensitive information such as usernames, passwords, and credit card details (and money) by disguising itself as a trustworthy entity in electronic communication, have become more widespread and sophisticated in recent years. If the Company becomes a victim of a cyber phishing attack it could result in a loss or theft of the Company's financial resources or critical data and information or could result in a loss of control of the Company's technological infrastructure or financial resources. The Company applies technical and process controls in line with industry-accepted standards to protect our information assets and systems; however, these controls may not adequately prevent cyber-security breaches. Disruption of critical information technology services, or breaches of information security, could have a negative effect on our performance and earnings, as well as on our reputation. The significance of any such event is difficult to quantify, but may in certain circumstances be material and could have a material adverse effect on the Company's business, financial condition and results of operations.

Forward-Looking Information may Prove Inaccurate

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

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 December 31, 2022	Three months ended December 31, 2021	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021	Twelve months ended December 31, 2020
NON-GAAP MEASURES					
Adjusted EBITDA:					
Net income (loss)	26,040	2,866	41,660	4,573	(24,490)
Add:					
Stock based compensation	356	263	1,049	782	1,094
Finance costs	855	294	2,558	1,086	2,135
Depreciation	3,033	2,774	12,162	10,563	11,001
Impairment (reversal) of assets	(23,261)	-	(23,261)	1,296	25,451
(Gain) loss on disposal of equipment	(27)	(208)	50	(251)	844
Income tax expense (recovery)	6,740	146	11,713	823	(4,937)
Adjusted EBITDA[1]	13,736	6,135	45,931	18,872	11,098
Adjusted EBITDA per share – basic and diluted[1]	$ 0.03	$ 0.01	$ 0.09	$ 0.04	$ 0.02
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)[1]	23%	18%	22%	18%	16%
Weighted average number of shares outstanding - basic	514,082,344	506,011,580	511,284,083	505,337,978	507,104,004
Weighted average number of shares outstanding - diluted	531,620,255	513,877,389	528,821,994	513,203,787	507,104,004
Gross margin:					
Revenue	60,039	33,693	205,332	102,635	67,893
Less: Direct operating expenses	39,565	22,168	136,947	72,288	49,149
Gross margin[2]	20,474	11,525	68,385	30,347	18,744
Gross margin percentage[2]	34%	34%	33%	30%	28%

$ thousands	December 31, 2022	December 31, 2021	December 31, 2020
Working capital (excluding debt):			
Current assets	49,925	27,911	18,323
Less: Current liabilities	(14,848)	(9,709)	(7,004)
Add: Current portion of long-term debt	865	764	750
Working capital (excluding debt) [3]	35,942	18,966	12,069
Working capital (excluding debt) ratio[3]	3.6:1	3.1:1	2.9:1
Net debt:			
Long-term debt	42,139	45,083	29,481
Less: Current assets	(49,925)	(27,911)	(18,323)
Add: Current liabilities	14,848	9,709	7,004
Net debt [4]	7,062	26,881	18,162

[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.