



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 July 29, 2021 and should be read in conjunction with unaudited condensed interim consolidated financial statements ("Financial Statements") for the three and six months ended June 30, 2021, the audited annual consolidated financial statements for the year ended December 31, 2020 ("Annual Financial Statements"), and the annual management's discussion and analysis for the year ended December 31, 2020 ("Annual MD&A"). Additional information regarding CWC can be found in the Company's latest Annual Information Form ("AIF"). The condensed interim consolidated financial statements are prepared in accordance with IFRS and IAS 34, Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of financial statements. All amounts are expressed in Canadian dollars unless otherwise noted. Additional information relating to CWC is available on SEDAR at www.sedar.com.

Financial Highlights

\$ thousands, except shares, per share amounts, and margins	Three months ended June 30,			Six months ended June 30,		
	2021	2020	Change %	2021	2020	Change %
FINANCIAL RESULTS						
Revenue						
Contract Drilling	3,424	1,318	160%	10,742	13,989	(23%)
Production Services	13,073	2,648	394%	30,424	23,517	29%
	16,497	3,966	316%	41,166	37,506	10%
Other income	2,579	1,788	44%	3,644	1,788	104%
Adjusted EBITDA ⁽¹⁾	2,489	(1,397)	n/m ⁽³⁾	7,343	4,111	79%
Adjusted EBITDA margin (%) ⁽¹⁾	15%	(35%)		18%	11%	
Impairment of assets	-	-	n/m ⁽³⁾	(1,296)	(25,451)	(95%)
Net loss	(759)	(3,734)	80%	(312)	(22,911)	99%
Net loss margin (%) ⁽²⁾	(5%)	(94%)	90%	(1%)	(61%)	60%
Capital expenditures	1,434	720	99%	2,709	3,525	(23%)
Per share information:						
Weighted average number of shares outstanding - basic and diluted	504,534,525	507,543,333		505,286,936	509,239,883	
Adjusted EBITDA ⁽¹⁾ per share - basic and diluted	\$ 0.00	\$ (0.00)		\$ 0.01	\$ 0.01	
Net income (loss) per share - basic and diluted	\$ (0.00)	\$ (0.01)		\$ (0.00)	\$ (0.04)	

\$ thousands, except ratios	June 30, 2021	December 31, 2020
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) ⁽¹⁾	8,844	12,069
Working capital (excluding debt) ratio ⁽¹⁾	2.3:1	2.9:1
Total assets	193,127	202,223
Total long-term debt (including current portion)	21,187	30,231
Shareholders' equity	157,357	157,977

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

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

⁽³⁾ Not meaningful.

Working capital (excluding debt) for June 30, 2021 has decreased \$3.2 million (27%) since December 31, 2020 driven by decreases in accounts receivable (\$2.6 million (16%)), decreases in prepaid expenses and deposits (\$0.7 million (37%)) and increases in accounts payable (\$0.5 million (9%)) offset by the addition of assets held for sale (\$0.7 million). Long-term debt (including current portion) has decreased \$9.0 million (30%) from December 31, 2020 due to cash inflows from operating activities. Total long-term debt (including current portion) of \$21.2 million is the lowest debt level in 14 years (since Q3 2007) in the Company's 16 year history.

Highlights for the Three Months Ended June 30, 2021

- Average Q2 2021 crude oil price, as measured by West Texas Intermediate ("WTI"), of US\$66.19/bbl was 14% higher than the Q1 2021 average price of US\$58.13/bbl (Q2 2020: US\$27.95/bbl) and the price differential between Canadian heavy crude oil, as represented by Western Canadian Select ("WCS"), and WTI maintained a differential in the range of US\$10.35/bbl to US\$12.79/bbl during the second quarter of 2021. Natural gas prices, as measured by AECO, remained unchanged with an average of \$2.94/GJ in both Q1 and Q2 2021 (Q2 2020: \$1.90/GJ).
- CWC's Canadian drilling rig utilization in Q2 2021 of 9% (Q2 2020: 11%) was lower than the Canadian Association of Energy Contractors ("CAOEC") industry average of 15% (Q2 2020: 4%). Average revenue per operating day of \$24,392 resulted in revenue of \$1.3 million (Q2 2020: \$1.3 million) from the Canadian drilling operations. CWC's two U.S. drilling rigs had 61 operating days in Q2 2021 (Q2 2020: nil operating days) resulting in U.S. Contract Drilling revenue of \$2.1 million with an average revenue per operating day of US\$28,196. Service rig utilization in Q2 2021 of 47% (Q2 2020: 8%) was driven by 20,463 operating hours which were 407% higher than the 4,037 operating hours in Q2 2020. Service rig operating hours was the fifth highest Q2 operating hours in the Company's 16 year history.
- Revenue of \$16.5 million, an increase of \$12.5 million (316%) compared to \$4.0 million in Q2 2020. During Q2 2021, the Company earned \$1.7 million in revenue on 115 oil and gas sites requiring well decommissioning under the Alberta Site Rehabilitation Program ("SRP") and 13 oil and gas sites under the Saskatchewan Accelerated Site Closure Program ("ASCP"). The \$1.0 billion Alberta SRP, the \$400 million ASCP and the \$100 million B.C. Dormant Sites Reclamation Program ("DSRP") provide grants to eligible oilfield service contractors to perform well, pipeline, and oil and gas site closure and reclamation work, creating jobs and supporting the environment until December 31, 2022. CWC's Production Services segment is well positioned to provide well decommissioning work on these inactive wells.
- Adjusted EBITDA⁽¹⁾ of \$2.5 million, an increase of \$3.9 million compared to (\$1.4 million) in Q2 2020. Q2 2021 Adjusted EBITDA of \$2.5 million sets a new record for Q2 Adjusted EBITDA in the Company's 16 year history.
- Net loss of \$0.8 million, a decrease of \$2.9 million compared to a net loss of \$3.7 million in Q2 2020.

Highlights for the Six Months Ended June 30, 2021

- CWC's Canadian drilling rig utilization for the first six months of 2021 of 29% (2020: 32%) exceeded the CAOEC industry average of 21% (2020: 19%). Canadian activity levels for the first six months of 2021 decreased 10% to 372 drilling rig operating days from seven Canadian drilling rigs (2020: 412 drilling rig operating days). Average revenue per operating day of \$22,714 resulted in revenue of \$8.4 million from the Canadian drilling operations. U.S. drilling rig activity levels for the first six months of 2021 were 63 drilling rig operating days from two U.S. drilling rigs for a utilization of 17% (2020: 40%). U.S. Contract Drilling revenue of \$2.3 million represented 21% of CWC's total Contract Drilling revenue in the first six months of 2021 with the average revenue per operating day of US\$29,652 from U.S. operations. CWC's service rig utilization for the first six months of 2021 of 55% (2020: 32%) was driven by 47,547 operating hours which were 38% higher than the 34,479 operating hours in 2020.
- Revenue of \$41.2 million, an increase of \$3.7 million (10%) compared to \$37.5 million in the first six months of 2020.
- Adjusted EBITDA⁽¹⁾ of \$7.3 million, an increase of \$3.2 million (79%) compared to \$4.1 million in the first six months of 2020.
- Net loss of \$0.3 million, a decrease of \$22.6 million compared to \$22.9 million in the first six months of 2020. The decrease in net loss is primarily due to a charge for impairment of assets of \$25.5 million taken in Q1 2020.
- For the six months ended June 30, 2021, the Company purchased 2,249,500 (2020: 5,382,500) common shares under the Normal Course Issuer Bid ("NCIB") which were cancelled and returned to treasury (2020: 5,482,000 common shares were cancelled and returned to treasury).

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

Corporate Overview

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

Operational Overview

Contract Drilling

CWC Ironhand Drilling, the Company's Contract Drilling segment, has a fleet of nine telescopic double drilling rigs with depth ratings from 3,200 to 5,000 metres. Eight of nine rigs have top drives, three have pad rig walking systems, three have 7,500 psi pumping systems and one has carbon reduction bi-fuel capabilities. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. The Company also operates in select United States basins including the Eagle Ford, Denver-Julesburg and Bakken. One of the Company's strategic initiatives is to continue to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for faster drilling times and more environmentally friendly solutions at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

OPERATING HIGHLIGHTS	Three months ended							
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Drilling Rigs - Canada								
Total drilling rigs, end of period	7	7	7	7	7	7	7	7
Revenue per operating day ⁽¹⁾	\$24,392	\$22,497	\$21,452	\$19,214	\$19,382	\$22,849	\$22,161	\$20,685
Drilling rig operating days	54	317	248	28	68	344	232	130
Drilling rig utilization % ⁽²⁾	9%	50%	39%	4%	11%	54%	36%	19%
CAOEC industry average utilization %	15%	27%	16%	9%	4%	35%	23%	23%
Wells drilled	7	28	23	4	4	26	18	12
Average days per well	7.75	11.3	10.8	7.1	17.1	13.2	12.9	10.9
Meters drilled (thousands)	26.6	112.4	88.5	13.7	20.2	99.6	75.6	39.6
Meters drilled per day	490	354	356	483	295	290	326	304
Average meters per well	3,800	4,014	3,848	3,412	5,053	3,831	4,199	3,300
Drilling Rigs - United States								
Total drilling rigs, end of period	2	2	2	2	2	2	2	2
Revenue per operating day (US\$) ⁽¹⁾	\$28,196	\$80,000 ⁽³⁾	-	-	-	\$25,139	\$34,448 ⁽³⁾	\$27,159
Drilling rig operating days	61	2	-	-	-	144	56	155
Drilling rig utilization % ⁽²⁾	33%	1%	-	-	-	79%	31%	84%
Wells drilled	4	-	-	-	-	10	5	16
Average days per well	15	-	-	-	-	14.4	11.3	9.7
Meters drilled (thousands)	17.4	-	-	-	-	40.5	14.5	50.7
Meters drilled per day	287	-	-	-	-	282	258	327
Average meters per well	4,343	-	-	-	-	4,053	2,942	978

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

⁽²⁾ Drilling rig utilization is calculated based on operating days (i.e. spud to rig release basis).

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

Canadian Contract Drilling revenue of \$1.3 million for Q2 2021 (Q2 2020: \$1.3 million) was achieved with a utilization rate of 9% (Q2 2020: 11%), compared to the CAOEC industry average of 15% (Q2 2020: 11%). CWC completed 54 Canadian drilling rig operating days in Q2 2021, 14% lower than 68 Canadian drilling rig operating days in Q2 2020.

U.S. Contract Drilling revenue of \$2.1 million for Q2 2021 (Q2 2020: \$nil) was achieved with a utilization rate of 33% with 61 U.S. drilling rig operating days (Q2 2020: nil).

Production Services

With a fleet of 145 service rigs, CWC is one of the largest well servicing companies in Canada as measured by active fleet and operating hours. CWC's service rig fleet consists of 75 single, 56 double, and 14 slant rigs providing services which include completions, maintenance, workovers and well decommissioning with depth ratings from 1,500 to 5,000 metres. In 2021, CWC chose to park 77 of its service rigs and focus its sales and operational efforts on the remaining 68 active service rigs due to the reduction in the number of service rigs currently required to service the WCSB and the tight labour market experienced in the industry for service rig crews.

CWC's fleet of 10 swabbing rigs operate under the trade name CWC Swabtech. The swabbing rigs are used to remove liquids from the wellbore and allow reservoir pressures to push the commodity up the tubing. The Company chose to park five of its swabbing rigs and focus its sales and operational efforts on the remaining five active swabbing rigs.

OPERATING HIGHLIGHTS	Three months ended							
	Jun. 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sep. 30, 2020	Jun. 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sep. 30, 2019
Service Rigs								
Active service rigs, end of period	68	66	81	82	82	83	84	84
Inactive service rigs, end of period	77	79	64	63	63	62	62	64
Total service rigs, end of period	145	145	145	145	145	145	146	148
Operating hours	20,463	27,087	22,273	15,859	4,037	30,442	33,656	29,528
Revenue per hour	\$623	\$630	\$645	\$605	\$619	\$666	\$664	\$644
Revenue per hour excluding top volume customers	\$663	\$668	\$659	\$623	\$653	\$673	\$682	\$660
Service rig utilization % ⁽¹⁾	47%	64%	42%	29%	8%	56%	62%	52%
Swabbing Rigs								
Active swabbing rigs, end of period	5	5	5	5	5	5	5	5
Inactive swabbing rigs, end of period	5	7	7	7	7	7	8	8
Total swabbing rigs, end of period	10	12	12	12	12	12	13	13
Operating hours	1,137	976	1,339	686	513	1,088	1,141	865
Revenue per hour	\$282	\$286	\$280	\$271	\$288	\$300	\$282	\$284
Swabbing rig utilization % ⁽¹⁾	35%	30%	41%	21%	16%	33%	35%	19%

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

Production Services revenue of \$13.1 million in Q2 2021, up \$10.5 million (394%) compared to \$2.6 million in Q2 2020. The revenue increase in Q2 2021 was a result of the increase in industry activity, as governments relaxed the previously implemented global health solutions to slow the spread of the COVID-19 virus.

CWC's service rig utilization in Q2 2021 of 47% (Q2 2020: 8%) with 20,463 operating hours was 407% higher than the 4,037 operating hours in Q2 2020. Average revenue per hour of \$623 in Q2 2021 was \$4 per hour (1%) higher than the \$619 per hour in Q2 2020. Q2 2021 average revenue per hour of \$663 excluding the Company's top volume customers was \$10 per hour (2%) higher than Q2 2020 average revenue per hour of \$653.

CWC's swabbing rig utilization in Q2 2021 of 35% (Q2 2020: 16%) with 1,137 operating hours was 122% higher than the 513 operating hours in Q2 2020. Average revenue per hour for swabbing rigs of \$282 in Q2 2021 was \$6 per hour (2%) lower compared to \$288 in Q2 2020.

Outlook

In March 2020, the World Health Organization declared a global health pandemic due to COVID-19. In response to the COVID-19 outbreak, governments around the world implemented measures to control the spread of the virus from Q2 2020 through Q2 2022 including closure of non-essential businesses, restricting travel and encouraging citizens to stay-at-home. These government actions contributed to a significant deterioration in the global economy including a material decline in the demand for crude oil, which initially resulted in a significant decrease in oil prices. The decline in oil prices negatively affected current and forecasted drilling and production service activities in Canada and the United States. In response to the decline

in oil prices, OPEC+ and G20 oil producing nations reduced crude oil production resulting in a rebound in crude oil prices from the low US\$20/bbl in April 2020 to over US\$74/bbl in June 2021. In June 2021, Canadian provincial governments began to loosen their economic restrictions as the rising number of vaccinated Canadians helped reduce the number of active cases of COVID-19. Although optimism for the global economy rebounding has begun, caution remains as the number of active COVID-19 cases in certain areas of the world have recently increased as a result of the emergence of more infectious variants of the virus and the lower vaccination rates in certain countries. Such cautious optimism is reflected in the July 2021 OPEC+ agreement to add back approximately 4 million barrels per day of curtailed production in increments of 400,000 barrels per day each month into 2022, thereby eliminating the remaining COVID-19 induced production curtailments.

With the OPEC+'s gradual monthly increase in crude oil production, crude oil prices are likely to remain strong as the supply and demand of global crude oil will either tighten or be in relative balance. Such an outlook would be positive for the North American energy services industry for the remainder of 2021 and into 2022 as it is anticipated that E&P companies will increase their capital expenditure programs.

In June 2021, CWC released its inaugural Environmental, Social and Governance ("ESG") Report. Our commitment to ESG and sustainability has shown improvement over the last three years as outlined in our report. We will continue to work towards advancing these efforts further in future years, especially in the area of emission reductions and establishing goals and targets. Management is confident that CWC will be regarded as a leader on ESG and sustainability matters in our oilfield services industry.

CWC is experiencing a strong start to Q3 2021 with both the number of drilling rigs and service rigs back to the peak activity levels experienced this past winter in Q1 2021. While there are many positives to look forward to for the remainder of 2021, capitalizing upon them will primarily be constrained by the amount of available field labour or rig crews that CWC will be able to staff up. The labour market continues to be extremely tight even as field labour wage increases have been implemented by the industry and recovered from our E&P customers.

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

Discussion of Financial Results

Revenue, Direct Operating Expenses and Gross Margin

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Revenue								
Contract Drilling	3,424	1,318	2,106	160%	10,742	13,989	(3,247)	(23%)
Production Services	13,073	2,648	10,425	394%	30,424	23,517	6,907	29%
	16,497	3,966	12,531	316%	41,166	37,506	3,660	10%
Direct operating expenses								
Contract Drilling	3,118	1,076	2,042	190%	8,511	9,226	(715)	(8%)
Production Services	9,998	2,923	7,075	242%	22,153	18,388	3,765	20%
	13,116	3,999	9,117	228%	30,664	27,614	3,050	11%
Gross margin ⁽¹⁾								
Contract Drilling	306	242	64	26%	2,231	4,763	(2,532)	(53%)
Production Services	3,075	(275)	3,350	n/m ⁽²⁾	8,271	5,129	3,142	61%
	3,381	(33)	3,414	n/m ⁽²⁾	10,502	9,892	610	6%
Gross margin percentage ⁽¹⁾								
Contract Drilling	9%	18%	n/a	(9%)	21%	34%	n/a	(13%)
Production Services	24%	(10%)	n/a	34%	27%	22%	n/a	5%
	20%	(1%)	n/a	21%	26%	26%	n/a	0%

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

⁽²⁾ Not meaningful

Q2 2021 revenue of \$16.5 million, an increase of \$12.5 million (316%) compared to \$4.0 million in Q2 2020. Revenue increased \$2.1 million (160%) in the Contract Drilling segment and \$10.4 million (394%) in the Production Services segment

in Q2 2021 compared to Q2 2020. The revenue increase in Q2 2021 was a result of the increase in industry activity as the global health solutions to slow the spread of the COVID-19 virus were relaxed.

During Q2 2021, CWC provided services to two customers who each accounted for greater than 10% of our consolidated revenue during the quarter (Q2 2020: three customers).

Revenue contribution from the Company's top ten customers decreased from 68% for the first six months of 2020 to 66% in the first six months of 2021.

For the six months ended June 30, 2021, approximately 78% of revenue (2020: 80%) was from work on crude oil wells while 21% (2020: 20%) was from natural gas wells. Further, approximately 32% of revenue (2020: 44%) was related to drilling and completions work, 57% of revenue (2020: 41%) from maintenance and workovers on producing wells and 10% of revenue (2020: 15%) from well decommissioning.

Many direct operating expenses, including labour costs related to field operating employees, are variable in nature and increase or decrease with activity levels such that changes in operating costs generally correspond to changes in revenue or activity levels. Contract Drilling's gross margin percentage of 9% in Q2 2021 is lower when compared to the 18% gross margin percentage in Q2 2020 as the Company incurred additional costs to quarantine a complete rig crew for 10 days during Q2 2021 after one crew member tested positive for COVID-19. Production Services' gross margin percentage of 24% in Q2 2021 is higher than the (10%) in Q2 2020 as Production Services' activity levels returned in Q2 2021 compared to the COVID-19 induced activity level slowdown experienced in Q2 2020.

Other Income

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Other income	2,579	1,788	791	44%	3,644	1,788	1,856	104%

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

Other income of \$2.6 million in Q2 2021, an increase of \$0.8 million (44%) compared to \$1.8 million in Q2 2020. The increase is primarily a result of higher activity levels, thereby having more employees who qualify for the CEWS, in Q2 2021 compared to Q2 2020 as well as qualifying for CERS in Q2 2021 with no such program in place in Q2 2020.

Other income of \$3.6 million for the six months ended June 30, 2021, an increase of \$1.8 million (104%) compared to \$1.8 million in 2020 is due primarily to qualifying for CEWS for six months in 2021 compared to three months in 2020.

Selling and Administrative Expenses

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Selling and administrative expenses	3,471	3,152	319	10%	6,803	7,569	(766)	(10%)

Selling and administrative expenses of \$3.5 million in Q2 2021, an increase of \$0.3 million (10%) compared to \$3.2 million in Q2 2020 as the cash saving initiatives including reduced head counts and compensation reductions implemented in Q2 2020 were lessened in Q2 2021 in response to higher activity levels.

Selling and administrative expenses of \$6.8 million for the first six months ended June 30, 2021, a decrease of \$0.8 million (10%) compared to \$7.6 million in 2020. The decrease is a result of the cash saving initiatives undertaken in Q2 2020, including reduced head counts; compensation reductions to Board of Directors and employees; and discontinuing operations of the Coil Tubing division which carried through in cost reductions for the first six months of 2021

Adjusted EBITDA⁽¹⁾

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Adjusted EBITDA⁽¹⁾								
Contract Drilling	172	220	(48)	(22%)	1,939	4,161	(2,222)	(53%)
Production Services	3,491	(640)	4,131	n/m ⁽²⁾	7,578	2,310	5,268	228%
Corporate	(1,174)	(977)	(197)	20%	(2,174)	(2,360)	186	(8%)
	2,489	(1,397)	3,886	n/m ⁽²⁾	7,343	4,111	3,232	79%
Adjusted EBITDA margin (%) ⁽¹⁾	15%	-35%	n/a	50%	18%	11%	n/a	7%

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

⁽²⁾ Not meaningful

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

Adjusted EBITDA⁽¹⁾ of \$2.5 million for Q2 2021, an increase of \$3.9 million compared to (\$1.4) million in Q2 2020.

Adjusted EBITDA⁽¹⁾ of \$7.3 million for the first six months of 2021, an increase of \$3.2 million compared to \$4.1 million in the same period of 2020. The increase in Adjusted EBITDA was primarily due to increased activity levels as the economy began to recover from the effects of the measures taken to combat the COVID-19 health pandemic.

Stock Based Compensation

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Stock based compensation	167	139	28	20%	343	272	71	26%

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

Stock based compensation of \$0.2 million for Q2 2021 was consistent with \$0.1 million for Q2 2020.

Stock based compensation of \$0.3 million in the first six months of 2020, is consistent with \$0.3 million in the same period in 2020.

Finance Costs

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Finance costs	246	780	(534)	(68%)	505	1,464	(959)	(66%)

Finance costs of \$0.2 million in Q2 2021, a decrease of \$0.5 million (68%) compared to \$0.8 million in Q2 2020 due to lower long-term debt levels compared to Q2 2020.

For the six months ended June 30, 2021, finance costs of \$0.5 million, a decrease of \$1.0 million (66%) from \$1.5 million for the same period in 2020.

Depreciation and Amortization

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Depreciation and amortization								
Contract Drilling	811	796	15	2%	1,659	1,915	(256)	(13%)
Production Services	1,656	1,617	39	2%	3,396	3,398	(2)	(0%)
Corporate	114	182	(68)	(37%)	222	454	(232)	(51%)
	2,581	2,595	(14)	(1%)	5,277	5,767	(490)	(8%)

Depreciation and amortization of \$5.3 million in the first six months of 2021, a decrease of \$0.5 million (8%) compared to \$5.8 million for the same period in 2020 primarily due to the lower depreciable asset base.

Impairment of Assets and Assets Held for Sale

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Impairment of assets and assets held for sale								
Contract Drilling	-	-	-	-	-	24,000	(24,000)	n/m ⁽¹⁾
Production Services	-	-	-	-	1,296	1,451	(155)	(11%)
Corporate	-	-	-	-	-	-	-	-
	-	-	-	-	1,296	25,451	(24,155)	95%

Impairment of assets and assets held for sale of \$1.3 million in the first six months of 2021, a decrease of \$24.2 million (95%) compared to \$25.5 million for the same period in 2020.

During Q1 2021, the Company developed plans and entered into agreements to dispose of non-core assets related to the Production Services segment. The assets related to these agreements were reclassified from property, plant and equipment to current assets held for sale and were measured at the lower of their carrying amount and fair value less costs to sell.

(Gain) Loss on Disposal of Equipment and Assets Held for Sale

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
(Gain) loss on disposal of equipment and assets held for sale	418	(77)	495	n/m ⁽¹⁾	206	974	(768)	(79%)

⁽¹⁾ Not meaningful.

Management continually monitors the asset mix and equipment needs of the Company and divests assets as needed to optimize operations.

For the six months ended June 30, 2021, loss on disposal of equipment and assets held for sale of \$0.2 million was primarily the result of the disposals of ancillary equipment and vehicles with proceeds on sale of \$0.7 million (2020: \$0.6 million) and the disposal of assets held for sale for proceeds of \$0.6 million.

Deferred Income Tax Expense (Recovery)

\$ thousands	Three months ended		Six months ended	
	June 30,		June 30,	
	2021	2020	2021	2020
Net loss before income taxes	(923)	(4,834)	(284)	(29,817)
Deferred income tax (recovery) expense	(164)	(1,100)	28	(6,906)
Deferred income tax (expense) recovery as a % of net loss before income taxes	18%	23%	(10%)	23%
Expected statutory income tax rate	23.7%	26.5%	23.7%	26.5%

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

The deferred income tax recovery in Q2 2021 of \$0.2 million (Q2 2020: \$1.1 million) and the deferred income tax expense of \$0.03 million for the first six months of 2021 (2020: deferred income tax recovery \$6.9 million) is a result of the net loss before income taxes in each period.

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

Net Income (Loss) and Comprehensive Income (Loss)

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Net loss	(759)	(3,734)	(2,975)	80%	(312)	(22,911)	(22,599)	99%
Unrealized gain (loss) on translation of foreign operations	(159)	(714)	(555)	78%	(324)	1,520	1,844	121%
Comprehensive loss	(918)	(4,448)	(3,530)	79%	(636)	(21,391)	(20,755)	97%

Net loss of \$0.8 million in Q2 2021, a decrease of \$2.9 million compared to a net loss of \$3.7 million in Q2 2020. Comprehensive loss of \$0.9 million in Q2 2021, a decrease of \$3.5 million compared to comprehensive loss of \$4.4 million in Q2 2020.

For the first six months ended June 30, 2021, net loss of \$0.3 million, a decrease of \$22.6 million compared to a net loss of \$22.9 million for the same period in 2020. Comprehensive loss of \$0.6 million in the first six months of 2021, a decrease of \$20.8 million compared to comprehensive loss of \$21.4 million for the same period in 2020. The decrease in net loss and comprehensive loss were primarily due to a reduction in impairment charges compared to 2020.

Liquidity and Capital Resources

Source of Funds

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

During the first six months of 2021, the Company's operating cash flow of \$11.1 million and proceeds on disposal of equipment of \$1.3 million were used to fund a \$8.9 million reduction in long-term debt, \$2.6 million of capital expenditures, \$0.7 million of interest on long-term debt, finance costs and lease payments, and \$0.3 million in acquisitions of common shares under the NCIB.

At June 30, 2021 the Company had working capital (excluding debt) of \$8.8 million, a decrease of \$3.3 million (27%) from \$12.1 million at December 31, 2020. (Please refer to the "Reconciliation of Non-IFRS Measures" section for further information.) The decrease in working capital (excluding debt) is due to lower accounts receivable and higher accounts payable due to decreased activity levels in Q2 2021 versus Q4 2020. Typically, as activity levels increase or decrease working capital will also increase or decrease.

On March 4, 2021, CWC and its syndicated lenders completed an extension of its credit facilities and certain other amendments to provide financial security and flexibility to July 31, 2024. At the request of the Company, the credit facilities were reduced from \$60 million to \$50 million to reduce borrowing costs and standby charges. The covenant for Consolidated Debt to EBITDA ratio is as follows:

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

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

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

The Company is in compliance with each of the financial covenants at June 30, 2021. As of June 30, 2021, the applicable rates under the Bank Loan are: bank prime rate plus 1.25%, bankers' acceptances rate plus a stamping fee of 2.25%, and standby fee rate of 0.56%.

The Company's Mortgage Loan is a loan maturing on September 28, 2023 that is amortized over 22 years with blended monthly principal and interest payments of \$86 thousand. At maturity, approximately \$9.9 million of principal will become payable assuming only regular monthly payments are made. On July 27, 2018 the Company entered into an interest rate swap to exchange the floating rate interest payments for fixed rate interest payments, which fix the Bankers' Acceptance-Canadian Dollar Offered Rate components of its interest payment on the outstanding term debt. Under the interest rate swap agreement, the Company pays a fixed rate of 2.65% per annum plus the applicable credit spread of 1.35%, for an effective fixed rate of 4.0%. The fair value of the interest rate swap arrangement is the difference between the forward interest rates and the discounted contract rate. As of June 30, 2021, the mark-to-market value of the interest rate swap of \$0.4 million is included within accounts payable and accrued liabilities on the Consolidated Statements of Financial Position (December 31, 2020: \$0.6 million).

Capital Requirements

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

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

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

Common Shares and Dividends

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

	July 29, 2021	June 30, 2021	December 31, 2020
Common shares	504,764,797	504,764,797	505,620,916
Stock options	11,632,000	11,632,000	16,038,000
Restricted share units	13,175,181	13,175,181	14,954,562

During the six months ended June 30, 2021, 4,250,000 stock options expired and 156,000 were forfeited. In addition, 1,393,381 Restricted Share Units were exercised and 386,000 were forfeited.

On April 15, 2020, the Company commenced a normal course issuer bid which expired on April 14, 2021. Under this NCIB the Company was entitled to purchase, from time to time as it considered advisable, up to 25,340,742 issued and outstanding

common shares through the facilities of the TSXV or other recognized marketplaces. CWC made these NCIB purchases through an ASPP with Raymond James.

For the six months ended June 30, 2021, 2,249,500 common shares purchased under the NCIB were cancelled and returned to treasury.

Capital Expenditures

\$ thousands	Three months ended				Six months ended			
	June 30,		Change	Change	June 30,		Change	Change
	2021	2020	\$	%	2021	2020	\$	%
Capital expenditures								
Contract drilling	1,040	308	732	238%	1,995	1,094	901	82%
Production services	390	412	(22)	(5%)	710	2,405	(1,695)	(70%)
Other equipment	4	-	4	n/m ⁽¹⁾	4	26	(22)	(85%)
	<u>1,434</u>	<u>720</u>	<u>714</u>	<u>99%</u>	<u>2,709</u>	<u>3,525</u>	<u>(816)</u>	<u>(23%)</u>
Growth capital	734	(318)	1,052	331%	991	1,017	(26)	(3%)
Maintenance and infrastructure capital	700	1,038	(338)	(33%)	1,718	2,508	(790)	(31%)
Total capital expenditures	<u>1,434</u>	<u>720</u>	<u>714</u>	<u>99%</u>	<u>2,709</u>	<u>3,525</u>	<u>(816)</u>	<u>(23%)</u>

⁽¹⁾ Not meaningful

Capital expenditures of \$1.4 million in Q2 2021, an increase of \$0.7 million compared to \$0.7 million in Q2 2020.

Capital expenditures of \$2.7 million for the six months ended June 30, 2021, a decrease of \$0.8 million compared to \$3.5 million in the same period of 2020.

Commitments and Contractual Obligations

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

Summary and Analysis of Quarterly Data

\$ thousands, except per share amounts	2021		2020				2019	
	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30
Revenue	16,497	24,669	20,065	10,322	3,966	33,540	30,667	27,775
Adjusted EBITDA ⁽¹⁾	2,489	4,854	5,034	1,953	(1,397)	5,508	3,491	3,868
Net income (loss)	(759)	447	(769)	(810)	(3,734)	(19,177)	(854)	(234)
Net income (loss) per share: basic and diluted	0.00	0.00	(0.01)	(0.00)	(0.00)	(0.04)	(0.00)	(0.00)
Total assets	193,127	202,191	202,223	199,421	196,565	221,110	243,398	243,647
Total long-term debt	21,187	29,285	30,231	27,960	25,788	43,337	40,552	41,549
Shareholders' equity	157,242	158,108	157,977	158,959	160,281	164,802	182,032	183,621

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

The table above summarizes CWC's quarterly results for the previous eight financial quarters. CWC's operations are carried out in western Canada and the United States. The second quarter is typically expected to be the weakest financial and operating quarter for the Company due to ground conditions being impacted by spring breakup in Canada. The ability to move heavy equipment in the Canadian crude oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this spring breakup has a direct impact

on the Company's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen enough to support equipment. As a result, late March through May is traditionally the Company's slowest time, and as such the revenue, operating costs, and financial results of the Company will vary on a quarterly basis.

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

Other significant impacts have been a result of:

- Q2 2021 saw the continuation of higher activity levels adjusted for seasonality as crude oil prices continued to rise to over US\$70/bbl. Shortage of available field labour or rig crews in the industry during the quarter became a constraint to higher growth, which is expected to lead to higher pricing for the Company's drilling and well servicing work in future quarters.
- Q1 2021 saw the continuation of a recovery in Canadian oilfield service activity compared to Q4 2020 as the belief of the return to normalcy as a result of the rollout of the COVID-19 vaccines provided support for an increased forecast of global crude oil demand for the remainder of 2021. As such, oil prices continued to rise during the quarter to over US\$60/bbl. During Q1 2021, 2,249,500 common shares were purchased, cancelled and returned to treasury under the NCIB.
- Q4 2020 saw a modest recovery in oilfield service activity compared to Q3 2020 as the lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus continued. Crude oil prices continued to modestly increase in Q4 2020 to an average of US\$42.63/bbl as the introduction of vaccines to combat the virus were distributed globally toward the end of the quarter, thereby increasing E&P customers' confidence to increase drilling and production activities. During Q4 2020, 1,196,500 common shares were purchased under the NCIB and 1,282,500 common shares were cancelled and returned to treasury.
- Q3 2020 saw a continuation of low economic activity in the oilfield services sector as a result of lower demand for crude oil amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. However, oil prices recovered in Q3 2020 from the lows experienced in Q2 2020 to an average of US\$40.90/bbl. This oil price recovery caused a gradual increase in the utilization of service rigs, but was not enough to increase drilling rig activity from its historical lows. During Q3 2020, 2,405,000 common shares were purchased under the NCIB and 2,349,000 common shares were cancelled and returned to treasury.
- Q2 2020 demand for crude oil declined amid the global economic downturn as a result of the COVID-19 health pandemic and the measures put in place to slow the spread of the virus. The impact this had on the Company resulted in a 79% decline in revenue compared to Q2 2019 and the Company posting its first negative Adjusted EBITDA⁽¹⁾ in 27 quarters. During Q2 2020, 1,708,000 common shares were purchased under the NCIB and 1,718,000 common shares were cancelled and returned to treasury.
- Q1 2020 saw the combined effects of the reduction in global demand for crude oil due to the COVID-19 health pandemic and the increase in global supply of crude oil resulting in a rapid and uneconomic decline in oil prices. This negatively affected current and future drilling and production levels in Canada and the U.S. resulting in decreased demand for drilling and production services by our E&P customers in mid-March 2020. The Company acted quickly to implement cash saving initiatives to preserve cash resources and maintain balance sheet strength as well as retaining our most valuable asset – our key employees. The Company reduced its head count by 43% through departures and layoffs of its employees and contractors and incurred \$0.1 million in severance costs related to these layoffs in Q1 2020. During Q1 2020, 3,674,500 common shares were purchased under the NCIB and 3,764,000 common shares were cancelled and returned to treasury;
- Q4 2019 saw the WTI-WCS differential widen to over US\$20.00/bbl, compared to a historical normal range of US\$10-\$15/bbl. Despite this widening differential, CWC saw increased activity in its service rig division with 33,656 hours compared to the 29,528 hours in Q3 2019. Drilling rig operating days were impacted by the movement of one drilling rig from Texas to Wyoming which resulted in approximately 21 days of lost revenue. During Q4 2019, 1,453,500 common shares were purchased under the NCIB and 1,342,000 common shares were cancelled and returned to treasury;
- Q3 2019 saw the first full quarter of drilling operations in the United States. In addition, the Company extended its credit facilities to July 31, 2022 and reduced the credit facilities from \$75 million to \$60 million, which now includes a separate U.S. operating facility. During Q3 2019, 405,000 common shares were purchased under the NCIB and 524,500 common shares were cancelled and returned to treasury.

Critical Accounting Estimates and Judgments

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

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

CEO and CFO Certifications

The CEO and CFO of TSX Venture Exchange listed companies, such as CWC, are not required to certify they have designed internal control over financial reporting, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Instead, an optional form of certification has been made available to TSX Venture Exchange listed companies and has been used by CWC's certifying officers for the June 30, 2021 interim filings. The certification reflects what the Company considers to be a more appropriate level of CEO and CFO certification given the size and nature of the Company's operations. This certification requires that the certifying officer's state:

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

Risks and Uncertainties

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

Forward-Looking Information

This MD&A contains certain forward-looking information and statements within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including most of those contained in the section titled "Outlook" and including statements which may contain such words as "anticipate", "could", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, planned levels of capital expenditures, expectations as to activity levels, expectations on the sustainability of future cash flow and earnings, expectations with respect to crude oil and natural gas prices, activity levels in various areas, expectations regarding the level and type of drilling and production and related drilling and well services activity in the WCSB and U.S. basins, expectations regarding entering into long term drilling contracts and expanding its customer base, and expectations regarding the business, operations, revenue and debt levels of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks including the implications of the COVID-19 health pandemic on the Company's business, operations and personnel. These factors and risks include, but are not limited to, the risks associated with the COVID-19 health pandemic and their implications

on the demand and supply in the drilling and oilfield services sector (i.e. demand, pricing and terms for oilfield drilling and services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks), significant expansion measures to stop the spread of COVID-19 further restricting or prohibiting the operations of the Company's facilities and operations, actions to ensure social distancing due to COVID-19, the Company's cash saving initiatives, integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. Any forward-looking statements made previously may be inaccurate now.

Reconciliation of Non-IFRS Measures

\$ thousands, except shares, per share amounts and margins	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
NON-IFRS MEASURES				
<u>Adjusted EBITDA:</u>				
Net loss	(759)	(3,734)	(312)	(22,911)
Add:				
Stock based compensation	167	139	343	272
Finance costs	246	780	505	1,464
Depreciation and amortization	2,581	2,595	5,277	5,767
Impairment of assets	-	-	1,296	25,451
Loss (gain) on sale of equipment	418	(77)	206	974
Income tax expense (recovery)	(164)	(1,100)	28	(6,906)
Adjusted EBITDA⁽¹⁾	2,489	(1,397)	7,343	4,111
Adjusted EBITDA per share – basic and diluted⁽¹⁾	\$ 0.00	\$ 0.00	\$ 0.01	\$ 0.01
Adjusted EBITDA margin (Adjusted EBITDA/Revenue)⁽¹⁾	15%	(35%)	18%	11%
Weighted average number of shares outstanding – basic and diluted	504,534,525	507,543,333	505,286,936	509,239,883
<u>Gross margin:</u>				
Revenue	16,497	3,966	41,166	37,506
Less: Direct operating expenses	13,116	3,999	30,664	27,614
Gross margin⁽²⁾	3,381	(33)	10,502	9,892
Gross margin percentage⁽²⁾	20%	(1%)	26%	26%

\$ thousands	June 30, 2021	December 31, 2020
<u>Working capital (excluding debt):</u>		
Current assets	15,638	18,323
Less: Current liabilities	(7,510)	(7,004)
Add: Current portion of long-term debt	716	750
Working capital (excluding debt)⁽³⁾	8,844	12,069
Working capital (excluding debt) ratio⁽³⁾	2.3:1	2.9:1
<u>Net debt:</u>		
Long-term debt	20,471	29,481
Less: Current assets	(15,638)	(18,323)
Add: Current liabilities	7,510	7,004
Net debt⁽⁴⁾	12,343	18,162

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

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

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

⁽⁴⁾Net debt is calculated based on long-term debt less current assets plus current liabilities. Net debt is not a recognized measure under IFRS and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies. Management believes net debt is a useful indicator of a company's debt position.