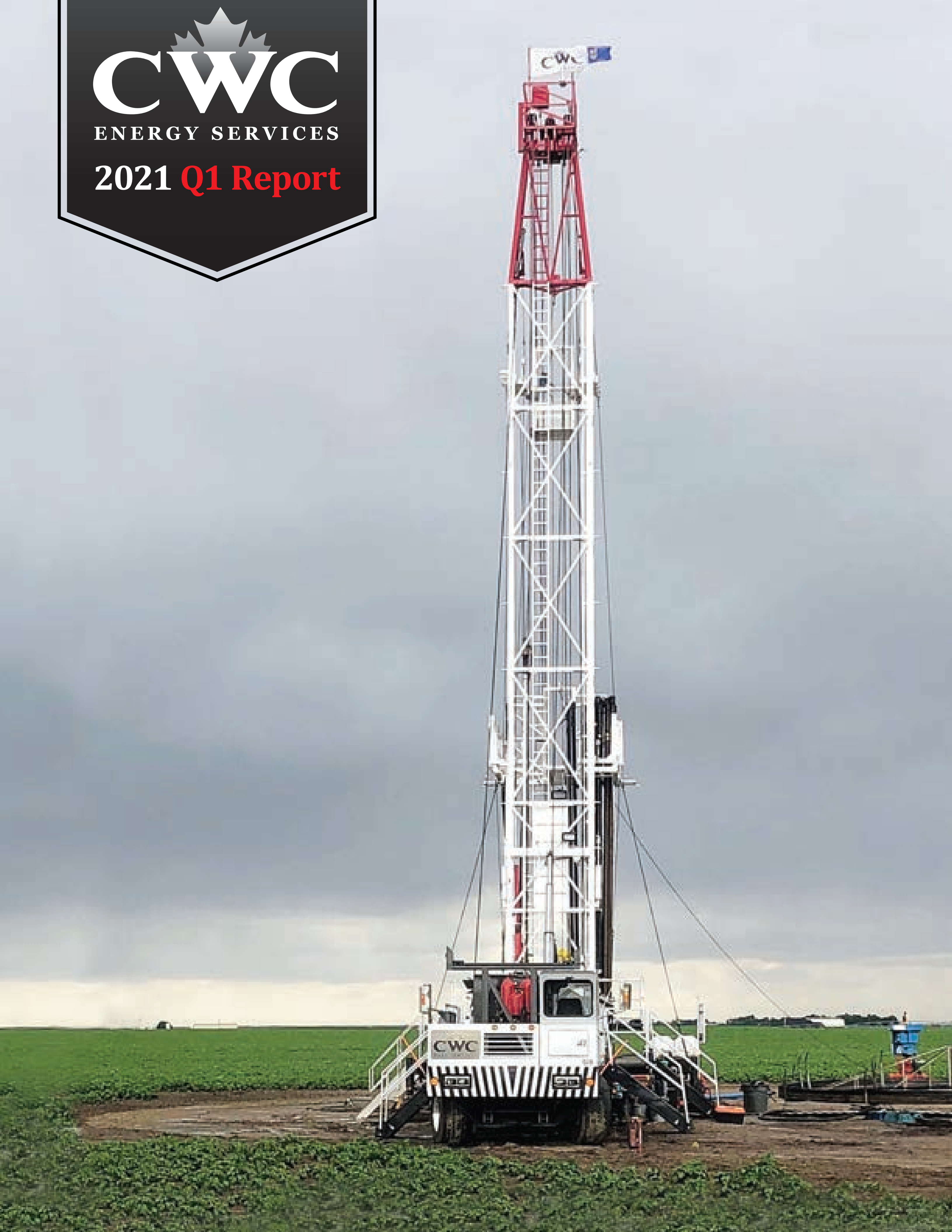
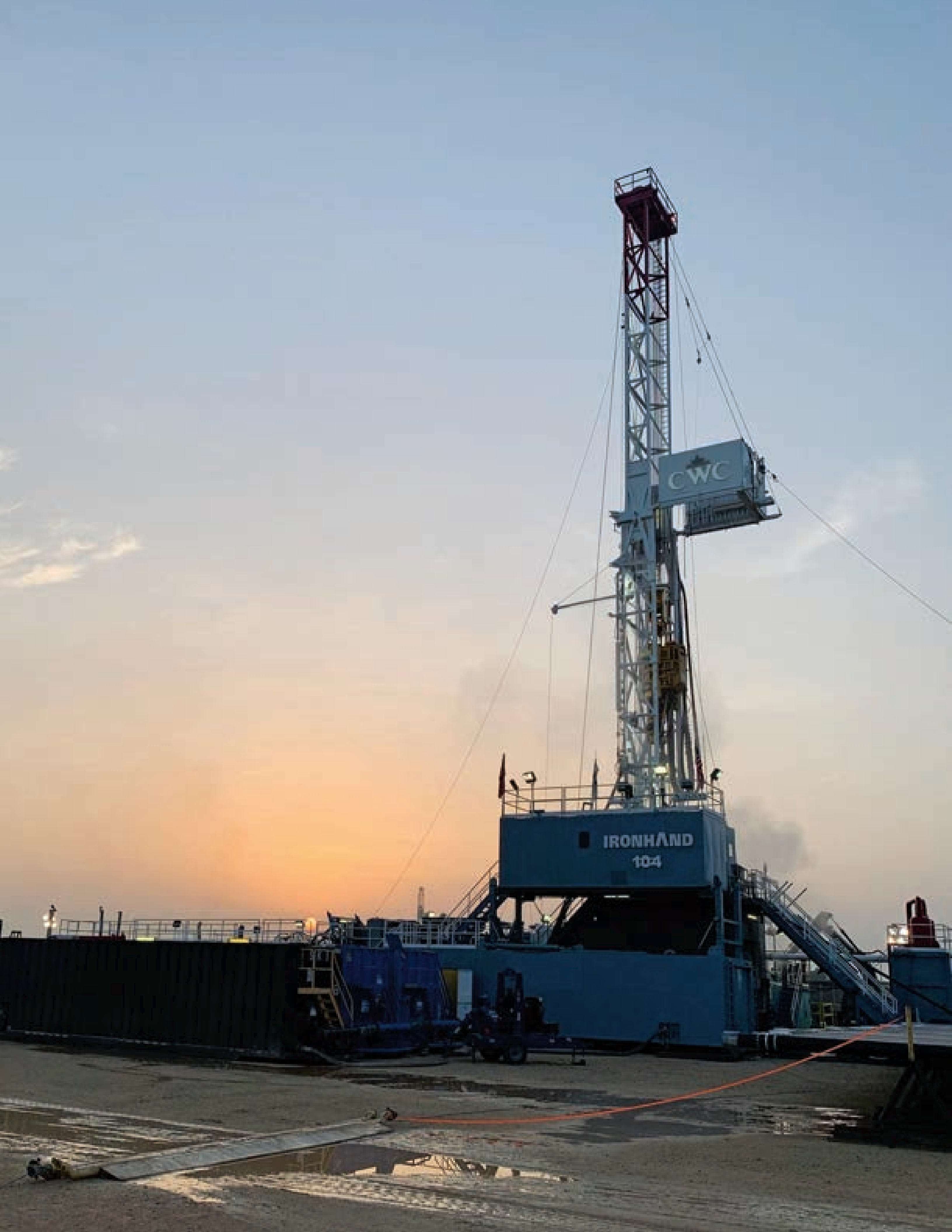
CWC ENERGY SERVICES

2021 Q1 Report




CWC
IRONHAND
104

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 April 29, 2021 and should be read in conjunction with unaudited condensed interim consolidated financial statements ("Financial Statements") for the three months ended March 31, 2021, the audited annual consolidated financial statements for the year ended December 31, 2020 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2020 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim consolidated financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC is available on SEDAR at www.sedar.com.

Financial Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended March 31, 2021	2020	Change %
FINANCIAL RESULTS			
Revenue			
Contract Drilling	7,318	12,671	(42%)
Production Services	17,351	20,869	(17%)
	24,669	33,540	(26%)
Other income	1,065	-	n/m[3]
Adjusted EBITDA[1]	4,854	5,508	(12%)
Adjusted EBITDA margin (%)[1]	20%	16%	
Impairment of assets	(1,296)	(25,451)	(95%)
Net income (loss)	447	(19,177)	102%
Net income (loss) margin (%)[2]	2%	(57%)	59%
Capital expenditures	1,275	2,805	(55%)
Per share information:			
Weighted average number of shares outstanding – basic	506,047,702	510,936,431	
Weighted average number of shares outstanding - diluted	512,456,028	510,936,431	
Adjusted EBITDA[1] per share - basic and diluted	$ 0.01	$ 0.01	
Net income (loss) per share - basic and diluted	$ 0.00	$ (0.04)	

$ thousands, except ratios	March 31, 2021	December 31, 2020
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt)[1]	16,505	12,069
Working capital (excluding debt) ratio[1]	3.4:1	2.9:1
Total assets	202,191	202,223
Total long-term debt (including current portion)	29,285	30,231
Shareholders' equity	158,108	157,977

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

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

[3] Not meaningful.

Working capital (excluding debt) for March 31, 2021 has increased $4.4 million (37%) since December 31, 2020 driven by increases in accounts receivable ($3.8 million (23%)) and the addition of assets held for sale partially offset by decreases in prepaid expenses and deposits ($0.5 million (28%)) and increases in account payable ($0.6 million (9%)). Long-term debt (including current portion) has decreased $0.9 million (2%) from December 31, 2020 due to cash inflows from operating activities.

Highlights for the Three Months Ended March 31, 2021

- Average Q1 2021 crude oil price, as measured by West Texas Intermediate ("WTI"), of US$58.13/bbl was 36% higher than the Q4 2020 average price of US$42.63/bbl (Q1 2020: US$42.57/bbl) and the price differential between Canadian heavy crude oil, as represented by Western Canadian Select ("WCS"), and WTI maintained a differential in the range of US$11.37/bbl to US$13.82/bbl during the first quarter of 2021. Natural gas prices, as measured by AECO, increased 17% from an average of $2.52/GJ in Q4 2020 to $2.94/GJ in Q1 2021 (Q1 2020: $1.93/GJ).
- CWC's Canadian drilling rig utilization in Q1 2021 of 50% (Q1 2020: 55%) continued to outperform the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 27% (Q1 2020: 35%). Average revenue per operating day of $22,497 resulted in revenue of $7.1 million (Q1 2020: $7.9 million) from the Canadian drilling operations. As a result of the COVID-19 health pandemic and the travel restrictions implemented between Canada and the U.S., CWC's two U.S. drilling rigs, which operate with Canadian rig crews, did not begin operations until the last week of March 2021 resulting in 2 operating days in the quarter (Q1 2020: 144 operating days). U.S. Contract Drilling revenue of $0.2 million with an average revenue per operating day of US$80,000 resulted primarily from one-time recovery of mobilization costs. Service rig utilization in Q1 2021 of 64% (Q1 2020: 56%) was driven by 27,087 operating hours which were 11% lower than the 30,442 operating hours in Q1 2020. Given the tight labour market experienced in the industry for service rig crews in Q1 2021, CWC parked 15 additional service rigs at the beginning of the year, resulting in 66 active service rigs for 2021.
- Revenue of $24.7 million, a decrease of $8.9 million (26%) compared to $33.5 million in Q1 2020. During Q1 2021, the Company earned $1.7 million in revenue on 90 oil and gas sites requiring well decommissioning under the Alberta Site Rehabilitation Program ("SRP") and 15 oil and gas sites under the Saskatchewan Accelerated Site Closure Program ("ASCP"). The $1.0 billion Alberta SRP, the $400 million ASCP and the $100 million B.C. Dormant Sites Reclamation Program ("DSRP") provide grants to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment until December 31, 2022. CWC's Production Services segment is well positioned to provide well decommissioning work on these inactive wells.
- Adjusted EBITDA[(1)] of $4.9 million, a decrease of $0.6 million compared to $5.5 million in Q1 2020.
- Net income of $0.5 million, an increase of $19.7 million compared to a net loss of $19.2 million in Q1 2020.
- During Q1 2021, 2,249,500 common shares (Q1 2020: 3,674,500 common shares) were purchased, cancelled and returned to treasury under the Normal Course Issuer Bid ("NCIB").

[(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 Canada and the United States with a complementary suite of oilfield services including drilling rigs, service rigs, and swabbing rigs. The Company's corporate office is located in Calgary, Alberta, with a U.S. office in Denver, Colorado and operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

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, three have pad rig walking systems, three have 7,500 psi pumping systems and one has carbon reduction bi-fuel capabilities. 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. The Company also operates in select United States basins including the Eagle Ford, Denver-Julesburg and Bakken. One of the Company's strategic initiatives is to continue to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for faster drilling times and more environmentally friendly solutions at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2021**	**Dec. 31, 2020**	**Sep. 30, 2020**	**Jun. 30, 2020**	**Mar. 31, 2020**	**Dec. 31, 2019**	**Sep. 30, 2019**	**Jun. 30, 2019**
Drilling Rigs – Canada								
Total drilling rigs, end of period	7	7	7	7	7	7	7	7
Revenue per operating day[1]	$22,497	$21,452	$19,214	$19,382	$22,849	$22,161	$20,685	$22,750
Drilling rig operating days	317	248	28	68	344	232	130	72
Drilling rig utilization %[2]	50%	39%	4%	11%	54%	36%	19%	11%
CAODC industry average utilization %	27%	16%	9%	4%	35%	23%	23%	18%
Wells drilled	28	23	4	4	26	18	12	10
Average days per well	11.3	10.8	7.1	17.1	13.2	12.9	10.9	8.0
Meters drilled (thousands)	112.4	88.5	13.7	20.2	99.6	75.6	39.6	26.7
Meters drilled per day	354	356	483	295	290	326	304	373
Average meters per well	4,014	3,848	3,412	5,053	3,831	4,199	3,300	2,966
Drilling Rigs – United States								
Total drilling rigs, end of period	2	2	2	2	2	2	2	2
Revenue per operating day (US$)[1]	$80,000[3]	-	-	-	$25,139	$34,448[3]	$27,159	$54,188[3]
Drilling rig operating days	2	-	-	-	144	56	155	25
Drilling rig utilization %[2]	1%	-	-	-	79%	31%	84%	69%
Wells drilled	-	-	-	-	10	5	16	1
Average days per well	-	-	-	-	14.4	11.3	9.7	16.6
Meters drilled (thousands)	-	-	-	-	40.5	14.5	50.7	2.9
Meters drilled per day	-	-	-	-	282	258	327	177
Average meters per well	-	-	-	-	4,053	2,942	978	2,939

(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).
(3) Revenue is enhanced by one-time recovery of mobilization costs.

Canadian Contract Drilling revenue of $7.1 million for Q1 2021 (Q1 2020: $7.9 million) was achieved with a utilization rate of 50% (Q1 2020: 54%), compared to the CAODC industry average of 27% (Q1 2020: 35%). CWC completed 317 Canadian drilling rig operating days in Q1 2021, 8% lower than 344 Canadian drilling rig operating days in Q1 2020.

U.S. Contract Drilling revenue of $0.2 million for Q1 2021 (Q1 2020: $4.8 million) was achieved with a utilization rate of 1% (Q1 2020: 79%) with 2 U.S. drilling rig operating days, 99% lower than the 144 U.S. drilling rig operating days in Q1 2020. As a result of the COVID-19 health pandemic and the travel restrictions implemented between Canada and the U.S., CWC's two U.S. drilling rigs, which operate with Canadian rig crews, did not begin operations until the last week of March 2021.

Production Services

With a fleet of 145 service rigs, CWC is one of the largest well servicing companies in Canada as measured by active fleet and operating hours. CWC's service rig fleet consists of 75 single, 56 double, and 14 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. In 2021, CWC chose to park 79 of its service rigs and focus its sales and operational efforts on the remaining 66 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB and the tight labour market experienced in the industry for service rig crews.

CWC's fleet of 12 swabbing rigs operate under the trade name CWC Swabtech. The swabbing rigs are used to remove liquids from the wellbore and allow reservoir pressures to push the commodity up the tubing. The Company chose to park seven of its swabbing rigs and focus its sales and operational efforts on the remaining five active swabbing rigs.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2021**	**Dec. 31, 2020**	**Sep. 30, 2020**	**Jun. 30, 2020**	**Mar. 31, 2020**	**Dec. 31, 2019**	**Sep. 30, 2019**	**Jun. 30, 2019**
Service Rigs								
Active service rigs, end of period	66	81	82	82	83	84	84	92
Inactive service rigs, end of period	79	64	63	63	62	62	64	56
Total service rigs, end of period	145	145	145	145	145	146	148	148
Operating hours	27,087	22,273	15,859	4,037	30,442	33,656	29,528	23,129
Revenue per hour	$630	$645	$605	$619	$666	$664	$644	$646
Revenue per hour excluding top volume customers	$651	$659	$623	$653	$673	$682	$660	$687
Service rig utilization %(1)	64%	42%	29%	8%	56%	62%	52%	39%
Swabbing Rigs								
Active swabbing rigs, end of period	5	5	5	5	5	5	5	8
Inactive swabbing rigs, end of period	7	7	7	7	7	8	8	5
Total swabbing rigs, end of period	12	12	12	12	12	13	13	13
Operating hours	976	1,339	686	513	1,088	1,141	865	661
Revenue per hour	$286	$280	$271	$288	$300	$282	$284	$262
Swabbing rig utilization %(1)	30%	41%	21%	16%	33%	35%	19%	13%

(1) Effective September 1, 2019, the CAODC changed its methodology on how it calculates service rig utilization. Service rig and swabbing rig utilization is now calculated based on 10 operating hours a day x number of days per quarter x 5 days a week divided by 7 days in a week to reflect maximum utilization available due to hours of service restrictions on rig crews. Utilization percentages have been retroactively updated to reflect this new CAODC methodology. Service and swabbing rigs requiring their 24,000 hour recertification, refurbishment or have been otherwise removed from service for greater than 90 days are excluded from the utilization calculation until their first day back in field service.

Production Services revenue of $17.4 million in Q1 2021, down $3.5 million (17%) compared to $20.9 million in Q1 2020. The revenue decrease in Q1 2021 was a continued direct result of the decrease in industry activity, which started in March 2020, as the global health solutions to slow the spread of the COVID-19 virus resulted in a decrease in oilfield service activity compared to Q1 2020.

CWC's service rig utilization in Q1 2021 of 64% (Q1 2020: 56%) with 27,087 operating hours was 11% lower than the 30,442 operating hours in Q1 2020. Average revenue per hour of $630 in Q1 2021 was $36 per hour (5%) lower than the $666 per hour in Q1 2020 as a result of customer requested discounts during the quarter. Q1 2021 average revenue per hour of $651 excluding the Company's top volume customers was $22 per hour (3%) lower than Q1 2020 average revenue per hour of $673.

CWC's swabbing rig utilization in Q1 2021 of 30% (Q1 2020: 33%) with 976 operating hours was 10% lower than the 1,088 operating hours in Q1 2020. Average revenue per hour for swabbing rigs of $286 in Q1 2021 was $14 per hour (5%) lower compared to $300 in Q1 2020.

Outlook

In March 2020, the World Health Organization declared a global health pandemic due to COVID-19. In response to the COVID-19 outbreak, governments around the world implemented measures to control the spread of the virus from Q2 2020 through Q2 2021 including closure of non-essential businesses, restricting travel and encouraging citizens to stay-at-home. These government actions contributed to a significant deterioration in the global economy including a material decline in the demand for crude oil, which initially resulted in a significant decrease in oil prices. The decline in oil prices negatively affected current and forecasted drilling and production service activities in Canada and the United States. In response to the decline in oil prices, OPEC+ and G20 oil producing nations reduced crude oil production resulting in a rebound in crude oil prices from the low US$20/bbl in April 2020 to over US$60/bbl in April 2021. While governments have, at various times, loosened and then tightened their economic restrictions related to COVID-19, further caution remains as the number of active COVID-19 cases globally have recently increased due to the emergence of more infectious variants of the virus.

Countering the recent increases in COVID-19 cases globally and the reinstatement by governments to implement measures to control the spread of the virus, the global COVID-19 vaccinations continue to be rolled out at increasing speeds resulting in the belief that the global economy may soon return to normalcy. This belief extends to the forecast for a steady rise in crude oil demand which has resulted in crude oil prices staying above US$60/bbl, and has driven an increase in oilfield service activity in Canada and the U.S. For the first time in a few years, there is optimism that 2021 will be a robust year for the Canadian oilfield services industry, supported by the re-opening of the global economy and buoyed by the financial stimulus provided by governments around the world. CWC has had a good Q1 2021, outperforming our own cautious expectations and forecasted activity levels. Activity levels for the remainder of 2021 appear to be continuing onward from where the winter season left off. CWC will continue to benefit from the well decommissioning program provided by the Government of Canada's $1.7 billion in funding to Alberta, Saskatchewan, British Columbia and the Alberta Orphan Well Association until December 31, 2022. While there are many positives to look forward to for the remainder of 2021, capitalizing upon them will primarily be constrained by the amount of available field labour or rig crews that CWC will be able to staff up. The labour market was extremely tight in Q1 2021. As such, the solutions to solve the labour shortage will be an increase to rig rates charged to our E&P customers to compensate for the wage inflation required to retain and attract field labour to work on our drilling and service rigs.

Looking out to the medium and longer term, CWC is optimistic about the future of the oil and gas industry in Canada. The Canadian oil and gas industry will continue to grow with the anticipated completion of Enbridge's Line 3 pipeline in late 2021, which will carry 760,000 bbls/day to Minnesota and eastern refineries and the Trans Mountain expansion project carrying 890,000 bbls/day by late 2022 to the west coast for oversea markets.

CWC will remain focused on its operational and financial performance in the short-term, but recognizes the need to pursue opportunities that have inevitably been created in this market to create medium and longer-term value for CWC's shareholders. With the support of the Board of Directors, management continues to actively pursue consolidation opportunities in North America. CWC cautions that there can be no guarantees that strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

Lastly, 2021 will also be the year that CWC produces its inaugural Environmental, Social and Governance ("ESG") report as societal demands put more onus on companies to document what and how they are responding to good corporate stewardship from an ESG perspective. Management is confident that when this ESG report is released in the summer of 2021, CWC will be regarded as a leader on ESG matters in our oilfield services industry.

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Revenue				
Contract Drilling	7,318	12,671	(5,353)	(42%)
Production Services	17,351	20,869	(3,518)	(17%)
	24,669	33,540	(8,871)	(26%)
Direct operating expenses				
Contract Drilling	5,393	8,150	(2,757)	(34%)
Production Services	12,155	15,465	(3,310)	(21%)
	17,548	23,615	(6,067)	(26%)
Gross margin (1)				
Contract Drilling	1,925	4,521	(2,596)	(57%)
Production Services	5,196	5,404	(208)	(4%)
	7,121	9,925	(2,804)	(28%)
Gross margin percentage (1)				
Contract Drilling	26%	36%	n/a	(10%)
Production Services	30%	26%	n/a	4%
	29%	30%	n/a	(1%)

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

Q1 2021 revenue of $24.7 million, a decrease of $8.9 million (26%) compared to $33.5 million in Q1 2020. Revenue decreased $5.4 million (42%) in the Contract Drilling segment and $3.5 million (17%) in the Production Services segment in Q1 2021 compared to Q1 2020. The revenue decrease in Q1 2021 was a continued direct result of the decrease in industry activity, which started in March 2020, as the global health solutions to slow the spread of the COVID-19 virus resulted in a decrease in oilfield service activity compared to Q1 2020.

Revenue contribution from the Company's top ten customers was 69% in Q1 2021 unchanged from Q1 2020. During Q1 2021, CWC provided services to three customers who each accounted for greater than 10% of our consolidated revenue during the quarter (Q1 2020: two customers).

For the quarter ended March 31, 2021, approximately 73% of revenue (Q1 2020: 79%) was from work on crude oil wells while 27% (Q1 2020: 21%) was from natural gas wells. Further, approximately 38% of revenue (Q1 2020: 45%) was related to drilling and completions work, 50% of revenue (Q1 2020: 39%) from maintenance and workovers on producing wells and 12% of revenue (Q1 2020: 16%) from well decommissioning.

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 26% in Q1 2021 is lower when compared to the 36% gross margin percentage in Q1 2020 due to the lower activity levels in the U.S. Production Services's gross margin percentage of 30% in Q1 2021 is higher than the 26% in Q1 2020 as a result of cost reduction measures implemented in 2020.

Other Income

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Other income	1,065	-	1,065	n/m[1]

[1] Not meaningful.

Other income in Q1 2021 of $1.1 million (Q1 2020: $nil) consists of Government of Canada grants received under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subisidy ("CERS") programs. CEWS is a program to assist employers facing financial hardship, as measured by certain monthly revenue declines compared to the prior year as a result of the COVID-19 health pandemic. CERS is a program to assist businesses who have experienced a drop in revenue due to the COVID-19 health pandemic to cover part of their commercial rent, mortgage interest and property expenses.

Selling and Administrative Expenses

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Selling and administrative expenses	3,332	4,417	(1,085)	(25%)

Selling and administrative expenses were $3.3 million in Q1 2021, a decrease of $1.1 million (25%) compared to $4.4 million in Q1 2020. The decrease is a result of the cash saving initiatives undertaken in the first and second quarters of 2020, including reduced head counts through departures and layoffs; compensation reductions to Board of Directors, management, administrative and field employees; discontinuing operations of the Coil Tubing division; and reductions of rent and property taxes.

Adjusted EBITDA[1]

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Adjusted EBITDA[1]				
Contract Drilling	1,767	3,941	(2,174)	(55%)
Production Services	4,087	2,950	1,137	39%
Corporate	(1,000)	(1,383)	383	28%
	4,854	5,508	(654)	(12%)
Adjusted EBITDA margin (%) [1]	20%	16%	n/a	4%

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

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

Adjusted EBITDA[(1)] was $4.9 million for Q1 2021, a decrease of $0.6 million compared to $5.5 million in Q1 2020. The decrease in Adjusted EBITDA[(1)] is a result of the global economic downturn due to the COVID-19 health pandemic partially offset by the cash saving initiatives implemented by the Company and the assistance of the CEWS and CERS programs.

Stock Based Compensation

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Stock based compensation	176	133	43	32%

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

Stock based compensation was $0.2 million in Q1 2021, an increase of $0.1 million (32%) compared to $0.1 million in Q1 2020.

Finance Costs

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Finance costs	259	684	(425)	(62%)

Finance costs were $0.3 million in Q1 2021, a decrease of $0.4 million (62%) compared to $0.7 million in Q1 2020 due to lower long-term debt levels compared to Q1 2020.

Depreciation and Amortization

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Depreciation and amortization				
Contract Drilling	848	1,119	(271)	(24%)
Production Services	1,740	1,781	(41)	(2%)
Corporate	108	272	(164)	(60%)
	2,696	3,172	(476)	(15%)

Depreciation and amortization were $2.7 million in Q1 2021, a decrease of $0.5 million (15%) compared to $3.2 million in Q1 2020 primarily due to the lower depreciable asset base as a result of the $25.5 million charge taken for impairment of assets in Q1 2020.

Impairment of Assets and Assets Held for Sale

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Impairment of assets and assets held for sale				
Contract Drilling	-	24,000	(24,000)	(100%)
Production Services	1,296	1,451	(155)	(11%)
Corporate	-	-	-	-
	1,296	25,451	(24,155)	(95%)

Impairment of assets and assets held for sale was $1.3 million in Q1 2021, a decrease of $24.2 million (95%) compared to $25.5 million in Q1 2020. During Q1 2021, the Company developed plans and entered into agreements to dispose of non-core assets related to the Production Services segment. The assets related to these agreements have been reclassified from property, plant and equipment to current assets held for sale and are measured at the lower of their carrying amount and fair value less costs to sell.

(Gain) Loss on Disposal of Equipment

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
(Gain) loss on disposal of equipment	(212)	1,051	(1,263)	n/m(1)

(1) Not meaningful.

Management continually monitors the asset mix and equipment needs of the Company and divests assets as needed to optimize operations. For the quarter ended March 31, 2021, the gain on disposal of equipment was primarily the result of the disposals of ancillary equipment and vehicles with proceeds on sale of $0.5 million (Q1 2020: $0.5 million).

Deferred Income Tax (Recovery) Expense

$ thousands	Three months ended March 31, 2021	2020
Net income (loss) before income taxes	639	(24,983)
Deferred income tax expense (recovery)	192	(5,806)
Deferred income tax expense (recovery) as a % of net loss before income taxes	30%	23%
Expected statutory income tax rate	23.7%	26.5%

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

The deferred income tax expense in Q1 2021 of $0.2 million (Q1 2020: deferred income tax recovery of $5.8 million) is a result of the net income before income taxes of $0.6 million (Q1 2020: net loss before income tax of $25.0 million).

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

Net Income (Loss) and Comprehensive Income (Loss)

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Net income (loss)	447	(19,177)	(19,624)	n/m(1)
Unrealized (loss) gain on translation of foreign operations	(165)	2,234	2,399	n/m(1)
Comprehensive income (loss)	282	(16,943)	(17,225)	n/m(1)

(1) Not meaningful.

Net income of $0.4 million in Q1 2021, a decrease of $19.6 million compared to a net loss of $19.2 million in Q1 2020. Comprehensive income of $0.3 million in Q1 2021, a decrease of $17.2 million compared to comprehensive loss of $16.9 million in Q1 2020. The net loss and comprehensive loss in Q1 2020 were primarily due to the impairment of assets.

Liquidity and Capital Resources

Source of Funds

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

During the quarter ended March 31, 2021, the Company’s operating cash flow of $2.2 million and proceeds on disposal of equipment of $0.5 million were used to fund a $0.7 million reduction in long-term debt, $1.3 million of capital expenditures, $0.4 million of interest on long-term debt, finance costs and lease payments, and $0.3 million in acquisitions of common shares under the NCIB.

At March 31, 2021 the Company had working capital (excluding debt) of $16.5 million, an increase of $4.4 million (37%) from $12.1 million at December 31, 2020. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.) The increase in working capital (excluding debt) is is due to higher accounts receivable offet by higher accounts payable due to increased activity levels in Q1 2021 versus Q4 2020. Typically, as activity levels increase or decrease working capital will also increase or decrease.

On March 4, 2021, 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, 2024. At the request of the Company, the credit facilities were reduced from $60 million to $50 million to reduce borrowing costs and standby charges. The covenant for Consolidated Debt to EBITDA ratio is as follows:

For the Quarter Ended	Previously	Currently
March 31, 2021	3.25 : 1.00	3.50 : 1.00
June 30, 2021	3.25 : 1.00	3.50 : 1.00
September 30, 2021	3.00 : 1.00	3.50 : 1.00
December 31, 2021	3.00 : 1.00	3.50 : 1.00
March 31, 2022	3.00 : 1.00	3.50 : 1.00
June 30, 2022	3.00 : 1.00	3.50 : 1.00
September 30, 2022 and thereafter	n/a	3.50 : 1.00

The amendments further provide the Company access to a Covenant Amendment Option. This option was negotiated to provide CWC with covenant flexibility should a significant industry slowdown occur. Upon being exercised and approved by the syndicate lenders, the covenant for Consolidated Debt to EBITDA ratio is as follows:

For the Quarter Ended	Currently	Upon Exercise of Covenant Amendment Option
March 31, 2021	3.50 : 1.00	3.50 : 1.00
June 30, 2021	3.50 : 1.00	3.50 : 1.00
September 30, 2021	3.50 : 1.00	4.00 : 1.00
December 31, 2021	3.50 : 1.00	4.25 : 1.00
March 31, 2022	3.50 : 1.00	4.25 : 1.00
June 30, 2022	3.50 : 1.00	4.00 : 1.00
September 30, 2022 and thereafter	3.50 : 1.00	3.50 : 1.00

The Company is in compliance with each of the financial covenants at March 31, 2021. As of March 31, 2021, the applicable rates under the Bank Loan are: bank prime rate plus 1.5%, bankers' acceptances rate plus a stamping fee of 2.5%, and standby fee rate of 0.625%.

The Company's Mortgage Loan is a loan maturing on September 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of $86 thousand. At maturity, approximately $9.9 million of principal will become payable assuming only regular monthly payments are made. On July 27, 2018 the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers' Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt. Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of March 31, 2021, the mark-to-market value of the interest rate swap of $0.5 million is included within accounts payable and accrued liabilities on the Consolidated Statements of Financial Position (December 31, 2020: $0.6 million).

Capital Requirements

On December 3, 2020, the Company announced its capital expenditure budget for 2021 of $3.9 million, $2.7 million of which is maintenance and infrastructure capital related to re-certifications, additions and upgrades to field equipment for the drilling rig and service rig divisions as well as information technology infrastructure, with the remaining $1.2 million being growth capital to upgrade two of the drilling rigs. On April 29, 2021, the Board of Directors approved an additional $0.7 million of growth capital to further upgrade one of the drilling rigs. CWC intends to finance its 2021 capital expenditure budget from operating cash flows and the sale of non-core assets.

The Company's 2021 capital expenditure is detailed in the section below titled "Capital Expenditure". In the future, additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

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

	April 29, 2021	March 31, 2021	December 31, 2020
Common shares	504,422,797	504,422,797	505,620,916
Stock options	11,632,000	13,632,000	16,038,000
Restricted share units	13,741,181	13,741,181	14,954,562

During the quarter ended March 31, 2021, 2,250,000 stock options expired and 156,000 were forfeited. In addition, 1,051,381 Restricted Share Units were exercised and 162,000 were forfeited.

On April 15, 2020, the Company commenced a normal course issuer bid which expired on April 14, 2021. Under this NCIB the Company was entitled to purchase, from time to time as it considered advisable, up to 25,340,742 issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. CWC made these NCIB purchases through an ASPP with Raymond James.

For the quarter ended March 31, 2021, 2,249,500 common shares purchased under the NCIB were cancelled and returned to treasury.

Capital Expenditures

$ thousands	Three months ended March 31, 2021	2020	Change $	Change %
Capital expenditures				
Contract drilling	955	786	169	22%
Production services	320	1,993	(1,673)	(84%)
Other equipment	-	26	(26)	(100%)
	1,275	2,805	(1,530)	(55%)
Growth capital	257	1,335	(1,078)	(81%)
Maintenance and infrastructure capital	1,018	1,470	(452)	(31%)
Total capital expenditures	1,275	2,805	(1,530)	(55%)

Capital expenditures of $1.3 million in Q1 2021, a decrease of $1.5 million compared to $2.8 million in Q1 2020.

Commitments and Contractual Obligations

Under the terms of the Company's amended Bank Loan, the borrowings under the Bank Loan are due in full on July 31, 2024. The Company is committed to monthly payments of interest and bank charges until July 31, 2024. The Company's Mortgage Loan is being amortized over 22 years with blended monthly principal and interest payments and matures on June 28, 2023. Management believes that there will be sufficient cash flows generated from operations to service the interest on the debt and finance the required capital expenditures of the Company in 2021.

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts Three months ended	2021 Mar. 31	2020 Dec. 31	 Sep. 30	 Jun. 30	 Mar. 31	2019 Dec. 31	 Sep. 30	 Jun. 30
Revenue	24,669	20,065	10,322	3,966	33,540	30,667	27,775	18,745
Adjusted EBITDA[(1)]	4,854	5,034	1,953	(1,397)	5,508	3,491	3,868	113
Net income (loss)	447	(769)	(810)	(3,734)	(19,177)	(854)	(234)	(565)
Net income (loss) per share: basic and diluted	0.00	(0.01)	(0.00)	(0.00)	(0.04)	(0.00)	(0.00)	(0.00)
Total assets	202,191	202,223	199,421	196,565	221,110	243,398	243,647	240,603
Total long-term debt	29,285	30,231	27,960	25,788	43,337	40,552	41,549	36,618
Shareholders' equity	158,108	157,977	158,959	160,281	164,802	182,032	183,621	183,526

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

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

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

Other significant impacts have been a result of:

- Q1 2021 saw the continuation of a recovery in Canadian oilfield service activity compared to Q4 2020 as the belief of the return to normalcy as a result of the rollout of the COVID-19 vaccines provided support for an increased forecast of global crude oil demand for the remainder of 2021. As such, oil prices continued to rise during the quarter to over US$60/bbl. During Q1 2021, 2,249,500 common shares were purchased, cancelled and returned to treasury under the NCIB.
- Q4 2020 saw a modest recovery in oilfield service activity compared to Q3 2020 as the lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus continued. Crude oil prices continued to modestly increase in Q4 2020 to an average of US$42.63/bbl as the introduction of vaccines to combat the virus were distributed globally toward the end of the quarter, thereby increasing E&P customers' confidence to increase drilling and production activities. During Q4 2020, 1,196,500 common shares were purchased under the NCIB and 1,282,500 common shares were cancelled and returned to treasury.
- Q3 2020 saw a continuation of low economic activity in the oilfield services sector as a result of lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. However, oil prices recovered in Q3 2020 from the lows experienced in Q2 2020 to an average of US$40.90/bbl. This oil price recovery caused a gradual increase in the utilization of service rigs, but was not enough to increase drilling rig activity from its historical lows. During Q3 2020, 2,405,000 common shares were purchased under the NCIB and 2,349,000 common shares were cancelled and returned to treasury.
- Q2 2020 demand for crude oil declined amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. The impact this had on the Company resulted

in a 79% decline in revenue compared to Q2 2019 and the Company posting its first negative Adjusted EBITDA(1) in 27 quarters. During Q2 2020, 1,708,000 common shares were purchased under the NCIB and 1,718,000 common shares were cancelled and returned to treasury.

- Q1 2020 saw the combined effects of the reduction in global demand for crude oil due to the COVID-19 health pandemic and the increase in global supply of crude oil resulting in a rapid and uneconomic decline in oil prices. This negatively affected current and future drilling and production levels in Canada and the U.S. resulting in decreased demand for drilling and production services by our E&P customers in mid-March 2020. The Company acted quickly to implement cash saving initiatives to preserve cash resources and maintain balance sheet strength as well as retaining our most valuable asset – our key employees. The Company reduced its head count by 43% through departures and layoffs of its employees and contractors and incurred $0.1 million in severance costs related to these layoffs in Q1 2020. During Q1 2020, 3,674,500 common shares were purchased under the NCIB and 3,764,000 common shares were cancelled and returned to treasury;
- Q4 2019 saw the WTI-WCS differential widen to over US$20.00/bbl, compared to a historical normal range of US$10-$15/bbl. Despite this widening differential, CWC saw increased activity in its service rig division with 33,656 hours compared to the 29,528 hours in Q3 2019. Drilling rig operating days were impacted by the movement of one drilling rig from Texas to Wyoming which resulted in approximately 21 days of lost revenue. During Q4 2019, 1,453,500 common shares were purchased under the NCIB and 1,342,000 common shares were cancelled and returned to treasury;
- Q3 2019 saw the first full quarter of drilling operations in the United States. In addition, the Company extended its credit facilities to July 31, 2022 and reduced the credit facilities from $75 million to $60 million, which now includes a separate U.S. operating facility. During Q3 2019, 405,000 common shares were purchased under the NCIB and 524,500 common shares were cancelled and returned to treasury;
- Q2 2019 saw CWC move two drilling rigs from Canada into the United States which commenced operations in mid-September 2019. Wet weather conditions during the quarter significantly impacted activity levels in both the Canadian Contract Drilling and Production Services segments. During Q2 2019, 623,000 common shares were purchased under the NCIB and a total of 744,000 common shares were cancelled and returned to treasury.

Critical Accounting Estimates and Judgments

This MD&A of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgment. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. In many cases the use of judgment is required to make estimates.

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

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the March 31, 2021 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 annual filings; and
- That based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the interim filings.

Risks and Uncertainties

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of at the present time may also become important factors which affect the Company. Along with the risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's December 31, 2020 Management's Discussion and Analysis which is available under the Company's profile at www.sedar.com.

Forward-Looking Information

This MD&A contains certain forward-looking information and statements 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, expectations with respect to crude oil and natural gas prices, activity levels in various areas, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and U.S. basins, expectations regarding entering into long term drilling contracts and expanding its customer base, 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 including the implications of the COVID-19 health pandemic on the Company's business, operations and personnel. These factors and risks include, but are not limited to, the risks associated with the COVID-19 health pandemic and their implications on the demand and supply in the drilling and oilfield services sector (i.e. 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), significant expansion measures to stop the spread of COVID-19 further restricting or prohibiting the operations of the Company's facilities and operations, actions to ensure social distancing due to COVID-19, the Company's cash saving initiatives, 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. 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 shares, per share amounts and margins	Three months ended March 31, 2021	2020
NON-IFRS MEASURES		
Adjusted EBITDA:		
Net income (loss)	447	(19,177)
Add:		
Stock based compensation	176	133
Finance costs	259	684
Depreciation and amortization	2,696	3,172
Impairment of assets	1,296	25,451
(Gain) loss on sale of equipment	(212)	1,051
Income tax expense (recovery)	192	(5,806)
Adjusted EBITDA(1)	4,854	5,508
Adjusted EBITDA per share – basic and diluted(1)	$ 0.01	$ 0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)(1)	20%	16%
Weighted average number of shares outstanding - basic	506,047,702	510,936,431
Weighted average number of shares outstanding - diluted	512,456,028	510,936,431
Gross margin:		
Revenue	24,669	33,540
Less: Direct operating expenses	17,548	23,615
Gross margin(2)	7,121	9,925
Gross margin percentage(2)	29%	30%

$ thousands	March 31, 2021	December 31, 2020
Working capital (excluding debt):		
Current assets	23,349	18,323
Less: Current liabilities	(7,570)	(7,004)
Add: Current portion of long-term debt	726	750
Working capital (excluding debt) (3)	16,505	12,069
Working capital (excluding debt) ratio(3)	3.4:1	2.9:1
Net debt:		
Long-term debt	28,559	29,481
Less: Current assets	(23,349)	(18,323)
Add: Current liabilities	7,570	7,004
Net debt (4)	12,780	18,162

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

(2) Gross margin is calculated from the statement of comprehensive income (loss) as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-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 calculated based on long-term debt less current assets plus current liabilities. Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.

CWC ENERGY SERVICES CORP.

Unaudited Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2021 and 2020

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited)

Stated in thousands of Canadian dollars	Note	**March 31, 2021**	December 31, 2020
ASSETS			
Current			
Cash		**$ 90**	$ 166
Accounts receivable		**20,029**	16,232
Prepaid expenses and deposits		**1,380**	1,925
Assets held for sale	5	**1,850**	-
		23,349	**18,323**
Property, plant and equipment	6	**178,842**	183,900
		$ 202,191	$ 202,223
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**6,844**	6,254
Current portion of long-term debt	7	**726**	750
		7,570	7,004
Long term			
Deferred tax liability		**7,954**	7,761
Long-term debt	7	**28,559**	29,481
		44,083	44,246
SHAREHOLDERS' EQUITY			
Share capital	8	**254,477**	255,478
Contributed surplus		**20,245**	19,395
Accumulated other comprehensive loss		**(359)**	(194)
Deficit		**(116,255)**	(116,702)
		158,108	157,977
		$ 202,191	$ 202,223

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three months ended March 31, 2021 and 2020
(Unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note		**2021**		**2020**
Revenue and other income					
Revenue	10, 12	**$**	**24,669**	**$**	33,540
Other income	11		**1,065**		-
			25,734		33,540
Expenses	12, 13				
Direct operating expenses			**17,548**		23,615
Selling and administrative expenses			**3,332**		4,417
Stock based compensation	8		**176**		133
Finance costs	7		**259**		684
Depreciation and amortization	6		**2,696**		3,172
(Gain) loss on disposal of equipment	6		**(212)**		1,051
Impairment of assets and assets held for sale	5		**1,296**		25,451
			25,095		58,523
Income (loss) before income taxes			**639**		(24,983)
Deferred income tax expense (recovery)			**192**		(5,806)
Net income (loss)		**$**	**447**	**$**	(19,177)
Other comprehensive (loss) income					
Item that may be reclassified to profit or loss in subsequent periods:					
Unrealized (loss) gain on translation of foreign operations			**(165)**		2,234
Comprehensive income (loss)		**$**	**282**	**$**	(16,943)
Net loss per share					
Basic and diluted	8	**$**	**0.00**	**$**	**(0.04)**

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2021 and 2020
(Unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	**Number of Shares**	**Share Capital**	**Contributed Surplus**	**Accumulated Other Comprehensive Income (Loss)**	**Deficit**	**Total Equity**
Balance – January 1, 2020		510,702,349	$ 259,515	$ 15,459	$ (730)	$ (92,212)	$ 182,032
Net loss		-	-	-	-	(19,177)	(19,177)
Stock based compensation expense	8(c)(d)	-	-	133	-	-	133
Settlement of restricted share units	8(d)	551,000	72	(72)	-	-	-
Cancellation of common shares purchased under normal course issuer bid	8(b)	(3,674,500)	(1,873)	1,453	-	-	(420)
Other comprehensive income		-	-	-	2,234	-	2,234
Balance – March 31, 2020		507,578,849	$ 257,714	$ 16,973	$ 1,504	$ (111,389)	$ 164,802
Balance – January 1, 2021		**505,620,916**	**$ 255,478**	**$ 19,395**	**$ (194)**	**$ (116,702)**	**$ 157,977**
Net income		**-**	**-**	**-**	**-**	**447**	**447**
Stock based compensation expense	8(c)(d)	**-**	**-**	**176**	**-**	**-**	**176**
Settlement of restricted share units	8(d)	**1,051,381**	**136**	**(136)**	**-**	**-**	**-**
Cancellation of common shares purchased under normal course issuer bid	8(b)	**(2,249,500)**	**(1,137)**	**810**	**-**	**-**	**(327)**
Other comprehensive loss		**-**	**-**	**-**	**(165)**	**-**	**(165)**
Balance – March 31, 2021		**504,422,797**	**$ 254,477**	**$ 20,245**	**$ (359)**	**$ (116,255)**	**$ 158,108**

See accompanying notes to the condensed interim consolidated financial statements.

CWC ENERGY SERVICES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2021 and 2020
(Unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	2021	2020
Operating activities:			
Net income (loss)		$ **447**	$ (19,177)
Adjustments for:			
Stock based compensation	8	**176**	133
Finance costs		**259**	684
Depreciation and amortization	6	**2,696**	3,172
Impairment of assets and assets held for sale	5	**1,296**	25,451
(Gain) loss on disposal of equipment	6	**(212)**	1,051
Deferred income tax expense (recovery)		**192**	(5,806)
Funds from operations		**4,854**	5,508
Changes in non-cash working capital balances	9	**(2,662)**	(5,289)
Operating cash flow		**2,192**	219
Investing activities:			
Purchase of equipment	6	**(1,275)**	(2,805)
Proceeds on disposal of equipment		**530**	463
Investing cash flow		**(745)**	(2,342)
Financing activities:			
Increase in (repayment of) long-term debt		**(742)**	2,951
Interest paid		**(210)**	(622)
Finance costs paid		**(202)**	(6)
Lease repayments		**(37)**	(222)
Common shares purchased under NCIB	8	**(327)**	(420)
Financing cash flow		**(1,518)**	1,681
Decrease in cash during the period		**(71)**	(442)
Effect of exchange rate changes on cash and cash equivalents		**(5)**	522
Cash, beginning of period		**166**	117
Cash, end of period		$ **90**	$ 197

See accompanying notes to the condensed interim consolidated financial statements.

1. Reporting entity

CWC Energy Services Corp. ("CWC" or the "Company") is incorporated under the Business Corporations Act (Alberta). The address of the Company's head office is Suite 610, 205 – 5th Avenue SW, Calgary, Alberta, Canada. The Company is an oilfield services company providing drilling and production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin ("WCSB") and the Bakken, Denver-Julesburg ("DJ"), and Eagle Ford basins located in the United States. These consolidated financial statements reflect only the Company's proportionate interests in such activities and are comprised of the Company and its subsidiaries. The Company's common stock is listed and traded on the TSX Venture Exchange under the symbol CWC. Additional information regarding CWC's business is available in CWC's most recent Annual Information Form available on SEDAR at www.sedar.com, on the Company's website www.cwcenergyservices.com, or by contacting the Company at the address noted above.

2. Basis of presentation

(a) Statement of compliance

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for annual financial statements and should be read in conjunction with the annual consolidated financial statements of the Company as at and for the year ended December 31, 2020.

These condensed interim consolidated financial statements were approved by the Board of Directors on April 29, 2021.

(b) Basis of measurement

The condensed interim consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These condensed interim consolidated financial statements are presented in Canadian dollars. Each of the Company's subsidiaries are measured using the functional currency of that subsidiary, which is the currency of the primary economic environment in which that subsidiary operates. All financial information presented in Canadian dollars has been rounded to the nearest thousand except where otherwise noted.

(d) Use of estimates and judgments

The preparation of the condensed interim consolidated financial statements in conformity with IFRS requires that certain estimates and judgments be made with respect to the reported amounts of revenue and expenses and the carrying amounts of assets and liabilities. These estimates are based on historical experience and management's judgment. Anticipating future events involves uncertainty and consequently the estimates used by management in the preparation of the condensed interim consolidated financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. In many cases the use of judgment is required to make estimates.

3. Significant accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company in its consolidated financial statements as at and for the year ended December 31, 2020. These unaudited condensed interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2020.

Stated in thousands of Canadian dollars except share and per share amounts

4. Seasonality of operations

The Company's Canadian operations are dependent on weather conditions which impact our ability to move heavy equipment safely and efficiently in Western Canada's oil and natural gas fields. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier drilling and service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

5. Assets held for sale

Assets held for sale totaling $1,850 (December 31, 2020: nil) are comprised of non-core assets related to the Production Services segment. The Company has developed plans and entered into agreements to dispose of this equipment within the next year. The assets related to these agreements have been reclassified from property, plant and equipment to current assets held for sale and are measured at the lower of their carrying amount and fair value less costs to sell. An impairment charge of $1,296 was recognized as a result of reclassifying the equipment.

6. Property, plant and equipment

	Contract Drilling equipment	Production Services property, plant, and equipment	Right-of-use assets	Other equipment	Total
Costs					
Balance, January 1, 2021	$ 121,530	$ 256,123	$ 946	$ 2,098	$ 380,697
Additions	955	320	-	-	1,275
Disposals	(340)	(714)	(181)	-	(1,235)
Reclassed to held for sale (note 5)	-	(11,983)	-	-	(11,983)
Effect of foreign currency exchange differences	(233)	-	-	-	(233)
Balance, March 31, 2021	121,912	243,746	765	2,098	368,521
Accumulated depreciation and impairment losses					
Balance, January 1, 2021	57,357	136,726	753	1,961	196,797
Depreciation	833	1,804	45	14	2,696
Disposals	(35)	(705)	(164)	-	(904)
Impairments	-	1,296	-	-	1,296
Reclassed to held for sale (note 5)	-	(10,133)	-	-	(10,133)
Effect of foreign currency exchange differences	(73)	-	-	-	(73)
Balance, March 31, 2021	58,082	128,988	634	1,975	189,679
Net book value					
Balance, March 31, 2021	$ 63,830	$ 114,758	$ 131	$ 123	$ 178,842

Stated in thousands of Canadian dollars except share and per share amounts

7. Loans and borrowings

The following table provides information with respect to amounts included in the consolidated statement of financial position related to loans and borrowings:

		March 31, 2021		December 31, 2020
Current liabilities				
Current portion of lease liabilities	**$**	**144**	$	168
Current portion of Mortgage Loan		**582**		582
	$	**726**	$	750
Non-current liabilities				
Bank Loan	**$**	**18,387**	$	18,983
Mortgage Loan		**10,618**		10,764
Lease liabilities		**11**		38
Financing fees		**(457)**		(304)
	$	**28,559**		29,481
Total loans and borrowings	**$**	**29,285**	$	30,231

The Company has credit facilities with a syndicate of four Canadian financial institutions (the "Credit Facility"). The Credit Facility provides the Company with a $49,981 extendible revolving term facility (the "Bank Loan") and other credit instruments. Of the Bank Loan, $35,250 is a syndicated facility and $7,500 is a Canadian operating facility with the remaining $7,231 (US$5,750) being a U.S. operating facility. On March 4, 2021, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments until July 31, 2024 ("Maturity Date"). No principal payments are required under the Bank Loan until the Maturity Date, at which time any amounts outstanding are due and payable. The Company may, on an annual basis, request the Maturity Date be extended for a period not to exceed three years from the date of the request. If a request for an extension is not approved by the banking syndicate, the Maturity Date will remain unchanged.

The Bank Loan bears interest based on a sliding scale pricing grid tied to the Company's trailing Consolidated Debt(2) to Consolidated EBITDA(1) ratio from a minimum of the bank's prime rate plus 1.25% to a maximum of the bank's prime rate plus 4.25% or from a minimum of the bankers' acceptances rate plus a stamping fee of 2.25% to a maximum of the bankers' acceptances rate plus a stamping fee of 5.25%. Standby fees under the Bank Loan range between 0.56% and 1.31%. Interest and fees under the Bank Loan are payable monthly. The Company has the option to borrow funds denominated in either Canadian or United States dollars under the Credit Facility. Borrowings under the Bank Loan are limited to an aggregate of 75% of accounts receivable outstanding less than 90 days plus 60% of the net book value of property and equipment less certain priority payables. As at March 31, 2021, of the $49,981 Bank Loan facility, $31,531 was available for immediate borrowing and $18,387 was outstanding (December 31, 2019: $18,983). The Bank Loan has an accordion feature which provides the Company with an ability to increase the maximum borrowings up to $125,000, subject to the approval of the lenders. The Bank Loan is secured by a security agreement covering all of the assets of the Company and a first charge Security Interest covering all assets of the Company (other than real estate assets related to the Mortgage Loan). Effective March 31, 2021, the applicable rates under the Bank Loan are: bank prime rate plus 1.5%, bankers' acceptances rate plus a stamping fee of 2.5%, and standby fee rate of 0.625%.

Stated in thousands of Canadian dollars except share and per share amounts

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

	Covenant limits	**March 31, 2021**
Consolidated Debt(2) to Consolidated EBITDA(1)	3.50:1.00 or less	**1.98:1.00**
Consolidated Debt(2) to Capitalization(3)	0.50:1.00 or less	**0.10:1.00**
Consolidated Adjusted Cash Flow(4) to Consolidated Adjusted Finance Obligations(5)	1.15:1.00 or more	**5.60:1.00**

(1) Consolidated EBITDA is calculated as net income plus finance costs, plus current and deferred income taxes, plus depreciation, plus stock based compensation, plus any non-recurring losses or impairment losses, or permitted severance costs, minus any non-recurring gain, plus any expenses related to corporate or business acquisitions with all amounts being for the twelve month period ended the calculation date, minus all principal paid or payable in connection with the Mortgage Loan. Consolidated EBITDA is adjusted to reflect the inclusion of material acquisitions or material dispositions on a pro forma basis for the twelve month period ended the calculation date. Consolidated EBITDA is increased if debt repayments from the proceeds of equity issuance are used to repay the syndicated facility and designated by the Company as an Equity Cure amount.

(2) Consolidated Debt is calculated as total loans and borrowings as shown in the schedule above adjusted to exclude: the Mortgage Loan, the funds held in any segregated accounts and to remove any financing fees included.

(3) Capitalization is calculated as Consolidated Debt plus Shareholders' Equity as at the calculation date.

(4) Consolidated Adjusted Cash Flow is calculated as Consolidated EBITDA minus amounts paid for transaction costs, dividends or share repurchases in the twelve month period ended the calculation date. The Calculation of Adjusted Cash Flow excludes Consolidated EBITDA resulting from an Equity Cure.

(5) Consolidated Adjusted Finance Obligations is calculated as finance costs plus scheduled principal payments on debt including scheduled principal payments under finance leases minus accretion of finance fees included in finance costs for the twelve month period ended the calculation date (excluding scheduled principal payments attributed to the Mortgage Loan).

Mortgage Loan is a loan maturing on June 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of $86. At maturity, approximately $9,891 of principal will become payable assuming only regular monthly payments are made. On July 27, 2018, the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers' Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt.

Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of March 31, 2021, the mark-to-market value of the interest rate swap of $481 is included within accounts payable and accrued liabilities on the Consolidated Statements of Financial Position (December 31, 2020: $572).

Lease liabilities consist of vehicles and office space which mature in 1 to 3 years. The incremental borrowing rate applied to the individual leases liabilities varies from 5.5% to 6.4% per annum.

Financing fees consist of commitment fees and legal expenses relating to the Credit Facility and are being amortized using the effective interest rate method over the term of the Credit Facility. For the three months ended March 31, 2021 financing fees of $49 were amortized and included in finance costs (three months ended March 31, 2020 : $62).

Stated in thousands of Canadian dollars except share and per share amounts

8. Share capital

(a) Authorized

Unlimited number of Common voting shares without par value.

Unlimited number of Preferred shares without par value.

(b) Normal course issuer bid

On April 15, 2020, the Company commenced a normal course issuer bid (“NCIB”) which expired on April 14, 2021. Under this NCIB the Company was entitled to purchase, from time to time as it considered advisable, up to 25,340,742 issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces.

CWC made its NCIB purchases through an automatic securities purchase plan (the “ASPP”) (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James"). Such purchases were 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 allowed common shares to be purchased at times when CWC was otherwise prohibited from doing so pursuant to securities laws and its internal trading policies.

For the three months ended March 31, 2021, 2,249,500 common shares (three months ended March 31, 2020: 3,674,500) for consideration of $327, including commissions (three months ended March 31, 2020: $420) were purchased, cancelled, and returned to treasury under the NCIB.

(c) Stock options

The following table summarizes changes in the number of stock options outstanding:

	Number of options	Weighted average exercise price
Balance at December 31, 2020	**16,038,000**	**0.19**
Expired	**(2,250,000)**	**0.18**
Forfeited	**(156,000)**	**0.18**
Balance at March 31, 2021	**13,632,000**	**0.19**

For the three months ended March 31, 2021, stock based compensation expense relating to stock options totaled $1 (three months ended March 31, 2020: $61).

(d) Restricted share unit plan

The following table summarizes changes in the number of Restricted Share Units (“RSUs”) outstanding:

	Number of RSUs	Weighted average fair value at issue date
Balance at December 31, 2020	**14,954,562**	**0.13**
Redeemed for common shares	**(1,051,381)**	**0.13**
Forfeited - unvested	**(162,000)**	**0.13**
Balance at March 31, 2021	**13,741,181**	**0.13**

Stated in thousands of Canadian dollars except share and per share amounts

The following table summarizes information about RSUs outstanding as at March 31, 2021:

Issue date fair value	Number of RSUs outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of RSUs exercisable
$ 0.09 - $ 0.17	**13,741,181**	**2.4**	**n/a**	**2,354,181**

For the three months ended March 31, 2021, stock-based compensation expense relating to RSUs totaled $175 (three months ended March 31, 2020: $72).

(e) Weighted average common shares outstanding

The following table reconciles the common shares used in computing per share amounts for the periods noted:

	For the three months ended March 31,	
	2021	**2020**
Weighted average common shares outstanding – basic	**506,047,702**	510,936,431
Effect of dilutive share-based compensation plans	**6,408,326**	-
Weighted average common shares outstanding – diluted	**512,456,028**	510,936,431

Outstanding stock options and RSUs are currently the only instruments which could potentially dilute earnings per share. For the three months ended March 31, 2020, the effect of all outstanding stock options and RSUs were not included in the computation of net income (loss) per common share because to do so would be anti-dilutive.

9. Supplemental cash flow information

For the three months ended March 31,	**2021**	**2020**
Increase (decrease) in non-cash working capital items:		
Accounts receivable	**$ (3,797)**	$ (4,034)
Prepaid expenses and deposits	**545**	782
Accounts payable and accrued liabilities	**590**	(2,037)
	$ (2,662)	$ (5,289)

10. Revenue

Revenue consists of amounts earned from sale of Contract Drilling and Production Services. Production Services includes revenue from service rigs, swabbing rigs and coil tubing units.

The following table presents the Company's revenue disaggregated by type:

For the three months ended March 31, 2021	Contract Drilling	Production Services			
	Drilling Rigs	**Service Rigs**	**Swabbing Rigs**	**Coil Tubing**	**Total**
Canada	$ 7,142	$ 17,072	$ 279	$ -	$ 24,493
United States	176	-	-	-	176
Revenue	$ 7,318	$ 17,072	$ 279	$ -	$ 24,669

Stated in thousands of Canadian dollars except share and per share amounts

For the three months ended March 31, 2020	Contract Drilling	Production Services			
	Drilling Rigs	**Service Rigs**	**Swabbing Rigs**	**Coil Tubing**	**Total**
Canada	$ 7,860	$ 20,278	$ 326	$ 265	$ 28,729
United States	4,811	-	-	-	4,811
Revenue	$ 12,671	$ 20,278	$ 326	$ 265	$ 33,540

Included in accounts receivable at March 31, 2021 was $903 (December 31, 2020: $1,089) of accrued revenue for services provided in the month then ended. There have been no significant adjustments for prior period accrued revenue in the current period.

As of March 31, 2021, the Company did not have any sales contracts beyond one year in term.

11. Other income

Other income for the three months ended March 31, 2021 consists of Government of Canada grants received under the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs. CEWS is a program to assist employers facing financial hardship, as measured by certain monthly revenue declines compared to the prior year as a result of the COVID-19 health pandemic. CERS is a program to assist businesses who have seen a drop in revenue due to the COVID-19 health pandemic to cover part of their commercial rent and mortgage and property expenses.

Included in accounts receivable at March 31, 2021 was $166 of accrued other income related to the CEWS and CERS programs for the period from March 14, 2021 to March 31, 2021 (December 31, 2020: $1,124).

12. Operating segments

The Company operates its Contract Drilling segment in both Canada and the United States while its Production Services segment operates in Canada. The Contract Drilling segment provides drilling rigs and related ancillary equipment to oil and gas exploration and production companies. The Production Services segment provides well services to oil and gas exploration and production companies through the use of service rigs and swabbing rigs.

Management uses net income before depreciation and income taxes ("segment profit") in management reports reviewed by key management personnel and the board of directors to measure performance at a segment basis. Segment profit is used to measure performance, as management believes this is the most relevant measure in evaluating the results of our segments relative to each other and to other entities that operate within the respective industries.

The Corporate segment captures general and administrative expenses associated with supporting each of the reporting segments operations, plus costs associated with being a public company. Also included in the Corporate segment is interest expense for debt servicing, income tax expense and other amounts not directly related to the two primary segments.

Stated in thousands of Canadian dollars except share and per share amounts

The amounts related to each industry segment are as follows:

For the three months ended March 31, 2021	Contract Drilling	Production Services	Corporate	Total
Revenue	$ 7,318	$ 17,351	$ -	$ 24,669
Other income	97	903	65	1,065
Direct operating expenses	5,393	12,155	-	17,548
Selling and administrative expenses	255	2,012	1,065	3,332
Stock based compensation	-	-	176	176
Finance costs	-	-	259	259
Depreciation	848	1,740	108	2,696
Gain on disposal of equipment	(28)	(184)	-	(212)
Impairment of assets held for sale	-	1,296	-	1,296
Income (loss) before tax	947	1,235	(1,543)	639
Deferred income tax expense	-	-	192	192
Net income (loss)	$ 947	$ 1,235	$ (1,735)	$ 447
Capital expenditures	$ 955	$ 320	$ -	$ 1,275
As at March 31, 2021				
Property, plant and equipment	$ 63,830	$ 114,758	$ 123	$ 178,711
Right-of-use assets	$ 37	$ 40	$ 54	$ 131

For the three months ended March 31, 2020	Contract Drilling	Production Services	Corporate	Total
Revenue	$ 12,671	$ 20,869	$ -	$ 33,540
Direct operating expenses	8,150	15,465	-	23,615
Selling and administrative expenses	580	2,454	1,383	4,417
Stock based compensation	-	-	133	133
Finance costs	-	-	684	684
Depreciation	1,119	1,781	272	3,172
Loss on disposal of equipment	142	909	-	1,051
Impairment of assets	24,000	1,451	-	25,451
Loss before tax	(21,320)	(1,191)	(2,472)	(24,983)
Deferred income tax recovery	-	-	(5,806)	(5,806)
Net income (loss)	$ (21,320)	$ (1,191)	$ 3,334	$ (19,177)
Capital expenditures	$ 786	$ 1,993	$ 26	$ 2,805
As at March 31, 2020				
Property, plant and equipment	$ 66,742	$ 123,616	$ 187	$ 190,545
Right-of-use assets	$ 201	$ 285	$ 105	$ 591

Stated in thousands of Canadian dollars except share and per share amounts

13. Expenses by nature

For the three months ended March 31, 2021	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Gain on disposal of equipment	Impairment of assets held for sale	Total
Personnel expenses	$ 11,942	$ 2,208	$ 176	$ -	$ -	$ -	$ -	$ 14,326
Third party charges	2,715	-	-	-	-	-	-	2,715
Repairs and maintenance	2,891	-	-	-	-	-	-	2,891
Other selling and administrative expenses	-	922	-	-	-	-	-	922
Bad debt recovery	-	(194)	-	-	-	-	-	(194)
Facility expenses	-	396	-	-	-	-	-	396
Finance costs	-	-	-	259	-	-	-	259
Depreciation expense	-	-	-	-	2,696	-	-	2,696
Gain on disposal of equipment	-	-	-	-	-	(212)	-	(212)
Impairment of assets held for sale	-	-	-	-	-	-	1,296	1,296
Total	$ 17,548	$ 3,332	$ 176	$ 259	$ 2,696	$ (212)	$ 1,296	$ 25,095

For the three months ended March 31, 2020	Direct operating expenses	Selling and administrative expenses	Stock based compensation	Finance costs	Depreciation expense	Loss on disposal of equipment	Impairment of assets	Finance costs
Personnel expenses	$ 15,942	$ 2,458	$ 133	$ -	$ -	$ -	$ -	$ 18,533
Third party charges	3,386	-	-	-	-	-	-	3,386
Repairs and maintenance	4,287	-	-	-	-	-	-	4,287
Other selling and administrative expenses	-	1,373	-	-	-	-	-	1,373
Bad debt expense	-	252	-	-	-	-	-	252
Facility expenses	-	334	-	-	-	-	-	334
Finance costs	-	-	-	684	-	-	-	684
Depreciation expense	-	-	-	-	3,172	-	-	3,172
Loss on disposal of equipment	-	-	-	-	-	1,051	-	1,051
Impairment of assets	-	-	-	-	-	-	25,451	25,451
Total	$ **23,615**	$ **4,417**	$ **133**	$ **684**	$ **3,172**	$ **1,051**	$ **25,451**	$ **58,523**

Corporate Information

Directors
Jim Reid, Chairman
Duncan T. Au[1]
Daryl Austin
Gary L. Bentham[1,2]
Wade McGowan[1,2,3]
Dean Schultz[2,3]

1. *Audit Committee*
2. *Compensation and Corporate Governance Committee*
3. *Quality, Health, Safety and Environment Committee*

Officers
Duncan T. Au, FCPA, FCA, CFA
President & Chief Executive Officer

Stuart King, CPA, CA
Chief Financial Officer

Paul Donohue
Vice President Operations (Drilling)

Darwin McIntyre
Vice President Operations (Well Services)

Bob Apps
Vice President, Sales and Marketing (Drilling)

Mike Dubois
Vice President, Sales and Marketing (Well Services)

Corporate Secretary
James L. Kidd
Burnet, Duckworth & Palmer LLP

Auditors
Ernst & Young LLP

Bankers
ATB Financial
National Bank
HSBC Bank Canada & U.S.
Canadian Western Bank

Legal Counsel
Burnet, Duckworth & Palmer LLP

Transfer Agent
Computershare Limited

Corporate Office
610, 205 – 5th Avenue SW
Calgary, Alberta T2P 2V7
Phone: (403) 264-2177
Fax: (403) 264-2842
Website: www.cwcenergyservices.com
Email: info@cwcenergyservices.com

Stock Exchange Listing
TSX Venture: CWC

CWC ENERGY SERVICES

Suite 610, 205 – 5th Ave SW
Calgary, Alberta, Canada T2P 2V7
www.cwcenergyservices.com
TSX-V: CWC