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CWC ENERGY SERVICES CORP. ANNOUNCES FOURTH QUARTER AND YEAR END 2017 OPERATIONAL AND FINANCIAL RESULTS AND RECORD 2017 SERVICE RIG OPERATING HOURS

CALGARY, ALBERTA – (TSXV: CWC) CWC Energy Services Corp. ("CWC" or the "Company") announces the release of its operational and financial results for the three months and year ended December 31, 2017. The Financial Statements and Management Discussion and Analysis ("MD&A") for the three months and year ended December 31, 2017 are filed on SEDAR at www.sedar.com.

Highlights for the Three Months Ended December 31, 2017

- On November 5, 2017 CWC acquired the service and swabbing rig assets and ongoing operations of C&J Energy Production Services-Canada Ltd. ("C&J Canada") from C&J Energy Services, Inc. ("C&J Parent") for total consideration of $37.5 million in cash (the "Transaction"). The combination of CWC's premier well servicing fleet of 74 service rigs (67 active) and C&J Canada's 75 service rigs (44 active) creates the largest active service rig fleet in Canada of 149 service rigs (111 active) based on the combined 2017 operating hours reported by the Canadian Association of Oilwell Drilling Contractors ("CAODC") with a Canadian service rig market share of approximately 16%.

- In Q4 2017 the Company experienced increased demand for drilling and well servicing largely attributable to higher crude oil prices. The Q4 2017 average crude price, as measured by WTI, of US$55.28/bbl was a 15% increase over Q3 2017 average price of US$48.18/bbl and 13% higher than US$49.04/bbl in Q4 2016. Natural gas prices, as measured by AECO, continued to be depressed, but increased 23% from an average of $1.36/GJ in Q3 2017 to $1.67/GJ in Q4 2017 (Q4 2016: $2.22/GJ).

- CWC's drilling rig utilization of 56% in Q4 2017 (Q4 2016: 31%) continued to significantly outperform the CAODC industry average of 28%, further demonstrating the desirability and demand by exploration and production ("E&P") customers for CWC's telescopic double drilling rigs. CWC achieved 463 drilling rig operating days in Q4 2017 (Q4 2016: 257 days) as the increased activity level in Q4 2017, compared to Q4 2016, reflects the increased optimism of our E&P customers as a result of the aforementioned increase in commodity pricing.

- CWC's service rig utilization of 46% in Q4 2017 was slightly higher than the 45% utilization in Q4 2016. However, a record setting 40,879 operating hours was 51% higher than the 27,091 operating hours in Q4 2016 as a result of the additional 44 active service rigs purchased from C&J Canada.

- CWC's coil tubing utilization of 24% in Q4 2017 (Q4 2016: 32%) from 1,978 operating hours was 16% lower than the 2,349 operating hours in Q4 2016. Operating hours were negatively impacted by the continuation of low natural gas prices which started in Q3 2017 causing delays in allocation and commitment of capital by our E&P customers. These capital allocation delays were further caused by a change of ownership in land and well positions among some of CWC's key customers.

- Revenue of $37.4 million, an increase of $16.4 million (78%) compared to $21.0 million in Q4 2016. The increase from Q4 2016 is a result of increased year-over-year activity levels and the addition of the C&J Canada assets. Between November 5, 2017 and December 31, 2017, approximately $4.4 million of revenue and $2.0 million of gross margin (1) was recognized relating to the C&J Canada assets.

- Adjusted EBITDA (1) of $6.6 million, an increase of $3.7 million (128%) compared to $2.9 million in Q4 2016. The increased Adjusted EBITDA is a direct result of the 51% increase in service rig activity primarily as a result of the C&J Canada acquisition combined with a 13% increase in the average revenue per hour for service rigs compared to the prior period. In addition, an 80% increase in drilling rig operating days in Q4 2017 combined with a 14% increase in average revenue per operating day compared to the prior period also contributed to the increased Adjusted EBITDA. CWC has achieved 18 continuous quarters of positive Adjusted EBITDA since Q2 2013 initially demonstrating management's superior ability to reduce costs to offset lower revenue from reduced pricing and activity since the beginning of this industry downturn three years ago and now beginning to demonstrate management's ability to increase pricing and activity as the industry recovers.

- Net income of $8.5 million, an increase of $10.2 million compared to a net loss of $1.7 million in Q4 2016. The increase in Net income in Q4 2017 is primarily due to a gain on acquisition of $9.1 million, related to the C&J Canada acquisition.

- On October 30, 2017, CWC and its syndicated lenders agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million. The expanded credit facilities provide financial security and flexibility to July 31, 2020. The expanded credit facilities were initially used to complete the $37.5 million C&J Canada acquisition which has since been partially repaid from the equity proceeds on the successful completion of the $26.0 million Rights Offering on December 13, 2017. The expanded credit facilities are now available to assist the Company in completing further acquisitions, financing capital expenditures and for general working capital purposes.

- On December 13, 2017, CWC completed an offering of rights (the "Rights Offering") to holders of its common shares (the "Common Shares") of record at the close of business on November 15, 2017 (the "Record Date"). The Rights issued under the Rights Offering expired on December 11, 2017. Each registered shareholder of Common Shares on the Record Date received one (1) Right for each Common Share held by such shareholder. Three (3) Rights plus the sum of $0.20 entitled the Rights holder to subscribe for one Common Share. Eligible shareholders were entitled to subscribe for additional Common Shares, subject to certain limitations set out in the Company's rights offering circular (the "Rights Offering Circular"). On December 13, 2017, CWC closed the rights offering for aggregate gross proceeds of $26.0 million ($25.9 million after deductions of share issue costs). Under the fully subscribed offering, 130,148,781 common shares were issued to shareholders who exercised their rights.

- During Q4 2017, 405,000 (Q4 2016: nil) common shares were purchased, cancelled and returned to treasury under CWC's Normal Course Issuer Bid ("NCIB").

Highlights for the Year Ended December 31, 2017

- CWC's drilling rig utilization of 51% in 2017 (2016: 26%) exceeded the CAODC industry average of 29%. Activity levels in 2017 have increased 94% compared to 2016 reflecting increased year-over-year industry activity, focused marketing efforts on E&P companies with ongoing drilling programs and the high quality and efficiency of our drilling rigs and field employees. 2017 drilling rig operating days of 1,672 operating days (2016: 814 operating days) is the highest CWC has achieved since acquiring Ironhand Drilling Inc. in May 2014.

- CWC's service rig utilization was 45% in 2017 (2016: 40%). This utilization was achieve with a record setting 122,243 operating hours in 2017 (2016: 95,208 operating hours); the most in the Company's twelve year history and shows CWC's commitment to being the market leader in the Canadian service rig industry. The Company's continuing increase in market share since Q4 2015 can be attributed to its modern active fleet of 111 service rigs, exceptional sales and operational management, and experienced rig crews performing work safely and efficiently.

- CWC's coil tubing utilization was consistent with the previous year at 29% in 2017 (2016: 30%). 2017 operating hours of 9,561 hours was a 10% increase over the 8,690 operating hours in 2016 as a result of one additional active coil tubing unit being added to the fleet in 2017 compared to 2016. Coil tubing utilization in 2017 was impacted by low natural gas prices, which started in Q3 2017, causing delays in allocation and commitment of capital by our E&P customers. These capital allocation delays were further caused by a change of ownership in land and well positions among some of CWC's key customers.

- Revenue of $112.2 million, an increase of $39.1 million (53%) compared to $73.1 million in 2016. The increase from the previous year is primarily due to a 105% increase in drilling rig operating days and 28% increase in service rig operating hours driven by the addition of the C&J Canada assets on November 5, 2017, as well as an increase in pricing of 8% for drilling rig and 6% for service rig in 2017 compared to 2016.

- Adjusted EBITDA [(1)] of $16.1 million, an increase of $7.9 million (96%) compared to $8.2 million in 2016. The increased Adjusted EBITDA is consistent with the increased activity level for drilling rigs and service rigs driven by the addition of the C&J Canada assets and the increase in pricing in 2017 compared to 2016.

- Net income of $4.9 million, an increase of $12.4 million compared to a net loss of $7.5 million in 2016. Net income in 2017 includes a gain on acquisition of $9.1 million, related to the C&J Canada acquisition.

- On April 7, 2017, the Company renewed its Normal Course Issuer Bid ("NCIB") with an Automatic Securities Purchase Plan ("ASPP") with Raymond James Ltd., which expires on April 6, 2018. During 2017, the Company purchased 3,493,500 (2016: nil) common shares under its NCIB which were cancelled and returned to treasury.

- On May 4, 2017, CWC announced a process to review strategic alternatives with a view to maximizing shareholder value by capitalizing on CWC's strong financial and operational performance, market share and attractive fleet of modern assets. The Special Committee of the Board of Directors, their financial advisors and management of CWC evaluated several potential alternatives and proposals received, which ultimately culminated in the announcement and closing of the C&J Canada acquisition on November 5, 2017.

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

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

  In addition, on October 30, 2017, CWC and its syndicated lenders agreed to the Company's exercise of the accordion feature to expand its credit facilities from $65 million to $100 million to accommodate the acquisition of the C&J Canada assets.

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

Financial and Operational Highlights

$ thousands, except shares, per share amounts, margins and ratios	Three months ended December 31, 2017	2016	% Change	Year ended December 31, 2017	2016	2015
FINANCIAL RESULTS						
Revenue						
Contract Drilling	10,914	5,299	106%	35,222	15,903	27,758
Production Services	26,506	15,693	69%	76,993	57,219	53,502
	37,420	20,992	78%	112,215	73,122	81,260
Adjusted EBITDA (1)	6,630	2,923	128%	16,063	8,220	12,037
Adjusted EBITDA margin (%) (1)	18%	14%		14%	11%	15%
Funds from operations	5,081	2,923	74%	14,514	8,220	12,037
Net income (loss) and comprehensive income (loss)	8,544	(1,717)	n/m (2)	4,861	(7,468)	(29,106)
Net income (loss) and comprehensive income (loss) margin (%)	23%	(8%)	31%	4%	(10%)	(36%)
Dividends declared	-	-	-	-	-	3,579
Per share information						
Weighted average number of shares outstanding – basic	418,913,266	390,655,440		399,008,915	349,836,144	285,524,891
Weighted average number of shares outstanding – diluted	423,221,202	390,655,440		403,359,537	349,836,144	285,524,891
Adjusted EBITDA (2) per share – basic and diluted	$0.02	$0.01		$0.04	$0.02	$0.04
Net income (loss) per share - basic and diluted	$0.02	($0.00)		$0.01	($0.02)	($0.10)
Dividends declared per share	$0.00	$0.00		$0.00	$0.00	$0.0125

$ thousands, except ratios	December 31, 2017	December 31, 2016	December 31, 2015
FINANCIAL POSITION AND LIQUIDITY			
Working capital (excluding debt) (1)	19,543	9,142	11,822
Working capital (excluding debt) ratio (1)	2.6:1	2.2:1	3.1:1
Total assets	264,354	210,750	222,428
Total long-term debt (including current portion)	49,810	33,142	52,241
Shareholders' equity	186,519	155,482	147,462

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

(2) Not meaningful.

Working capital (excluding debt) has increased 114% since December 31, 2016 due to increased accounts receivable from higher revenue in Q4 2017 offset by higher current liabilities. Long-term debt (including current portion) has increased by $16.7 million mainly due to the acquisition of C&J Canada's assets for $37.5 million less proceeds from the Rights Offering of $26.0 million and an increase in working capital of $10.4 million. Additionally, funds from operations were used for capital expenditures and to purchase shares under the NCIB. Shareholders' equity has increased since December 31, 2016 due to the net income of $4.5 million for the year ended December 31, 2017 and the closing of the $26.0 million Rights Offering offset by the purchase and cancellation of common shares under the NCIB program.

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. In 2017, the Company completed the upgrades to Drilling Rig #4 to a high specification rig capable of racking over 6,500 metres of drill pipe. The upgrade is part of the Company's strategic initiatives to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for deeper depths at a cost effective price.

	Three months ended							
OPERATING HIGHLIGHTS	**Dec. 31, 2017**	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**
Drilling Rigs								
Active drilling rigs, end of period	9	9	9	9	9	9	8	8
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)	$23,572	$19,424	$19,575	$20,942	$20,623	$16,835	$21,754	$21,565
Drilling rig operating days	463	522	155	532	257	301	65	191
Drilling rig utilization % (2)	56%	63%	19%	66%	31%	37%	9%	26%
CAODC industry average utilization %	28%	29%	17%	40%	24%	17%	7%	20%
Wells drilled	30	29	17	41	21	21	5	14
Average days per well	15.0	18.0	9.1	13.0	12.2	14.3	13.0	13.6
Meters drilled (thousands)	128.1	112.2	45.6	151.8	82.0	70.0	19.5	56.0
Meters drilled per day	277	215	294	285	319	232	300	293
Average meters per well	4,270	3,869	2,684	3,702	3,906	3,332	3,903	4,000

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

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

Contract Drilling revenue of $10.9 million for Q4 2017 (Q4 2016: $5.3 million) was achieved with a utilization rate of 56% (Q4 2016: 31%), compared to the CAODC industry average of 28%. CWC achieved 463 drilling rig operating days in Q4 2017, an 80% increase from Q4 2016, reflecting increased year-over-year industry activity, focused marketing efforts on E&P companies with ongoing drilling programs and the high quality and efficiency of our drilling rigs and field employees, coupled with Q4 2016 having experienced unusually warm and wet weather conditions, which negatively affected ground conditions and the movement of heavy equipment resulting in lower activity levels. Q4 2017 revenue was 106% higher compared to Q4 2016 as increased activity was combined with a 14% increase in revenue per operating day

Contract Drilling revenue of $35.2 million for the year ended December 31, 2017 (2016: $15.9 million) was realized as a result of a 105% increase in drilling rig operating days to 1,672 days (2016: 814 days). CWC's utilization rate in 2017 of 51% continues to significantly exceed the CAODC industry average of 29% and has increased from 26% for the year ended December 31, 2016 when CWC marketed only 8 of 9 drilling rigs for the first half of the year. Increased activity was complemented by average revenue per operating day of $21,066 in 2017, 8% higher than in 2016. Improved financial performance for 2017 reflect higher industry activity due to higher average crude oil prices, despite experiencing a modest pull back in Q2 and Q3 2017, and to CWC's modern, relevant, well maintained and cost effective drilling rigs, as well as a solid reputation for safe and efficient operations, exceptional management and experienced drilling rig crews.

Production Services

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 consists 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 38 of its service rigs and focus its sales and operational efforts on the remaining 111 active service rigs.

CWC's fleet of ten coil tubing units consists of six Class I, three Class II and one Class III coil tubing units having depth ratings from 1,500 to 4,000 metres. In light of competitive challenges for CWC's one inactive Class III coil tubing unit, subsequent to the year ended December 31, 2017, the Company has sold this Class III coil tubing unit for cash proceeds of $0.5 million and has chosen to focus its sales and operational efforts on its nine Class I and II coil tubing units which are better suited at servicing SAGD wells, which are shallower in depth and more appropriate for these coil tubing operations.

CWC's fleet of 13 swabbing rigs were acquired as part of the C&J Canada acquisition and operate under the trade name of CWC Swabtech. The Company has chosen to park four of its swabbing rigs and focus its sales and operational efforts on the remaining nine active swabbing rigs.

OPERATING HIGHLIGHTS	Three months ended Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016	Sep. 30, 2016	Jun. 30, 2016	Mar. 31, 2016
Service Rigs								
Active service rigs, end of period	111	66	66	66	67	66	65	65
Inactive service rigs, end of period	38	8	8	8	7	8	9	9
Total service rigs, end of period	149	74	74	74	74	74	74	74
Operating hours	40,879	28,320	20,047	32,997	27,091	22,927	21,724	23,466
Revenue per hour	$606	$559	$551	$584	$536	$543	$548	$580
Service rig utilization % (1)	46%	47%	33%	56%	45%	38%	37%	40%
Coil Tubing Units								
Active coil tubing units, end of period	9	9	9	9	8	8	8	8
Inactive coil tubing units, end of period	1	1	1	1	2	1	1	1
Total coil tubing units, end of period	10	10	10	10	10	9	9	9
Operating hours	1,978	1,783	1,557	4,243	2,349	2,160	1,147	3,034
Revenue per hour	$728	$688	$657	$491	$507	$458	$508	$662
Coil tubing unit utilization % (2)	24%	22%	19%	52%	32%	29%	16%	42%
Swabbing Rigs								
Active swabbing rigs, end of period	9	-	-	-	-	-	-	-
Inactive swabbing rigs, end of period	4	-	-	-	-	-	-	-
Total swabbing rigs, end of period	13	-	-	-	-	-	-	-
Operating hours	1,063	-	-	-	-	-	-	-
Revenue per hour	$286	-	-	-	-	-	-	-
Swabbing rig utilization % (1)	19%	-	-	-	-	-	-	-

(1) Service rig & swabbing rig utilizations are calculated based on 10 hours a day, 365 days a year. New service rigs & 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 $26.5 million in Q4 2017, up $10.8 million (69%) compared to $15.7 million in Q4 2016 primarily as a result of adding an additional 44 active service rigs and nine active swabbing rigs from the C&J Canada acquisition; an increase of 66% in CWC's active service rigs fleet from 67 to 111 rigs for the last 57 days of 2017.

CWC's service rig utilization of 46% in Q4 2017 was slightly higher than the 45% in Q4 2016, while the 40,879 operating hours was 51% higher than the 27,091 operating hours in Q4 2016.

CWC's coil tubing utilization of 24% in Q4 2017 (Q4 2016: 32%) from 1,978 operating hours was 16% lower than the 2,349 operating hours in Q4 2016. Operating hours were negatively impacted by the continuation of low natural gas prices which started in Q3 2017 causing delays in allocation and commitment of capital by our E&P customers. These capital allocation delays were further caused by a change of ownership in land and well positions among some of CWC's key customers. The decreased activity level in Q4 2017 was more than offset by an increase in coil tubing's average revenue per hour of $728; a 44% increase from $507 per hour in Q4 2016 as the Company was successful in increasing pricing for its Class I and II coil tubing units.

For the year ended December 31, 2017, Production Services revenue of $77.0 million was 35% higher than the $57.2 million achieved in 2016 as a result of a 28% increase in service rig operating hours from 95,223 in 2016 to a Company record setting 122,242 operating hours in 2017 driven by the addition of 44 service rigs for the last 57 days of 2017 as a result of the C&J Canada acquisition, as well as an increase in pricing of 6% in 2017 compared to 2016. Service rig utilization increased to 46% in 2017 compared to 40% in 2016. In addition, coil tubing operating hours increased 10% to 9,561 operating hours in 2017 (2016: 8,690 operating hours) as a result of one additional active coil tubing unit being added to the fleet in 2017 compared to 2016. The 10% increase in coil tubing activity combined with the 10% increase to the average coil tubing revenue per hour in 2017 compared to 2016 also helped contribute to the increased Production Services revenue in 2017 compared to 2016. However, the coil tubing utilization of 29% in 2017 (2016: 30%) was impacted by low natural gas prices, which started in Q3 2017, causing delays in allocation and commitment of capital by our E&P customers. These capital allocation delays were further caused by a change of ownership in land and well positions among some of CWC's key customers.

Capital Expenditures

$ thousands	Three months ended December 31, 2017	2016	Year ended December 31, 2017	2016
Contract Drilling	1,176	1,303	3,964	1,662
Production Services	37,730	451	40,559	996
Corporate	-	-	9	-
Total capital expenditures	38,906	1,754	44,532	2,658
Growth capital	37,605	207	39,340	207
Maintenance and infrastructure capital	1,301	1,547	5,192	2,451
Total capital expenditure	38,906	1,754	44,532	2,658

Capital expenditures in 2017 of $44.5 million are $41.9 million higher than the $2.7 million in 2016 and primarily consist of the acquisition of C&J Canada's service and swabbing rig assets, recertification costs, leasehold improvements, new drill pipe, coil tubing equipment and vehicles.

A 2018 capital expenditure budget of $12.7 million was approved by the Board of Directors on December 13, 2017, $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.

Outlook

The continued optimism that has been building up throughout 2017 over improving crude oil prices as OPEC reaffirmed their decision to curtail production at their November 30, 2017 meeting. As a result crude oil, as represented by WTI, closed above US$60/bbl for the year ended December 31, 2017; the first time it has achieve this price since May 2015. WTI averaged US$55.28/bbl in Q4 2017, an increase of 15% over the Q3 2017 average price of US$48.18/bbl and a 13% increase from the Q4 2016 average price of US$49.04/bbl. Natural gas prices improved in Q4 2017 with AECO averaging $1.67/GJ; an increase of 23% over the Q3 2017 average price of $1.36/GJ, but still significantly lower by 43% from the Q4 2016 average price of $2.95/GJ. With the backdrop of an improving crude oil price and a depressed natural gas price, the Petroleum Services Association of Canada ("PSAC") on January 31, 2018 updated its 2018 forecast of number of wells drilled to 7,600 wells; a decrease of 300 wells or 4% compared to their original 2018 forecast on October 31, 2017, but consistent with the 7,550 wells drilled in 2017.

CWC is experiencing strong utilization in its drilling rig and service rig business units well above the CAODC industry averages. During Q1 2018, the Company had all nine drilling rigs working (100%) and expects this utilization to continue until Q2 2018 spring breakup. Similar to CWC's drilling rigs, the Company's service rigs continue to see strong industry demand leading all other Canadian service rig companies with the highest operating hours as determined by the CAODC. CWC was successful in increasing service rig pricing by 8% in Q4 2017 compared to Q3 2017 and intends to continue implementing pricing increases with our E&P customers to cover the additional costs of the Government of Alberta's Bill 17, which requires employers to pay statutory holiday pay to its hourly field employees regardless of whether the employee works on a statutory holiday. CWC believes the improving crude oil price will allow for the Company to increase the price for its services throughout 2018. However, aggressive pricing from certain competitors will limit how much CWC will be able to garner 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 18 continuous quarters of positive Adjusted EBITDA since Q2 2013 initially demonstrating management's ability to reduce costs thereby offsetting lower revenue from reduced pricing and activity since the beginning of this industry downturn three years ago and now beginning to demonstrate management's ability to increase pricing and activity as the industry recovers.

While CWC continues to maintain focus on its operational and financial performance, it also recognizes the need to pursue opportunities that create long-term shareholder value. On May 4, 2017, CWC announced a process to review strategic alternatives with a view to maximizing shareholder value by capitalizing on CWC's strong financial and operational performance, market share and attractive fleet of modern assets. This strategic alternatives review process resulted in CWC's acquisition of C&J Canada's service and swabbing rig assets to become the largest service rig company in Canada by operating hours, according to the CAODC, with 111 active service rigs and approximately 16% of the Canadian service rig market share. CWC will continue to pursue further opportunities to consolidate the North American drilling and well servicing industry. CWC cautions that there are no guarantees that other strategic opportunities will result in a transaction, or if a transaction is undertaken, as to its terms or timing.

About CWC Energy Services Corp.

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

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Chief Financial Officer

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 involving the anticipated benefits to be derived from the C&J Canada transaction including SG&A expense synergies with respect thereto and statements with respect to the Transaction being accretive on various metrics, 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 December 31, 2017	2016	Year ended December 31, 2017	2016	2015
NON-IFRS MEASURES					
Adjusted EBITDA:					
Net income (loss) and comprehensive income (loss)	8,544	(1,717)	4,861	(7,468)	(29,106)
Add:					
Depreciation	4,811	3,733	17,103	14,248	15,469
Finance costs	606	502	2,054	2,515	2,203
Transaction costs	1,549	-	1,549	-	-
Deferred income tax expense (recovery)	(142)	(420)	(1,285)	(2,414)	(1,966)
Stock based compensation	278	594	869	945	1,008
Gain on acquisition	(9,128)	-	(9,128)	-	-
Impairment of goodwill and assets held for sale	-	-	-	-	24,214
Loss on sale of equipment	112	231	40	394	215
Adjusted EBITDA (1)	6,630	2,923	16,063	8,220	12,037
Adjusted EBITDA per share – basic and diluted(1)	$0.02	$0.01	$0.04	$0.02	$0.04
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	18%	14%	14%	11%	15%
Weighted average number of shares outstanding – basic	418,913,266	390,655,440	399,008,915	349,836,144	285,524,891
Weighted average number of shares outstanding - diluted	423,221,202	390,655,440	403,359,537	349,836,144	285,524,891
Funds from operations:					
Cash flows from operating activities	(2,116)	2,300	4,260	8,788	25,427
Add (deduct): Change in non-cash working capital	7,197	623	10,254	(568)	(13,390)
Funds from operations	5,081	2,923	14,514	8,220	12,037
Gross margin:					
Revenue	37,420	20,992	112,215	73,122	81,260
Less: Direct operating expenses	26,620	15,248	82,361	53,209	55,124
Gross margin (2)	10,800	5,744	29,854	19,913	26,136
Gross margin percentage (2)	29%	27%	27%	27%	32%

$ thousands	December 31, 2017	December 31, 2016	December 31, 2015
Working capital (excluding debt):			
Current assets	31,745	16,501	17,333
Less: Current liabilities	(12,378)	(7,535)	(5,716)
Add: Current portion of long-term debt	176	176	205
Working capital (excluding debt) (3)	19,543	9,142	11,822
Working capital (excluding debt) ratio (3)	2.6:1	2.2:1	3.1:1
Net debt:			
Long-term debt	49,634	32,966	52,036
Less: Current assets	(31,745)	(16,501)	(17,333)
Add: Current liabilities	12,378	7,535	5,716
Net debt (4)	30,267	24,000	40,419

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

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

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

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

(1) 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.