MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Management's Discussion and Analysis ("MD&A") is a review of the results of operations and liquidity and capital resources of CWC Energy Services Corp. (unless the context indicates otherwise, a reference in this MD&A to "CWC", the "Company", "we", "us", or "our" means CWC Energy Services Corp.). The following discussion and analysis provided by CWC is dated November 3, 2016 and should be read in conjunction with unaudited condensed interim financial statements for the three months and nine months ended September 30, 2016, the audited annual financial statements for the year ended December 31, 2015 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2015 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC, including the AIF, is available on SEDAR at www.sedar.com.

Highlights for the Three Months Ended September 30, 2016

- CWC's drilling rig utilization of 37% in Q3 2016 (Q3 2015: 46%) exceeded the Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 17%. The lower activity level in Q3 2016 compared to Q3 2015 reflects the persistent pressure on our exploration and production ("E&P") customers from the ongoing commodity price uncertainty. The Q3 2016 average crude price, as measured by WTI, of US$44.85/bbl was consistent with Q2 2016 average price of US$45.46/bbl and Q3 2015 average price of US$46.64/bbl.

- CWC's service rig utilization of 38% in Q3 2016 (Q3 2015: 27%) from 22,927 operating hours was 37% higher than the 16,676 operating hours in Q3 2015 despite unusually wet weather in its key operating areas during the quarter. This significant increase in utilization is even more impressive given that total CAODC industry operating hours in Q3 2016 declined 33% from Q3 2015 suggesting that CWC increased its Q3 2016 market share to 10% (Q3 2015: 7%) while only having 7% of the total actively registered rig fleet in the industry.

- Revenue of $18.5 million, a decrease of $2.6 million (-12%) compared to $21.1 million in Q3 2015. The decrease from Q3 2015 is a result of lower drilling rig activity and lower day rates charged to E&P customers as a result of lower commodity prices partially offset by a significant increase in service rig activity at lower hourly rates. Revenue was also negatively impacted in Q3 2016 by higher than normal rainfall in its key operating areas delaying the movement of equipment to drill or service wells. CWC estimates approximately 17 drilling rig operating days and 5,000 service rig operating hours were foregone due to the wet weather conditions resulting in lost revenue of approximately $3.0 million.

- EBITDAS [(1)] of $1.7 million, a decrease of $2.0 million (-53%) compared to $3.7 million in Q3 2015. Decreased EBITDAS is a direct result of lower drilling rig activity and lower day rates charged to E&P customers as a result of lower commodity prices partially offset by a significant increase in service rig activity at lower hourly rates and lower variable and fixed costs from the Company's cash savings initiatives which began in 2015 for which the benefits continue to be realized in 2016.

- Net loss of $2.0 million, a decrease of $16.1 million (-89%) compared to a net loss of $18.1 million in Q3 2015. The year-over-year reduction in net loss is primarily due to an impairment of goodwill and assets held for sale of $17.3 million in Q3 2015 with no similar impairment in Q3 2016, an increase in deferred income tax recovery, a decrease in depreciation and amortization expense and non-cash stock based compensation partially offset by lower Q3 2016 EBITDAS and an increase in finance costs.

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

Highlights for the Nine Months Ended September 30, 2016

- CWC's drilling rig utilization of 25% in the first nine months of 2016 (2015: 34%) exceeded the CAODC industry average of 15%. The lower activity level in 2016 compared to 2015 is a result of persistent pressure on our E&P customers from the ongoing commodity price uncertainty.

- CWC's service rig utilization was 38% for the first nine months of 2016 (2015: 26%). The Company's continuing increase in market share in 2016 can be attributed to its modern fleet of 74 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently. Customer appreciation and acceptance of our outstanding service and safety performance and high quality and well maintained equipment are strong and has been a key differentiating factor for CWC.

- Revenue of $52.1 million, a decrease of $10.4 million (-17%) compared to $62.5 million for the first nine months of 2015. The decline from the previous year is predominately due to lower drilling rig activity and lower day rates charged to E&P customers as a result of lower commodity prices partially offset by a significant increase in service rig activity at lower hourly rates.

- EBITDAS of $5.3 million, a decrease of $4.4 million (-45%) compared to $9.7 million for the first nine months of 2015. Decreased EBITDAS is a direct result of lower drilling rig activity and lower day rates charged to E&P customers as a result of lower commodity prices partially offset by a significant increase in service rig activity at lower hourly rates and lower variable and fixed costs from the Company's cash savings initiatives which began in 2015 for which the benefits continue to be realized in 2016.

- Net loss of $5.8 million, a decrease of $16.6 million (-74%) compared to a net loss of $22.4 million for the first nine months of 2015. The year-over-year reduction in net loss is due to an impairment of goodwill and assets held for sale of $17.3 million in 2015 with no similar impairment in 2016, an increase in deferred income tax recovery, a decrease in depreciation and amortization expense and non-cash stock based compensation partially offset by lower 2016 EBITDAS and increase in finance costs.

Corporate Overview

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

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended September 30, 2016	2015	% Change	Nine months ended September 30, 2016	2015	% Change
FINANCIAL RESULTS						
Revenue						
Contract drilling	5,071	9,377	(46%)	10,604	22,989	(54%)
Production services	13,435	11,758	14%	41,526	39,484	5%
	18,506	21,135	(12%)	52,130	62,473	(17%)
EBITDAS [1]	1,741	3,679	(53%)	5,297	9,710	(45%)
EBITDAS margin (%) [1]	9%	17%	n/a	10%	16%	n/a
Funds from operations [1]	1,741	3,679	(53%)	5,297	9,710	(45%)
Net loss and comprehensive loss	(2,042)	(18,103)	(89%)	(5,751)	(22,359)	(74%)
Net loss and comprehensive loss margin (%)	(11%)	(86%)	75%	(11%)	(36%)	25%
Dividends declared	-	723	n/m[2]	-	3,579	n/m[2]
Per share information						
Weighted average number of shares outstanding – basic	390,319,009	286,626,800		336,130,388	283,435,832	
Weighted average number of shares outstanding – diluted	390,319,009	286,626,800		336,130,388	283,435,832	
EBITDAS [1] per share – basic and diluted	$0.00	$0.01		$0.02	$0.03	
Net loss per share - basic and diluted	($0.01)	($0.06)		($0.02)	($0.08)	
Dividends declared per share	$0.00	$0.0025		$0.00	$0.0125	

$ thousands, except ratios	September 30, 2016	December 31, 2015
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	10,709	11,822
Working capital (excluding debt) ratio [1]	2.6:1	3.1:1
Total assets	212,634	222,428
Total long-term debt (including current portion)	34,013	52,241
Shareholders' equity	156,605	147,462

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

[2] Not meaningful.

Working capital (excluding debt) has decreased 9% since December 31, 2015 due to increased accounts payable and other liabilities. Long-term debt (including current portion) has decreased as positive operating cash flows were used to repay debt. In addition, $7.6 million of cash from the $14.6 million rights offering which closed on June 2, 2016 is held in a segregated bank account and has been deducted from long-term debt. Shareholders' equity has increased since December 31, 2015 as equity issued under the rights offering and restricted share units have more than offset the net loss for the first nine months of 2016.

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres, eight of nine rigs have top drives and the rig fleet has an average age of seven years. In 2015, drilling rig #3 was upgraded to include a Pad Rig Walking System. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. Given the current downturn in the industry, at the beginning of 2016, CWC chose to park one of its drilling rigs and focus its sales and operational efforts on the remaining eight drilling rigs. CWC found a customer for its one inactive drilling rig and as such all nine drilling rigs are active in Q3 2016.

	Three months ended							
OPERATING HIGHLIGHTS	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**	**Mar. 31, 2015**	**Dec. 31, 2014**
Drilling Rigs								
Active drilling rigs, end of period	9	8	8	9	9	9	9	9
Inactive drilling rigs, end of period	-	1	1	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day (1)	$16,835	$21,754	$21,565	$24,996	$24,740	$26,661	$30,553	$29,305
Drilling rig operating days	301	65	191	191	379	99	359	693
Drilling rig utilization % (2)	37%	9%	26%	23%	46%	12%	44%	84%
CAODC industry average utilization %	17%	7%	20%	20%	24%	13%	34%	45%

(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.

The commodity price uncertainty that was driven by record global production levels, growing storage levels, and persistent demand concerns continued throughout Q3 2016. This uncertainty has forced E&P companies to conserve cash resources by reducing wells drilled, amongst other measures, until commodity prices showed sustained improvement.

Contract Drilling revenue of $5.1 million for Q3 2016 and $9.4 million for the first nine months of 2016 was achieved with a utilization rate of 37% and 25% respectively, compared to the CAODC industry average of 17% and 15% for the same periods. Overall, revenue for Q3 2016 and the first nine months of 2016 in the Contract Drilling segment was 46% and 54% lower respectively when compared to the same periods in the prior year as the impact of low commodity prices continue to reduce industry activity and pricing. Approximately 43% of the first nine months year-over-year reduction in revenue resulted from reduced activity (drilling rig operating days), while 57% is due to pricing, as measured by average revenue per day in 2016 of $19,041, which is 31% lower than the 2015 average price of $27,431. The Western Canadian Sedimentary Basin ("WCSB") experienced significant rainfall in CWC's key operating areas during Q3 2016 which resulted in lost days and revenue due to the inability to move drilling equipment when our E&P customers had originally anticipated. CWC estimates during Q3 2016, approximately 17 drilling days and $0.3 million in revenue was foregone due to the unusually wet weather conditions.

Production Services

CWC is the second largest service rig provider in the WCSB, based on our modern fleet of 74 service rigs as at September 30, 2016 which consists of 41 single, 27 double, and 6 slant rigs. CWC's fleet is amongst the newest in the WCSB and provides services which include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Given the current downturn in the industry, CWC has chosen to park eight of its service rigs and focus its sales and operational efforts on the remaining 66 service rigs.

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

OPERATING HIGHLIGHTS	Three months ended Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016	Dec. 31, 2015	Sep. 30, 2015	Jun. 30, 2015	Mar. 31, 2015	Dec. 31, 2014
Service Rigs								
Active service rigs, end of period	66	65	65	64	65	66	66	69
Inactive service rigs, end of period	8	9	9	10	9	8	7	3
Total service rigs, end of period	74	74	74	74	74	74	73	72
Operating hours	22,927	21,724	23,466	21,008	16,676	14,051	16,580	28,644
Revenue per hour	$543	$548	$580	$615	$657	$668	$769	$790
Service rig utilization % (1)	38%	37%	40%	36%	27%	23%	29%	45%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	8	8	8	8	9
Inactive coil tubing units, end of period	1	1	1	1	1	1	1	0
Total coil tubing units, end of period	9	9	9	9	9	9	9	9
Operating hours	2,160	1,147	3,034	1,665	1,048	2,111	4,351	2,631
Revenue per hour	$458	$508	$662	$657	$771	$724	$885	$825
Coil tubing units utilization % (2)	29%	16%	42%	23%	14%	29%	60%	32%

(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 $13.4 million in Q3 2016, up $1.6 million (14%) compared to $11.8 million in Q3 2015, as the impact of lower hourly rates was more than offset by an increase in activity for the Company's service rigs. Additionally, the Company estimates that approximately 5,000 operating hours and $2.7 million in revenue was lost due to unusually wet weather conditions in its key operating areas. The Company's Q3 2016 market share of 10%, based on CAODC reporting, was earned with 7% of the active industry rig fleet and is 3% higher than 7% market share in Q3 2015. The Company's operating hours were the second highest amongst all CAODC registered service rig companies in Q3 2016 with 22,927 operating hours. Increased activity during Q3 2016 was offset by an average revenue per hour of $543; a 17% decline from Q3 2015 and 1% from Q2 2016. CWC's strong market share 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 Q4 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 29% in Q3 2016 compared to 14% in Q3 2015. Higher utilization in Q3 2016 is due predominately to the impact of the Fort McMurray wild fires delaying Q2 2016 activity and the addition of new customers. The decrease of 41% in coil tubing units' average hourly rate from Q3 2015 is a combination of our shallow coil tubing units, which have a lower hourly rate working in Q3 2016 compared to intermediate depth rigs in Q3 2015 and continued overall pricing pressures from our E&P customers.

Outlook

Crude oil, as represented by WTI, averaged US$44.85/bbl in Q3 2016, consistent with Q2 2016 average price of US$45.46/bbl and US$46.64 in Q3 2015. Natural gas prices, as represented by AECO, averaged $2.22/GJ, 40% higher than the Q2 2016 average of $1.33/GJ. For the first nine months of 2016, approximately 79% of revenue is from work on crude oil wells, 19% was from natural gas wells, and 2% was other. Further, approximately 24% was related to drilling and completions work, 66% from maintenance and workovers on producing wells and 10% from abandonments. Higher commodity prices at the start of Q4 2016 has resulted in cautious optimism in the oilfield services industry. CWC has seen growing customer demand for our drilling, well servicing, and coil tubing services, and currently the company has five of nine drilling rigs (56%), 39 of 66 service rigs (59%) and five of eight coil tubing units (63%) working with additional rigs scheduled for reactivation in the coming months. As demand for services increase across the industry, it is becoming apparent that the deterioration in the skilled labour force due to the lack of work and layoffs that have occurred over the last two years will be a limiting factor as to how quickly oilfield service companies will be able to service their E&P customers. CWC is one of the most active drilling and service rig contractors in the WCSB allowing the Company to retain experienced, high quality rig crews. However, CWC is finding it increasingly difficult to find and hire qualified field employees as they have accepted work in other industries or have left the western provinces. The Company anticipates that if this tight labour market stays in the industry for several quarters, it should lead to increased pricing for our services and improved operating and cash flow margins in future quarters.

CWC's proactive and continued focus on targeted reductions to variable and fixed costs, headcount and wages, suspension of dividends and lowered capital expenditures has contributed to the Company being able to achieve positive EBITDAS and cash flow throughout 2016 despite competitive pricing pressures. CWC's financial stability, which was significantly enhanced in Q2 2016 with its rights offering and extension of its credit facilities with its banking syndicate, has been a competitive advantage for the Company as certain E&P companies focused on the financial health and stability of its service providers during the year. Throughout the downturn, CWC has made incremental investments in sales and safety programs in addition to ensuring maintenance programs on equipment are performed to ensure a high quality fleet that our E&P customers can rely on.

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

Discussion of Financial Results

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Revenue								
Contract Drilling	5,071	9,377	(4,306)	(46%)	10,604	22,989	(12,385)	(54%)
Production Services	13,435	11,758	1,677	14%	41,526	39,484	2,042	5%
	18,506	21,135	(2,629)	(12%)	52,130	62,473	(10,343)	(17%)
Direct operating expenses								
Contract Drilling	4,376	6,145	(1,769)	(29%)	8,418	14,479	(6,061)	(42%)
Production Services	9,583	8,046	1,537	19%	29,543	27,642	1,901	7%
	13,959	14,191	(232)	(2%)	37,961	42,121	(4,160)	(10%)
Gross margin (1)								
Contract Drilling	695	3,232	(2,537)	(78%)	2,186	8,510	(6,324)	(74%)
Production Services	3,852	3,712	140	4%	11,983	11,842	141	1%
	4,547	6,944	(2,397)	(35%)	14,169	20,352	(6,183)	(30%)
Gross margin percentage(1)								
Contract Drilling	14%	34%	n/a	n/a	21%	37%	n/a	n/a
Production Services	29%	32%	n/a	n/a	29%	30%	n/a	n/a
	25%	33%	n/a	n/a	27%	33%	n/a	n/a

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

Revenue

Q3 2016 revenue of $18.5 million, a decrease of $2.6 million (-12%) compared to $21.1million in Q3 2015. The decrease in revenue is due to a drop in the Contract Drilling segment of $4.3 million (-46%) which was offset by an increase of $1.7 million (14%) in the Production Services segment in Q3 2016 compared to Q3 2015.

For the first nine months of 2016, revenue of $52.1 million, a decrease of $10.3 million (-17%) compared to $62.5 million in 2015. The decrease in revenue is due to a lower Contract Drilling revenue of $12.4 million (-54%) offset by an increase of $2.0 million (5%) in the Production Services segment for the first nine months of 2016 compared to 2015. Low commodity prices resulted in lower customer demand and activity levels (drilling rig operating days) and day rates during the quarter and year. Of the $12.4 million yearly decrease in Contract Drilling revenue, approximately 43% is due to lower activity, while 57% is due to pricing as average revenue per day in 2016 of $19,041 is 31% lower than the 2015 average price of $27,431. Production Services revenue of $13.4 million for Q3 2016 and $41.5 million for the first nine months of 2016 was $1.7 million (14%) and $2.0 million (5%) higher than Q3 2015 and first nine months of 2015, respectively, as the increase in service rig activity (operating hours) was offset by the impact of lower pricing (revenue per hour) and lower coil tubing activity (operating hours) along with a decrease in coil tubing pricing (revenue per hour). Revenue from the Company's top ten customers in the first nine months of 2016 comprised 76% of revenue (2015: 60%) and one customer comprised 36% of revenue (2015: 12%).

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 Q3 2016 and the first nine months of 2016 compared to the respective quarter and first nine months of 2015, which partially offset the impact of price reductions on revenue. Gross margin percentage of 25% in Q3 2016 (Q3 2015: 33%) and 27% in the first nine months of 2016 (2015: 33%) has decreased as a result of lower Contract Drilling customer pricing outpacing lower operating costs and field labour wage reductions. In addition, some direct operating costs will not vary based on activity (i.e. repairs and maintenance, insurance, licensing, permitting, etc.).

Selling and Administrative Expenses

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Selling and administrative expenses	2,806	3,265	(459)	(14%)	8,872	10,642	(1,770)	(17%)

Selling and administrative expenses of $2.8 million in Q3 2016, a decrease of $0.5 million (-14%) compared $3.3 million in Q3 2015. Selling and administrative expenses are predominately fixed in nature, but continue to decline due to cash savings initiatives undertaken throughout 2015 and into 2016, including layoffs, salary reductions, suspension of bonuses and reduced rent on leased facilities. Most selling and administrative expenses, such as building and office rent and office staff 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. In Q3 2016, CWC successfully negotiated lower lease costs for its facilities in Lloydminster, Nisku and Red Deer, which will result in fixed cost savings of approximately $0.3 million per annum.

EBITDAS

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
EBITDAS (1)								
Contract Drilling	345	2,886	(2,541)	(88%)	1,426	7,567	(6,141)	(81%)
Production Services	2,219	1,717	502	29%	6,914	5,767	1,147	20%
Corporate	(823)	(924)	101	11%	(3,043)	(3,624)	581	16%
	1,741	3,679	(1,938)	(53%)	5,297	9,710	(4,413)	(45%)
EBITDAS margin (%) (1)	9%	17%	n/a	n/a	10%	16%	n/a	n/a

(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 of $1.7 million in Q3 2016, a decrease of $1.9 million (-53%) compared to $3.7 million in Q3 2015. The decrease in EBITDAS is due to a $2.5 million decrease in the Contract Drilling segment offset by a $0.5 million increase from Production Services and a $0.1 million decrease in Corporate expenses. For the first nine months of 2016, EBITDAS of $5.3 million, a decrease of $4.4 million (-45%) compared to $9.7 million in 2015. Decreased EBITDAS is a direct result of lower drilling rig activity and lower day rates charged to E&P customers as a result of lower commodity prices partially offset by a significant increase in service rig activity at lower hourly rates and lower variable and fixed costs from the Company's cash savings initiatives which began in 2015 for which the benefits continue to be realized in 2016.

Stock Based Compensation

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Stock based compensation	132	234	(102)	(44%)	351	808	(457)	(57%)

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 Q3 2016 is 44% lower than Q3 2015 primarily due to the forfeiture of stock options and RSU's on employee departures in 2016 and a reduction on the impact of May 2014 grants at a significantly higher price than the grants in December 2015 and March 2016. As a generalization, a higher stock based compensation expense will result from a higher trading price of CWC's common shares at the time the stock options and RSU's are granted.

Finance Costs

Three months ended	Nine months ended

$ thousands	September 30, 2016	2015	Change $	Change %	September 30, 2016	2015	Change $	Change %
Finance costs	596	545	51	9%	2,013	1,644	369	22%

Finance costs for Q3 2016 were $0.6 million, a 9% increase over Q3 2015. The increase in finance costs was due to higher average interest rates and amortization of capitalized finance costs, offset by a reduction in the average outstanding borrowing in Q3 2016 when compared to Q3 2015. In Q3 2016, $7.0 million of the proceeds from the $14.6 million rights offering were used to repay long-term debt and included in the Consolidated Debt to Consolidated EBITDA ratio calculation as an equity cure. The remaining $7.6 million proceeds from the rights offering is held in a segregated bank account, which for accounting purposes, offsets the long-term debt. Finance costs continue to be calculated on the long-term debt excluding the monies held in the segregated bank account. During Q3 2016, the applicable rates under the credit facilities decreased to bank prime rate plus 1.5%, bankers' acceptance rate plus a stamping fee of 2.5%, and standby fee rate of 0.57%.

Depreciation and Amortization

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Depreciation and Amortization								
Contract Drilling	1,090	1,447	(357)	(25%)	2,300	3,293	(993)	(30%)
Production Services	2,575	2,730	(155)	(6%)	8,091	8,265	(174)	(2%)
Corporate	40	100	(60)	(60%)	124	181	(57)	(31%)
	3,705	4,277	(572)	(13%)	10,515	11,739	(1,224)	(10%)

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 reduction in Contract Drilling depreciation reflects the lower drilling days in 2016 compared to 2015, while the decrease in Production Services reflects increased operating hours in 2016 compared to 2015 offset by lower total depreciable equipment.

Loss (Gain) on Disposal of Equipment

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Loss (gain) on disposal of equipment	49	(63)	112	(178%)	163	251	(88)	(35%)

Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize operations. During Q3 2016 and the first nine months of 2016, the loss on disposal of equipment was the result of the sale of equipment with proceeds on sale of $0.02 million (Q3 2015: $0.2 million) and $0.2 million (2015: $0.4 million) respectively.

Deferred Income Taxes

$ thousands	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Net loss before income taxes	(2,741)	(18,636)	(7,745)	(22,054)
Deferred income tax expense (recovery)	(699)	(533)	(1,994)	305
Deferred income tax expense(recovery) as a % of net loss before income taxes	26%	3%	26%	(1%)
Expected statutory income tax rate	27%	26%	27%	26%

Income taxes are a function of taxable income and are calculated differently than accounting net income. Differences between accounting net income and taxable income include such things as gains or losses on disposal of fixed assets, stock based compensation, differences between income tax estimates and actual tax filings, goodwill impairment, and other differences. The deferred income tax expense (recovery) for the first nine months of 2016 of $2.0 million is a direct result of a net loss before income taxes. The deferred income tax expense (recovery) in 2015 resulted from the impact of the goodwill impairment and a one-time revaluation of the deferred tax liability resulting from the June 2015 implementation of an Alberta corporate statutory income tax rate increase.

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

Net Loss and Comprehensive Loss

$ thousands	Three months ended September 30, 2016	2015	Change $	Change %	Nine months ended September 30, 2016	2015	Change $	Change %
Net loss and comprehensive loss	(2,042)	(18,103)	16,061	(89%)	(5,751)	(22,359)	16,608	(74%)

Q3 2016 net loss and comprehensive loss of $2.0 million, a decrease of $16.1 million (-89%) from $18.1 million in Q3 2015. For the first nine months of 2016, net loss and comprehensive loss of $5.8 million, a decrease of $16.6 million (-74%) compared to $22.4 million for the first nine months of 2015. The year-over-year reduction in net loss is due primarily to an impairment of goodwill and assets held for sale of $17.3 million in 2015 with no similar impairment in 2016, an increase in deferred income tax recovery, a decrease in depreciation and amortization expense and non-cash stock based compensation partially offset by lower 2016 EBITDAS and increase in finance costs. At September 30, 2016, CWC considered indicators of impairment for each of our cash generating units and based on that review no impairment tests were required to be performed.

Liquidity and Capital Resources

Source of Funds:

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

During the first nine months of 2016, the Company had operating cash flows of $6.4 million, of which $0.6 million was used to fund capital expenditures, net of proceeds on disposition, and $5.8 million was used to pay financing costs and reduce outstanding debt. In Q3 2016, $7.0 million of the proceeds from the rights offering were used to repay long-term debt and included in the Consolidated Debt to Consolidated EBITDA ratio calculation as an equity cure. The remaining $7.6 million from the rights offering is held in a segregated bank account, which for accounting purposes, offsets the long-term debt. Finance costs continue to be calculated on the long-term debt excluding the monies held in the segregated account.

At September 30, 2016 the Company had working capital (excluding debt) of $10.7 million compared to $11.8 million at December 31, 2015. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information). The decrease in working capital (excluding debt) from December 31, 2015 is a result of higher accounts payable and accrued liabilities. 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 and beyond. As a result, the Company continues to monitor ongoing costs in addition to realizing the continued benefit of the 2015 cash saving initiatives. The Company continually evaluates activity, pricing, operations and expenses to ensure the Company has sufficient liquidity to cover future financial obligations.

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

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

For the Quarter Ended	Covenant
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 September 30, 2016, the Company is in compliance with each of the financial covenants. No principal payments are required under the credit facilities until its maturity on July 31, 2018, at which time any amounts outstanding are due and payable. The Company expects to be able to renew the credit facilities prior to maturity. As at September 30, 2016, total outstanding borrowings under the credit facilities were $41.9 million ($34.2 million net of funds held in a segregated bank account) and the maximum amount available to be borrowed is $62.3 million.

On June 2, 2016, CWC announced the closing of a rights offering of its common shares. The rights offering was oversubscribed and generated $14.6 million in gross proceeds for 97,546,002 common shares issued. In July 2016, the Company elected to repay $7.0 million of the Company's outstanding indebtedness from the partial use of proceeds from the rights offering and to include this amount in the Consolidated Debt to Consolidated EBITDA ratio calculation as an equity cure. At September 30, 2016, the remaining $7.6 million of proceeds from the rights offering were held in a segregated bank account so that it may be utilized as an equity cure in future quarters. During Q3 2016, the applicable rates under the credit facilities decreased to bank prime rate plus 1.5%, bankers' acceptance rate plus a stamping fee of 2.5%, and standby fee rate of 0.57%.

Capital Requirements:

Prior to 2015, the Company had been increasing its asset base of drilling rigs, service rigs and coil tubing units. Given the Company's relatively modern fleet of equipment, many capital expenditures are discretionary in nature and are incurred with a view to increase the size and revenue generating capacity of the business as opposed to being required in order to maintain the current business operations. In 2014, the Company initiated a plan that would result in spending up to $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, and the sale of assets or the issue of equity.

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

Common Shares and Dividends

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

	November 3, 2016	September 30, 2016	December 31, 2015
Common shares	390,354,009	390,319,009	292,628,007
Stock options	17,200,000	17,200,000	14,400,000
Restricted share units	2,038,334	2,073,334	2,290,001

During the nine months ended September 30, 2016, no stock options were exercised, 5,700,000 were issued and 2,900,000 stock options were forfeited. In addition, 145,000 RSU's were exercised, 300,000 were issued and 371,667 RSU's were forfeited. Furthermore, 97,546,002 common shares were issued on the closing of the rights offering.

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

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

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

Capital Expenditures

$ thousands	Three months ended September 30, 2016	2015	Nine months ended September 30, 2016	2015
Contract Drilling	65	946	359	4,207
Production Services	198	390	545	4,309
Total capital expenditures	263	1,336	904	8,516
Growth capital	-	246	-	4,398
Maintenance and infrastructure capital	263	1,090	904	4,118
Total capital expenditure	263	1,336	904	8,516

Capital expenditures in the first nine months of 2016 of $0.9 million are $7.6 million (-89%) lower than $8.5 million in 2015 and primarily consist of recertification costs, leasehold improvements, and a vehicle. This compares to 2015 capital expenditures related to costs associated with completion of slant service rigs #505 and #506, the purchase of new drill pipe, the addition of a pad rig walking system to drilling rig #3, and costs incurred prior to the decision to delay the upgrade of drilling rig #2 and completion of a new drilling rig #10.

A 2016 capital expenditure budget of $2.6 million was approved by the Board of Directors on December 8, 2015 comprised entirely of maintenance and infrastructure capital related to recertifications, additions and upgrades to field equipment for the drilling rigs, service rigs and coil tubing divisions as well as for information technology. Management continually evaluates required capital expenditures and opportunities in the marketplace. CWC anticipates total 2016 capital expenditures to be approximately $1.6 million, $1.0 million lower than originally budgeted.

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, 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	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenue	18,506	13,884	19,740	18,787	21,135	13,508	27,830	45,959
EBITDAS	1,741	999	2,557	2,327	3,679	777	5,254	13,540
Net income (loss)	(2,042)	(2,279)	(1,430)	(6,747)	(18,103)	(4,294)	38	(15,760)
Net income (loss) per share: basic and diluted	(0.01)	(0.01)	0.00	(0.02)	(0.06)	(0.02)	0.00	(0.06)
Total assets	212,634	212,440	218,906	222,428	236,246	249,544	258,835	275,353
Total long-term debt	34,013	32,235	50,538	52,241	57,519	51,618	55,096	65,666
Shareholders' equity	156,605	158,515	146,116	147,462	153,503	171,100	174,925	172,705

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:

- 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;
- 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.

Critical Accounting Estimates and Judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the Annual Financial Statements and the interim unaudited financial statements for the three and nine months ended September 30, 2016 and the section titled "Critical Accounting Estimates and Judgments" in the Annual MD&A. There have been no significant or material changes in the nature of critical accounting estimates and judgments since December 31, 2015.

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the September 30, 2016 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

- They have reviewed the interim financial report and MD&A;

- That, based on their knowledge, they have determined there is no untrue statement of a material fact, or any omission of material fact required to be stated which would make any statement not misleading in light of the circumstances under which it was made within the interim filings; and

- That based upon their knowledge, the interim filings, together with the other financial information included in the interim filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company as of the date and for the periods presented in the interim filings.

Risks and Uncertainties

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

Forward-Looking Information

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

Reconciliation of Non-IFRS Measures

$ thousands except share and per share amounts	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
NON-IFRS MEASURES				
EBITDAS:				
Net loss and comprehensive loss	(2,042)	(18,103)	(5,751)	(22,359)
Add:				
Depreciation	3,705	4,277	10,515	11,739
Finance costs	596	545	2,013	1,644
Deferred income tax expense (recovery)	(699)	(533)	(1,994)	305
Stock based compensation	132	234	351	808
Impairment of goodwill and assets held for sale	-	17,322	-	17,322
Loss (gain) on sale of equipment	49	(63)	163	251
EBITDAS (1)	1,741	3,679	5,297	9,710
EBITDAS per share – basic and diluted (1)	$0.00	$0.01	$0.02	$0.03
EBITDAS margin (EBITDAS/Revenue) (1)	9%	17%	10%	16%
Weighted average number shares outstanding - basic	390,319,009	286,626,800	336,130,388	283,435,832
Weighted average number shares outstanding - diluted	390,319,009	286,626,800	336,130,388	283,435,832
Funds from operations:				
Cash flows from operating activities	(939)	(3,894)	6,410	19,463
Add (deduct): Change in non-cash working capital	2,680	7,573	(1,113)	(9,753)
Funds from operations (2)	1,741	3,679	5,297	9,710
Gross margin:				
Revenue	18,506	21,135	52,130	62,473
Less: Direct operating expenses	13,959	14,191	37,961	42,121
Gross margin (3)	4,547	6,944	14,169	20,352
Gross margin percentage (3)	25%	33%	27%	33%

$ thousands	September 30, 2016	December 31, 2015
Working capital (excluding debt):		
Current assets	17,538	17,333
Less: Current liabilities	(7,020)	(5,716)
Add: Current portion of long term debt	191	205
Working capital (excluding debt) (4)	10,709	11,822
Working capital (excluding debt) ratio (4)	2.6:1	3.1:1
Net debt:		
Long term debt	33,822	52,036
Less: Current assets	(17,538)	(17,333)
Add: Current liabilities	7,020	5,716
Net debt (5)	23,304	40,419

(1) EBITDAS (Earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, 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.