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 August 10, 2016 and should be read in conjunction with unaudited condensed interim financial statements for the three months and six months ended June 30, 2016, the audited annual financial statements for the year ended December 31, 2015 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2015 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC, including the AIF, is available on SEDAR at www.sedar.com.

Highlights for the Three Months Ended June 30, 2016

- CWC's service rig fleet worked a record 21,724 operating hours in Q2 2016, the highest second quarter in the Company's eleven year history, despite a very challenging industry operating environment. The Company's industry leading service rig utilization of 37% in Q2 2016 (Q2 2015: 23%) was impressive given the seasonal quarterly slowdown in activity known as spring break-up in the Western Canadian Sedimentary Basin ("WCSB"). During Q2 2016, total industry operating hours (as reported by the Canadian Association of Oilwell Drilling Contractors ("CAODC")) declined 33% from Q2 2015. The strong demand for the Company's service rigs can be attributed to its modern fleet, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our outstanding service and safety performance and high quality and well maintained equipment are strong and has been a differentiating factor for CWC.

- CWC's drilling rig utilization of 9% in Q2 2016 (Q1 2015: 12%) exceeded the CAODC industry average of 7%. The lower activity level in Q2 2016 compared to Q2 2015 reflects the persistent pressure on our exploration and production ("E&P") customers from the ongoing commodity price uncertainty. The Q2 2016 average crude price, as measured by WTI, of US$45.46/bbl was 37% higher than Q1 2016.

- Revenue of $13.9 million, a 3% increase of $0.4 million compared to $13.5 million in Q2 2015. The increase from Q2 2015 is predominately due to increased service rig utilization offset by lower year-over-year rates charged to E&P customers resulting from lower commodity prices and continued declines in drilling rig activity.

- EBITDAS[(1)] of $1.0 million, a 29% increase of $0.2 million compared to $0.8 million in Q2 2015. Increased EBITDAS is a direct result of increased service rig activity and lower variable and fixed costs from the Company's cash saving initiatives offset by lower day and hourly rig rates.

- Net loss of $2.3 million, a 47% decrease of $2.0 million compared to a net loss of $4.3 million in Q2 2015. The year-over-year reduction in net loss is due to higher EBITDAS and a reduction in, deferred income tax, depreciation & amortization expenses and non-cash stock based compensation, offset by an increase in finance costs.

- On April 25, 2016, the Company extended its credit agreement with its banking syndicate to include, among other things, the following terms:
    - the maturity date of the credit facilities were extended to July 31, 2018;
    - the credit facilities were voluntarily reduced from $75.0 million to $65.0 million with the ability to increase the credit facilities by an additional $60.0 million through an accordion feature, subject to approval by the banking syndicate;
    - amendments to the quarterly financial covenants for Consolidated Debt to Consolidated EBITDA ratio; and

- the inclusion of an equity cure provision which allows the Company to apply the proceeds of equity offerings in the calculation of Consolidated EBITDA towards the Consolidated Debt to Consolidated EBITDA ratio until March 31, 2018, subject to certain conditions as follows:
  - an equity cure may be utilized in no more than two quarters during such period;
  - an equity cure may not be utilized in consecutive quarters; and
  - an equity cure utilized in any quarter is not to exceed the greater of 50% of total Consolidated EBITDA over the prior twelve month period or $15.0 million.

- On June 2, 2016, CWC announced the closing of its equity rights offering and the issuance of an additional 97.5 million common shares. The equity rights offering was oversubscribed and generated $14.6 million in gross proceeds. A portion of the proceeds are in a segregated account, $7.0 million was used to reduce long-term debt in July 2016.

Highlights for the Six Months Ended June 30, 2016

- CWC's drilling rig utilization of 18% in the first six months of 2016 (2015: 28%) exceeded the CAODC industry average of 14%. The lower activity level in 2016 compared to 2015 persistent pressure on our customers from the ongoing commodity price uncertainty.

- Year-to-date, CWC's service rig utilization was 38% compared to 26% in 2015. The Company's increased market share can be attributed to its modern fleet of 74 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our outstanding service and safety performance and high quality and well maintained equipment are strong and has been a differentiating factor for CWC.

- Revenue of $33.6 million, a decrease of $7.7 million (19%) compared to $41.3 million in the first six months of 2015. The decline from the previous year is predominately due to lower year-over-year rates charged to E&P customers resulting from lower commodity prices and a significant decline in drilling rig activity, partially offset by increased service rig utilization.

- EBITDAS(1) of $3.6 million, a decline of $2.5 million (41%) from the first six months of 2015. Lower EBITDAS is a direct result of lower day and hourly rig rates partly offset by increased service rig utilization and lower variable and fixed costs from the Company's cash saving initiatives.

- Net loss of $3.7 million, a 13% decrease of $0.5 million compared to a net loss of $4.3 million in the first six months of 2015.

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

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") with a complementary suite of oilfield services including drilling rigs, service rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Red Deer, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended June 30, 2016	2015	% Change	Six months ended June 30, 2016	2015	% Change
FINANCIAL RESULTS						
Revenue						
Contract drilling	1,414	2,640	(46%)	5,533	13,613	(59%)
Production services	12,470	10,868	15%	28,091	27,725	1%
	13,884	13,508	3%	33,624	41,338	(19%)
EBITDAS [1]	999	777	29%	3,556	6,031	(41%)
EBITDAS margin (%) [1]	7%	6%		11%	15%	(4%)
Funds from operations [1]	999	777	29%	3,556	6,031	(41%)
Net loss and comprehensive loss	(2,279)	(4,294)	(47%)	(3,709)	(4,256)	(13%)
Net loss and comprehensive loss margin (%)	(16%)	(32%)	16%	(11%)	(10%)	(1%)
Dividends declared	-	1,435	n/m[2]	-	2,856	n/m[2]
Per share information						
Weighted average number of shares outstanding – basic	324,840,096	283,902,087		308,738,337	280,797,326	
Weighted average number of shares outstanding – diluted	324,840,096	283,902,087		308,738,337	280,797,326	
EBITDAS [1] per share – basic	$0.00	$0.00		$0.01	$0.02	
EBITDAS [1] per share – diluted	$0.00	$0.00		$0.01	$0.02	
Net loss per share - basic and diluted	($0.01)	($0.02)		($0.01)	($0.02)	
Dividends declared per share	$0.000	$0.005		$0.00	$0.01	

$ thousands, except ratios	June 30, 2016	December 31, 2015
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	8,029	11,822
Working capital (excluding debt) ratio [1]	2.4:1	3:1
Total assets	212,440	222,428
Total long-term debt (including current portion)	32,235	52,241
Shareholders' equity	158,515	147,462

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

(2) Not meaningful.

Working capital (excluding debt) has decreased 32% since December 31, 2015 from collection of accounts receivables combined with lower revenue in Q2 compared to Q4 2015. Long-term debt (including current portion) has decreased as positive operating cash flows were used to repay debt in addition to the proceeds from the equity issuance of $14.6 million, held in a segregated account, netted against long-term debt. Shareholders' equity has increased since December 31, 2015 as equity issued under the rights offering and restricted share units have more than offset the net loss for the first six months of 2016.

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 4,500 metres, eight of nine rigs have top drives and the rig fleet has an average age of seven years. In 2015, drilling rig #3 was upgraded to include a Pad Rig Walking System. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. Given the current downturn in the industry, at the beginning of 2016, CWC chose to park one of its drilling rigs and focus its sales and operational efforts on the remaining eight drilling rigs. CWC has now found a customer for its one inactive drilling rig and as such all nine drilling rigs will become active in Q3 2016.

	Three months ended							
OPERATING HIGHLIGHTS	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**	**Mar. 31, 2015**	**Dec. 31, 2014**	**Sep. 30, 2014**
Drilling Rigs								
Active drilling rigs, end of period	8	8	9	9	9	9	9	9
Inactive drilling rigs, end of period	1	1	-	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day [1]	$21,754	$21,565	$24,996	$24,740	$26,661	$30,553	$29,305	$27,715
Drilling rig operating days	65	191	191	379	99	359	693	551
Drilling rig utilization % [2]	9%	26%	23%	46%	12%	44%	84%	75%
CAODC industry average utilization %	7%	20%	20%	24%	13%	34%	45%	46%

[1] 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.
[2] Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis) in accordance with the methodology prescribed by the CAODC.

Contract Drilling revenue of $1.4 million for Q2 2016 and $5.5 million for the first six months of 2016 was achieved with a utilization rate of 9% and 18% respectively, compared to the CAODC industry average of 7% and 14% for the same respective periods. Overall, revenue for Q2 2016 and the first six months of 2016 in the Contract Drilling segment was 46% and 59% lower respectively when compared to the same periods in the prior year as the impact of low commodity prices continues to reduce industry activity and pricing. Approximately 55% of the year-over-year reduction in revenue resulted from reduced activity (drilling rig operating days), while 45% is due to pricing, as measured by average revenue per day in 2016 of $21,613, which is 27% lower than the 2015 average price of $29,690.

The ongoing commodity price uncertainty continues to be driven by record global production levels, growing storage levels, and persistent demand concerns. This uncertainty has forced E&P companies to conserve cash resources by reducing wells drilled, amongst other measures, until commodity prices improve.

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at June 30, 2016 which consists of 41 single, 27 double, and 6 slant rigs. CWC's fleet is amongst the newest in the WCSB and provides services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Given the current downturn in the industry, CWC has chosen to park nine of its service rigs and focus its sales and operational efforts on the remaining 65 service rigs.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at June 30, 2016, the Company's fleet of nine coil tubing units consists of five Class I, three Class II and one Class III coil tubing units. In light of competitive challenges for CWC's Class III coil tubing unit, the Company has chosen to focus its sales and operational efforts on its eight Class I and II coil tubing units which are better suited at servicing SAGD wells, which are shallower in depth and more appropriate for these coil tubing operations.

OPERATING HIGHLIGHTS	Three months ended Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014
Service Rigs								
Active service rigs, end of period	65	65	64	65	66	66	69	68
Inactive service rigs, end of period	9	9	10	9	8	7	3	3
Total service rigs, end of period	74	74	74	74	74	73	72	71
Operating hours	21,724	23,466	21,008	16,676	14,051	16,580	28,644	26,354
Revenue per hour	$548	$580	$615	$657	$668	$769	$790	$756
Service rig utilization % (1)	37%	40%	36%	27%	23%	29%	45%	42%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	8	8	8	9	9
Inactive coil tubing units, end of period	1	1	1	1	1	1	0	0
Total coil tubing units, end of period	9	9	9	9	9	9	9	9
Operating hours	1,147	3,034	1,665	1,048	2,111	4,351	2,631	2,056
Revenue per hour	$508	$662	$657	$771	$724	$885	$825	$894
Coil tubing units utilization % (2)	16%	42%	23%	14%	29%	60%	32%	29%

(1) Service rig utilization is calculated based on 10 hours a day, 365 days a year. New service rigs are added based on the first day of field service. 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.

(2) Coil tubing unit utilization is calculated based on 10 hours a day, 365 days a year. New coil tubing units are added based on the first day of field service.

Production Services revenue was $12.5 million in Q2 2016 up $1.6 million (15%) when compared to Q2 2015 as the impact of lower pricing was more than offset by record second quarter activity for the Company's service rigs. A relatively warm winter and low precipitation in Q1 2016 and dry ground conditions in certain operating areas in Q2 2016 allowed for uninterrupted customer operations in what would otherwise normally be slower activity levels during spring break-up. The Company's operating hours were the highest amongst all CAODC registered service rig companies in Q2 2016 with 21,724 operating hours. Increased activity was offset by an 18% decline in revenue per hour from Q2 2015 and 6% from Q1 2016, suggesting that pricing pressure from E&P customers and competitors has not yet abated. CWC's increased utilization is a result of: (i) a focus on production work; (ii) an increase in market share with a select number of senior E&P customers; (iii) an aggressive pricing strategy initiated in 2015; and (iv) a service rig fleet, amongst the newest in the WCSB, which stands out in an industry characterized by ageing equipment and infrastructure.

Coil tubing utilization was 16% in Q2 2016 compared to 29% in Q2 2015. The lower utilization was impacted by the Fort McMurray, Alberta wildfires as well as delays in customer activities. While the lower activity levels affected Q2 2016 coil tubing's financial results, the wildfires forced CWC's customers to quickly shut-in production resulting in significant sand build up downhole. Such build up in the pipe will need to be cleaned out, potentially resulting in significantly more work than before the shut-ins for CWC's coil tubing units. The decrease of 30% in coil tubing units' average hourly rate from Q2 2015 is a combination of more shallow coil tubing units working in Q2 2016 compared to Q2 2015, which have a lower hourly rate, and overall pricing pressures from our E&P customers.

Outlook

Crude oil, as represented by WTI, averaged US$45.46/bbl in Q2 2016, 37% higher than Q1 2016 average price of US$33.14/bbl. Natural gas prices, as represented by AECO, ended Q2 2016 at $2.30/GJ, 150% higher than March 31, 2016 close of $0.92/GJ. CWC saw an increased level of customer enquiry and activity as crude oil prices approached US$50/bbl in early June 2016. However, such enquiries now seem to be delayed with more recent crude oil price declines towards US$40/bbl. Canadian drilling rig industry utilization at August 10, 2016 has increased to 20% from an average of 7% in Q2 2016, while CWC Ironhand Drilling currently has 4 drilling rigs working (44% utilization). CWC Well Services fleet of 65 active service rigs worked 21,724 operating hours in Q2 2016, the highest second quarter activity in the Company's eleven year history resulting in a 13% market share in the WCSB compared to 10% in Q1 2016 and 6% in Q2 2015. E&P customers continue to prioritize maintenance on producing wells to maintain or increase production levels as opposed to drilling new wells. The trend of higher commodity prices and activity may be early signs of stronger industry demand in future quarters, however, CWC continues to manage its business within the constraints of current market conditions as the global supply and demand position remains oversupplied. Since late 2014, the Company has proactively made changes to its capital and cost structure to preserve cash and liquidity. To date, CWC targeted reductions to variable and fixed costs, reduced headcount and wages, eliminated cash dividends and lowered capital expenditures. CWC's financial stability was significantly enhanced in Q2

2016 with a rights offering and an agreement with its banking syndicate to extend and amend the credit facilities. CWC's strong financial position is a competitive advantage as certain E&P companies are now focused on the financial health and stability of its service providers.

CWC's current outperformance in utilization relative to the industry has allowed it to attract and retain high quality, experienced employees throughout the Company, which will position the Company well when industry activity levels substantially increase. Throughout this downturn, CWC has made incremental investments in sales and safety programs in addition to ensuring maintenance programs on equipment are performed to ensure a high quality fleet that our E&P customers can rely on.

While CWC maintains focus on its cost structure in a lower oilfield services activity environment, it is also mindful of taking advantage of opportunities as they arise. Management continues to evaluate strategic opportunities and pursue those it believes will fundamentally position CWC well for the future with the overriding criteria of being able to create long-term shareholder value.

Discussion of Financial Results

$ thousands	Three months ended June 30, 2016	Three months ended June 30, 2015	Change $	Change %	Six months ended June 30, 2016	Six months ended June 30, 2015	Change $	Change %
Revenue								
Contract Drilling	1,414	2,639	(1,226)	(46%)	5,533	13,612	(8,080)	(59%)
Production Services	12,470	10,869	1,602	15%	28,091	27,726	366	1%
	13,884	13,508	376	3%	33,624	41,338	(7,714)	(19%)
Direct operating expenses								
Contract Drilling	1,073	2,093	(1,020)	(49%)	4,042	8,333	(4,291)	(51%)
Production Services	8,813	7,618	1,195	16%	19,960	19,597	363	2%
	9,886	9,711	175	2%	24,002	27,930	(3,928)	(14%)
Gross margin (1)								
Contract Drilling	341	547	(206)	(38%)	1,491	5,280	(3,789)	(72%)
Production Services	3,657	3,250	407	13%	8,131	8,128	3	0%
	3,998	3,797	201	5%	9,622	13,408	(3,786)	(28%)
Gross margin percentage (1)								
Contract Drilling	24%	21%		3%	27%	39%		(12%)
Production Services	29%	30%		(1%)	29%	29%		(0%)
	29%	28%		1%	29%	32%		(4%)

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

Revenue

Q2 2016 revenue of $13.9 million increased by $0.4 million (3%) from $13.5 million in Q2 2015. Revenue in the Production Services segment of $12.5 million increased $1.6 million (15%) and was offset by a decrease in the Contract Drilling segment of $1.2 million (46%) to $1.4 million in Q2 2016.

For the first six months of 2016, revenue has declined $7.7 million (19%) from $41.3 million in 2015 to $33.6 million in 2016. Contract Drilling revenue decreased $8.1 million (59%) to $5.5 million from $13.6 million in 2015 as lower commodity prices resulted in lower customer demand and activity levels (drilling rig operating days) and day rates during the year. Of the $8.1 million decrease in Contract Drilling revenue, approximately 55% of the reduction is due to lower activity, while 45% is due to pricing as average revenue per day is 27% lower than 2015. Production Services revenue of $28.1 million for the first six months of 2016 was $0.4 million (1%) higher than $27.7 million in 2015 as the increase in service rig activity (operating hours) was offset by the impact of lower pricing (revenue per hour) and lower coil tubing activity (operating hours) in the first six months of 2016 along with a decrease in pricing (revenue per hour). Revenue from the Company's top ten customers in the first six months of 2016 comprised 79% of revenue (2015: 59%) and one customer comprised 40% of revenue (2015: 11%).

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. Both Contract Drilling and Production Services segments experienced reductions in field labour costs during the first six months of 2016 compared to 2015, which partially offset the impact of price reductions on revenue. Gross margin percentage of 29% in the first half of 2016 (2015: 32%) has decreased as a result of lower Contract Drilling customer pricing outpacing lower operating costs and field labour wage reductions. In addition, some direct operating costs will not vary based on activity (i.e. repairs and maintenance, insurance, licensing, permitting, etc.).

Selling and Administrative Expenses

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Selling and administrative expenses	2,999	3,020	(21)	(1%)	6,066	7,377	(1,311)	(18%)

Selling and administrative expenses in Q2 2016 of $3.0 million remain relatively unchanged over Q2 2015 as year-over-year reductions in selling and administrative expenses were offset by a one-time adjustment in 2015. Selling and administrative expenses are predominately fixed in nature, but continue to decline due to cash savings initiatives undertaken throughout 2015 and into 2016, including layoffs, salary reductions, and suspension of bonuses. Most selling and administrative expenses, such as building and office rent and office staff salaries are fixed in nature and are not subject to significant fluctuation on a quarterly basis. Other costs such as professional and legal fees can fluctuate depending on specific services received in the period. In Q2 2016 CWC successfully negotiated lower lease costs for its facilities in Lloydminster, Nisku and Red Deer, which will result in fixed cost savings of approximately $0.3 million per annum starting in Q3 2016.

EBITDAS

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
EBITDAS [1]								
Contract Drilling	98	252	(154)	(61%)	1,081	4,681	(3,600)	(77%)
Production Services	1,939	1,684	255	15%	4,695	4,050	645	16%
Corporate	(1,038)	(1,159)	121	(10%)	(2,220)	(2,700)	480	(18%)
	999	777	222	29%	3,556	6,031	(2,475)	(41%)
EBITDAS margin (%) [1]	7%	6%	n/a	1%	11%	15%	n/a	(4%)

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

Management uses EBITDAS as a measure of the cash flow generated by the Company. Positive EBITDAS provides the cash flow needed to grow the business through purchase of new equipment or business acquisitions, fund working capital, service and reduce outstanding long-term debt, pay a dividend or repurchase outstanding common shares under the Company's Normal Course Issuer Bid ("NCIB").

EBITDAS for Q2 2016 was $1.0 in comparison to $0.8 million in Q2 2015. The $0.2 million (29%) increase is a result of a $0.3 million increase in EBITDA from Production Services and a decrease in Corporate expenses of $0.1 million offset by a decrease of $0.2 million in the Contract Drilling segment. Year-over-year, EBITDAS of $3.6 million has decreased $2.5 million as increased service rig activity and decreased corporate costs are more than offset by the impact of lower pricing and decreased activity in the Contract Drilling segment.

Stock Based Compensation

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Stock based compensation	135	251	(116)	(46%)	219	574	(355)	(62%)

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSU's") being expensed over their vesting term. Stock based compensation of $0.1 million in Q2 2016 is 46% lower than Q2 2015 primarily due to the forfeiture of stock options and RSU's on employee departures in 2016 and a reduction on the impact of May 2014 grants at a significantly higher price than the grants in December 2015 and March 2016. As a generalization, a higher stock based compensation expense will result from a higher trading price of CWC's common shares at the time the stock options and RSU's are granted.

Finance Costs

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Finance costs	840	525	315	60%	1,417	1,099	318	29%

Finance costs for Q2 2016 were $0.8 million, a $0.3 million increase over Q2 2015. The increase in finance costs was due to higher average interest rates and amortization of capitalized finance costs, offset by a reduction in the average outstanding borrowing in Q2 2016 when compared to Q2 2015. In accordance with the Company's credit facilities, at June 30, 2016 the

gross proceeds of the Q2 2016 rights offering were in a segregated account, which for accounting purposes, offset the long-term debt. Finance costs continue to be calculated on the gross long-term debt. In Q2 2016 the applicable rates under the credit facilities were: bank prime rate plus 3.75%, bankers' acceptance rate plus a stamping fee of 4.75%, and standby fee rate of 1.07%.

Depreciation

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Depreciation								
Contract Drilling	404	533	(129)	(24%)	1,210	1,846	(636)	(34%)
Production Services	2,694	2,705	(11)	(0%)	5,516	5,535	(19)	(0%)
Corporate	41	40	1	3%	84	81	3	4%
	3,139	3,278	(139)	(4%)	6,810	7,462	(652)	(9%)

Depreciation for drilling rigs and service rigs are based on operating days and hours. Coil tubing units, capitalized recertifications and other production equipment are depreciated straight line resulting in consistent depreciation expense regardless of activity. As such, the reduction in Contract Drilling depreciation reflects lower drilling days while the decrease in Production Services reflects increased operating hours when compared to Q2 2015 offset by lower total depreciable equipment.

Loss (Gain) on Disposal of Equipment

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Loss (gain) on disposal of equipment	(31)	279	(310)	(111%)	114	314	(200)	(64%)

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q2 2016 and the first six months of 2016, the loss on disposal of equipment was the result of the sale of equipment with proceeds on sale of $0.1 million (Q2 2015: nil) and $0.2 million (2015: $0.2 million) respectively.

Deferred Income Taxes

$ thousands	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Net loss before income taxes	(3,084)	(3,556)	(5,004)	(3,418)
Deferred income tax expense (recovery)	(805)	738	(1,295)	838
Deferred income tax expense(recovery) as a % of net loss before income taxes	26%	(21%)	26%	(25%)
Expected statutory income tax rate	27%	26%	27%	26%

Income taxes are a function of taxable income and are calculated differently than accounting net income. Differences between accounting net 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, goodwill impairment, and other differences. The deferred income tax recovery for the first six months of 2016 of $1.3 million is a direct result of a net loss before income taxes. The deferred income tax expense in 2015 resulted from a one-time revaluation of the deferred tax liability resulting from the June 2015 implementation of an Alberta corporate statutory income tax rate increase.

The Company has substantial tax pools and non-capital losses available to reduce future taxable income such that the Company does not expect to pay any cash taxes in the next several years.

Net Loss and Comprehensive Loss

$ thousands	Three months ended June 30, 2016	2015	Change $	Change %	Six months ended June 30, 2016	2015	Change $	Change %
Net loss and comprehensive loss	(2,279)	(4,294)	2,015	(47%)	(3,709)	(4,256)	547	(13%)

Net loss and comprehensive loss decreased $2.0 million year-over-year for the quarter and $0.5 million year-to-date as a result of increased utilization in the Production Services segment, lower stock based compensation and deferred income taxes

offset by decreased utilization in the Contract Drilling segment, reduction in daily and hourly pricing in both segments and higher financing costs.

Liquidity and Capital Resources

Source of Funds:
The Company’s liquidity needs in the short-term 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, fund capital requirements and pay dividends.

During the first six months of 2016, the Company had operating cash flows of $7.3 million, of which $0.3 million was used to fund capital expenditures, net of proceeds on disposition, and $7.0 million was used to pay financing costs and reduce outstanding debt. In addition, in Q2 2016 CWC closed a rights offering with gross proceeds of $14.6 million ($14.5 million net of issue costs). In accordance with its credit facilities at June 30, 2016, CWC deposited the gross proceeds of the rights offering in a segregated account and for accounting purposes, the segregated cash balance is presented as an offset to long-term debt.

At June 30, 2016 the Company had working capital (excluding debt) of $8.0 million compared to $6.5 million at June 30, 2015. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The increase in working capital (excluding debt) from June 30, 2015 is a result of a lower amount of accounts payable and a larger amount of current assets. Typically, as activity levels increase or decrease working capital will also increase or decrease.

The current industry slowdown in activity combined with the continuing pressure to reduce day and hourly rig rates from E&P customers has reduced the Company's projections regarding operating cash flows for 2016. As a result, the Company continues to monitor ongoing costs in addition to receiving the continued benefit of the 2015 cash saving initiatives. The Company continually evaluates activity, pricing, operations and expenses to ensure the Company has sufficient liquidity to cover future financial obligations.

On April 25, 2016, CWC and its syndicated lenders amended its credit facilities to provide increased financial flexibility to July 31, 2018. The amendments included, among other things, the following terms:

- the maturity date of the credit facilities were extended to July 31, 2018;
- the credit facilities were voluntarily reduced from $75.0 million to $65.0 million with the ability to increase the credit facilities by an additional $60.0 million through an accordion feature, subject to approval by the banking syndicate;
- a reduction in the minimum liquidity required from $12.5 million to $10.0 million;
- the quarterly financial covenant for Consolidated Debt to Consolidated EBITDA ratio are as follows:

For the Quarter Ended	Covenant
June 30, 2016 and September 30, 2016	5.50 : 1
December 31, 2016 and March 31, 2017	5.25 : 1
June 30, 2017	4.75 : 1
September 30, 2017	4.50 : 1
December 31, 2017	4.00 : 1
Thereafter	3.50 : 1

- the inclusion of an equity cure provision which allows the Company to apply the proceeds of equity offerings in the calculation of Consolidated EBITDA towards the Consolidated Debt to Consolidated EBITDA ratio until March 31, 2018, subject to certain conditions as follows:
    - an equity cure may be utilized in no more than two quarters during such period;
    - an equity cure may not be utilized in consecutive quarters; and
    - an equity cure utilized in any quarter is not to exceed the greater of 50% of total Consolidated EBITDA over the prior twelve month period or $15.0 million.

The credit facilities are secured by a general security agreement and a first charge security interest covering all of the assets of the Company. Under the terms of the credit facilities, the Company is required to comply with certain financial covenants. As of June 30, 2016, the Company is in compliance with each of the financial covenants. No principal payments are required under the credit facilities until its maturity on July 31, 2018, at which time any amounts outstanding are due and payable. The Company expects to be able to renew the credit facilities prior to maturity. As at June 30, 2016, total outstanding borrowings

under the credit facilities were $47.1 million ($32.5 million net of funds held in a segregated account) and the maximum amount available to be borrowed is $65.0 million.

On June 2, 2016, CWC announced the closing of a rights offering of its common shares. The rights offering was oversubscribed and generated $14.6 million in gross proceeds for 97,546,002 common shares issued. At June 30, 2016 the gross proceeds of the rights offering were held in a segregated account at the option of the Company so that it may be utilized as an equity cure. In July 2016, the Company elected to repay $7.0 million of the equity issuance proceeds to reduce the Company's outstanding indebtedness as an equity cure.

Effective June 30, 2016 the applicable rates under the credit facilities are: bank prime rate plus 1.5%, bankers acceptances rate plus a stamping fee of 2.5%, and standby fee rate of 0.57%.

Capital Requirements:
Prior to 2015, the Company had been increasing its asset base of drilling rigs, service rigs and coil tubing units. Given the Company's relatively modern fleet of equipment, many capital expenditures are discretionary in nature and are incurred with a view to increase the size and revenue generating capacity of the business as opposed to being required in order to maintain the current business operations. In 2014, the Company initiated a plan that would result in spending approximately $3.0 million annually over the next several years to recertify the oldest of its service rigs due for their Level IV recertification. With the significant downturn in 2015 and 2016 activity, the Company has delayed the program to preserve cash flows. As these service rig recertifications are based on hours of service, the reduced activity has prolonged the time before recertification is required. Once utilizations return to pre-2015 activity levels, the Level IV recertification program will be reinstated to ensure that future operations are not negatively impacted by rigs "houring out".

In 2016, the Company has actual capital spending as noted in the section titled "Capital Expenditures". Additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue in the future. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds generated from operations and indebtedness from the Company's existing credit facilities as required. However, additional funds may be raised by bank debt, other forms of debt, the sale of assets or the issue of equity.

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. 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:

	August 10, 2016	June 30, 2016	December 31, 2015
Common shares	390,319,009	390,319,009	292,628,007
Stock options	17,200,000	17,950,000	14,400,000
Restricted share units	2,073,334	2,175,000	2,290,001

During the six months ended June 30, 2016, no stock options were exercised, 5,700,000 were issued and 2,150,000 stock options were forfeited. In addition, 145,000 RSU's were exercised, 300,000 were issued and 270,001 RSU's were forfeited. Furthermore, 97,546,002 common shares were issued on the closing of the rights offering.

The declaration of dividends is determined on a quarter-by-quarter basis by the Board of Directors and is based on the sustainability of its cash flows and earnings in the future. Given the current uncertainty in the oilfield services sector, on November 24, 2015, the Board of Directors suspended the Company's quarterly dividend and dividend reinvestment plan ("DRIP") and stock dividend program ("SDP"). The following table summarizes dividends declared since December 31, 2014:

Declaration Date	Record Date	Payment Date	Dividend per Common Share
March 9, 2015	March 31, 2015	April 15, 2015	$0.0050
May 13, 2015	June 30, 2015	July 15, 2015	$0.0050
August 10, 2015	September 30, 2015	October 15, 2015	$0.0025

The Company has an NCIB which allows it to purchase, from time to time as it considers advisable, up to 19,512,200 of issued and outstanding common shares through the facilities of the TSX Venture Exchange ("TSXV") or other recognized marketplaces. The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV at the time of such purchase. During the first six months of 2016, no common shares were purchased under the NCIB. The NCIB expires on June 7, 2017 unless renewed.

Capital Expenditures

$ thousands	Three months ended June 30, 2016	2015	Six months ended June 30, 2016	2015
Contract Drilling	268	1,492	294	3,262
Production Services	107	641	347	3,882
Total capital expenditures	375	2,133	641	7,144
Growth capital	-	321	-	4,153
Maintenance and infrastructure capital	375	1,812	641	2,991
Total capital expenditure	375	2,133	641	7,144

Capital expenditures in the first six months of 2016 of $0.6 million are $6.5 million (91%) lower than $7.1 million in 2015 and primarily consist of a vehicle and recertification costs. This compares to 2015 capital expenditures related to costs associated with completion of slant service rigs #505 and #506, the addition of a pad rig walking system to drilling rig #3 and costs incurred prior to the decision to delay the upgrade of drilling rig #2 and completion of a new drilling rig #10.

A 2016 capital expenditure budget of $2.6 million was approved by the Board of Directors on December 8, 2015 comprised entirely of maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as for information technology.

Commitments and Contractual Obligations

Under the terms of the Company's amended credit facilities, the credit facilities are due in full on July 31, 2018. The Company is committed to monthly payments of interest and bank charges until July 31, 2018. There have been no significant changes in commitments or contractual obligations since December 31, 2015. Management believes that, despite the lower activity levels anticipated for its services combined with the benefit of the 2015 and 2016 cash saving initiatives, there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required maintenance capital of the Company.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	2016		2015				2014	
Three months ended	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
Revenue	13,884	19,740	18,787	21,135	13,508	27,830	45,959	38,846
EBITDAS	999	2,557	2,327	3,679	777	5,254	13,540	9,886
Net income (loss)	(2,279)	(1,430)	(6,747)	(18,103)	(4,294)	38	(15,760)	2,246
Net income (loss) per share: basic and diluted	(0.01)	0.00	(0.02)	(0.06)	(0.02)	0.00	(0.06)	0.01
Total assets	212,440	218,906	222,428	236,246	249,544	258,835	275,353	288,011
Total long-term debt	32,235	50,538	50,036	57,519	51,618	55,096	65,666	60,313
Shareholders' equity	158,515	146,116	147,461	153,503	171,100	174,925	172,705	193,151

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

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

Other significant impacts have been a result of:

- Q2 2016 service rig fleet worked a record 21,730 operating hours, the highest second quarter in the company's eleven year history despite a very challenging industry operating environment, which continued to reduced hourly rates. The prolonged downturn and pricing pressure had a significant impact on the utilization of the Company's Contract Drilling division as the need to drill new wells by E&P customers were at extremely low levels;
- Q1 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company saw a significant increase in its market share and utilization of its service rigs during a period of declining industry activity;
- Q4 2015 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. Q4 2015 Net loss includes an impairment of drilling rig, service rig and coil tubing property and equipment and intangible assets totaling $6.9 million;
- Q3 2015 saw improved utilizations in drilling and service rig activity compared to Q2 2015 due in part to improved crude oil pricing in Q2 2015. Q3 2015 net loss includes a $17.3 million impairment in goodwill and assets held for sale. The goodwill arose on the purchase of Ironhand in Q2 2014;
- Q2 2015 continued to be negatively impacted by global market conditions resulting in a 34% decline in both revenue and EBITDAS from Q2 2014. Net loss was further impacted by the 2% increase to the Alberta corporate income tax rate;
- Q1 2015 was impacted by the global oversupply of oil and the 2014 decision by OPEC not to curtail production which resulted in significant decreases in revenue in both Contract Drilling and Production Services. Decreases in rates were demanded by E&P customers, which further impacted revenue negatively;
- Q4 2014 represented a record revenue quarter for CWC since the Company's inception. The Contract Drilling segment, acquired in the second quarter of 2014, represented 44% of the Company's Q4 2014 revenue;
- Q4 2014 saw revenue in the Production Services segment decline on a year-over-year basis by 19%. Of the $5.9 million decrease in revenue, $1.9 million is a result of a decrease in the snubbing assets and business as it was sold in Q3 2014 with the remaining $4.0 million decline in revenue a result of reduced activity level with several of CWC's largest E&P customers. Q4 2014 service rig utilization declined by 7% compared to Q4 2013;
- Q4 2014 net loss includes $20.9 million goodwill impairment. Goodwill arose on the purchase of Ironhand in Q2 2014. At the time of purchase, the current economic downturn had not yet emerged and all indications were that CWC would continue to grow the Contract Drilling segment with the completion of Rig #9 and building an additional Rig #10 in 2015. In Q1 2015, revised predictions of lower drilling activity were released by CAODC and PSAC and analysts were predicting that 2015 would be a significantly challenging year for oilfield service companies. The anticipated decline was sufficient to indicate an impairment to the Goodwill;
- Q3 2014 represented the first full three month period with the Contract Drilling segment which represented 39% of the Company's Q3 2014 revenue;
- Q3 2014 included a gain on disposal of equipment of $0.2 million in net income as a result of the sale of the snubbing assets and business.

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the financial statements which are prepared in accordance with IFRS. The preparation of the financial statements 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 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. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the interim unaudited financial statements for the three and six months ended June 30, 2016 and the section titled "Critical Accounting Estimates and Judgments" in the Annual MD&A. There have been no significant or material changes in the nature of critical accounting estimates and judgments since December 31, 2015.

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 June 30, 2016 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

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

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of, or that they determine to be immaterial, may also become important factors which affect the Company. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's most recent Annual Information Form which is available under the Company's profile at www.sedar.com or by contacting the Company.

Forward-Looking Information

This MD&A contains certain forward-looking information and statements within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including most of 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 information or 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 activity levels, expectations on the sustainability of future cash flow and earnings and the ability to pay dividends, expectations with respect to crude oil and natural gas prices, activity levels in various areas, continuing focus on cost saving measures, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB, expectations regarding entering into long term drilling contracts and expanding its customer base, and expectations regarding the business, operations and revenue of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the drilling and oilfield services sector (ie. demand, pricing and terms for oilfield drilling and services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks), integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources and the inability to pay dividends. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.

Reconciliation of Non-IFRS Measures

$ thousands except share and per share amounts	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
NON-IFRS MEASURES				
EBITDAS:				
Net loss and comprehensive loss	(2,279)	(4,294)	(3,709)	(4,256)
Add:				
Depreciation	3,139	3,278	6,810	7,462
Finance costs	840	525	1,417	1,099
Transaction costs	-	-	-	-
Income tax expense	(805)	738	(1,295)	838
Stock based compensation	135	251	219	574
Loss (gain) on sale of equipment	(31)	279	114	314
EBITDAS (1)	999	777	3,556	6,031
EBITDAS per share – basic(1)	$0.00	$0.00	$0.01	$0.02
EBITDAS per share – diluted(1)	$0.00	$0.00	$0.01	$0.02
EBITDAS margin (EBITDAS/Revenue) (1)	7%	6%	11%	15%
Weighted average number shares outstanding - basic	324,840,096	283,902,087	308,738,337	280,797,326
Weighted average number shares outstanding - diluted	324,840,096	283,902,087	308,738,337	280,797,326
Funds from operations:				
Cash flows from operating activities	5,120	5,869	7,349	23,357
Add (deduct): Change in non-cash working capital	(4,121)	(5,092)	(3,793)	(17,326)
Funds from operations (2)	999	777	3,556	6,031
Gross margin:				
Revenue	13,884	13,508	33,624	41,338
Less: Direct operating expenses	9,886	9,711	24,002	27,930
Gross margin (3)	3,998	3,797	9,622	13,408
Gross margin percentage (3)	29%	28%	29%	32%

$ thousands	June 30, 2016	December 31, 2015
Working capital (excluding debt):		
Current assets	13,834	17,333
Less: Current liabilities	(6,023)	(5,716)
Add: Current portion of long term debt	218	205
Working capital (excluding debt) (4)	8,029	11,822
Working capital (excluding debt) ratio (4)	2.4:1	3:1
Net debt:		
Long term debt	32,017	52,036
Less: Current assets	(13,834)	(17,333)
Add: Current liabilities	6,023	5,716
Net debt (5)	24,206	40,419

(1) EBITDAS (Earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, transaction costs, goodwill impairment and stock based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS 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, pay dividends, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs. Investors should be cautioned, however, that EBITDAS should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. EBITDAS margin is calculated as EBITDAS divided by revenue and provides a measure of the percentage of EBITDAS per dollar of revenue. EBITDAS per share is calculated by dividing EBITDAS by the weighted average number of shares outstanding as used for calculation of earnings per share.

(2) Funds from operations is not a recognized measure under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Company's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations.

[3] Gross margin is calculated from the statement of comprehensive income 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-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

[4] 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.

[5] 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.