For Immediate Release: October 31, 2018

CWC ENERGY SERVICES CORP. ANNOUNCES THIRD QUARTER 2018 OPERATIONAL AND FINANCIAL RESULTS

CALGARY, ALBERTA – (TSXV: CWC) CWC Energy Services Corp. ("CWC" or the "Company") announces the release of its operational and financial results for the three and nine months ended September 30, 2018. The Financial Statements and Management Discussion and Analysis ("MD&A") for the three and nine months ended September 30, 2018 are filed on SEDAR at www.sedar.com.

Financial and Operational Highlights

$ thousands, except shares, per share amounts, and margins	Three months ended September 30, 2018	Three months ended September 30, 2017	Change %	Nine months ended September 30, 2018	Nine months ended September 30, 2017	Change %
FINANCIAL RESULTS						
Revenue						
Contract drilling	10,633	10,130	5%	25,142	24,308	3%
Production services	27,480	17,043	61%	84,141	50,487	67%
	38,113	27,173	40%	109,283	74,795	46%
Adjusted EBITDA [1]	6,002	4,055	48%	13,511	9,433	43%
Adjusted EBITDA margin (%) [1]	16%	15%		12%	13%	
Funds from operations	6,002	4,055	48%	13,511	9,433	43%
Net income (loss) and comprehensive income (loss)	326	(638)	n/m[2]	(1,545)	(3,683)	58%
Net income (loss) and comprehensive income (loss) margin (%)	1%	(2%)	n/m[2]	(1)%	(5%)	n/m[2]
Per share information:						
Weighted average number of shares outstanding – basic and diluted	520,463,960	392,935,814		521,271,741	392,604,720	
Adjusted EBITDA[1] per share - basic and diluted	$0.01	$0.01		$0.03	$0.02	
Net income (loss) per share – basic and diluted	$0.00	$0.00		$(0.00)	($0.01)	

$ thousands, except ratios	September 30, 2018	December 31, 2017
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [1]	19,469	19,543
Working capital (excluding debt) ratio [1]	2.8:1	2.6:1
Total assets	257,675	264,354
Total long-term debt (including current portion)	46,394	49,810
Shareholders' equity	185,195	186,519

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

(2) Not meaningful.

Highlights for the Three Months Ended September 30, 2018

- Average Q3 2018 crude oil pricing, as measured by WTI, of US$73.25/bbl was 8% higher than Q2 2018 average price of US$67.97/bbl (Q3 2017: US$48.18/bbl). However, the price differential between Canadian heavy crude oil, as represented by WCS, and WTI widened at times during the quarter from US$19/bbl to US$36/bbl and even higher to US$50/bbl in October 2018 compared to the historical normalized range of US$10/bbl to US$15/bbl causing exploration and production ("E&P") companies to delay and/or shorten their drilling programs. However, such heavy oil differentials has yet to have a similar slowdown effect to activity levels in our service rig division given the Company's focus on production services. Natural gas prices, as measured by AECO, increased 90% from an average of $1.14/GJ in Q2 2018 to $2.17/GJ in Q3 2018 (Q3 2017: $1.36/GJ), but continues to remain very low in historically terms.

- CWC's drilling rig utilization of 60% in Q3 2018 (Q3 2017: 63%) exceeded Canadian Association of Oilwell Drilling Contractors ("CAODC") industry average of 30%. Activity levels decreased 3% in Q3 2018 compared to Q3 2017 due to significant wet weather conditions in key operating areas (57 days of lost activity compared to 31 days in Q3 2017 out of a possible 828 total days). In addition, significant customer driven improvements and upgrades to Rig #4 were completed during Q3 2018 which delayed the rig from being in active service. On a positive note, average revenue per operating day of $21,263 increased 9% over the comparable year ago quarter of $19,424.

- CWC achieved service rig utilization of 45% in Q3 2018 (Q3 2017: 47%) with 42,316 operating hours (a new Q3 Company record) being 49% higher than the 28,320 operating hours in Q3 2017 as a result of the additional service rigs acquired from C&J Energy Production Services-Canada Ltd ("C&J Canada"). CWC's service rig utilization was also impacted by wet weather conditions during Q3 2018 which resulted in 4,024 hours of lost activity (Q3 2017: 2,616 hours) out of a total 93,950 hours. The average revenue per hour of $628 increased 12% over the comparable year ago quarter of $559. Furthermore, Q3 2018 average revenue per hour excluding its top volume customers of $664 was $36 per hour higher than Q3 2018 average revenue per hour of $628 demonstrating CWC's ability to to pass on higher labour and fuel costs to the majority of its E&P customers.

- Revenue of $38.1 million, an increase of $10.9 million (40%) compared to $27.2 million in Q3 2017. The increase is primarily a result of the addition of the service rig assets of C&J Canada.

- Adjusted EBITDA (1) of $6.0 million in Q3 2018, an increase of $2.0 million (46%) compared to $4.1 million in Q3 2017. The increase in Adjusted EBITDA in Q3 2018 is due to higher gross margin from Production Services, on higher operating hours partially offset by lower Contract Drilling rig activity and gross margins when compared to Q3 2017 and higher selling and administrative costs due to the C&J Canada acquisition. CWC has achieved 21 continuous quarters of positive Adjusted EBITDA since Q2 2013.

- Net income of $0.3 million, an increase of $0.9 million compared to a net loss of $0.6 million in Q3 2017. The change in net income is primarily due to the higher Adjusted EBITDA, offset by higher finance, stock based compensation, depreciation and income tax expense.

- On July 27, 2018 the Company entered into an interest rate swap to effectively fix the interest rate at 4.00%, until June 28, 2023, on its Mortgage Loan. As of September 30, 2018 the mark-to-market value of the interest rate swap was nominal.

- During Q3 2018, 1,175,500 (Q3 2017: 1,402,000) common shares were purchased under CWC's Normal Course Issuer Bid ("NCIB") and 1,309,000 common shares were cancelled and returned to treasury.

Highlights for the Nine Months Ended 30, 2018

- CWC's drilling rig utilization in the first nine months of 2018 of 46% (2017: 49%) exceeded the CAODC industry average of 29%. Activity levels in 2018 have decreased 3% compared to 2017 due to significant wet weather conditions in key operating areas in Q3 2018 which resulted in lost activity days. Year-to-date 2018 operating days of 1,131 (2017: 1,209 operating days) is the second most active since the acquisition of Ironhand Drilling Inc. in May 2014.

- For the first nine months of 2018, CWC's service rig utilization was 45% consistent with 45% in the same period in 2017. Activity levels in 2018 continue to set new Company records by increasing 54% to 125,125 operating hours (2017: 81,363 operating hours). The increase resulted from the additional service rigs acquired from C&J Canada.

- Revenue of $109.3 million, an increase of $34.5 million (46%) compared to $74.8 million in the first nine months of 2017. The increase is primarily a result of the addition of the service rig assets of C&J Canada.

- Adjusted EBITDA (1) of $13.5 million, an increase of $4.1 million (43%) compared to $9.4 million in the first nine months of 2017. The increase in Adjusted EBITDA is consistent with increased activity ($6.6 million) from Production Services due to the C&J Canada acquisition, offset by a decrease in Adjusted EBITDA in Contract Drilling ($0.9 million) and corporate expense of ($1.7 million).

- Net loss of $1.5 million, a decrease of $2.1 million (-58%) compared to a net loss of $3.6 million in the first nine months of 2017. The decrease in net loss is due primarily to an increase in Adjusted EBITDA from Production Services as a result of increased activity from the C&J Canada acquisition.

- At the request of the Company, the Bank Loan was reduced from $100 million to $75 million to reduce borrowing costs and standby charges.

- On June 29, 2018 the Company obtained a new five year credit facility (the "Mortgage Loan") in the principal amount of $12.8 million. The Mortgage Loan is secured by, among other things, a collateral mortgage from the Company in favour of the bank over properties located in Sylvan Lake, Brooks and Slave Lake Alberta. These new borrowing arrangements significantly reduce the Company's overall borrowing costs by reducing standby charges on the syndicated credit facilities (the "Bank Loan") and realizing a lower interest rate on the term Bank Loan. The Mortgage Loan has been amortized over 22 years with blended monthly principal and interest payments. On July 27, 2018 the Company entered into an interest rate swap to effectively fix the interest rate at 4.00% until June 28, 2023. As of September 30, 2018 the mark-to-market value of the interest rate swap was nominal.

- For the nine months ended September 30, 2018, the Company purchased 3,593,000 (2017: 3,088,500) common shares under its NCIB and 3,563,000 (2017: 3,088,500) common shares were cancelled and returned to treasury.

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

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 three have pad rig walking systems. All of the drilling rigs are well suited for the most active depths for horizontal drilling in the WCSB, including the Montney, Cardium, Duvernay and other deep basin horizons. Part of the Company's strategic initiatives is to continue to increase the capabilities of its existing fleet to meet the growing demands of E&P customers for deeper depths at a cost effective price while providing a sufficient internal rate of return for CWC's shareholders.

	Three months ended							
OPERATING HIGHLIGHTS	**Sep. 30, 2018**	**Jun. 30, 2018**	**Mar. 31, 2018**	**Dec. 31, 2017**	**Sep. 30, 2017**	**Jun. 30, 2017**	**Mar 31, 2017**	**Dec. 31, 2016**
Drilling Rigs								
Active drilling rigs, end of period	9	9	9	9	9	9	9	9
Inactive drilling rigs, end of period	-	-	-	-	-	-	-	-
Total drilling rigs, end of period	9	9	9	9	9	9	9	9
Revenue per operating day [(1)]	$21,263	$21,227	$23,485	$23,572	$19,424	$19,575	$20,942	$20,623
Drilling rig operating days	500	133	498	463	522	155	532	257
Drilling rig utilization % [(2)]	60%	16%	61%	56%	63%	19%	66%	31%
CAODC industry average utilization %	30%	17%	52%	28%	29%	17%	40%	24%
Wells drilled	41	11	45	30	29	17	41	21
Average days per well	12.2	12.1	11.1	15.0	18.0	9.1	13.0	12.2
Meters drilled (thousands)	155.2	41.0	161.7	128.1	112.2	45.6	151.8	82.0
Meters drilled per day	310	309	325	277	215	294	285	319
Average meters per well	3,786	3,724	3,593	4,270	3,869	2,684	3,702	3,906

(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 $10.6 million for Q3 2018 (Q3 2017: $10.1 million) was achieved with a utilization rate of 60% (Q3 2017: 63%), compared to the CAODC industry average of 30%. CWC had 500 drilling rig operating days in Q3 2018, a 4% decrease from the 522 drilling rig operating days in Q3 2017, The reduced operating days were due to significant wet weather conditions in key operating areas in Q3 2018 (57 days of lost activity compared to 31 days in Q3 2017 out of a possible 828 total days). However, Q3 2018 average revenue per operating day of $21,263 increased 9% over the $19,424 in Q3 2017. In addition, significant customer driven improvements and upgrades to Drilling Rig #4 were completed during Q3 2018 which delayed the rig from being in active service. This upgrade is expected to increase the drilling rig's capacity resulting in higher expected utilization for future quarters.

Production Services

With a fleet of 148 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, 57 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 46 of its service rigs and focus its sales and operational efforts on the remaining 102 active service rigs. Starting in October 2018, CWC has chosen to park another 10 of its active service rigs as a result of the tight labour market for field employees and the inability to crew these service rigs. The reduction of these 10 service rigs results in an active service rig fleet of 92 rigs for Q4 2018, which will still make CWC the largest well servicing company in Canada by operating hours.

CWCs fleet of nine coil tubing units consist of four Class I and five Class II coil tubing units having depth ratings from 1,500 to 3,200 metres. The Company continues to focus its sales and operational efforts on servicing SAGD wells that are shallower in depth and more appropriate for 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 CWC Swabtech. The swabbing rigs are used to remove liquids from the wellbore and allow reservoir pressures to push the commodity up the tubing casing. The Company has chosen to park four of its swabbing rigs and focus its sales and operational efforts on the remaining nine active swabbing rigs.

OPERATING HIGHLIGHTS	Three months ended Sep. 30, 2018	Jun. 30, 2018	Mar. 31, 2018	Dec. 31, 2017	Sep. 30, 2017	Jun. 30, 2017	Mar. 31, 2017	Dec. 31, 2016
Service Rigs								
Active service rigs, end of period	102	107	108	111	66	66	66	67
Inactive service rigs, end of period	46	41	41	38	8	8	8	7
Total service rigs, end of period	148	148	149	149	74	74	74	74
Operating hours	42,316	28,831	53,979	40,879	28,320	20,047	32,997	27,091
Revenue per hour	$628	$642	$637	$606	$559	$551	$584	$536
Revenue per hour excluding top volume customers	$664	$677	$681	$645	$610	$608	$641	$590
Service rig utilization % (1)	45%	30%	56%	46%	47%	33%	56%	45%
Coil Tubing Units								
Active coil tubing units, end of period	8	8	8	9	9	9	9	8
Inactive coil tubing units, end of period	1	1	1	1	1	1	1	2
Total coil tubing units, end of period	9	9	9	10	10	10	10	10
Operating hours	898	1,212	3,007	1,978	1,783	1,557	4,243	2,349
Revenue per hour	$731	$762	$724	$728	$688	$657	$491	$507
Coil tubing units utilization % (2)	12%	17%	39%	24%	22%	19%	52%	32%
Swabbing Rigs								
Active Swabbing rigs, end of period	9	8	8	9				
Inactive swabbing rigs, end of period	4	5	5	4				
Total swabbing rigs, end of period	13	13	13	13				
Operating hours	881	958	2,258	1,063				
Revenue per hour	$273	$265	$310	$286				
Swabbing rig utilization % (1)	11%	13%	31%	19%				

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

(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. Coil tubing units that have been 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 was $27.5 million in Q3 2018, up $10.5 million (61%) compared to $17.0 million in Q3 2017 as a result of adding an additional 36 active service rigs and 9 active swabbing rigs primarily from the C&J Canada acquisition. CWC achieved service rig utilization of 45% in Q3 2018 (Q3 2017: 47%) with 42,316 operating hours (a new Q3 Company record) being 49% higher than the 28,320 operating hours in Q3 2017 as a result of these additional service rigs from C&J Canada. The Company's service rig utilization was also impacted by wet weather conditions during Q3 2018 which resulted in 4,024 hours of lost activity (Q3 2017: 2,616 hours) out of a total 93,950 hours. The Q3 2018 average revenue per hour of $628 increased

12% over the $559 in Q3 2017. Furthermore, Q3 2018 average revenue per hour excluding the top volume customers of $664 was $36 per hour higher than Q3 2018 average revenue per hour of $628 demonstrating CWC's ability to to pass on higher labour and fuel costs to the majority of its E&P customers.

CWC achieved coil tubing utilization of 12% in Q3 2018 (Q3 2017: 22%) with 898 operating hours being 50% lower than the 1,783 operating hours in Q3 2017. Q3 2018 operating hours were negatively impacted by the continuation of very low natural gas prices and widening heavy oil differentials between WCS and WTI in SAGD operating areas causing delays in allocation and commitment of capital by our E&P customers. Average revenue per hour for coil tubing services of $731 in Q3 2018 is 6% higher than $688 in Q3 2017, which reflects pricing improvements.

CWC achieved swabbing rig utilization of 11% in Q3 2018 (Q3 2017: nil) with 881 operating hours. The low activity level reflects the continuation of very low natural gas prices as CWC's swabbing rigs are used primarily to remove liquids from shallow natural gas wellbores.

Capital Expenditures

	Three months ended September 30,				Nine months ended September 30,			
$ thousands	**2018**	**2017**	**Change $**	**Change %**	**2018**	**2017**	**Change $**	**Change %**
Contract drilling	1,586	1,504	82	5%	6,702	2,788	3,914	140%
Production services	1,110	1,040	70	7%	3,040	2,829	211	7%
Corporate	-	-	-	-%	28	9	19	211%
Total capital expenditures	2,696	2,544	152	6%	9,770	5,626	4,144	74%
Growth capital	1,581	1,363	218	16%	5,859	1,735	4,124	238%
Maintenance and infrastructure capital	1,115	1,181	(66)	(6)%	3,911	3,891	20	1%
Total capital expenditures	2,696	2,544	152	6%	9,770	5,626	4,144	74%

Capital expenditures for the first nine months of 2018 of $9.8 million are $4.1 million higher than $5.6 million in 2017 and primarily consist of drilling rig upgrades, recertification costs, replacement components and leased vehicles. Growth capital of $1.6 million in Q3 2018 consists primarily of customer driven upgrades to Drilling Rig #4 (Q2 2018: $2.7 million) that included a pad rig walking system, increase drilling capacity, torque, pump pressure and dual fuel engine capabilities while operating on a smaller footprint. In Q2, 2018 Drilling Rig #2 upgrades of $1.0 million included a new mast, rising cylinders, catwalk and top drive integration. These upgrades are expected to increase these two drilling rigs' capacity resulting in higher expected utilization for future quarters. Rig #2 and Rig #4's upgrades align with our strategic initiatives and meet our E&P customers' demands for deeper depths at cost effective prices while providing a sufficient internal rate of return for CWC's shareholders.

The 2018 capital expenditure budget of $12.7 million was approved by the Board of Directors on December 13, 2017 comprised of $7.2 million of growth capital to improve certain drilling and coil tubing equipment while the remaining $5.5 million is maintenance and infrastructure capital related to recertification's, additions and upgrades to field equipment for the drilling rigs, service rigs, swabbing rigs and coil tubing divisions as well as information technology infrastructure. CWC anticipates total 2018 capital expenditures to be approximately $11.1 million, $1.6 million lower than originally budgeted.

Outlook

The steady rise in crude oil prices throughout 2017 has continued through the first nine months of 2018. Crude oil, as represented by WTI, averaged US$73.25/bbl in Q3 2018, an increase of 8% over Q2 2018 average price of US$67.97/bbl and 52% higher than US$48.18/bbl in Q3 2017. However, the price differential between Canadian heavy crude oil, as represented by WCS, and WTI widened further during the third quarter of 2018 to a range of US$19/bbl to US$36/bbl and even higher to US$50/bbl in October 2018 compared to the historical normalized range of US$10/bbl to US$15/bbl causing E&P companies to delay and/or shorten their drilling programs. However, such heavy oil differentials has yet to have a similar slowdown effect to activity levels in our service rig division given the Company's focus on production services. Natural gas prices, as represented by AECO, averaged $2.17/GJ, a 90% increase from Q2 2018 average of $1.14/GJ, and 60% higher than $1.36/GJ in Q3 2017, yet remains very low in historical terms. With the backdrop of an improving crude oil price and a depressed natural gas price, the Petroleum Services Association of Canada ("PSAC") on July 31, 2018 updated its 2018 forecast of number of wells drilled to 6,900 wells; a decrease of 500 wells or 6% compared to their January 31, 2018 forecast, and less than the 7,550 wells drilled in 2017. These Canadian heavy oil price differentials and low natural gas prices has resulted in the industry lowering its expectations for activity levels for the remainder of 2018 and into early 2019.

Despite the Canadian heavy oil price differential and low natural gas prices, CWC has positioned its Contract Drilling and Production Services segments appropriately to minimize the impact of these commodity price differentials. The Company has positioned all nine of its drilling rigs in the WCSB on light oil and natural gas liquid plays, which have not experienced the same amount of pricing pressure as heavy oil. CWC currently has eight of its nine (89%) drilling rigs working and expects to have all nine (100%) drilling rigs working in Q4 2018 and continuing through to Q1 2019 spring breakup. In the Production Services segment, CWC has reduced the number of active service rigs from 102 rigs to 92 rigs in October 2018 as a result of a very tight labour market for field employees and the inability to crew these rigs. In addition, CWC has repositioned some of the service rigs working in heavy oil plays to new E&P customers in anticipation of a slowdown in heavy oil activity. Given the tight labour market for field employees and the resultant increase in wages needed to attract new field employees, CWC believes modest pricing increases with its E&P customers will continue in Q4 2018, but will be constrained by market pricing from our competitors limiting how far the Company will be able to increase day and hourly rates.

CWC has sustainably positioned itself by providing its E&P customers with the highest quality service from the highest quality people at reasonable prices. However, uncertainties around the proposed Government of Canada's Bill C-69 legislation on the creation of the Canadian Energy Regulator and the Impact Assessment Act, which may impact the ability to develop new pipelines, will continue to negatively affect investment capital and growth in Canada's oil and gas industry in the near term. However, investment capital and growth are showing signs of returning as evident by the positive final investment decisions made on October 1, 2018 by proponents of a liquefied natural gas process facility (LNG Canada) in northeast British Columbia. CWC believes it would be very well positioned to benefit in the long-term once the liquefied natural gas processing facility comes online.

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

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, swabbing rigs and coil tubing units. The Company's corporate office is located in Calgary, Alberta, with operational locations in Nisku, Grande Prairie, Slave Lake, Sylvan Lake, Drayton Valley, Lloydminster, Provost and Brooks, Alberta. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

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Forward-Looking Information

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

Reconciliation of Non-IFRS Measures

$ thousands except share and per share amounts	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
NON-IFRS MEASURES				
Adjusted EBITDA:				
Net income (loss) and comprehensive income (loss)	326	(638)	(1,545)	(3,683)
Add:				
Depreciation	4,670	4,512	12,588	12,292
Finance costs	616	333	1,899	1,448
Deferred income tax expense (recovery)	206	(203)	(290)	(1,143)
Stock based compensation	241	165	763	591
(Gain) Loss on sale of equipment	(57)	(114)	96	(72)
Adjusted EBITDA (1)	6,002	4,055	13,511	9,433
Adjusted EBITDA per share – basic and diluted (1)	$0.01	$0.01	$0.03	$0.02
Adjusted EBITDA margin (Adjusted EBITDA/Revenue) (1)	16%	15%	12%	13%
Weighted average number shares outstanding – basic and diluted	520,463,960	391,704,130	521,271,741	392,301,324
Gross margin:				
Revenue	38,113	27,173	109,283	74,795
Less: Direct operating expenses	27,946	19,959	82,196	55,741
Gross margin (2)	10,167	7,214	27,087	19,054
Gross margin percentage (2)	27%	27%	25%	25%

$ thousands	September 30, 2018	December 31, 2017
Working capital (excluding debt):		
Current assets	30,022	31,745
Less: Current liabilities	(11,438)	(12,378)
Add: Current portion of long term debt	885	176
Working capital (excluding debt) (3)	19,469	19,543
Working capital (excluding debt) ratio (3)	2.8:1	2.6:1
Net debt:		
Long term debt	45,509	49,634
Less: Current assets	(30,022)	(31,745)
Add: Current liabilities	11,438	12,378
Net debt (4)	26,925	30,267

(1) Adjusted EBITDA (Earnings before interest and finance costs, income tax expense, depreciation, amortization, gain or loss on disposal of asset, goodwill impairment, stock based compensation and other one-time gains and losses) is not a recognized measure under IFRS. Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, pay dividends, repurchase common shares under the Normal Course Issuer Bid, and fund capital programs. Investors should be cautioned, however, that Adjusted EBITDA should not be construed as an alternative to net income (loss) 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 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 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.