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 November 1, 2017 and should be read in conjunction with the unaudited condensed interim financial statements for the three months and nine months ended September 30, 2017, the audited annual financial statements for the year ended December 31, 2016 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2016 ("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 September 30, 2017

- CWC's drilling rig utilization of 63% in Q3 2017 (Q3 2016: 37%) exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 28% (2016:17%). The increased activity level in Q3 2017 compared to Q3 2016 reflects increased year-over-year industry activity, focused marketing efforts on E&P companies with ongoing drilling programs and the high quality and efficiency of our drilling rigs and field employees. CWC's Q3 2017 utilization of 63% was achieved on 522 drilling rig operating days (Q3 2016: 301 drilling rig operating days). In addition, the upgrades to Drilling Rig #4 to a high specification rig capable of racking over 6,500 metres of drill pipe was completed in the quarter.

- CWC's service rig utilization of 47% in Q3 2017 (Q3 2016: 38%) from 28,320 operating hours was 24% higher than the 22,927 operating hours in Q3 2016 and outperformed the CAODC Q3 2017 industry utilization of 32% (Q3 2016: 26%). CWC maintained its industry market share of 10% with only 7% of the total active CAODC registered rig fleet despite experiencing project delays caused by unusually wet weather conditions in September 2017 and the change in ownership of land and wells amongst two of our largest E&P customers in our most active operating region.

- CWC's coil tubing utilization of 22% in Q3 2017 (Q3 2016: 29%) with 1,783 operating hours declined from 2,160 operating hours in Q3 2017. Operating hours were negatively impacted by the extremely low natural gas prices and lower crude oil prices throughout much of Q3 2017 causing delays in allocation and commitment of capital by our E&P customers, particularly in steam-assisted gravity drainage ("SAGD") wells. These capital allocation delays were further impacted by abnormally wet weather conditions in September 2017 and change of ownership in land and well positions among some of CWC's key customers.

- Revenue of $27.2 million, an increase of $8.7 million (47%) compared to $18.5 million in Q3 2016. The increase from Q3 2016 is driven primarily from increased drilling and service rig activity, offset by lower coil tubing operating hours. In addition, higher day and hourly rates in all business segments contributed to the higher revenue. CWC has been successful in modestly increasing pricing in Q3 2017 supported by strong customer demand.

- Adjusted EBITDA [(1)] of $4.1 million, an increase of $2.4 million (133%) compared to $1.7 million in Q3 2016. The increased Adjusted EBITDA is a direct result of higher drilling rig activity at day rates 15% higher than Q3 2016 and an increase in service rig activity at modestly higher hourly rates. CWC has achieved 17 continuous quarters of positive Adjusted EBITDA since Q2 2013 demonstrating management's superior ability to reduce costs to offset lower revenue from reduced pricing and activity since the beginning of this industry downturn three years ago.

- Net loss of $0.6 million, an improvement of $1.4 million (70%) compared to a net loss of $2.0 million in Q3 2016. The year-over-year change is primarily due to increased Adjusted EBITDA partially offset by an increase in depreciation and amortization.

- During Q3 2017, 1,402,000 (Q3 2016: nil) common shares were purchased under CWC's Normal Course Issuer Bid ("NCIB") and 1,441,500 common shares were cancelled and returned to treasury.

- On August 4, 2017, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments to provide financial security and flexibility to July 31, 2020. The amendments further provide the Company access to another equity cure under the same terms and conditions, a reduction in the minimum liquidity from $10.0 million to $5.0 million, and quarterly financial covenant for Consolidated Debt to Consolidated EBITDA ratio as follows:

For the Quarter Ended	Previously	Currently
September 30, 2017	4.50 : 1	4.50:1
December 31, 2017	4.00 : 1	4.00:1
Thereafter	3.50 : 1	4.00:1

Highlights for the Nine Months Ended September 30, 2017

- CWC's drilling rig utilization of 49% in the first nine months of 2017 (2016: 25%) exceeded the CAODC industry average of 29%. Activity levels in 2017 have increased 117% compared to 2016 reflecting increased year-over-year industry activity, focused marketing efforts on E&P companies with ongoing drilling programs and the high quality and efficiency of our drilling rigs and field employees. Year-to-date 2017 operating days of 1,209 (2016: 557 operating days) is the most since the acquisition of Ironhand Drilling Inc. in May 2014.

- CWC's service rig utilization was 45% for the first nine months of 2017 (2016: 38%). Activity levels in 2017 have increased 19% to 81,364 hours (2016: 68,117 hours). The increased activity reflects strong well servicing demand and optimism experienced in Q1 2017 from higher commodity prices, partially offset by lower Q2 2017 operating hours from a normal spring break up compared to the unusually dry weather conditions in Q2 2016 further bolstered by a strong Q3 2017 where activity levels were 24% higher than in Q3 2016. CWC's outperformance in service rig utilization compared to its CAODC industry peers is attributed to the modern fleet of 74 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently.

- Revenue of $74.8 million, an increase of $22.7 million (44%) compared to $52.1 million for the first nine months of 2016. The increase is predominately due to significantly higher activity and pricing in all three business units.

- Adjusted EBITDA [1] of $9.4 million, an increase of $4.1 million (78%) compared to $5.3 million for the first nine months of 2016. The increased Adjusted EBITDA is consistent with the increase in activity levels and pricing.

- Net loss of $3.7 million, an improvement of $2.1 million (36%) compared to a net loss of $5.8 million for the first nine months of 2016. The lower net loss in 2017 is primarily due to the increase in Adjusted EBITDA offset by higher stock based compensation and depreciation and amortization, and lower deferred income tax recoveries.

- For the nine months ended September 30, 2017, the Company purchased 3,088,500 (2016: nil) common shares under its NCIB which were cancelled and returned to treasury.

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

Subsequent Events

On October 30, 2017, CWC announced the following transactions:

- CWC has entered into a definitive agreement to acquire the service and swabbing rig assets and ongoing operations of C&J Production Services-Canada Ltd. ("C&J Canada") from C&J Energy Services, Inc. ("C&J Parent") for total consideration of $37.5 million in cash (the "Transaction"). The Transaction is expected to close on or about November 6, 2017. The combination of CWC's premier well servicing fleet of 74 service rigs and C&J Canada's 75 service rigs will create the largest active service rig fleet in Canada based on reported operating hours in 2016 and year-to-date 2017 by the CAODC with a Canadian service rig market share of approximately 15%.

- CWC and its syndicated lenders have agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million. The expanded credit facilities provide financial security and flexibility to July 31, 2020.

The syndicate lenders have also provided consent to permit the acquisition of the C&J Canada assets with the expanded credit facilities. The expanded credit facilities will initially be used to complete the Transaction and upon the successful completion of the Rights Offering, will subsequently be available to assist the Company in completing further acquisitions, financing capital expenditures and for general working capital purposes.

- To repay a portion of the debt incurred to complete the Transaction, CWC will be offering rights (the "Rights") to holders of its common shares (the "Common Shares") of record at the close of business on November 15, 2017 (the "Record Date"). The Rights issued under the Rights Offering will expire on December 11, 2017 (the Rights Expiry Date"). Each registered shareholder of Common Shares on the Record Date will receive one (1) Right for each Common Share held by such shareholder. Three (3) Rights plus the sum of $0.20 will entitle the Rights holder to subscribe for one Common Share. Eligible shareholders are entitled to subscribe for additional Common Shares, subject to certain limitations set out in the Company's rights offering circular (the "Rights Offering Circular"). Registered shareholders wishing to exercise their Rights must forward the completed Rights Certificates, together with the applicable funds to Computershare Trust Company of Canada, the rights agent of the Company, on or before the Rights Expiry Date. Shareholders who own their Common Shares through an intermediary, such as a bank, trust company, securities dealer or broker, will receive materials and instructions from their intermediary. Brookfield Capital Partners Ltd. and certain of its affiliates (collectively, "Brookfield"), the Company's significant shareholder which controls approximately 72.7% of the outstanding Common Shares, has indicated to the Company that provided that the Transaction is completed, it intends to participate in the Rights Offering to the fullest extent possible. A fully subscribed Rights Offering is expected to generate gross proceeds of approximately $26 million.

For further information regarding the Transaction, please refer to the Press Release dated October 30, 2017 as filed on SEDAR.

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the 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, and margins	**Three months ended September 30, 2017**	**2016**	**Change %**	**Nine months ended September 30, 2017**	**2016**	**Change %**
FINANCIAL RESULTS						
Revenue						
Contract drilling	10,130	5,071	100%	24,308	10,604	129%
Production services	17,043	13,435	27%	50,487	41,526	22%
	27,173	18,506	47%	74,795	52,130	43%
Adjusted EBITDA (1)	4,055	1,741	133%	9,433	5,297	78%
Adjusted EBITDA margin (%) (1)	15%	9%		13%	10%	
Funds from operations	4,055	1,741	133%	9,433	5,297	78%
Net loss and comprehensive loss	(638)	(2,042)	(69%)	(3,683)	(5,751)	(36%)
Net loss and comprehensive loss margin (%)	(2%)	(11%)	9%	(5%)	(11%)	6%
Per share information						
Weighted average number of shares outstanding – basic and diluted	392,935,814	390,319,009		392,604,720	336,130,388	
Adjusted EBITDA (1) per share – basic and diluted	$0.01	$0.00		$0.02	$0.02	
Net loss per share - basic and diluted	$0.00	($0.01)		($0.01)	($0.02)	

$ thousands, except ratios	September 30, 2017	December 31, 2016
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) (1)	14,567	11,333
Working capital (excluding debt) ratio (1)	2.7:1	2.5:1
Total assets	208,355	210,750
Total long-term debt (including current portion)	34,404	33,142
Shareholders' equity	151,833	155,482

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

Working capital (excluding debt) has increased 29% since December 31, 2016 due to increased accounts receivable from higher revenue in Q3 2017 offset by higher current liabilities. Long-term debt (including current portion) has increased by $1.3 million mainly due to timing differences in working capital which has increased by $3.2 million. Additionally, funds from operations were used for capital expenditures and to purchase shares under the NCIB. Shareholders' equity has decreased since December 31, 2016 due to the net loss for the nine months ended September 30, 2017 and the purchase and cancellation of common shares under the NCIB program offset by the issuance of common shares under the Company stock option and restricted share plans.

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 5,000 metres, eight of nine rigs have top drives and two have pad rig walking systems. The drilling rig fleet has an average age of eight years. 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. In Q3 2017, the Company completed the upgrades to Drilling Rig #4 to a high specification rig capable of racking over 6,500 metres of drill pipe. The upgrade is part of the Company's strategic initiatives to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for deeper depths at a cost effective price.

	Three months ended							
OPERATING HIGHLIGHTS	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**
Drilling Rigs								
Active drilling rigs, end of period	9	9	9	9	9	8	8	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)	$19,424	$19,575	$20,942	$20,623	$16,835	$21,754	$21,565	$24,996
Drilling rig operating days	522	155	532	257	301	65	191	191
Drilling rig utilization % (2)	63%	19%	66%	31%	37%	9%	26%	23%
CAODC industry average utilization %	29%	17%	40%	24%	17%	7%	20%	20%
Wells drilled	29	17	41	21	21	5	14	16
Average days per well	18.0	9.1	13.0	12.2	14.3	13.0	13.6	11.9
Meters drilled (thousands)	112.2	45.6	151.8	82.0	70.0	19.5	56.0	59.9
Meters drilled per day	215	294	285	319	232	300	293	314
Average meters per well	3,869	2,684	3,702	3,906	3,332	3,903	4,000	3,741

(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 $10.1 million for Q3 2017 (Q3 2016: $5.1 million) was achieved with a utilization rate of 63% (Q3 2016: 37%), compared to the CAODC industry average of 29%. CWC achieved 522 drilling rig operating days in Q3 2017, a 73% increase from Q3 2016 reflecting increased year-over-year industry activity, focused marketing efforts on E&P companies with ongoing drilling programs and the high quality and efficiency of our drilling rigs and field employees. Q3 2017 revenue was 100% higher compared to Q3 2016 as increased activity was combined with a 15% increase in revenue per operating day.

Contract Drilling revenue of $24.3 million for the nine months ended September 30, 2017 (2016: $10.6 million) was realized as a result of a 117% increase in drilling rig operating days to 1,209 days (2016: 557). CWC's utilization rate of 49% continues to exceed the CAODC industry average of 29% and has increased from 25% for the nine months ended September 30, 2016 when CWC marketed only 8 of 9 drilling rigs for the first half of the year. Increased activity was complemented by average revenue per operating day of $20,106 in the first nine months of 2017, 6% higher than the same period in 2016. Improved financial performance for the first nine months of 2017 reflect higher industry activity due to higher average crude oil prices, despite experiencing a modest pull back in Q2 2017 and Q3 2017, and to CWC's modern, relevant, well maintained and cost effective drilling rigs as well as a solid reputation for safe and efficient operations, exceptional management and experienced drilling rig crews.

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at September 30, 2017 which consists of 41 single, 27 double, and 6 slant rigs. At an average age of ten years, 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. CWC has chosen to park seven of its service rigs and focus its sales and operational efforts on the remaining 67 active service rigs with one temporarily taken out of service in the first nine months of 2017 to complete its Level IV recertification.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at September 30, 2017, the Company's fleet of ten coil tubing units consists of six 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 nine 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 Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015
Service Rigs								
Active service rigs, end of period	66	66	66	67	66	65	65	64
Inactive service rigs, end of period	8	8	8	7	8	9	9	10
Total service rigs, end of period	74	74	74	74	74	74	74	74
Operating hours	28,320	20,047	32,997	27,091	22,927	21,724	23,466	21,008
Revenue per hour	$559	$551	$584	$536	$543	$548	$580	$615
Service rig utilization % (1)	47%	33%	56%	45%	38%	37%	40%	36%
Coil Tubing Units								
Active coil tubing units, end of period	9	9	9	8	8	8	8	8
Inactive coil tubing units, end of period	1	1	1	2	1	1	1	1
Total coil tubing units, end of period	10	10	10	10	9	9	9	9
Operating hours	1,783	1,557	4,243	2,349	2,160	1,147	3,034	1,665
Revenue per hour	$688	$657	$491	$507	$458	$508	$662	$657
Coil tubing units utilization % (2)	22%	19%	52%	32%	29%	16%	42%	23%

(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 $17.0 million in Q3 2017, up $3.6 million (27%) compared to $13.4 million in Q3 2016 primarily as a result of service rig utilization of 47% in Q3 2017 (Q3 2016: 38%) with 28,320 operating hours, 24% higher than the 22,927 operating hours in Q3 2016. During Q3 2017, approximately 2,616 operating hours (Q3 2016: 5,000 operating hours) were lost due to unusually wet weather. In addition, project delays caused by crew shortages in our key operating areas and the change in ownership of land and wells amongst two of our largest E&P customers in our most active operating region contributed to what would otherwise have been an extremely busy quarter.

CWC's coil tubing utilization of 22% in Q3 2017 (Q3 2016: 29%) with 1,783 operating hours declined from 2,160 operating hours in Q3 2016. Operating hours were negatively impacted by the extremely low natural gas prices and lower crude oil prices throughout much of Q3 2017 causing delays in allocation and commitment of capital by our E&P customers, particularly in SAGD wells. These capital allocation delays were further impacted by abnormally wet weather conditions in September 2017 and change of ownership in land and well positions among some of CWC's key customers. Average revenue per hour for coil tubing units of $688 in Q3 2017 is 50% higher than $458 in Q3 2016 which reflects some modest price improvements, but is primarily due to a higher mix of deeper Class II units generating revenue in Q3 2017 compared to lower priced, shallow Class I units generating revenue in Q3 2016.

For the nine months ended September 30, 2017, Production Services revenue of $50.5 million was 22% higher than the $41.5 million achieved in the same nine month period in 2016 driven by service rig utilization of 45% (2016: 38%) with 81,364 service rig operating hours in the first nine months of 2017; a 19% increase to the 68,117 operating hours for the same period in 2016. In addition for the first nine months of 2017, coil tubing unit operating hours increased 20% to 7,583 operating hours (2016: 6,341 operating hours) which helped contribute to the increased Production Services revenue year-to-date in 2017 compared to 2016. Strong Q1 2017 well servicing demand and optimism from improved commodity prices was partially offset by lower Q2 2017 service rig operating hours driven by normal spring breakup compared to the unusually dry weather which allowed equipment and field employees to return to work earlier than normal in Q2 2016. The year-to-date 2017 results were further bolstered by a strong Q3 2017 where service rig activity levels were 24% higher than in Q3 2016, which experienced unusually wet weather having a significantly negative impact on operating hours and revenue in Q3 2016.

Outlook

The optimism built up in Q1 2017 over improved crude oil prices as a result of the November 30, 2016 decision by OPEC to curtail production, turned to uncertainty in Q2 2017 as U.S. drilling activity, production and inventory levels increased to offset the OPEC production cuts resulting in continued oversupply of global crude oil inventory. In Q3 2017, some optimism returned for crude oil prices as the steady decline since April 2017 in U.S. crude oil inventory storage levels finally dropped to within the upper band of the five year range of 340 to 470 million bbl at the end of Q3 2017. Crude oil, as represented by WTI, averaged US$48.18/bbl in Q3 2017, consistent with the Q2 2017 average price of US$48.15/bbl, and a 7% increase from the Q3 2016 average price of US$44.99/bbl. Natural gas prices were particularly volatile as AECO, averaged $1.36/GJ in Q3 2017; a decrease of 48% from the Q2 2017 average price of $2.64/GJ and a decrease of 39% from the Q3 2016 average price of $2.22/GJ as Canadian natural gas storage levels increased from slightly above the five year average at the start of Q3 2017 to the upper band of the five year range of between 580 to 750 bcf at the end of Q3 2017. Despite the uncertainty over commodity prices, on October 31, 2017, the Petroleum Services Association of Canada ("PSAC") announced its forecast of 7,900 wells to be drilled in 2018; an increase of 5% from the 7,550 wells forecast to be drilled in 2017.

CWC is experiencing continued strong utilization in its drilling rig and service rig business units well above the CAODC industry averages. The Company currently has seven drilling works working and expects to have eight of its nine (89%) drilling rigs working until Q2 2018 spring breakup. Similar to CWC's drilling rigs, the Company's service rigs continue to see strong industry demand with a modest price increase of approximately 5% in Q4 2017. Aggressive pricing from competitors will continue to limit the ability to raise day and hourly rates substantially in the near term. Given the industry's competitive pricing pressures on our day and hourly rates, CWC has sustainably positioned itself as a low cost contractor for its E&P customers providing the highest quality service from the highest quality people at reasonable prices. The Company has been able to do this by carefully managing fixed and discretionary costs on its relatively modern fleet of equipment with ongoing repairs and maintenance capital being low and predictable. As a result, CWC has demonstrated an ability to consistently generate positive Adjusted EBITDA and cash flow in each of its last 17 quarters, despite significantly reduced customer pricing over the last 2.75 years.

While CWC continues to maintain focus on its operational and financial performance, it also recognizes the need to pursue opportunities that create long-term shareholder value. On May 4, 2017, CWC announced a process to review strategic alternatives with a view to maximizing shareholder value by capitalizing on CWC's strong financial and operational performance, market share and attractive fleet of modern assets. This strategic alternatives review process has resulted in the announcement on October 30, 2017 of CWC's purchase of C&J Canada's service and swabbing rig assets to become the largest service rig company in Canada by operating hours, according to the CAODC, with 110 active service rigs and approximately 15% of the Canadian service rig market share. The Transaction is expected to be accretive to CWC on an Adjusted EBITDA, cash flow and earnings per share basis. The Company anticipates closing of the Transaction on or about November 6, 2017. CWC will continue to pursue further opportunities to consolidate the North American drilling and well servicing industry as such other opportunities were revealed in its review of strategic alternatives. CWC cautions that there are no guarantees that other strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

$ thousands	Three months ended September 30, 2017	2016	Change $	Change %	Nine months ended September 30, 2017	2016	Change $	Change %
Revenue								
Contract drilling	10,130	5,071	5,059	100%	24,308	10,604	13,704	129%
Production services	17,043	13,435	3,608	27%	50,487	41,526	8,961	22%
	27,173	18,506	8.667	47%	74,795	52,130	22,665	43%
Direct operating expenses								
Contract drilling	7,233	4,376	2,857	65%	17,664	8,418	9,246	110%
Production services	12,726	9,583	3,143	33%	38,077	29,543	8,534	29%
	19,959	13,959	6,000	43%	55,741	37,961	17,780	47%
Gross margin (1)								
Contract drilling	2,897	695	2,202	317%	6,644	2,186	4,458	204%
Production services	4,317	3,852	465	12%	12,410	11,983	427	4%
	7,214	4,547	2,667	59%	19,054	14,169	4,885	34%
Gross margin percentage(1)								
Contract drilling	29%	14%		15%	27%	21%		6%
Production services	25%	29%		(4%)	25%	29%		(4%)
	27%	25%		2%	25%	27%		(2%)

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

Q3 2017 revenue of $27.2 million, an increase of $8.7 million (47%) compared to $18.5 million in Q3 2016. The increase in revenue is due to a combination of an increase in the Contract Drilling segment of $5.1 million (100%) and an increase of $3.6 million (27%) in the Production Services segment in Q3 2017 compared to Q3 2016. The main drivers of the increase in Q3 2017 over Q3 2016 were increased drilling rig utilization of 63% in Q3 2017 (Q3 2016: 37%) and increased service rig utilization of 47% in Q3 2017 (Q3 2016: 38%), partially offset by a decrease in coil tubing utilization of 22% in Q3 2017 (Q3 2016: 29%).

For the first nine months of 2017, revenue of $74.8 million, an increase of $22.7 million (43%) compared to $52.1 million in the first nine months of 2016. The increase in revenue is due to higher Contract Drilling revenue of $13.7 million (129%) combined with an increase of $9.0 million (22%) in the Production Services segment for the first nine months of 2017 compared to the same period in 2016. Of the $13.7 million increase in Contract Drilling revenue, approximately 90% is due to higher activity, while 10% is due to pricing as average revenue per operating day in 2017 of $20,106 is 6% higher than the 2016 average revenue per operating day of $19,041. Production Services revenue for the first nine months of 2017 was $9.0 million (22%) higher than the first nine months of 2016 as the increase in service rig and coil tubing activity (operating hours) was complemented by slightly higher pricing (revenue per hour).

Higher industry activity in 2017 allowed CWC to diversify its customer base and reduce reliance on its top customers. Revenue contribution from the Company's top ten customers dropped from 76% for the first nine months of 2016 to 67% for the same period in 2017 with CWC's top customer's revenue contribution dropping from 36% in the first nine months of 2016 to 20% for the same period in 2017.

Approximately 64% (2016: 79%) of revenue in the first nine months of 2017 was from work on crude oil wells while 36% (2016: 19%) was from natural gas wells (2016: Other: 2%). Further, approximately 39% (2016: 24%) of revenue was related to drilling and completions work, 36% (2016: 66%) from maintenance and workovers on producing wells and 25% (2016: 10%) from abandonments.

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. Contract Drilling's gross margin percentage of 29% in Q3 2017 is higher than the 14% in Q3 2016 and the 27% for the first nine months of 2017 is higher than the 21% for the first nine months of 2016 as a result of higher activity levels and pricing. Production Services' gross margin of 25% in Q3 2017 and for the first nine months of 2017 is 4% lower than 29% in Q3 2016 and the first nine months of 2016. The decrease in Production Services' gross margin is a result of an unusually high percentage of service rigs operating 24 hours a day in Q2 and Q3 2016 with no corresponding activity in Q2 and Q3 2017, which resulted in significantly higher gross margins. In addition, the higher activity levels in the first nine months of 2017 compared to the same period in 2016 resulted in increases in repair and maintenance and higher fuel costs for the Production Services segment, in part due to the introduction of the Alberta Carbon Tax Levy on January 1, 2017.

Selling and Administrative Expenses

$ thousands	Three months ended September 30, 2017	2016	Change $	Change %	Nine months ended September 30, 2017	2016	Change $	Change %
Selling and administrative expenses	3,159	2,806	353	13%	9,621	8,872	749	8%

Selling and administrative expenses of $3.2 million in Q3 2017, an increase of $0.4 million (13%) compared to $2.8 million in Q3 2016. Selling and administrative expenses of $9.6 million for the nine months ended September 30, 2017, an increase of $0.7 million (8%) compared to $8.9 million in the first nine months of 2016. The increased selling and administrative expenses are due primarily to additional costs to recruit field employees combined with other costs incurred due to significantly higher year-over-year activity levels across all segments. Also, severance payments totaling $0.1 million were paid in Q2 2017. Most selling and administrative expenses, such as building and office rent and administrative salaries are fixed and are not subject to significant fluctuation on a quarterly basis. Other costs such as travel, training, professional and legal fees can fluctuate depending on specific activity or services required in the period.

Adjusted EBITDA

$ thousands	Three months ended September 30, 2017	2016	Change $	Change %	Nine months ended September 30, 2017	2016	Change $	Change %
Adjusted EBITDA [(1)]								
Contract drilling	2,654	345	2,309	669%	5,967	1,426	4,541	318%
Production services	2,373	2,219	154	7%	6,308	6,914	(606)	(9%)
Corporate	(972)	(823)	(149)	18%	(2,842)	(3,043)	201	(7%)
	4,055	1,741	2,314	133%	9,433	5,297	4,136	78%
Adjusted EBITDA margin (%) [(1)]	15%	9%	n/a	6%	13%	10%	n/a	3%

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

Management uses Adjusted EBITDA as a measure of the cash flow generated by the Company. Positive Adjusted EBITDA 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 NCIB.

Adjusted EBITDA of $4.1 million in Q3 2017, an increase of $2.3 million (133%) compared to $1.7 million in Q3 2016. The increase in Adjusted EBITDA is due to the $2.5 million increase in the Contract Drilling and Production Services segments, driven by higher year-over-year activity and pricing, offset by higher Corporate expenses.

For the first nine months of 2017, Adjusted EBITDA of $9.4 million, an increase of $4.1 million (78%) compared to $5.3 million in the first nine months of 2016. The increased in Adjusted EBITDA is consistent with increased activity and pricing from Contract Drilling ($4.5 million) and lower Corporate expenses ($0.2 million), offset by higher selling and administrative expenses ($0.6 million) in the Production Services segment incurred to support increased activity.

Stock Based Compensation

$ thousands	Three months ended September 30, 2017	2016	Change $	Change %	Nine months ended September 30, 2017	2016	Change $	Change %
Stock based compensation	165	132	33	25%	591	351	240	68%

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

Stock based compensation of $0.2 million in Q3 2017, an increase of $0.1 million (25%) compared to $0.1 million in Q3 2016. Stock based compensation of $0.6 million for the nine months ended September 30, 2017, an increase of $0.2 million (68%) compared to $0.4 million in the first nine months of 2016. The increase in 2017 stock based compensation is primarily due to higher forfeiture of stock options and RSU's in 2016 on the departure of a several employees.

Finance Costs

	Three months ended September 30,				Nine months ended September 30,			
$ thousands	**2017**	**2016**	**Change $**	**Change %**	**2017**	**2016**	**Change $**	**Change %**
Finance costs	333	596	(263)	(44%)	1,448	2,013	(565)	(28%)

Finance costs of $0.3 million in Q3 2017, a decrease of $0.3 million (-44%) compared to $0.6 million in Q3 2016. Finance costs were $1.4 million for the nine months ended September 30, 2017, a decrease of $0.6 million (-28%) compared to $2.0 million in the first nine months of 2016. The decrease in finance costs was due to lower average interest rates, and a reduction in the average outstanding borrowing in 2017 when compared to 2016 following the July 2017 repayment of $7.6 million from the proceeds of the $14.6 million rights offering in June 2016.

Depreciation and Amortization

	Three months ended September 30,				Nine months ended September 30,			
$ thousands	**2017**	**2016**	**Change $**	**Change %**	**2017**	**2016**	**Change $**	**Change %**
Depreciation and Amortization								
Contract drilling	1,830	1,090	740	68%	4,242	2,300	1,942	84%
Production services	2,643	2,575	68	3%	7,929	8,091	(162)	(2%)
Corporate	39	40	(1)	(3%)	121	124	(3)	(2%)
	4,512	3,705	807	22%	12,292	10,515	1,777	17%

Depreciation and amortization for drilling rigs and service rigs are predominately based on operating days and hours. Coil tubing units, capitalized recertifications and other production equipment are depreciated on a straight line basis resulting in consistent depreciation and amortization expense regardless of activity. Amortization of Intangibles is based on estimated remaining life. As such, the change in depreciation for Q3 2017 and the nine months ended September 30, 2017 predominately reflect changes in utilizations compared to the same periods in 2016.

Loss (Gain) on Disposal of Equipment

	Three months ended September 30,				Nine months ended September 30,			
$ thousands	**2017**	**2016**	**Change $**	**Change %**	**2017**	**2016**	**Change $**	**Change %**
Loss (gain) on disposal of equipment	(114)	49	(163)	(333%)	(72)	163	(235)	(144%)

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q3 2017 and the first nine months of 2017, the gain on disposal of equipment was the result of the sale of equipment with proceeds on sale of $0.1 million (Q3 2016: $0.02 million) and $0.2 million (2016: $0.2 million) respectively.

Deferred Income Taxes

	Three months ended September 30,		Nine months ended September 30,	
$ thousands	**2017**	**2016**	**2017**	**2016**
Net loss before income taxes	(841)	(2,741)	(4,826)	(7,745)
Deferred income tax recovery	(203)	(699)	(1,143)	(1,994)
Deferred income tax recovery as a % of net loss before income taxes	24%	26%	24%	26%
Expected statutory income tax rate	27%	27%	27%	27%

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 reduction in the deferred income tax recovery in Q3 2017 and the first nine months ended September 30, 2017 of $0.2 million (Q3 2016: $0.7million) and $1.1 million (2016: $2.0 million) respectively, is a result of the lower net loss before income taxes in each period.

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 for the next several years.

Net Loss and Comprehensive Loss

$ thousands	Three months ended September 30, 2017	Three months ended September 30, 2016	Change $	Change %	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Change $	Change %
Net loss and comprehensive loss	(638)	(2,042)	1,404	(69%)	(3,683)	(5,751)	2,068	(36%)

Net loss and comprehensive loss has decreased $1.4 million year-over-year for the quarter and decreased $2.1 million for the nine months ended September 30, 2017. In Q3 2017, the increase in Adjusted EBITDA from the Contract Drilling and Production Services segments more than offset the higher Corporate costs and Company depreciation and amortization. For the nine months ended September 30, 2017, the increase in Adjusted EBITDA from the Contract Drilling segment and lower Corporate costs more than offset lower Adjusted EBITDA from the Production Services segment and the higher Company depreciation and amortization.

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, and fund capital requirements.

During Q3 2017, the Company's Funds from Operations of $4.1 million combined with a $5.6 million increase long term debt was used to fund $6.6 million increase in non-cash working capital, $2.3 million in capital expenditures, net of proceeds on disposition, $0.8 million to pay financing costs and to acquire shares under the NCIB. During the first nine months of 2017, the Company's Funds from Operations of $9.4 million was used to fund a $3.1 million increase in non-cash working capital, $5.2 million in capital expenditures, net of proceeds on disposition, $0.9 million to pay financing costs, acquire shares under NCIB and reduce outstanding debt, with the remaining $0.2 million being held as cash.

At September 30, 2017 the Company had working capital (excluding debt) of $14.6 million compared to $11.3 million at December 31, 2016. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The increase in working capital (excluding debt) from December 31, 2016 is a due to increased accounts receivable from higher revenue in the Q3 2017 versus Q4 2016 offset by higher current liabilities. Typically, as activity levels and/or pricing increase or decrease working capital will also increase or decrease.

On August 4, 2017, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments to provide financial security and flexibility to July 31, 2020. The amendments further provide the Company access to another equity cure under the same terms and conditions, a reduction in the minimum liquidity from $10.0 million to $5.0 million, and quarterly financial covenant for Consolidated Debt to Consolidated EBITDA ratio as follows:

For the Quarter Ended	Previously	Currently
September 30, 2017	4.50 : 1	4.50:1
December 31, 2017	4.00 : 1	4.00:1
Thereafter	3.50 : 1	4.00:1

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 September 30, 2017, the Company is in compliance with each of the financial covenants. The Company expects to be able to renew the credit facilities prior to maturity.

Effective September 30, 2017, the applicable rates under the Bank Loan are: bank prime rate plus 1.00%, banker's acceptances rate plus a stamping fee of 2.00%, and standby fee rate of 0.45%.

CWC and its syndicated lenders have agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million. The expanded credit facilities provide financial security and flexibility to July 31, 2020. The syndicate lenders have also provided consent to permit the acquisition of the C&J Canada assets with the expanded credit facilities. The expanded credit facilities will initially be used to complete the Transaction and upon the successful completion of the Rights Offering, will subsequently be available to assist the Company in completing further acquisitions, financing capital expenditures and for general working capital purposes.

Capital Requirements

As utilization of the Company's equipment increases, CWC plans to recertify several of its service rigs. As at September 30, 2017, the Company has capital spending plans 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 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 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:

	November 1, 2017	September 30, 2017	December 31, 2016
Common shares	390,446,342	390,316,342	391,920,676
Stock options	19,256,334	19,556,667	21,791,000
Restricted share units	3,717,167	3,747,167	4,473,000

During the nine months ended September 30, 2017, 883,333 stock options were exercised, 516,667 expired and 834,333 were forfeited. In addition, 600,833 RSU's were exercised, 200,000 were forfeited and 75,000 were granted.

During Q1 2017, the Company had an NCIB which allowed 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"). The price that the Company paid for any common share under the NCIB was the prevailing market price on the TSXV at the time of such purchase. During Q1 2017, 282,500 common shares were purchased under the NCIB and 169,000 common shares were cancelled and returned to treasury. Subsequent to Q1 2017, an additional 113,500 common shares were cancelled and returned to treasury.

On April 7, 2017, the Company renewed its NCIB which now expires on April 6, 2018. Under the NCIB the Company may purchase, from time to time as it considers advisable, up to 19,653,292 of issued and outstanding common shares through the facilities of the TSXV. 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 During Q3 2017, 1,402,000 (Q3 2016: nil) common shares were purchased under the ASPP and 1,441,500 common shares were cancelled and returned to treasury, bringing the total for the nine months ended September 30, 2017 to 3,088,500 of which all were cancelled and returned to treasury.

CWC will be offering rights to holders of its common shares of record at the close of business on November 15, 2017. The Rights issued under the Rights Offering will expire on December 11, 2017. Each registered shareholder of Common Shares on the Record Date will receive one (1) Right for each Common Share held by such shareholder. Three (3) Rights plus the sum of $0.20 will entitle the Rights holder to subscribe for one Common Share. Brookfield, the Company's significant shareholder which controls approximately 72.7% of the outstanding Common Shares, has indicated to the Company that provided that the

Transaction is completed, it will participate in the Rights Offering to the fullest extent possible. A fully subscribed Rights Offering is expected to generate gross proceeds of approximately $26 million.

Capital Expenditures

$ thousands	Three months ended September 30, 2017	2016	Change $	Change %	Nine months ended September 30, 2017	2016	Change $	Change %
Contract drilling	1,504	65	1,439	n/m[1]	2,788	359	2,429	677%
Production services	1,040	198	839	424%	2,829	538	2,291	425%
Corporate	-	-	-	n/m[1]	9	7	2	71%
Total capital expenditures	2,544	263	2,281	867%	5,626	904	4,722	522%
Growth capital	1,363	-	1,363	n/m[1]	1,735	-	1,735	n/m[1]
Maintenance and infrastructure capital	1,181	263	918	349%	3,891	904	2,987	330%
Total capital expenditures	2,544	263	2,281	867%	5,626	904	4,722	522%

[1] Not meaningful.

Capital expenditures for the first nine months of 2017 of $5.6 million are $4.7 million higher than $0.9 million in the first nine months of 2016 and primarily consist of drilling rig upgrades, recertification costs, replacement components and leased vehicles. This compares to the first nine months of 2016 capital expenditures consisting of recertification costs and one leased vehicle. Growth capital of $1.4 million in Q3 2017 included a well control upgrade for Drilling Rig #7 and upgrades to Drilling Rig #4, which were completed in Q3 2017 at a total cost of approximately $1.1 million. The Drilling Rig #4 upgrades increased the hook load, racking capacity, and pumping power as well as an improvement to its well control such that it has the ability to drill to total lengths of over 6,500 metres.

The 2017 capital expenditure budget of $5.9 million was approved by the Board of Directors on December 6, 2016 comprised of $5.4 million 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 and $0.5 million of growth capital. The upgrades to Drilling Rig #4 were not included in the original 2017 capital expenditure budget.

Commitments and Contractual Obligations

Under the terms of the Company's amended credit facilities, the borrowing under the credit facilities are due in full on July 31, 2020. The Company is committed to monthly payments of interest and bank charges until July 31, 2020. There have been no significant changes in commitments or contractual obligations since December 31, 2016. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required maintenance and growth capital of the Company in 2017 and 2018.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	2017			2016				2015
Three months ended	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenue	27,173	15,114	32,580	20,922	18,506	13,884	19,740	18,787
Adjusted EBITDA	4,055	228	5,150	2,923	1,741	999	2,557	2,327
Net loss	(638)	(2,677)	(368)	(1,717)	(2,042)	(2,279)	(1,430)	(6,747)
Net loss per share: basic and diluted	0.00	(0.01)	0.00	0.00	(0.01)	(0.01)	0.00	(0.02)
Total assets	208,355	203,265	218,171	210,750	212,634	212,440	218,906	222,428
Total long-term debt	34,404	28,887	38,828	33,142	34,013	32,235	50,538	52,241
Shareholders' equity	151,833	152,596	155,358	155,482	156,605	158,515	146,116	147,462

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 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:

- Q3 2017 saw the continuation of the process to review strategic alternatives. Higher operating activity and pricing in the Contract Drilling and Production Services' segments resulted in the improved financial results in the last eight quarters. During Q3 2017, 1,402,000 common shares were purchased under the NCIB and a total of 1,441,500 common shares were cancelled and returned to treasury.
- Q2 2017 saw the initiation of a process to review strategic alternatives. During Q2 2017, 1,404,000 common shares were purchased under the NCIB and a total of 1,478,000 common shares were cancelled and returned to treasury.
- Q1 2017 saw significantly higher operating activity in the Company's Contract Drilling and Production Services segments than what had been experienced in the last eight to twelve quarters;
- Q4 2016 saw improved utilizations in both drilling and service rig activity as a result of increased global crude oil and natural gas prices after OPEC's agreement on crude oil production cuts;
- Q3 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company continued to see leading market share and utilization of its service rigs;
- Q2 2016 service rig fleet worked a record 21,730 operating hours, the highest second quarter in the company's previous eleven years despite a very challenging industry operating environment, which continued to reduce 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 included an impairment of drilling rig, service rig and coil tubing property and equipment and intangible assets totaling $6.9 million;

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 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, 2016.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the September 30, 2017 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. Additionally, this MD&A contains forward-looking statements involving the anticipated timing for the completion of the Transaction, the anticipated timing for the completion of the Rights Offering, including the amount of funds to be raised pursuant to the Rights Offering and the intended use of proceed of the Rights Offering, Brookfield's intentions to participate to the fullest extent possible in the Rights Offering provided that the Transaction is completed, Brookfield's share ownership following the Rights Offering and management's assessment of future plans and operations and expectations regarding the business, operations, revenue and debt levels 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 September 30, 2017**	**Three months ended September 30, 2016**	**Nine months ended September 30, 2017**	**Nine months ended September 30, 2016**
NON-IFRS MEASURES				
Adjusted EBITDA:				
Net loss and comprehensive loss	(638)	(2,042)	(3,683)	(5,751)
Add:				
Depreciation	4,512	3,705	12,292	10,515
Finance costs	333	596	1,448	2,013
Deferred income tax recovery	(203)	(699)	(1,143)	(1,994)
Stock based compensation	165	132	591	351
Loss (gain) on sale of equipment	(114)	49	(72)	163
Adjusted EBITDA (1)	4,055	1,741	9,433	5,297
Adjusted EBITDA per share – basic and diluted(1)	$0.01	$0.01	$0.02	$0.02
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	15%	9%	13%	10%
Weighted average number shares outstanding - basic and diluted	392,935,814	324,840,096	392,604,720	308,738,337
Gross margin:				
Revenue	27,173	18,506	74,795	52,130
Less: Direct operating expenses	19,959	13,959	55,741	37,961
Gross margin (2)	7,214	4,547	19,054	14,169
Gross margin percentage (2)	27%	25%	25%	27%

$ thousands	**September 30, 2017**	**December 31, 2016**
Working capital (excluding debt):		
Current assets	23,061	18,692
Less: Current liabilities	(8,673)	(7,535)
Add: Current portion of long term debt	179	176
Working capital (excluding debt) (3)	14,567	11,333
Working capital (excluding debt) ratio (3)	2.7	2.5
Net debt:		
Long term debt	34,225	32,966
Less: Current assets	(23,061)	(18,692)
Add: Current liabilities	8,673	7,535
Net debt (4)	19,837	21,809

(1) Adjusted EBITDA (Earnings before interest and finance costs, income tax expense (recovery), depreciation, amortization, gain or loss on disposal of asset, goodwill impairment, stock based compensation and other one-time gains and losses) is not a recognized measure under IFRS. Management believes that in addition to net earnings, 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, pay dividends, 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) and comprehensive 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 calculation of earnings per share.

(2) 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.

(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 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.