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 2, 2018 and should be read in conjunction with unaudited condensed interim financial statements ("Financial Statements") for the three months ended March 31, 2018, the audited annual financial statements for the year ended December 31, 2017 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2017 ("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.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended March 31, 2018	2017	% Change
FINANCIAL RESULTS			
Revenue			
Contract drilling	11,685	11,136	5%
Production services	37,240	21,372	74%
	48,925	32,508	51%
Adjusted EBITDA [1]	7,478	5,150	45%
Adjusted EBITDA margin (%) [1]	15%	16%	(1%)
Funds from operations	7,478	5,150	45%
Net income (loss) and comprehensive income (loss)	1,196	(368)	n/m[2]
Net income (loss) and comprehensive income (loss) margin (%)	2%	(1%)	3%
Per share information			
Weighted average number of shares outstanding – basic	522,097,878	392,269,947	
Weighted average number of shares outstanding – diluted	525,725,595	392,269,947	
Adjusted EBITDA [1] per share – basic and diluted	$0.01	$0.01	
Net income (loss) per share - basic and diluted	$0.00	$0.00	

$ thousands, except ratios	March 31, 2018	December 31, 2017
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	27,716	19,543
Working capital (excluding debt) ratio [1]	3.0:1	2.6:1
Total assets	268,479	264,354
Total long-term debt (including current portion)	51,377	49,810
Shareholders' equity	187,829	186,519

[1] Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.
[2] Not meaningful.

Working capital (excluding debt) has increased 42% since December 31, 2017 driven by a 30% increase in accounts receivable from higher revenue in Q1 2018 offset by a 6% increase in accounts payable. Due to the seasonality of the oilfield services business in Canada, working capital typically peaks in Q1 and drops in Q2 as accounts receivable are collected. Long-term debt (including current portion) has increased 3% from December 31, 2017 in part to fund the increase in working capital (excluding debt).

Highlights for the Three Months Ended March 31, 2018

- In Q1 2018, the Company continued to experience higher utilization attributable to improved and stable crude oil prices. Average Q1 2018 crude oil pricing, as measured by WTI, of US$62.89/bbl was 14% higher than the Q4 2017 average price of US$55.28/bbl and 21% higher than Q1 2017 pricing of US$51.85/bbl . However, Canadian crude oil pricing headwinds continued to persist as the price differential between WCS and WTI widened to a range of US$20 to US$25/bbl during Q1 2018 from a historical normalized range of US$10 to US$15/bbl. Natural gas prices, as measured by AECO, increased 23% from an average of $1.67/GJ in Q4 2017 to $2.06/GJ in Q1 2018 (Q1 2017: $2.57/GJ), but is still historically low in relative terms.

- CWC's drilling rig utilization of 61% in Q1 2018 (Q1 2017: 66%) exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 52%. Activity levels decreased 8% in Q1 2018 compared to Q1 2017 due to exploration and production ("E&P") companies shortening their drilling programs due to the widening price differential in Q1 2018 between WCS and WTI and low natural gas prices.

- CWC's service rig utilization of 56% in Q1 2018 (Q1 2017: 56%) set a new Company record with 53,979 operating hours, which was 32% higher than the previous record of 40,879 operating hours in Q4 2017 as a result of the additional service rigs acquired from C&J Energy Production Services-Canada Ltd. ("C&J Canada"). CWC's Q1 2018 service rig operating hours and utilization represent the best operating results the Company has achieved in the last 16 quarters since Q1 2014 and reflects the increasing demand from our E&P customers to do maintenance, workovers and abandonments on existing wells.

- CWC's coil tubing utilization of 39% in Q1 2018 (Q1 2017: 52%) with 3,007 operating hours was 29% lower than the 4,243 operating hours in Q1 2017. Operating hours were negatively impacted by the continuation of low natural gas prices and the widening differential between WCS and WTI causing delays in allocation and commitment of capital by our E&P customers as well as from unexpected repairs and maintenance to equipment causing delays in revenue generation. During Q1 2018, CWC sold one inactive coil tubing unit and one picker unit for gross proceeds of $0.8 million.

- Revenue of $48.9 million, an increase of $16.4 million (51%) compared to $32.5 million in Q1 2017. The increase from Q1 2017 is a result of the significant year-over-year increase in activity levels and the addition of the service rig assets of C&J Canada.

- Adjusted EBITDA (1) of $7.5 million, an increase of $2.3 million (45%) compared to $5.2 million in Q1 2017. The increased Adjusted EBITDA is a direct result of the 64% increase in service rig activity primarily as a result of the C&J Canada acquisition combined with a 5% increase in the average revenue per hour for service rigs compared to the prior period. CWC has achieved 19 continuous quarters of positive Adjusted EBITDA since Q2 2013 where management has demonstrated their ability to reduce costs, offsetting lower revenue from reduced pricing and activity and is now demonstrating their ability to capture additional activity and begin to increase pricing as the industry starts to show signs of a recovery.

- Net income of $1.2 million in Q1 2018, an increase of $1.6 million compared to a net loss of $0.4 million in Q1 2017. The increase is primarily due to the revenue generation and expense synergies from the acquisition of C&J Canada's service and swabbing rig assets.

- During Q1 2018, 1,394,500 common shares (Q1 2017: 282,500 common shares) were purchased under the Normal Course Issuer Bid ("NCIB") and 1,318,500 common shares (Q1 2017: 169,000 common shares) were cancelled and returned to treasury.

(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, swabbing rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. 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 and two have pad rig walking systems. 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. Part 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 deeper depths at a cost effective price.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**
Drilling Rigs								
Active drilling rigs, end of period	9	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	9
Revenue per operating day (1)	$23,485	$23,572	$19,424	$19,575	$20,942	$20,623	$16,835	$21,754
Drilling rig operating days	498	463	522	155	532	257	301	65
Drilling rig utilization % (2)	61%	56%	63%	19%	66%	31%	37%	9%
CAODC industry average utilization %	52%	28%	29%	17%	40%	24%	17%	7%
Wells drilled	45	30	29	17	41	21	21	5
Average days per well	11.1	15.0	18.0	9.1	13.0	12.2	14.3	13.0
Meters drilled (thousands)	161.7	128.1	112.2	45.6	151.8	82.0	70.0	19.5
Meters drilled per day	325	277	215	294	285	319	232	300
Average meters per well	3,593	4,270	3,869	2,684	3,702	3,906	3,332	3,903

(1) Revenue per operating day is calculated based on operating days (i.e. spud to rig release basis). New or inactive drilling rigs are added based on the first day of field service.

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

Contract Drilling revenue of $11.7 million for Q1 2018 (Q1 2017: $11.1 million) was achieved with a utilization rate of 61% (Q1 2017: 66%), compared to the CAODC industry average of 52%. CWC had 498 drilling rig operating days in Q1 2018, a 6% decrease from Q1 2017.

Production Services

With a fleet of 149 service rigs, CWC is the largest well servicing company in Canada as measured by operating hours. CWC's service rig fleet consist of 77 single, 58 double, and 14 slant rigs providing services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. CWC has chosen to park 41 of its service rigs and focus its sales and operational efforts on the remaining 108 active service rigs.

CWCs fleet of nine coil tubing units consist of four Class I and five Class II coil tubing units having depth ratings from 1,500 to 3,200 metres. The Company continues to focus its sales and operational efforts on servicing SAGD wells that are shallower in depth and more appropriate for coiled tubing operations.

CWC's fleet of 13 swabbing rigs were acquired as part of the C&J Canada acquisition and 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 casing. The Company has chosen to park five of its swabbing rigs and focus its sales and operational efforts on the remaining eight active swabbing rigs.

	Three months ended							
OPERATING HIGHLIGHTS	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**
Service Rigs								
Active service rigs, end of period	108	111	66	66	66	67	66	65
Inactive service rigs, end of period	41	38	8	8	8	7	8	9
Total service rigs, end of period	149	149	74	74	74	74	74	74
Operating hours	53,979	40,879	28,320	20,047	32,997	27,091	22,927	21,724
Revenue per hour	$637	$606	$559	$551	$584	$536	$543	$548
Service rig utilization % (1)	56%	46%	47%	33%	56%	45%	38%	37%
Coil Tubing Units								
Active coil tubing units, end of period	8	9	9	9	9	8	8	8
Inactive coil tubing units, end of period	1	1	1	1	1	2	1	1
Total coil tubing units, end of period	9	10	10	10	10	10	9	9
Operating hours	3,007	1,978	1,783	1,557	4,243	2,349	2,160	1,147
Revenue per hour	$724	$728	$688	$657	$491	$507	$458	$508
Coil tubing unit utilization % (2)	39%	24%	22%	19%	52%	32%	29%	16%
Swabbing Rigs								
Active swabbing rigs, end of period	8	9	-	-	-	-	-	-
Inactive swabbing rigs, end of period	5	4	-	-	-	-	-	-
Total swabbing rigs, end of period	13	13	-	-	-	-	-	-
Operating hours	2,258	1,063	-	-	-	-	-	-
Revenue per hour	$310	$286	-	-	-	-	-	-
Swabbing rig utilization % (1)	31%	19%	-	-	-	-	-	-

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

(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 $37.2 million in Q1 2018, up $15.8 million (74%) compared to $21.4 million in Q1 2017, as a result of reactivating 2 previously inactive service rigs from CWC and adding an additional 42 active service rigs and 8 active swabbing rigs from the C&J Canada acquisition.

CWC's service rig utilization of 56% in Q1 2018 (Q1 2017: 56%) with 53,979 operating hours was 64% higher than the 32,997 operating hours in Q1 2017 setting a new Company record for operating hours. CWC's Q1 2018 service rig operating hours and utilization represent the best operating results the Company has achieved in the last 16 quarters since Q1 2014 and reflects the increasing demand from our E&P customers to do maintenance, workovers and abandonments on existing wells.

CWC's coil tubing utilization of 39% in Q1 2018 (Q1 2017: 52%) from 3,007 operating hours was 29% lower than the 4,243 operating hours in Q1 2017. Operating hours were negatively impacted by the continuation of low natural gas prices and the widening differential between WCS and WTI causing delays in allocation and commitment of capital by our E&P customers as well as from unexpected repairs and maintenance to equipment causing delays in revenue generation. During Q1 2018, CWC sold one inactive coil tubing unit and one picker unit for gross proceeds of $0.8 million.

Outlook

The optimism that continued to build throughout 2017 over improving crude oil prices carried on during Q1 2018 as WTI stayed between US$60 to $65/bbl in the quarter. Crude oil, as represented by WTI, averaged US$62.89bbl in Q1 2018, an increase of 14% over Q4 2017 average price of US$55.28/bbl and 21% higher than US$51.85/bbl in Q1 2017. However, the price differential between Canadian heavy crude oil, as represented by WCS, and WTI widened to a range of US$20 to US$25/bbl during Q1 2018 from a historical normalized range of US$10 to US$15/bbl causing E&P companies to shorten their drilling programs in Q1 2018. Thankfully, the WCS and WTI price differential has narrowed in April 2018 back to a range of US$15 to US$20/bbl. Natural gas prices, as represented by AECO, averaged $2.06/GJ, 23% increase from Q4 2017 average of $1.67/GJ, but 20% lower than $2.57/GJ in Q1 2017. With the backdrop of an improving crude oil price and a depressed natural gas price, the Petroleum Services Association of Canada ("PSAC") on April 26, 2018 updated its 2018 forecast of number of wells drilled to 7,400 wells; a decrease of 100 wells or 14% compared to their January 31, 2018 forecast, and slightly less than the 7,550 wells drilled in 2017.

CWC expects to continue to be highly utilized after spring breakup ends. CWC was successful in increasing service rig pricing by 5% in Q1 2018 compared to Q4 2017 and intends to continue implementing pricing increases with our E&P customers in 2018 as statutory and regulatory legislation from both federal and provincial governments have driven up costs in our business, Such costs include: the federally mandated Alberta carbon tax levy; the Alberta statutory holiday pay; Alberta's OH&S legislation changes; and, Saskatchewan PST increases on capital equipment. However, uncertainties around the proposed Government of Canada's Bill 69 legislation on the creation of the Canadian Energy Regulator and the Impact Assessment Act as well as the continuing environmental protests and British Columbia's stance on the expansion of the Trans Mountain Pipeline will force CWC to be cautious about how much of a pricing increase we will be able to obtain from our E&P customers. As such, CWC will continue to sustainably position itself as a low cost contractor for its E&P customers providing the highest quality service from the highest quality people at reasonable prices. CWC has achieved 19 continuous quarters of positive Adjusted EBITDA since Q2 2013 where management has demonstrated their ability to reduce costs, offsetting lower revenue from reduced pricing and activity and is now demonstrating their ability to capture additional activity and begin to increase pricing as the industry starts to show signs of a recovery.

While CWC continues to maintain focus on its operational and financial performance, it also recognizes the need to pursue opportunities that create long-term shareholder value. With the support of the Board of Directors, management continues to actively pursue opportunities to consolidate the North American drilling and well servicing industry. CWC cautions that there are no guarantees that strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Revenue				
Contract drilling	11,685	11,136	549	5%
Production services	37,240	21,372	15,868	74%
	48,925	32,508	16,417	51%
Direct operating expenses				
Contract drilling	8,103	8,203	(100)	(1%)
Production services	28,243	15,815	12,428	79%
	36,346	24,018	12,328	51%
Gross margin (1)				
Contract drilling	3,582	2,933	649	22%
Production services	8,997	5,557	3,440	62%
	12,579	8,490	4,089	48%
Gross margin percentage (1)				
Contract drilling	31%	26%	n/a	5%
Production services	24%	26%	n/a	(2%)
	26%	26%	n/a	-

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

Q1 2018 record revenue of $48.9 million, an increase of $16.4 million (51%) compared to $32.5 million in Q1 2017. Revenue increased $0.5 million (5%) in the Contract Drilling segment and $15.9 million (74%) in the Production Services segment in Q1 2018 compared to Q1 2017.

CWC increased its revenue and diversified its customer base, reducing reliance on its top ten customers. Revenue contribution from the Company's top ten customers dropped from 66% in Q1 2017 to 56% in Q1 2018 with its top customer's revenue contribution increasing from 18% in Q1 2017 to 21% in Q1 2018.

Approximately 80% of revenue in Q1 2018 was from work on crude oil wells while 20% was from natural gas wells. Further, approximately 32% of revenue was related to drilling and completions work, 54% from maintenance and workovers on producing wells and 14% from abandonments.

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. Contract Drilling's gross margin percentage of 31% in Q1 2018 is higher than the 26% in Q1 2017 as a result of higher pricing. Production Services' gross margin of 24% in Q1 2018 is lower than the 26% in Q1 2017, as a result of increased service rig field labour wages as a result of the Government of Alberta's Bill 17 requiring employers to pay statutory holiday pay to its hourly field employees regardless of whether the employee works on a statutory holiday, higher than expected repair and maintenance expenses due to cold weather failures on equipment, and higher fuel costs in part driven by the impact of the Alberta Carbon Tax Levy.

Selling and Administrative Expenses

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Selling and administrative expenses	5,101	3,340	1,761	53%

Most selling and administrative expenses, such as building and office rent and administrative salaries are fixed and are not subject to significant fluctuation on a quarterly basis. Other costs such as professional and legal fees can fluctuate depending on specific services received in the period.

Selling and administrative expenses of $5.1 million in Q1 2018, an increase of $1.8 million (53%) compared to $3.3 million in Q1 2017. The increased selling and administrative expense are due primarily to the 24 salaried employees that joined CWC from the C&J Canada acquisition, additional costs to recruit field employees combined with other costs incurred due to significantly higher year-over-year activity levels across all segments.

Adjusted EBITDA

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Adjusted EBITDA [1]				
Contract drilling	3,265	2,690	575	21%
Production services	5,991	3,430	2,561	75%
Corporate	(1,778)	(970)	(808)	(83%)
	7,478	5,150	2,328	45%
Adjusted EBITDA margin (%) [1]	15%	16%	n/a	(1%)

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

Management uses Adjusted EBITDA as a measure of the cash flow generated by the Company. Positive Adjusted EBITDA provides the cash flow needed to grow the business through purchase of 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.

Adjusted EBITDA of $7.5 million in Q1 2018, an increase of $2.3 million (45%) compared to $5.2 million in Q1 2017. The increase in Adjusted EBITDA is due to a $0.5 million increase in the Contract Drilling, a $2.6 million increase in the Production Services segment offset by a $0.8 million increase to Corporate expenses.

Stock Based Compensation

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Stock based compensation	285	200	85	43%

Stock based compensation is primarily a function of outstanding stock options and restricted share units ("RSU's") being expensed over their vesting term. As a generalization, a higher stock based compensation expense will result from a higher trading price of CWC's common shares at the time the stock options and RSU's are granted.

Stock based compensation of $0.3 million in Q1 2018 is 43% higher than Q1 2017 primarily due to a greater number of stock options and RSU's granted to directors, management and employees for managing a larger pool of assets as a result of the C&J Canada acquisition.

Finance Costs

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Finance costs	690	545	145	27%

Finance costs of $0.7 million in Q1 2018, an increase of $0.2 million (27%) compared to $0.5 million in Q1 2017. The increase in finance costs was due to increased debt levels due to the acquisition of C&J Canada assets.

Depreciation and Amortization

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
Depreciation				
Contract drilling	1,743	1,777	(34)	(2%)
Production services	3,045	2,940	105	4%
Corporate	225	41	184	449%
	5,013	4,758	255	5%

Depreciation and amortization for drilling rigs and service rigs are based on operating days and hours. Coil tubing units, capitalized recertifications and other production equipment are depreciated on a straight line basis resulting in consistent depreciation and amortization expense regardless of activity. As such, the increase in depreciation for Q1 2018 reflects the increased utilizations compared to Q1 2017 offset by lower total depreciable equipment.

(Gain) Loss on Disposal of Equipment

$ thousands	Three months ended March 31, 2018	2017	$ Change	% Change
(Gain) Loss on disposal of equipment	(254)	48	(302)	n/m[1]

[1] Not meaningful.

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q1 2018, the gain on disposal of equipment was primarily the result of the sale of equipment, including one inactive coil tubing unit and one picker unit, with proceeds on sale of $1.0 million (Q1 2017: $0.02 million).

Deferred Income Taxes Expense (Recovery)

$ thousands	Three months ended March 31, 2018	2017
Net income (loss) before income taxes	1,744	(401)
Deferred income tax expense (recovery)	548	(33)
Deferred income tax expense (recovery) as a % of net income (loss) before income taxes	31%	8%
Expected statutory income tax rate	27%	27%

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

The Q1 2018 deferred income tax expense of $0.5 million (Q1 2017: $-0.03 million) is a result of the net income before income taxes of $1.7 million (Q1 2017: $-0.4 million)

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, 2018	2017	$ Change	% Change
Net income (loss) and comprehensive income (loss)	1,196	(368)	1,564	n/m[1]

[1] Not meaningful.

Net income of $1.2 million in Q1 2018, an increase of $1.6 million compared to a net loss of ($0.4) million in Q1 2017. The increase is primarily due to the revenue generation and expense synergies from the acquisition of C&J Canada's service and swabbing rig assets.

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, acquire shares under the NCIB and fund capital requirements.

During Q1, 2018, the Company's Funds from Operations of $7.5 million combined with a $1.3 million increase to long-term debt, $0.1 million from common share issuance and $0.9 million proceeds on disposal of equipment was used to fund an $8.2 million increase in non-cash working capital, $0.6 million of capital expenditures, $0.7 million to pay interest on long-term debt and finance lease payments and $0.3 million to acquire shares under the NCIB.

At March 31, 2018 the Company had working capital (excluding debt) of $27.7 million compared to $19.5 million at December 31, 2017. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The increase in working capital (excluding debt) from December 31, 2017 is due to increased accounts receivable from higher revenue offset by increased accounts payable and other liabilities. Typically, as activity levels increase or decrease working capital will also increase or decrease.

The Company's existing $100 million credit facilities provides financial security and flexibility to July 31, 2020 and a quarterly financial covenant for Consolidated Debt to Consolidated EBITDA ratio of 4.00 to 1. The credit facilities are secured by a general security agreement and a first charge security interest covering all of the assets of the Company. Under the terms of the credit facilities, the Company is required to comply with certain financial covenants. As of March 31, 2018, the Company is in compliance with each of the financial covenants. The Company expects to be able to renew the credit facilities prior to maturity.

The syndicate lenders also provided consent to permit the acquisition of the C&J Canada assets with the expanded credit facilities. The expanded credit facilities were initially used to complete the transaction with C&J Canada, but with the successful completion of the December 13, 2017 rights offering with such proceeds partially used to pay down the expanded credit facilities, the funds are subsequently available to assist the Company in completing further acquisitions, finance capital expenditures and for general working capital purposes.

Effective March 31, 2018, the applicable rates under the Bank Loan are: bank prime rate plus 1.00%, banker's acceptances rate plus a stamping fee of 2.00%, and standby fee rate of 0.45%.

Capital Requirements

On December 13, 2017 the Company announced its capital expenditure budget for 2018 of $12.7 million, $7.2 million of which is growth capital to improve certain drilling and coil tubing equipment while the remaining $5.5 million is maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs, swabbing rigs and coil tubing divisions as well as information technology infrastructure. The increase to the 2018 capital expenditure budget compared to the 2017 capital expenditure of $6.8 million is consistent with CWC's commitment to safety and operational efficiency with high quality and well maintained equipment. CWC intends to finance its 2018 capital expenditure budget from operating cash flows.

As utilization of the Company's equipment increases, CWC plans to recertify several of its service rigs. As at March 31, 2018, the Company has capital spending plans as noted in the section titled "Capital Expenditures". Additional discretionary capital expenditures will be required in order to continue to grow the Company's assets and revenue in the future. It is anticipated future cash requirements for capital expenditures will be met through a combination of funds from operations and borrowing against existing credit facilities as required. However, additional funds may be raised by new debt instruments, equity issuances and proceeds from the sale of assets.

CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest.

Common Shares and Dividends

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

	May 2, 2018	**March 31, 2018**	**December 31, 2017**
Common shares	521,324,460	521,157,793	521,378,958
Stock options	24,846,667	26,180,000	27,546,667
Restricted share units	4,822,332	4,822,332	5,135,332

During Q1 2018, 866,668 stock options were exercised and 499,999 were forfeited. In addition, 230,667 RSU's were exercised, 54,000 were granted and 136,333 were forfeited.

On April 7, 2017, the Company initiated an NCIB which expired on April 6, 2018. Under the NCIB the Company may purchase, from time to time as it considers advisable, up to 19,653,292 of issued and outstanding common shares through the facilities of the TSX Venture Exchange ("TSXV") or other recognized marketplaces. In addition, CWC entered into an automatic securities purchase plan (the "ASPP") (as defined under applicable securities laws) with Raymond James Ltd. ("Raymond James") for the purpose of making purchases under the ASPP. Such purchases will be determined by Raymond James in its sole discretion, without consultation with CWC having regard to the price limitation and aggregate purchase limitation and other terms of the ASPP and the rules of the TSXV. Conducting the NCIB as an ASPP allows common shares to be purchased at times when CWC would otherwise be prohibited from doing so pursuant to securities laws and its internal trading policies.

On April 10, 2018, the Company replaced its expired NCIB with a new NCIB which now expires on April 9, 2019. Under the new NCIB the Company may purchase, from time to time as it considers advisable, up to 26,057,889 of issued and outstanding common shares through the facilities of the TSXV or other recognized marketplaces. In addition, CWC renewed its ASPP with Raymond James for the purpose of making purchases under the ASPP.

During Q1 2018, 1,394,500 common shares were purchased under the NCIB and 1,318,500 common shares were cancelled and returned to treasury.

Capital Expenditures

$ thousands	Three months ended March 31, 2018	2017	$ Change
Contract Drilling	130	146	(16)
Production Services	835	512	323
Total capital expenditures	965	658	307
Growth capital	-	-	-
Maintenance and infrastructure capital	965	658	307
Total capital expenditures	965	658	307

Capital expenditures in Q1 2018 of $1.0 million are $0.3 million (47%) higher than $0.7 million in Q1 2017 and primarily consist of recertification costs, replacement components and one new leased vehicle.

Commitments and Contractual Obligations

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

Summary and Analysis of Quarterly Data

$ thousands, except per share amounts	2018	2017				2016		
Three months ended	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30
Revenue	48,925	37,420	27,173	15,114	32,580	20,922	18,506	13,884
Adjusted EBITDA	7,478	6,630	4,055	228	5,150	2,923	1,741	999
Net income (loss)	1,196	8,544	(638)	(2,677)	(368)	(1,717)	(2,042)	(2,279)
Net income (loss) per share: basic and diluted	0.00	0.02	0.00	(0.01)	0.00	0.00	(0.01)	(0.01)
Total assets	268,479	264,354	208,355	203,265	218,171	210,750	212,634	212,440
Total long-term debt	51,377	49,810	34,404	28,887	38,828	33,142	34,013	32,235
Shareholders' equity	187,829	186,519	151,833	152,596	155,358	155,482	156,605	158,515

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 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 2018 service rig fleet set a new Company record of 53,979 operating hours as a result of the increase in the number of service rigs from the acquisition of the C&J Canada assets. During Q1 2018, 1,394,000 common shares were purchased under the NCIB and a total of 1,318,500 common shares were cancelled and returned to treasury.
- Q4 2017 saw the acquisition of C&J Canada's service and swabbing rig assets for $37.5 million. Higher operating activity and pricing in the Contract Drilling and Production Services' segments also contributed to the improved financial results compared to the previous quarters. CWC closed a rights offering for aggregate gross proceeds of $26.0 million ($25.9 million after deductions of shares issue costs) to partially finance the acquisition of the C&J Canada assets. Under the fully subscribed offering, 130,148,781 common shares were issued to shareholders who exercised their rights. During Q4 2017, 405,000 common shares were purchased under the NCIB and a total of 1,441,500 common shares were cancelled and returned to treasury.
- Q3 2017, 1,402,000 common shares were purchased under the NCIB and a total of 1,478,000 common shares were cancelled and returned to treasury.
- Q1 2017 saw significantly higher operating activity in the Company's Contract Drilling and Production Services segments than what had been experienced in the last eight to twelve quarters;
- Q4 2016 saw improved utilizations in both drilling and service rig activity as a result of increased global crude oil and natural gas prices after OPEC's agreement on crude oil production cuts;
- Q3 2016 activity and pricing continued to be negatively impacted by low global crude oil and natural gas prices. However, the Company continued to see leading market share and utilization of its service rigs;
- Q2 2016 service rig fleet worked a record 21,730 operating hours, the highest second quarter in the company's eleven year history despite a very challenging industry operating environment, which continued to reduce hourly rates. The prolonged downturn and pricing pressure had a significant impact on the utilization of the Company's Contract Drilling division as the need to drill new wells by E&P customers were at extremely low levels.

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 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 financial statements may change as future events unfold, additional experience is acquired or the Company's operating environment changes. In many cases the use of judgment is required to make estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the section titled "Critical Accounting Estimates and Judgments" in the Annual MD&A. There have been no significant or material changes in the nature of critical accounting estimates and judgements since December 31, 2017.

The Company adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" on January 1, 2018. The transitions had no material effect on the Company's Financial Statements. Please refer to the financial statements and related notes for further details on the adoption of these standards.

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, 2018 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 annual financial report and MD&A;
- That, based on their knowledge, they have determined there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the annual filings; and
- That based upon their knowledge, the annual filings, together with the other financial information included in the annual filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the annual filings.

Risks and Uncertainties

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

Reconciliation of Non-IFRS Measures

$ thousands except share and per share amounts	Three months ended March 31, 2018	2017
NON-IFRS MEASURES		
Adjusted EBITDA:		
Net income (loss) and comprehensive income (loss)	1,196	(368)
Add:		
Depreciation	5,013	4,758
Finance costs	690	545
Deferred income tax expense (recovery)	548	(33)
Stock based compensation	285	200
(Gain) Loss on sale of equipment	(254)	48
Adjusted EBITDA (1)	7,478	5,150
Adjusted EBITDA per share – basic and diluted(1)	$0.01	$0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	15%	16%
Weighted average number shares outstanding - basic	522,097,878	392,269,947
Weighted average number shares outstanding - diluted	525,725,595	392,269,947
Funds from operations:		
Cash flows from operating activities	(735)	(4,587)
Add (deduct): Change in non-cash working capital	8,213	9,737
Funds from operations	7,478	5,150
Gross margin:		
Revenue	48,925	32,508
Less: Direct operating expenses	36,346	24,018
Gross margin (2)	12,579	8,490
Gross margin percentage (2)	26%	26%

$ thousands	March 31, 2018	December 31, 2017
Working capital (excluding debt):		
Current assets	40,618	31,745
Less: Current liabilities	(13,166)	(12,378)
Add: Current portion of long term debt	264	176
Working capital (excluding debt) (3)	27,716	19,543
Working capital (excluding debt) ratio (3)	3.0:1	2.6:1
Net debt:		
Long term debt	51,113	49,634
Less: Current assets	(40,618)	(31,745)
Add: Current liabilities	13,166	12,378
Net debt (4)	23,661	30,267

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

(2) Gross margin is calculated from the statement of comprehensive income as revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin percentage is calculated

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

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

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