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 May 11, 2016 and should be read in conjunction with unaudited condensed interim financial statements for the three months ended March 31, 2016, the audited annual financial statements for the year ended December 31, 2015 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2015 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC, including the AIF, is available on SEDAR at www.sedar.com.

Highlights for the Three Months Ended March 31, 2016

- CWC's drilling rig utilization of 26% in Q1 2016 (Q1 2015: 44%) was 3% higher than Q4 2015 of 23% and exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 20%. The lower activity level in Q1 2016 compared to Q1 2015 reflects the significantly lower commodity prices during the quarter.

- CWC's industry leading service rig utilization of 40% in Q1 2016 (Q1 2015: 29%) was 4% higher than Q4 2015 of 36%. CWC's utilization in Q1 2016 reflects an impressive increase of 41% in operating hours from Q1 2015 despite CAODC total industry operating hours declining 36% from Q1 2015. The Company's increased market share can be attributed to its modern fleet of 74 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our high quality equipment is strong and has been a differentiating factor for CWC.

- Revenue of $19.7 million, a decrease of $8.0 million (29%) compared to $27.8 million in Q1 2015. The decline from Q1 2015 is predominately due to lower year-over-year rates charged to E&P customers resulting from lower commodity prices and a significant decline in drilling rig activity.

- EBITDAS(1) of $2.6 million, a decrease of $2.7 million (51%) compared to $5.3 million in Q1 2015. Lower EBITDAS is a direct result of lower day and hourly rig rates partly offset by lower variable and fixed costs from the Company's cash saving initiatives.

- Net loss of $1.4 million, a decrease of $1.5 million compared to net income of $38 thousand in Q1 2015. The year-over-year reduction in net income is due to lower EBITDAS, offset by a reduction in non-cash Stock Based Compensation, Deferred Income Tax and Depreciation & Amortization expenses.

- On April 25, 2016, the Company extended its credit agreement with its banking syndicate to include, among other things, the following terms:

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

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

- On April 25, 2016, CWC announced a rights offering of its common shares. Each registered shareholder of common shares on the record date of May 2, 2016 will receive one right for each common share held. Three rights plus the subscription price of $0.15 will entitle the rights holder to subscribe for one common share. If fully subscribed, the gross proceeds from the rights offering is estimated to be $14.6 million and is expected to close on May 31, 2016. CWC's largest shareholder, Brookfield Capital Partners Ltd. which controls approximately 70% of the outstanding common shares, has confirmed that it will participate in the rights offering to the fullest extent possible.

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

Corporate Overview

CWC Energy Services Corp. is a premier contract drilling and well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") with a complementary suite of oilfield services including drilling rigs, service rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Red Deer, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC" and rights pursuant to the rights offering until 10:00 am (MST) on May 31, 2016 under the symbol "CWC.RT".

Financial and Operational Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended March 31, 2016	2015	% Change
FINANCIAL RESULTS			
Revenue			
Contract drilling	4,119	10,973	(62%)
Production services	15,621	16,857	(7%)
	19,740	27,830	(29%)
EBITDAS (1)	2,557	5,254	(51%)
EBITDAS margin (%) (1)	13%	19%	(6%)
Funds from operations (1)	2,557	5,254	(51%)
Net income (loss)	(1,430)	38	n/m(2)
Net income (loss) margin (%)	(7%)	0%	n/m(2)
Dividends declared	-	1,421	n/m(2)
Per share information			
Weighted average number of shares outstanding – basic	292,636,578	277,658,060	
Weighted average number of shares outstanding – diluted	292,636,578	279,649,105	
EBITDAS (1) per share – basic and diluted	$0.01	$0.02	
Net income (loss) per share - basic and diluted	$0.00	$0.00	
Dividends declared per share	$0.00	$0.005	

$ thousands, except ratios	March 31, 2016	December 31, 2015
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	12,150	11,822
Working capital (excluding debt) ratio [1]	3:1	3:1
Total assets	218,765	222,428
Total long-term debt (including current portion)	50,765	52,241
Shareholders' equity	146,116	147,462

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

(2) Not meaningful.

Working capital (excluding debt) has increased 3% since December 31, 2015 as a result of lower accounts payable, but similar amount of current assets. Total assets are lower as depreciation of property & equipment exceeded net capital expenditures. Long-term debt (including current portion) has decreased as Funds from Operations exceeded capital expenditures and interest. Shareholders' equity has decreased since December 31, 2015 due to the Net Loss in Q1 2016.

Operational Overview

Contract Drilling

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

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2016**	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**	**Mar. 31, 2015**	**Dec. 31, 2014**	**Sep. 30, 2014**	**Jun. 30, 2014** [3]
Drilling Rigs								
Active drilling rigs, end of period	8	9	9	9	9	9	9	8
Inactive drilling rigs, end of period	1	-	-	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	8
Revenue per operating day [1]	$21,565	$24,996	$24,740	$26,661	$30,553	$29,305	$27,715	$30,258
Drilling rig operating days	191	191	379	99	359	693	551	107
Drilling rig utilization % [2]	26%	23%	46%	12%	44%	84%	75%	29%
CAODC industry average utilization %	20%	20%	24%	13%	34%	45%	46%	26%

(1) Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New 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.

(3) CWC entered into the contract drilling business on May 15, 2014, results are included May 16, 2014 onward.

During Q1 2016, Contract Drilling revenue of $4.1 million was achieved with a utilization rate of 26% compared to the CAODC industry average of 20%. Overall, Q1 2016 Contract Drilling revenue was 62% lower than Q1 2015 as the impact of low commodity prices has reduced industry activity and pricing. Approximately 52% of the year-over-year reduction in revenue is due to activity (drilling rig operating days), while 48% is due to pricing as measured by average revenue per day in Q1 2016 of $21,565 which is 29% lower than Q1 2015 pricing.

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

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at March 31, 2016 which consists of 41 single, 27 double, and 6 slant rigs. CWC's fleet is amongst the newest in the WCSB and provide services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Given the current downturn in the industry, CWC has chosen to park nine of its service rigs and focus its sales and operational efforts on the remaining 65 service rigs.

CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres. As at March 31, 2016, the Company's fleet of nine coil tubing units consists of five Class I, three Class II and one Class III coil tubing units. In light of competitive challenges for CWC's Class III coil tubing unit, the Company has chosen to focus its sales and operational efforts on its eight Class I and II coil tubing units which are better suited at servicing SAGD wells, which are shallower in depth and more appropriate for these coil tubing operations.

OPERATING HIGHLIGHTS	Three months ended Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014	Sep. 30, 2014	Jun. 30, 2014
Service Rigs								
Active service rigs, end of period	65	64	65	66	66	69	68	68
Inactive service rigs, end of period	9	10	9	8	7	3	3	3
Total service rigs, end of period	74	74	74	74	73	72	71	71
Operating hours	23,466	21,008	16,676	14,051	16,580	28,644	26,354	20,399
Revenue per hour	$580	$615	$657	$668	$769	$790	$756	$752
Service rig utilization % (1)	40%	36%	27%	23%	29%	45%	42%	33%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	8	8	9	9	7
Inactive coil tubing units, end of period	1	1	1	1	1	0	0	0
Total coil tubing units, end of period	9	9	9	9	9	9	9	7
Operating hours	3,034	1,665	1,048	2,111	4,351	2,631	2,056	1,403
Revenue per hour	$662	$657	$771	$724	$885	$825	$894	$784
Coil tubing units utilization % (2)	42%	23%	14%	29%	60%	32%	29%	22%

(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 $15.6 million in Q1 2016 down $1.2 million (7%) when compared to Q1 2015 as increased activity was more than offset by the impact of lower pricing, as measured by revenue per hour. The Company's service rig activity exceeded management's expectation despite above average winter temperatures and soft ground conditions and the continued impact of lower crude oil and natural gas prices on E&P companies capital spending. The Company's operating hours were the highest amongst all CAODC registered service rig companies in Q1 2016 with operating hours of 23,466 hours, exceeding 16,580 hours in Q1 2015 by 42% and 21,008 hours in Q4 2015 by 12%. Increased activity is offset by a 25% decline in revenue per hour from Q1 2015 and 6% from Q4 2015. CWC's increased utilization since Q3 2015 is a result of: (i) a focus on production work; (ii) an increase in market share with a select number of senior E&P customers; (iii) an aggressive pricing strategy initiated in September 2015; and (iv) a service rig fleet, amongst the newest in the WCSB, which stands out in an industry characterized by ageing equipment and infrastructure. Coil tubing utilization was 42% in Q1 2016 compared to 60% in Q1 2015 as the low commodity prices delayed normal winter activities, particularly at intermediate depths. The decrease of 25% in coil tubing units' average hourly rate from Q1 2015 is a function of less SAGD work in Q1 2016 compared to Q1 2015 and overall pricing pressures from our E&P customers.

In March 2015, CWC suspended its non-core Well Testing business, which contributed Q1 2015 revenue of $2.9 million and EBITDAS of $0.3 million with no corresponding amounts in Q1 2016. These Well Testing assets along with other non-core Production Service assets were disposed of in October 2015.

Outlook

The impact of lower crude oil and natural gas prices negatively impacted the oilfield services industry again in Q1 2016. Crude oil, as represented by WTI, reached a low of US$26.19/bbl on February 11, 2016 before rebounding to ended Q1 2016 at US$36.94/bbl; 1% lower than its closing price on December 31, 2015. Natural gas prices did not fare much better during the quarter as AECO closed Q1 2016 at $0.92/GJ; its lowest close since February 1995 and 63% lower than December 31, 2015. Prospects for any significant global supply and demand rebalance in 2016 is becoming increasingly unlikely. On April 18, 2016, CAODC forecasted a 2016 drilling rig utilization of 21% (2015: 24%) with 4,728 wells being drilled (2015: 5,394 wells). On April 28, 2016, Petroleum Services Association of Canada ("PSAC") revised its 2016 forecast to 3,315 wells being drilled; 36% lower than its initial November 2015 forecast. Based on these industry forecasts, activity levels in the WCSB will likely be lower in 2016 compared to 2015. Despite the challenging industry environment, CWC has, to date, outperformed its peers and believes it can continue to do so for the remainder of the year.

On April 25, 2016, CWC signed an agreement with its banking syndicate to extend the maturity of its credit facilities to July 31, 2018 and to amend the Consolidated Debt to Consolidated EBITDA ratios and calculations through to Q2 2018. With these amendments to the credit facilities, the Company anticipates that it will be in compliance with its financial covenant ratios through the date of maturity. The Company also anticipates that the resulting increased financial flexibility will allow CWC to focus on its business operations and strategic initiatives through a prolonged industry downturn and demonstrates the continued strong support of its banking syndicate.

Also on April 25, 2016, CWC announced a rights offering of its common shares. Each registered shareholder of common shares on the record date of May 2, 2016 will receive one right for each common share held. Three rights plus the subscription price of $0.15 will entitle the rights holder to subscribe for one common share. If fully subscribed, the gross proceeds from the rights offering is estimated to be $14.6 million and is expected to close on May 31, 2016. CWC's largest shareholder, Brookfield Capital Partners Ltd. which controls approximately 70% of the outstanding common shares, has confirmed that it will participate in the rights offering to the fullest extent possible.

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

Discussion of Financial Results

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Revenue				
Contract drilling	4,119	10,973	(6,854)	(62%)
Production services	15,621	16,857	(1,236)	(7%)
	19,740	27,830	(8,090)	(29%)
Direct operating expenses				
Contract drilling	2,969	6,240	(3,271)	(52%)
Production services	11,147	11,979	(832)	(7%)
	14,116	18,219	(4,103)	(23%)
Gross margin [(1)]				
Contract drilling	1,150	4,733	(3,583)	(76%)
Production services	4,474	4,878	(404)	(8%)
	5,624	9,611	(3,987)	(41%)
Gross margin percentage [(1)]				
Contract drilling	28%	43%	n/a	(15%)
Production services	29%	29%	n/a	(0%)
	28%	35%	n/a	(6%)

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

Revenue

Q1 2016 revenue of $19.7 million, declined by $8.1 million (29%) from $27.8 million in Q1 2015. Contract Drilling was the biggest contributor to the revenue decline which decreased $6.8 million (62%) to $4.1 million from $11.0 million in Q1 2015 as a result of lower commodity prices and correspondingly lower activity levels and pricing during the quarter. Of the $6.8 million decrease in Contract Drilling revenue, approximately 52% of the reduction is due to activity (operating days), while 48% is due to pricing (average revenue per day), which is 29% lower than Q1 2015. Production Services revenue of $15.6 million in Q1 2016 was $1.2 million (7%) lower than $16.9 million in Q1 2015 as the service rig activity (operating hours) increase of 42% was offset by the impact of lower pricing (revenue per hour), which declined by 25%. In addition, the Production Services revenue quarter-over-quarter decrease was compounded by coil tubing activity (operating hours) in Q1 2016 decreasing by 30% along with a decrease in pricing (revenue per hour) of 25%. Revenue from the Company's top ten customers in Q1 2016 comprised 81% of revenue (Q1 2015 - 62%) and one customer comprised 32% of revenue (Q1 2015 - 9%).

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. Both Contract Drilling and Production Services segments experienced reductions in field labour costs during Q1

2016 compared to Q1 2015, which offset day and hourly rate reductions on revenue. Gross margin percentage of 28% in Q1 2016 (Q1 2015: 35%) has decreased for the quarter as a result of lower Contract Drilling customer pricing outpacing lower operating costs and field labour wage reductions. In addition, some direct operating costs will not vary based on activity (i.e. repairs and maintenance, insurance, licensing, permitting, etc.).

Selling and Administrative Expenses

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Selling and administrative expenses	3,067	4,357	(1,290)	(30%)

Selling and administrative expenses in Q1 2016 of $3.1 million, decreased $1.3 million (30%) compared to $4.4 million in Q1 2015. Selling and administrative expenses are predominately fixed in nature, but have declined due to cash savings initiatives undertaken throughout 2015 and into Q1 2016, including layoffs, salary reductions, and suspension of bonuses. Most selling and administrative expenses, such as building and office rent and office staff salaries are fixed in nature and are not subject to significant fluctuation on a quarterly basis. Other costs such as professional and legal fees can fluctuate depending on specific services received in the period.

EBITDAS

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
EBITDAS [(1)]				
Contract drilling	983	4.429	(3,446)	(78%)
Production services	2,756	2,366	390	16%
Corporate	(1,182)	(1,541)	359	(23%)
	2,557	5,254	(2,697)	(51%)
EBITDAS margin (%) [(1)]	13%	19%	n/a	(6%)

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

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

EBITDAS for Q1 2016 of $2.6 million, a $2.7 million (51%) decrease from $5.3 million in Q1 2015. The EBITDAS decrease is predominately a result of lower revenue of $6.8 million and gross margin of $3.6 million from the Contact Drilling segment due to both lower activity and pricing, which more than offset the cost reductions from Production Services and Corporate of $0.7 million. In addition, Q1 2015 EBITDAS of $5.3 million included severance costs of $0.3 million associated with staff reductions and negative EBITDAS of $0.2 million from the Well Testing business before its operations were suspended.

Stock Based Compensation

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Stock based compensation	84	323	(239)	(74%)

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSU's") being expensed over their vesting term. Stock based compensation of $0.1 million in Q1 2016 is 74% lower than Q1 2015 primarily due to the forfeiture of stock options and RSU's on employee departures in Q4 2015, which were granted in May 2014 at a significantly higher price than stock options and RSU's granted in December 2015 and March 2016. As a generalization, a higher stock based compensation expense will result from a higher trading price of CWC's common shares at the time the stock options and RSUs are granted.

Finance Costs

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Finance costs	577	574	3	1%

Finance costs for Q1 2016 are consistent with Q1 2015 as the reduction in average outstanding borrowing in Q1 2016 compared to Q1 2015 was offset by higher average interest rates and amortization of capitalized finance costs.

Effective March 31, 2016, the applicable rates under the revolving credit facility are bank prime rate plus 3.75%, bankers acceptances rate plus a stamping fee of 4.75% and a standby fee rate of 1.07%.

Depreciation

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Depreciation				
Contract drilling	806	1,313	(507)	(39%)
Production services	2,822	2,830	(8)	-
Corporate	43	41	2	(5%)
	3,671	4,184	(513)	(12%)

Depreciation for drilling rigs and service rigs are based on operating days and hours. Coil tubing units, capitalized recertifications and other production equipment are depreciated straight line resulting in consistent depreciation expense regardless of activity. As such, the reduction in Contract Drilling depreciation reflects lower drilling days while the increase in Production Services depreciation reflects increased operating hours when compared to Q1 2015.

Loss on Disposal of Equipment

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Loss on disposal of equipment	145	35	110	314%

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q1 2016, the loss on disposal of equipment was the result of the sale of equipment with proceeds on sale of $0.1 million (Q1 2015: $0.1 million).

Deferred Income Taxes

$ thousands	Three months ended March 31, 2016	2015	$ Change
Net income (loss) before income taxes	(1,920)	138	(2,058)
Deferred income tax expense (recovery)	(490)	100	(590)
Deferred income tax expense (recovery) as a % of net income (loss) before income taxes	26%	72%	n/m[1]
Expected statutory income tax rate	27%	25%	2%

[1] Not meaningful.

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 such 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 Q1 2016 deferred income tax recovery of $0.5 million is a direct result of a net loss before income taxes, the reduction in stock based compensation and an increase in the Alberta corporate statutory income tax rate implemented in Q2 2015.

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

Net Income (Loss) and Comprehensive Income (Loss)

$ thousands	Three months ended March 31, 2016	2015	$ Change	% Change
Net income (loss) and comprehensive income (loss)	(1,430)	38	(1,468)	n/m[1]

[1] Not meaningful.

Net loss and comprehensive loss in Q1 2016 of $1.4 million, a decrease $1.5 million compared to net income and comprehensive income in Q1 2015 of $38 thousand. The reduction is due predominately to lower EBITDAS of $2.6 million in Q1 2016 compared to $5.3 million in Q1 2015 as lower direct operating and selling and administrative expenses were more than offset by lower revenue. The impact of lower EBITDAS was offset by lower stock based compensation of $0.2 million, depreciation of $0.5 million, and deferred income tax expense (recovery) of $0.6 million.

Liquidity and Capital Resources

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

In Q1 2016, the Company had operating cash flows of $2.2 million, of which $0.1 million was used to fund capital expenditures, net of proceeds on disposition, and $2.1 million was paid to reduce the outstanding debt and pay interest expense.

At March 31, 2016 the Company had working capital (excluding debt) of $12.2 million compared to $11.7 million at March 31, 2015. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The increase in working capital (excluding debt) from March 31, 2015 is a result of a lower amount of accounts payable, but a similar amount of current assets. Typically, as activity levels increase or decrease working capital will also increase or decrease.

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

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

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

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

- the inclusion of an equity cure provision which allows the Company to apply the proceeds of equity offerings in the calculation of Consolidated EBITDA towards the Consolidated Debt to Consolidated EBITDA ratio until March 31, 2018, subject to certain conditions as follows:

  - an equity cure may be utilized in no more than two quarters during such period;
  - an equity cure may not be utilized in consecutive quarters; and
  - an equity cure utilized in any quarter is not to exceed the greater of 50% of total Consolidated EBITDA over the prior twelve month period or $15.0 million.

The credit facilities are secured by a general security agreement and a first charge security interest covering all of the assets of the Company. Under the terms of the credit facilities, the Company is required to comply with certain financial covenants. As of March 31, 2016, the Company is in compliance with each of the financial covenants. No principal payments are required under the credit facilities until its maturity on July 31, 2018, at which time any amounts outstanding are due and payable. The Company expects to be able to renew the credit facilities prior to maturity. As at March 31, 2016, drawings under the credit facilities totaled $50.8 million. As at April 25, 2016 the maximum amount available is $55.0 million, being the total credit facilities less the minimum liquidity amount.

On April 25, 2016, CWC announced that it will be offering rights to holders of its common shares whereby shareholders of record on May 2, 2016 are able to acquire additional common shares of the Company. Each registered shareholder will receive one right for each common share held. Three rights plus the subscription price of $0.15 will entitle the rights holder to subscribe for one common share. If fully subscribed, the rights offering is expected to generate gross proceeds of approximately $14.6 million. A portion of the net proceeds of the rights offering may be held in a segregated blocked account at the option of the Company such that they may be utilized in the calculation of EBITDA towards the Consolidated Debt to Consolidated EBITDA covenant to maintain a specified ratio under the Company's credit facilities. The application of new equity issue proceeds in this manner is consistent with the equity cure and may take place in any quarters until March 31, 2018, subject to certain conditions. If the net proceeds are not utilized as an equity cure, it is expected that they will be used by the Company to reduce the Company's outstanding indebtedness, to fund capital expenditures and/or for general working capital and corporate purposes.

At March 31, 2016 the applicable rates under the credit agreement are bank prime rate plus 3.75%, bankers acceptances rate plus a stamping fee of 4.75% and a standby fee rate of 1.07%.

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

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

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest. Existing shareholder's who do not participate in the recently announced rights offering will incur a dilution of their interest of up to 33%.

Common Shares and Dividends

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

	May 11, 2016	March 31, 2016	December 31, 2015
Common shares	292,638,007	292,638,007	292,628,007
Stock options	19,000,000	17,000,000	14,400,000
Restricted share units	2,438,334	2,138,334	2,290,001

During Q1 2016, no stock options were exercised, 3,700,000 were issued and 1,100,000 stock options were forfeited. In addition, 10,000 RSU's were exercised and 141,667 RSU's were forfeited. Subsequent to Q1 2016, 2,000,000 stock options and 300,000 RSU's were issued.

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

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

The Company has an NCIB which allows it to purchase, from time to time as it considers advisable, up to 14,229,807 of issued and outstanding common shares through the facilities of the TSX Venture Exchange (“TSXV”) or other recognized marketplaces. The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV or such other recognized marketplace at the time of such purchase. During Q1 2016, no common shares were purchased under the NCIB. The NCIB expires on May 21, 2016 unless renewed.

Capital Expenditures

$ thousands	**Three months ended March 31, 2015**	**2015**	**$ Change**
Contract drilling	26	1,770	(1,744)
Production services	240	3,241	(3,001)
Total capital expenditure	266	5,011	(4,745)
Growth capital	-	3,831	(3,831)
Maintenance and infrastructure capital	266	1,180	(914)
Total capital expenditure	266	5,011	(4,745)

Capital expenditures in Q1 2016 of $0.3 million is $4.7 million (95%) lower than $5.0 million in Q1 2015. Capital expenditures in Q1 2016 consist of a vehicle and minor recertification costs. This compares to Q1 2015 capital expenditures largely related to costs associated with completion of slant service rigs #505 and #506 and costs incurred prior to the decision to delay the upgrade of drilling rig #2 and completion of a new drilling rig #10.

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

Commitments and Contractual Obligations

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

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	**2016**	**2015**				**2014**		
Three months ended	**Mar. 31**	**Dec. 31**	**Sep. 30**	**Jun. 30**	**Mar. 31**	**Dec. 31**	**Sep. 30**	**Jun. 30**
Revenue	19,740	18,787	21,135	13,508	27,830	45,959	38,846	20,488
EBITDAS	2,557	2,327	3,679	777	5,254	13,540	9,886	1,176
Net income (loss)	(1,430)	(6,747)	(18,103)	(4,294)	38	(15,760)	2,246	(3,182)
Net income (loss) per share: basic and diluted	0.00	(0.02)	(0.06)	(0.02)	0.00	(0.06)	0.01	(0.01)
Total assets	218,906	222,428	236,246	249,544	258,835	275,353	288,011	277,679
Total long-term debt	50,538	50,036	57,519	51,618	55,096	65,666	60,313	51,324
Shareholders' equity	146,116	147,462	153,503	171,100	174,925	172,705	193,151	195,851

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

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

Other significant impacts have been a result of:

- Q1 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company saw a significant increase in its market share and utilization of its service rigs during a period of declining industry activity;
- Q4 2015 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. Q4 2015 Net loss includes an impairment of drilling rig, service rig and coil tubing property and equipment and intangible assets totaling $6.9 million;
- Q3 2015 saw improved utilizations in drilling and service rig activity compared to Q2 2015 due in part to improved crude oil pricing in Q2 2015. Q3 2015 net loss includes a $17.3 million impairment in goodwill and assets held for sale. The goodwill arose on the purchase of Ironhand in Q2 2014;
- Q2 2015 continued to be negatively impacted by global market conditions resulting in a 34% decline in both revenue and EBITDAS from Q2 2014. Net loss was further impacted by the 2% increase to the Alberta corporate income tax rate;
- Q1 2015 was impacted by the global oversupply of oil and the 2014 decision by OPEC not to curtail production which resulted in significant decreases in revenue in both Contract Drilling and Production Services. Decreases in rates were demanded by E&P customers, which further impacted revenue negatively;
- Q4 2014 represented a record revenue quarter for CWC since the Company's inception. The Contract Drilling segment, acquired in the second quarter of 2014, represented 44% of the Company's Q4 2014 revenue;
- Q4 2014 saw revenue in the Production Services segment decline on a year-over-year basis by 19%. Of the $5.9 million decrease in revenue, $1.9 million is a result of a decrease in the snubbing assets and business as it was sold in Q3 2014 with the remaining $4.0 million decline in revenue a result of reduced activity level with several of CWC's largest E&P customers. Q4 2014 service rig utilization declined by 7% compared to Q4 2013;
- Q4 2014 net loss includes $20.9 million goodwill impairment. Goodwill arose on the purchase of Ironhand in Q2 2014. At the time of purchase, the current economic downturn had not yet emerged and all indications were that CWC would continue to grow the Contract Drilling segment with the completion of Rig #9 and building an additional Rig #10 in 2015. In Q1 2015, revised predictions of lower drilling activity were released by CAODC and PSAC and analysts were predicting that 2015 would be a significantly challenging year for oilfield service companies. The anticipated decline was sufficient to indicate an impairment to the Goodwill;
- Q3 2014 represented the first full three month period with the Contract Drilling segment which represented 39% of the Company's Q3 2014 revenue;
- Q3 2014 included a gain on disposal of equipment of $0.2 million in net income as a result of the sale of the snubbing assets and business;
- Q2 2014 increase to total assets and shareholders' equity reflects the acquisition of Ironhand and related equity financing. Ironhand was acquired for a total purchase consideration of $128.7 million and $0.8 million in transaction costs were incurred relating to the acquisition of Ironhand.

Critical Accounting Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the interim unaudited financial statements for the three months ended March 31, 2016 and the section titled "Critical Accounting Estimates and Judgments" in the Annual MD&A. There have been no significant or material changes in the nature of critical accounting estimates and judgments since December 31, 2015.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the March 31, 2016 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

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

Risks and Uncertainties

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

Forward-Looking Information

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

Reconciliation of Non-IFRS Measures

$ thousands except margin, share and per share amounts	Three months ended March 31, 2016	2015
NON-IFRS MEASURES		
EBITDAS:		
Net income (loss)	(1,430)	38
Add:		
Depreciation	3,671	4,184
Finance costs	577	574
Deferred income tax expense (recovery)	(490)	100
Stock based compensation	84	323
Loss on sale of equipment	145	35
EBITDAS (1)	2,557	5,254
EBITDAS per share – basic and diluted(1)	$0.01	$0.02
EBITDAS margin (EBITDAS/Revenue)(1)	13%	19%
Weighted average number shares outstanding - basic	292,636,578	277,658,060
Weighted average number shares outstanding - diluted	292,636,578	279,649,105
Funds from operations:		
Cash flows from operating activities	2,229	17,488
Add (deduct): Change in non-cash working capital	328	(12,234)
Funds from operations (2)	2,557	5,254
Gross margin:		
Revenue	19,740	27,830
Less: Direct operating expenses	14,116	18,219
Gross margin (3)	5,624	9,611
Gross margin percentage (3)	28%	35%

$ thousands	March 31, 2016	December 31, 2015
Working capital (excluding debt):		
Current assets	17,310	17,333
Less: Current liabilities	(5,387)	(5,716)
Add: Current portion of long term debt	227	205
Working capital (excluding debt) (4)	12,150	11,822
Working capital (excluding debt) ratio (4)	3:1	3:1
Net debt:		
Long term debt	50,538	52,036
Less: Current assets	(17,310)	(17,333)
Add: Current liabilities	5,387	5,716
Net debt (5)	38,615	40,419

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

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

(3) Gross margin is calculated from the statement of comprehensive income as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated as gross margin divided by revenue. The Company believes the relationship between revenue and costs expressed by the gross margin percentage is a useful

measure when compared over different financial periods as it demonstrates the trending relationship between revenue, costs and margins. Gross margin and gross margin percentage are non-IFRS measures and do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.

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

(5) Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.