2009 ANNUAL REPORT

CWC
CENTRAL ALBERTA WELL SERVICES CORP.

Central Alberta Well Services is many things.

We are one of the leading well site service companies in Western Canada. We are innovative in the ways we deliver a comprehensive line of services and state of the art products. We are a fair employer who puts the safety and well being of our employees first and foremost.

As an investor reading this annual report, you can be assured we are prudent. We are responsive. We are adaptable. We are foreword thinking. It is these qualities that have allowed us to make it through a challenging year for the industry in very good shape – putting us in a position of strength moving forward.

The Annual and Special Meeting of the shareholders of Central Alberta Well Services Corp. will be held on Wednesday, June 16, 2010 at The Metropolitan Centre, 333 4th Avenue SW, Calgary, Alberta at 1:00 pm. Shareholders are encouraged to attend and those unable to do so are requested to complete and submit their Instrument of Proxy at their earliest convenience.

PRESIDENT'S MESSAGE

We are resilient. In the volatile and competitive marketplace of 2009, Central Alberta Well Services Corp. (CWC) demonstrated a remarkable ability to adapt to change and focus on new opportunities.

YEAR IN REVIEW

With the decline in activity, falling commodity prices and ongoing concerns with Alberta's royalty structure, 2009 turned out to be one of the most challenging years experienced by service providers.

However, CWC proved we are up to the challenge. As a result, we are in a position of relative strength moving forward.

PERFORMANCE AND GROWTH

To create the conditions for sustained success and growth, a company needs to be on top of new market opportunities – while ensuring the right people and infrastructure is in place to meet the demand.

Previously, the majority of our business came from junior producers (one of the subsectors hardest hit in recent years). With most activity now being conducted by major production providers, CWC has shifted gears to serve these clients. Today 80% of our fleet is aligned with major production providers, resulting in a stable and secure receivable-based income and above industry average utilization. At the same time, we are committed to maintaining our strong working relationship with the junior firms that have always been the cornerstone of our operations.

We conservatively met production and utilization demand. During the third and fourth quarter we deployed state-of-the-art equipment within the core division: increasing our service rig fleet size by 12.5%. CWC exited 2009 with 46 service rigs, 8 coil tubing units, 8 snubbing units, 14 nitrogen pumpers and delivery units, 12 well testing units and a fleet of oilfield rental products.

In 2009, we expanded our operating centres within Alberta and began establishing a presence in southeastern Saskatchewan. During the fourth quarter we deployed two 4,000 meter rigs and one 5,000 meter rig to provide services to the continuous producing oil fields and the Bakken resource play. In addition, CWC sold two of our 5,000 meter rigs to an international service provider. This helped relieve the financial constraint on the Company and allowed us to complete our commitments to the remaining build program.

The Company also strengthened our capital structure with a $30 million rights offering to all shareholders. This was backstopped by CWC's largest financial sponsor and shareholder, who supports the growth incentives of the Company's management team.

PEOPLE

We have always believed that hiring and retaining the best people is essential. Not only did we expand our employee base in 2009, we maintained our reputation as an "employer of choice." As a result, our committed and highly skilled team continues to stand above our peers.

SAFETY

Safety is an integral value shared by every employee and director within CWC. In 2009 the Company established a safety management support team to assess and improve policies, procedures and training programs. CWC remains committed to ensuring that each and every employee makes it safely to and from the workplace each and every day. A safe and enjoyable workplace is made possible through meticulous attention to our people and continual maintenance of our equipment.

LOOKING FORWARD

With continued emphasis on organizational development and operational diversity, CWC plans to further leverage the experience and capability of our team to create and capitalize on new market opportunities. The Company will remain focused on effective cost control measures without sacrificing the quality of our people and equipment. Additionally, we will continue to evaluate emergent accretive opportunities to expand on our current service lines and to increase diversity within our operations.

IN CONCLUSION

We firmly believe that CWC has overcome some of the toughest times since our inception. We have exited 2009 in a more stable financial position. We have maintained a solid customer base, a strong and committed management team and a dedicated group of employees.

We are well positioned to achieve above industry utilizations as the service sector continues to rebound. We are proud of the challenges we have overcome and the growth we've accomplished as a team. We have the technical experience, vision and strategic ability necessary for future growth.

With the shared commitment and support of an experienced Board of Directors, strong shareholder base, proud employees and accomplished management team, we anticipate another challenging but successful year in 2010.

Darryl Wilson
President and Chief Executive Officer

CORPORATE PROFILE

LEADERS.

We are leaders.

Central Alberta Well Services Corp. "CWC" or the "Company" provides a comprehensive line of state-of-the-art products and innovative services to meet the well servicing needs of exploration and development companies across the Western Canadian Sedimentary Basin (WCSB). Attention to employee safety, customer economics and investor profitability permeates our entire operation.

CWC has been a public company since 2005. The corporate office is based in Calgary. The head operations centre is in Red Deer, which is in turn supported by several strategically located regional offices throughout the WCSB. CWC and its growing team of employees is led by a core management group that has worked together in the well service business for more than 30 years.

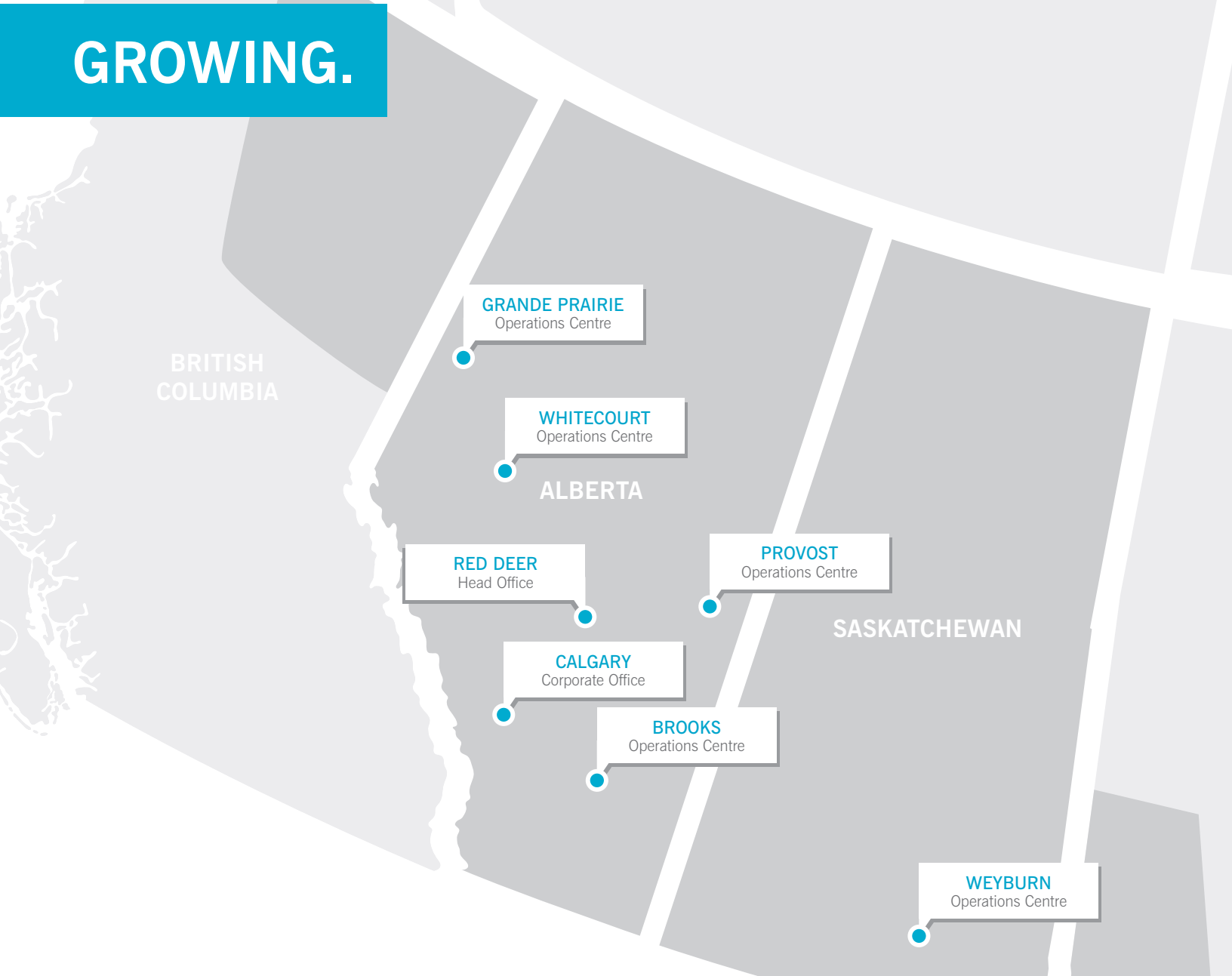
Built on a wealth of experience and a growing track record of success, CWC moves forward with a commitment to service, innovation and sustainable growth.

Central Alberta Well Services Corp. trades under the symbol "CWC" on the TSX Venture Exchange.

OPERATIONS

We are growing. With a wealth of experience and a growing track record of success, CWC continues to move forward with a commitment to service, innovation and sustainable growth. The Company has expanded its operations to provide equipment and services to key exploration and production markets throughout Alberta, Saskatchewan and northeastern British Columbia.

GROWING.



Going where the opportunities are.

CWC remains committed to creating the conditions for sustained success in existing markets – while expanding its territory and client base to follow the new growth and activity within the Western Canadian Sedimentary Basin. By equipping the organization with the strategies, infrastructure and people necessary to handle both market challenges and emergent opportunities, CWC is in a strong position to achieve continued positive performance and maintain steady operations. Today and well into the future.

Calgary Operations

CWC's senior management and corporate marketing team share an office in downtown Calgary (Suite 755, 255 – 5th Avenue S.W). As Canada's energy capital, more than 3,000 oil and gas producers have head offices in the city. CWC's corporate office location is ideally situated for facilitating contact with decision-makers from companies requiring its comprehensive suite of services.

Red Deer Operations

CWC's major central Alberta operations and head office are located in Red Deer, Alberta. These operations are housed in two buildings that provide 40,000 sq. ft. of leased spaced and a 20-acre field facility. All CWC operating divisions are run out of Red Deer, including: finance, human resources, health and safety, environmental and technical support.

Grande Prairie Operations

CWC opened this facility in the first quarter of 2009 to better serve the company's newly acquired base of customers producing in northern Alberta, British Columbia and the Peace River Arch. This 12,000 sq. ft. leased facility is located in the industrial area of Alberta's largest northern city.

Brooks Operations

CWC now operates ten service rigs from a facility in Brooks, Alberta. It includes 12,750 sq. ft. of leased space situated on 5-acres. The Brooks operation provides a base from which the Company can offer combined services to customers located in and around southeastern Alberta and southwestern Saskatchewan.

Whitecourt Operations

CWC's Whitecourt, Alberta, operation was established to market nitrogen pumping and delivery services in northern Alberta. This site has been expanded to include the full CWC service suite and will play an important role in CWC's service offering into northern Alberta and the Peace River Arch.

Provost Operations

CWC's eastern Alberta facility is strategically situated in Provost, Alberta. This facility boasts a 16,000 sq. ft. building on 10-acres of land. The Provost team serves the eastern portion of the Sedimentary Basin, providing operational support for active rigs operating in the heavy oil fields extending from north of Bonneville, Alberta, throughout the east central portion of the WCSB. This location also provides services to energy clients along the western border of Saskatchewan.

Weyburn Operations

CWC established its presence in southeastern Saskatchewan in the latter fourth quarter of 2009. The Company committed to a 5-year lease on a newly constructed facility located in the centre of the primary oilfield production area. The new facility (opening in 2010) will allow CWC to serve companies operating in southeast Saskatchewan and makes CWC equipment and services accessible to producers involved in the Bakken resource play, extending into western Manitoba.

We are proud. Proud of all we have accomplished despite the economic challenges the industry has faced. By pulling together as a united team with a common goal, we are moving forward – and not looking back.

PROUD.

MANAGEMENT TEAM

With the seismic shifts that have faced the oilfield service industry in recent years, CWC has benefited by having a senior management team in place that is familiar with the volatility that regularly faces the industry. Their prudence and long-term thinking has put the Company in good stead to weather the industry downturn, and to seize on new opportunities.

First collaborating in 1968, the core CWC team was responsible for managing a private oilfield service group that grew to become the largest private oilfield servicing company in North America. They followed up on that successful venture with a new challenge: forming CWC and taking the company public in 2005.

Leveraging their extensive collective experience, this tight-knit team has garnered the recognition and trust necessary to obtain contracts from major exploration and production companies while maintaining their tight-knit relationships with junior exploration companies. It has proven instrumental in CWC's recent efforts to secure the business of major production providers to replace lost revenue streams from junior energy companies.

EMPLOYEE TEAM

In good times or bad, CWC knows it is crucial to maintain an attractive and highly competitive work environment in order to hire and retain the best possible people. CWC has preserved its reputation as one of the premier employers within the service industry. Compensation and benefit programs are structured to be among the best in the business, and CWC is committed to providing every resource available for employees throughout the Company. Not to mention, the safety and well being of our employees remains our number one priority.

We are cutting edge. By investing a vast amount of time and resources into engineering and designing new components for its service divisions, CWC is able to offer a superior service fleet that utilizes the most advanced technologies. With designs that maximize capabilities and safety while also minimizing weight, CWC offers its energy clients problem-free services that improve operating performance and cost efficiency.

CUTTING EDGE.

ONE-STOP WELL SERVICE

Service rigs represent CWC's core service offering. Yet our innovative service delivery model is built on promoting a complementary range of support services around that core. CWC can provide up to 80% of the well site completion and work-over requirements of our oil and gas customer base.

The company has been expanding its geographical reach to provide these services throughout the entire province of Alberta and key production fields in Saskatchewan, British Columbia and Manitoba. This comprehensive approach greatly reduces the complexities facing resource producers by allowing them to outsource the coordination of most of their well-site services through one service provider. No matter where they are drilling or producing.

Well Servicing

CWC's well services include: completions, work-overs and remedial recovery production – along with maintenance, heavy oil, critical sour, horizontal and re-entry drilling with depths ranging from 1,500 to 5,000 metres. These services have been specifically designed for producers operating throughout the Western Canadian Sedimentary Basin. The equipment is not only designed for quick, compact set-up and low maintenance but also to ensure optimal performance given the area's weather and geographical conditions.

Snubbing and Stripping

CWC provides snubbing and stripping operations to create additional efficiencies and stronger performance for operators working in fluid-sensitive formations, under-pressured reservoirs, naturally-fractured reservoirs and low-permeability sandstone reservoirs. In these kinds of formations and reservoirs, snubbing and stripping create a continuous, pressure controlled environment and improve the completion of work-overs, wireline operations and under-balanced drilling. These services allow production to continue during service work, increasing well production rates and recoverable reserves, while reducing drilling and completion costs.

Well Testing

CWC's well testing and pressure control systems are used throughout completion and work-over programs. They are an essential component of the operations CWC performs.

Coil Tubing

CWC provides coil tubing services for work-over operations, shallow drill-outs and extensions into producing zones. After stimulation treatment, coiled tubing is used to clean out the well, eliminating the need for swabbing or pulling the production string. Coil tubing not only speeds up the process of getting in and out of a well, but also allows work to be completed on the well during production. CWC's coil tubing units mainly operate in the coal-bed methane fields, working closely with the nitrogen pumping and well service divisions. They have a depth rating of up to 3,200 metres.

Nitrogen Pumping

CWC's nitrogen pumping units offer a heat recovery nitrogen system used in many of the services provided by CWC. As a non-corrosive and non-explosive inert gas, nitrogen is used instead of air whenever a risk hazard exists. It is ideal for purging pipelines, pressure testing vessels, and facilitating the withdrawal of stored liquids from vessels. The nitrogen pumpers work in conjunction with CWC's coil tubing, well servicing and snubbing divisions.

Equipment Rentals

To provide oil and gas operators with a complete service offering, CWC has a full range of specialized equipment for rent, including well site trailers, portable light towers, boilers, rig matting and tubing rack.

FINANCIAL INFORMATION

STRONG.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of Central Alberta Well Services Corp. ("CWC" or the "Company") contains information concerning the Company's vision, business strategies, capabilities, comparative financial results and an overview of its outlook for the Company and the industry and is dated, April 22, 2009. The message to shareholders operations review and financial results for the year ended December 31, 2009, together with the accompanying note disclosures, also contain information that supplements this discussion. This MD&A should be read in conjunction with the Company's audited financial statements as at December 31, 2009, and 2008 and for the years then ended. Additional information on the Company, including the Annual Information Form ("AIF"), can be found on the Company's website at www.cawsc.com or on SEDAR at www.sedar.com.

This MD&A contains certain forward-looking information and statements, including statements relating to management's plans and expectations, plans not to incur capital expenditures for expansion of the fleet in 2010 and to focus on efficiencies, the effect and anticipated length of the current economic downturn, revenues, utilization rates and expenses in 2010, transition to IFRS, steps to be taken in connection therewith and the timing thereof and, future operating costs and the increase or decrease relating thereto, capital expenditures, the projected growth of the asset base of the Company and other statements relating to matters that are not historical facts and statements of the Company's beliefs, expectations about developments, results and events which will or may occur in the future, which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including statements which may contain such words as "anticipate", "could", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", and similar expressions suggest future outcomes or statements regarding an outlook.

Forward-looking information and statements are included throughout this MD&A, including under the headings "Corporate Development", "2009 Overview", "Liquidity and Capital Resources", "Outlook" and "Risk Management". In particular, forward-looking information and statements include, but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- Anticipated length of the current economic downturn;
- The success of the multi-service marketing plan and its ability to insulate the Company from increasing credit risk exposure:
- Performance of the oil and natural gas industry;
- Demand for and status of service equipment;
- Costs and financial trends for companies operating in the oil and natural gas industry;
- Demand for products and services;
- Expected cash provided by continuing operations;
- The Company's business strategy and outlook for business segments;
- Expansion and growth of the Company's business and operations;
- The maintenance of existing customer, supplier and partner relationships;
- Supply channels;
- Expected payments pursuant to contractual obligations;
- The prospective impact of recent or anticipated regulatory changes;
- Credit risks; and
- Other such matters.

Management has made certain assumptions and analyses which reflect their experience and knowledge in the industry. These assumptions and analyses are believed to be accurate and truthful at the time, but the Company cannot assure readers that actual results will be consistent with these forward-looking statements. However, whether actual results, performance, or achievements will conform to the Company's expectations and predictions is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations. Further information regarding these risks and uncertainties may be found under the heading "Risk Management" in this MD&A, "Risk Factors" in the Company's Annual Information Form and in the Company's most recent financial statements, information circular and quarterly reports. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

CORPORATE DEVELOPMENT

CWC is an oilfield services company which offers a complete range of oil and gas services throughout the Western Canadian Sedimentary Basin ("WCSB"). The Company has two reporting segments: Well Servicing and Other Oilfield Services. The Well Servicing Segment includes Service Rigs and Coil Tubing. The Other Oilfield Services Segment includes Snubbing, Nitrogen, Testing and Rental activities.

The Company's corporate office is located in Calgary, Alberta, and the main operating center is located in Red Deer, Alberta, with branch offices in Provost, Brooks, Grande Prairie, Whitecourt and most recently, Weyburn, Saskatchewan, providing well services to oil and gas exploration and development companies operating in Western Canada.

The Company commenced 2009 with 41 service rigs, eight (8) snubbing units, eight (8) coil tubing units, 14 nitrogen units and 12 pressure testing packages. During the first quarter of 2009, three (3) service rigs were delivered under the build program. Two additional rigs were delivered early in the third quarter and the final two were sold early in the third quarter. Two complete rig packages were sold to a Canadian drilling contractor with international operations who relocated the equipment outside of Canada. The proceeds from the sale were used to fund the remaining capital commitments under the build program.

Strategic expansion, particularly within the service rig fleet is a cornerstone of the Company's marketing plan and the direction of the Company. The continued downturn in the economy and the pressures on rates chargeable to customers resulted in the Company's plan to maintain the current fleet size and to focus on efficiencies. The Company has been spending considerable efforts in marketing and streamlining processes to be able to offer a "full suite" of services to each customer to better meet their demands. This results in a more efficient project and provides cost savings to the customer while increasing utilization rates among all divisions. Management believes that the ancillary services offered to its customers directly support the core division of service rigs which continues to grow. Management anticipates that this combined marketing effort will minimize the impact of the global economic downturn on the Company. The goal is that a job granted in one division will evolve into a project involving as many of the divisions of the Company as is possible based on the customer's needs. This strategy proved to be effective throughout the economic downturn. Analysis of the top ten (10) customers of the Company shows that all but one customer accessed multiple services provided by the Company.

Given current economic conditions and the Company's difficulty in securing a long-term credit facility to replace the $31.9 million in remaining debt following the close of the rights offering, the Company has no further plans for expansion in the coming year. The Company will focus its efforts in 2010 in improving its cash flow position and improving its balance sheet.

On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest, the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term and is secured with a first charge over fixed assets, a General Security Agreement over all remaining assets and an assignment of insurance. A fee of $300,000 was paid on acceptance of the facility.

On April 20, 2010, the Company secured an operating facility which is margined to the Company's accounts receivable to a maximum of $10.0 million, at an interest rate ranging from bank prime plus 1.25% to bank prime plus 2.0%. The operating line is committed until April 30, 2011. A General Security agreement providing security interest against all accounts receivable and a second fixed charge over all other assets has been provided as security for this agreement. A fee of $35,000 was paid on acceptance of the facility.

The Company is reliant on its operating line of credit for continued operations. The seasonality of the industry within which we operate requires access to an operating line as costs are incurred immediately in the winter months, but the cash from the revenues generated often does not come in until approximately 60 days later. Currently, accounts receivable turnover is 57 days, and the Company carefully monitors this, but should customers continue to face credit issues, this could stretch this out further, increasing the pressure on the Company's operating facilities.

As a result of the expansion, the Company now operates the following fleet of equipment within the WCSB:

UNITS OPERATING AT END OF PERIOD	2009				2008			
	DEC. 31	**SEPT. 30**	**JUNE 30**	**MARCH 31**	DEC. 31	SEPT. 30	JUNE 30	MARCH 31
Service rigs	**46**	**46**	**44**	**44**	41	41	41	37
Coil units	**8**	**8**	**8**	**8**	8	8	8	8
Snubbing units	**8**	**8**	**8**	**8**	8	8	7	7
Nitrogen tankers & pumpers	**14**	**14**	**14**	**14**	14	14	14	14
Pressure tanks	**12**	**12**	**12**	**12**	12	12	12	12

The Company's commitment to building a modern fleet with leading-edge technology continues to stand out in an industry characterized by an ageing equipment infrastructure.

2009 OVERVIEW

YEAR ENDED DECEMBER 31	**2009**	2008	2007 *(Restated)*
Revenues	**$ 49,357,355**	$ 78,810,740	$ 47,350,780
Operating costs	**35,152,892**	50,541,854	31,654,965
Gross profit	**14,204,463**	28,268,886	15,695,815
Gross profit %	**28.8%**	35.9%	33.1%
General and administrative expenses	**11,770,649**	10,972,927	6,788,890
EBITDAS [1]	**2,433,814**	17,295,959	8,906,925
EBITDAS [1] per share: Basic and diluted	**0.09**	0.62	0.40
Stock based compensation	**1,033,571**	920,515	1,327,580
Interest	**6,418,833**	5,178,449	4,093,772
Depreciation and amortization	**11,009,984**	12,627,675	9,588,335
Net loss before tax	**(16,028,574)**	(1,430,680)	(6,102,762)
Cash flows (deficiency) from operating activities	**(2,636,355)**	10,119,995	8,649,905
Less: Change in non-cash working capital	**(910,226)**	(3,566,381)	3,977,395
Funds (used in)/from operations [2]	**(1,726,129)**	13,686,376	4,672,510
Funds (used in)/from operations per share [2]:			
Basic and diluted	**$ (0.05)**	$ 0.49	$ 0.21
Loss per share: Basic and diluted	**$ (0.43)**	$ (0.07)	$ (0.18)
Purchase of property, plant and equipment	**$ (13,627,666)**	$ (32,171,577)	$ (37,051,821)
Total liabilities	**$ 37,707,174**	$ 65,314,909	$ 37,680,058
Total assets	**$ 134,481,015**	$ 144,193,681	$ 118,465,317

(1) EBITDAS (earnings before income tax, depreciation, accretion and stock based compensation) is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

(2) Funds from operations is defined as cash from operating activities before changes in non-cash working capital. Funds from operations and funds from operations per share are measures that provide investors additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Funds from operations and Funds from operations per share do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

Revenues for 2009 were $49.4 million, a decrease of 37.4% from 2008. The decrease is directly linked to the economic downturn which resulted in reduced drilling activity across the WCSB, the credit crisis faced by customers and depressed natural gas prices seen throughout 2009. Of the $29.4 million year over year decrease, $20.3 million or 68.8% is attributable to decrease in the Well Servicing Segment and $9.2 million or 31.1% is attributable to decrease in the Other Oilfield Services Segment. The Company's revenues correspond directly with utilization rates of the fleet. If utilization rates decrease or increase, revenues change at a corresponding rate.

Throughout 2010, the Company anticipates that revenues will be higher than those seen in 2009, however, they will not be as high as those seen in 2008 as a result of the depressed commodity prices. The Company will continue to focus on multi-service marketing throughout 2010 and will strive to preserve current rates to ensure that operating cash flows are generated.

Gross Profit is mainly impacted by costs of direct labor, costs of running supplies for the fleet and the rates charged for the services provided. In 2009, gross profit as a percentage of revenues decreased by 7.1%, resulting in the gross profit as a percentage of revenues falling below those seen in 2008. This is consistent with the decline in rates as a result of increased pressure by customers and increased competition for business among service providers. The Company had anticipated this pressure to reduce rates would occur but that it would be partially offset by reduced labor and fuel costs, two significant costs impacting the gross profit percentage. However, as the economic crisis continued throughout 2009, the pressure to reduce rates outweighed the savings seen in lower fuel and labor costs. With 2010 anticipated to be a year of slow recovery, the Company is doubtful that rates will significantly increase above those currently being charged. Cost management will remain critical to maintaining current gross profit percentages.

General and administrative expenses as detailed in the table shown below increased year over year by $0.8 million. The largest increase of $0.5 million is due to staff added throughout 2008 having been with the Company throughout the entire year. Facility expenses increased by $0.3 million as a result of additional facilities in Grande Prairie and Weyburn. The facility in Weyburn was established late in the fourth quarter, as the Company felt a presence was required there beyond a satellite office. This area is seeing higher utilization rates in the industry than other areas, and the Company is anticipating that an increased presence there will result in higher utilizations of the Company's equipment throughout 2010.

FOR THE YEAR ENDED DECEMBER 31	**2009**	2008
Wages and benefits	**$ 6,371,931**	$ 5,915,677
Bad debts	**669,650**	387,930
Office	**1,012,544**	829,445
Facility	**1,770,441**	1,443,924
Professional fees	**738,943**	740,969
Other administration	**1,207,141**	1,654,982
	$ 11,770,649	$ 10,972,927
General and administrative costs as a % of revenues	**23.8%**	13.9%

Bad debts of $669,650 in 2009 are a result of nine customers who faced liquidity issues throughout 2009 and were unable to pay. In order to reduce credit risk exposure, the Company has continued to negotiate contracts with larger producers, who are less likely to run into financial difficulty, even in an economic downturn. This strategy proved effective throughout 2009, despite the larger bad debt expense incurred, as seven of the top ten customers in 2009 were larger multinational producers with a faster payment turnaround than the smaller producers. As a result of the bad debt expense in 2009, the Company has now provided for approximately 83% of its accounts receivable in excess of 90 days. Currently, the Company is confident the remaining amounts not provided for will be collected, and the provision is an accurate assessment of the maximum credit risk exposure to the Company from the revenues generated in 2009.

Office expenses increased in 2009 with the addition of two new facilities. It is expected that this amount will decrease slightly in 2010 now that both the Grande Prairie and Weyburn (Weyburn was opened in January) facilities are established and one-time costs of set up will not be incurred in the 2010 year.

Professional fees are consistent with the prior year, despite the Company incurring $0.2 million in unrecoverable costs in 2009 relating to the proposed takeover by the Company's major shareholder.

Other administration costs are $0.5 million lower than those incurred in the prior year. Other administration costs include travel, meals and entertainment, advertising and promotion, training and fuel and vehicle operating costs incurred by division managers. $0.1 million of the decrease relates to an increase in fuel tax rebates received in the year which are credited to this category, the remainder of the decrease is savings seen in the advertising, promotion, meals and entrainment categories where management made a conscious effort to reduce these costs as much as possible given the slow economy and lower rates being charged to customers.

Stock based compensation increased year over year by $113,056. The increase is consistent with a full year of the additional options issued in 2008. No stock options were issued in 2009.

Interest expense is incurred from the Company's long term facility as well as the short term revolving operating facility and accretion expenses relating to the transaction costs and warrants arising from the refinancing that occurred in 2007. Interest is calculated on a floating basis above CIBC prime rate dependent on the amount of the facility drawn upon. The increase in interest year over year is a result of increased interest relating to the term debt as it was fully drawn throughout most of 2009. In addition, the Company incurred penalty interest beginning in August of 2009 as result of being offside on its covenants. The additional penalty interest brought the interest rate paid by the Company in the latter of 2009 to 10%, more than offsetting the savings seen from the lower prime rate as a result of its floating interest rate. The lender had the option of compounding daily the default penalty interest as per their agreement, but waived that right and instead only charged it monthly. Accretion charges have increased as the end of the term nears for the debt. Accretion expense will not be incurred after January 2010, unless new charges arise from refinancing the term debt.

FOR THE YEAR ENDED DECEMBER 31		**2009**		2008
Interest on debt	**$**	**4,199,115**	$	3,537,663
Interest income		**(11,562)**		(38,657)
Accretion on finance charges		**1,228,129**		919,858
Accretion on warrants		**1,003,152**		759,585
	$	**6,418,833**	$	5,178,449

Depreciation decreased by $1.6 million in 2009, consistent with lower utilization rates in the service rig division resulting in less amortization being incurred in this division combined with lower depreciation being incurred on the other units following the 2008 revision to estimated salvage values.

Cash flows from operating activities decreased by ($12.7) million as a result of a ($15.4) million decrease in funds from operations offset by $2.7 million increase in non-cash working capital. The $2.7 million change in non-cash working capital is a result of a $8.4 million change in accounts receivable, inventory and prepaid expenses; partially offset by a ($5.8) million decrease in accounts payable and accrued liabilities, the current portion of shareholder loans and income taxes receivable.

Capital expenditures for 2009 consist of approximately $11.8 million from the capital build program initiated in the third quarter of 2008, $1.5 million in additions for the Other Oilfield Services Segment production equipment and $0.3 million in computer and office equipment necessary to establish the new facilities and continue upgrading the Company's computer infrastructure. Of the $13.6 million in capital expenditures incurred in the year, $5.4 million were funded through disposals including the disposal of two new rigs that closed in the third quarter, $2.3 million was funded through term debt and the remaining $5.9 million was funded from a combination of funds from the operating line and cash flows from operating activities. No further capital expenditures are planned throughout 2010 as the Company focuses on improving its cash flows and working capital position.

2009 – QUARTERLY REVIEW

(In 000's, except per share data)	2009				2008			
THREE MONTHS ENDING	**Q4**	**Q3**	**Q2**	**Q1**	Q4	Q3 *(Restated)*	Q2 *(Restated)*	Q1 *(Restated)*
Revenues								
Well Servicing	**$10,370**	**$ 7,794**	**$ 4,467**	**$12,979**	$ 12,789	$ 16,732	$ 9,165	$ 17,206
Other Oilfield Services	**$ 3,294**	**$ 2,465**	**$ 1,930**	**$ 6,058**	$ 5,658	$ 6,290	$ 3,591	$ 7,379
	$13,664	**$10,259**	**$ 6,397**	**$19,037**	$ 18,447	$ 23,022	$ 12,756	$ 24,585
Net income (loss)	**(3,814)**	**(5,235)**	**(5,228)**	**(1,240)**	(1,938)	901	(2,769)	1,748
EPS: Basic and diluted	**(0.06)**	**(0.19)**	**(0.19)**	**(0.05)**	(0.07)	0.03	(0.10)	0.06
Weighted average Common shares	**61,621**	**27,187**						
Weighted average Class A common shares	**–**	**–**	**20,234**	**20,503**	20,810	21,451	21,502	21,532
Weighted average Class B common shares	**–**	**–**	**6,953**	**6,701**	6,604	6,373	6,373	6,343
Total weighted average common shares	**–**	**–**	**27,187**	**27,204**	27,414	27,824	27,875	27,875
Total assets	**134,481**	**133,999**	**135,998**	**146,412**	144,194	144,407	134,120	140,868
Debt	**32,317**	**59,182**	**58,647**	**60,298**	55,419	52,070	45,615	49,172
Purchase of property, plant and equipment	**$ 226**	**$ 5,017**	**$ 1,456**	**$ 6,929**	$ 5,454	$ 6,818	$ 4,358	$ 15,543

Revenues for the fourth quarter were $13.7 million, a year over year decrease of $4.7 million or 25.5%. The decrease was incurred almost equally amongst the two segments, with both the Well Servicing Segment and the Other Oilfield Services Segments declining $2.4 million year over year. The Other Oilfield Services Segment suffered a more significant impact when one considers that the $2.3 million decline in revenues in this segment translates to a 42% decrease year over year, compared to a 19% decline in the Well Servicing Segment. The fourth quarter did improve over the third quarter, but it is unlikely we'll see utilization rates like those experienced in 2008 throughout 2010 as the economy begins its recovery.

Net loss was lower in the fourth quarter than the third quarter of 2009 as a result of higher revenues. The fourth quarter ended with a net loss of ($3.8 million), ($1.9 million) lower than the fourth quarter of 2008. Net loss in the first quarter was the lowest for the Company for the year, ending the quarter at a loss of ($1.2) million as a result of utilization rates of 51% and 46% for the Well Servicing and Other Oilfield Segment respectively. The fourth quarter, normally a quarter of increased activity, only saw utilizations reach 41% for the Well Servicing Segment and 31% for the Other Oilfield Services Segment, versus 34% and 20%, respectively, in the third quarter.

Weighted average common shares increased significantly in the fourth quarter of 2009, following the close of the rights offering on December 3, 2009, which resulted in an additional 131,996,703 Common shares being issued. The right offering was backstopped by the Company's majority shareholder. As a result, following the close of the rights offering the majority shareholder's ownership was increased to approximately 83.5% of the voting shares of the Company. The rights offering provided funds of $33 million, $29.1 million of which was used to pay down the Company's term debt and repay the default interest payable which had been accruing since August of 2009 but was not required to be paid until the close of the rights offering, $3.5 million was provided to the Company to settle the amount owing on the operating line at the close date plus funds to cover closing costs and $0.4 million was provided to the major shareholder as a fee for backstopping the rights agreement. At the Company's Annual and Special Meeting on August 28, 2009, shareholders approved the conversion of all Class B shares to Class A shares, the elimination of the A/B share structure and the subsequent amendments to the Articles of th e Company to Voting Common shares and Preferred shares. As a result, the Company's trading symbol was changed to "CWC". The consolidation of the A and B share structure simplifies the corporate structure of the Company improving its marketability to potential investors.

Term debt decreased by $23.1 million year over year. The decline was a result of $28 million being repaid following the rights offering, offset by $2.3 million that was drawn in the first quarter to settle obligations under the capital build program with the remainder representing declines in financing costs relating to the warrants and the transaction costs which is offset against the debt amount in the balance sheet. The term debt was refinanced subsequent to year end and as a result $30.0 million is now long term.

WELL SERVICING SEGMENT

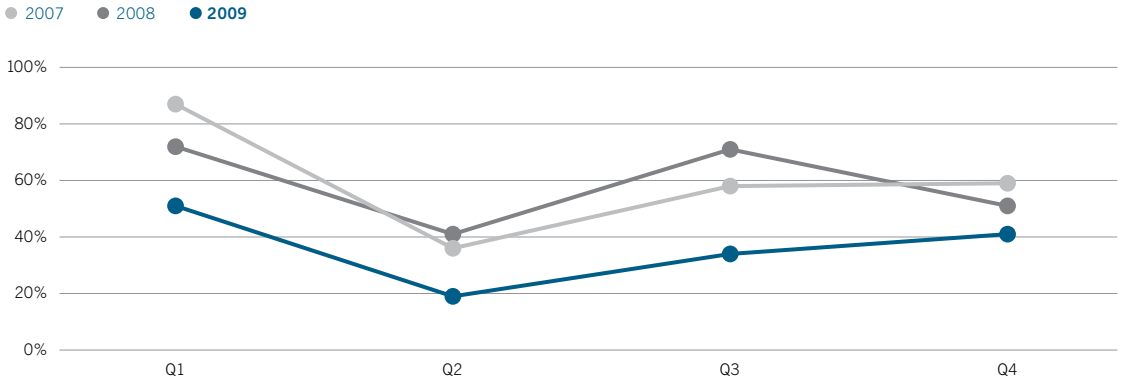
YEAR ENDED DECEMBER 31	**2009**	2008
WELL SERVICING		
Revenues	**$ 35,609,847**	$ 55,893,190
Income (loss) before taxes	**(1,537,636)**	6,003,404
Depreciation and amortization	**7,511,708**	9,459,967
EBITDAS [1]	**5,974,072**	15,463,371

(1) EBITDAS is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

The Well Servicing Segment consists of a fleet of 46 service rigs and related support equipment and eight (8) coil tubing units. The fleet operates from facilities in Red Deer, Provost, Brooks, Whitecourt, Grande Prairie and a newly established facility in Weyburn, Saskatchewan. The Company's fleet of service rigs consists mainly of rigs that have been built since the inception of the Company and provides more reliable equipment than that of many of its competitors which translates to lower maintenance costs.

The graph below shows the impact of the economic downturn on this reporting segment. 2009 utilizations were significantly lower than those seen in both 2008 and 2007. Utilization directly impacts revenues, as a result, the graph clearly shows the beginning of the economic downturn in the fourth quarter of 2008 and progressing throughout 2009 with the fourth quarter of 2009 showing the slow recovery we anticipate throughout 2010.

WELL SERVICING SEGMENT – UTILIZATION



Revenues for 2009 were $35.6 million, a decrease of $20.3 million or 36% over revenues of $55.9 million experienced in 2008. The reduction in revenues directly corresponds with the declining utilizations seen in 2009, combined with lower rates demanded by customers as the economic crisis progressed.

Gross profit expressed as a percentage of revenues was 31% for 2009, versus 36% in 2008; the decline is mainly a result of increased pressure from customers to lower rates. The Company had originally anticipated the margin would be insulated from this through savings seen in labor and fuel costs, but as the slowdown continued, customers demanded rates lower than those that would be affordable due to cost savings and the result was lower margins. The Company does not anticipate being able to raise rates until drilling activity increases to a level sufficient to make service resources more scarce than they are currently. As a result, only a slight increase in margins is anticipated in 2010.

Income (loss) before taxes of ($1.5) million is $7.0 million below the prior year, again, directly as a result of lower utilization rates increasing market competitiveness which in turn, lowered rates and further impacted the margin.

Depreciation decreased by $2.0 million year over year. Service rigs are charged depreciation on a unit of measure basis, as a result, lower utilization rates translated into lower depreciation expense incurred on these units. As utilization increases, depreciation expense in this reporting segment will increase at a corresponding rate.

EBITDAS decreased by $9.5 million or 61% year over year due to declining utilizations and margins. EBITDAS as a percentage of revenues has decreased from 27.7% seen in 2008 to 16.8% in 2009 as a result of the decrease in profit margins.

OTHER OILFIELD SERVICES SEGMENT

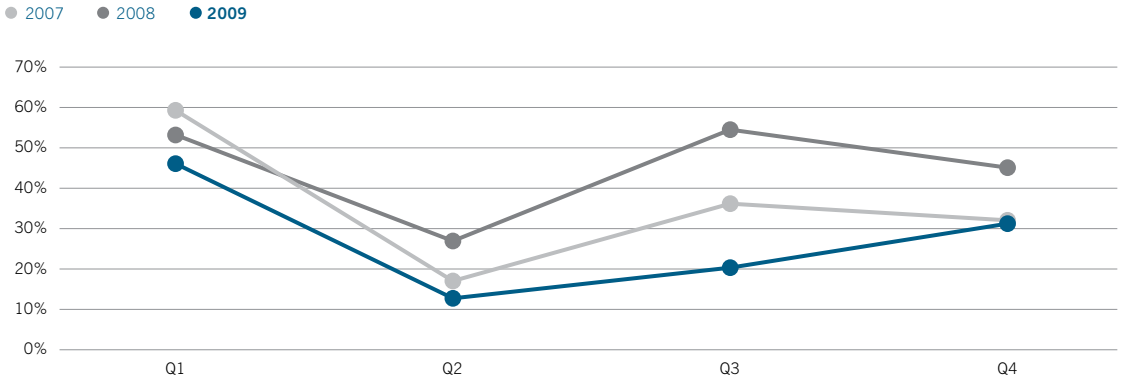
YEAR ENDED DECEMBER 31	**2009**	2008
OTHER OILFIELD SERVICES		
Revenues	**$ 13,747,508**	$ 22,917,550
Income (loss) before taxes	**(1,308,819)**	2,992,931
Depreciation and amortization	**2,492,816**	2,784,846
EBITDAS [(1)]	**1,183,997**	5,777,777

(1) EBITDAS is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

The Other Oilfield Services Segment consists of eight snubbing units, 14 nitrogen tankers and pumpers, 12 well testing units and rental equipment. The nitrogen pumping units are a heat recovery nitrogen system used in many applications of the services provided by the Company. Nitrogen is used in place of air whenever a risk hazard assessment dictates. Nitrogen is an inert gas that is non-corrosive and non-explosive. It is ideal for industrial type applications for purging pipelines, pressure testing vessels and facilitating withdrawing stored liquids from vessels. The nitrogen pumpers also work in conjunction with the Company's coil tubing, well servicing and snubbing divisions and provide a synergized service for the Company's clientele. Snubbing and stripping operations are designed to enhance efficiency and performance in completion and workovers, wireline operations and underbalanced drilling. Snubbing units have the ability to operate in a continuous, pressure-controlled environment such as fluid-sensitive formations, under-pressured reservoirs, naturally fractured reservoirs and low-permeability sandstone reservoirs.

The graph below shows the impact of the economic downturn on this reporting segment. 2009 utilizations were significantly lower than those seen in both 2008 and 2007. Utilization directly impacts revenues, as a result, the graph clearly shows the beginning of the economic downturn in the fourth quarter of 2008 and progressing throughout 2009 with the fourth quarter of 2009 showing the slow recovery we anticipate throughout 2010. This operating segment is highly dependent on natural gas prices as a driver of utilization rates. With the lower natural gas prices predicted throughout 2010, it is unlikely this reporting segment will see a return to activity levels seen in 2008.

OTHER OILFIELD SERVICES SEGMENT – UTILIZATION



Revenues for 2009 were $13.7 million, a decrease of $9.2 million or 40.2% over revenues of $22.9 million experienced in 2008. The increase in revenues is attributable to utilization rates for this segment decreasing by 14%, to 31% in 2009 from 45% in 2008.

Gross profit expressed as a percentage of revenues was 23% for 2009, versus 35% in 2008; a decrease of 12% on a 40.2% decrease in revenues. The decreased gross profit percentage was a result of more employees in the nitrogen division being subject to a fixed salary, rather than an hourly rate. As a result, as utilization rates decrease, the margin is decreased as less hours of work are obtained from the same fixed salary cost. As a result, to reduce the fixed salary component, any salaried employees that left employment in 2009 were not replaced.

Income (loss) before taxes of ($1.3) million is $4.3 million lower than the prior year as a result of lower utilization rates and lower margins.

Depreciation decreased by $0.3 million year over year as a result of the first full year of depreciation following the change in estimated salvage values on production equipment in the third quarter of 2008 which lowered depreciation. Production equipment used in the Other Oilfield Services Segment is amortized on a straight-line basis versus the units of production method used by service rigs in the Well Servicing Segment. As a result, depreciation changes little from period to period for this segment.

EBITDAS decreased $4.6 million year over year largely due to the 40.2% decrease in revenues experienced year over year. EBITDAS as a percentage of revenues has declined from 25.2% seen in 2008 to 8.6% in 2009. In 2010, the Company must focus their efforts on increasing control over costs, especially in this reporting segment which has been unable to combat the impact of declining natural gas prices. The Company will further examine the salary component of wages incurred in this division, in order to successfully increase cash flows from operations.

LIQUIDITY AND CAPITAL RESOURCES

FOR THE YEAR ENDED DECEMBER 31	**2009**	2008	2007 *(Restated)*
Working capital (deficiency)	**$ 6,005,996**	$ 12,238,602	$ 6,887,749
Debt	**31,729,862**	55,419,098	29,241,812
Shareholders' equity	**96,773,841**	78,878,772	80,785,259
Debt to equity	**0.33**	0.70	0.36

Liquidity and cash flows have been a significant challenge for the Company throughout 2009. On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest, the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term and is secured with a first charge over fixed assets, a General Security Agreement over all remaining assets and an assignment of insurance.

On April 20, 2010, the Company secured an operating facility which is margined to the Company's accounts receivable to a maximum of $10.0 million at an interest rate ranging from bank prime plus 1.25% to bank prime plus 2.0%. The operating line is committed until April 30, 2011. A General Security agreement providing security interest against all accounts receivable, and a second fixed charge over all other assets has been provided as security for this agreement.

Management continues to examine property consolidation within Red Deer to reduce operating leases for that area, as well as a detailed review of all discretionary expenses and staffing levels to determine where cost savings could occur and has determined that no further capital expenditures will be incurred until conditions improve. The Company's ability to manage cash throughout the three years under the new credit facility is critical to the long-term viability of the Company.

At the end of 2009, working capital was $6.0 million, a decrease of $6.2 million from 2008. Subsequent to year end, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years, and as a result of this agreement, $30.0 million in debt was moved to long-term, improving the working capital.

The decrease in debt of $23.7 million year over year is a result of receipt of funds from the close of the rights offering which generated $33 million in proceeds; $30.1 million of which was applied to debt. An additional $2.3 million was drawn on the debt in the first quarter of 2009 to fund the capital build program that was completed during the year. Capital expenditures for 2009 totalled $13.6 million; $5.4 million of which were funded through disposals; $2.3 million was funded through term debt and the remaining $5.9 million in capital expenditures a combination of funds from the operating line and cash flows from operating activities.

Shareholders' equity is $96.8 million at December 31, 2009 an increase of $17.9 million from 2008. The increase in Shareholders' equity in 2009 is mainly a result of $32.2 increase as a result of the rights offering (net of transaction costs), a $1.2 million increase in contributed surplus as a result of stock compensation expense offset by a $15.5 million loss for the year.

As at December 31, 2008, the Company had 20,647,330 Class A Common Shares and 6,603,531 Class B Common Shares issued and outstanding. At the Company's Annual and Special Meeting on August 28, 2009, shareholders approved the conversion of all Class B shares to Class A shares, the elimination of the A/B share structure and the subsequent amendments to the Articles of the Company to Voting Common shares and Preferred shares. On December 3, 2009, pursuant to the rights offering, an additional 131,996,703 Common shares were issued. The rights offering was backstopped by the Company's majority shareholder. As a result, following the close of the rights offering, the majority shareholder's ownership was increased to approximately 83.5% of the voting shares of the Company. Following these transactions, the Company had 159,184,064 Common shares issued and outstanding.

Debt to equity is 0.33 at December 31, 2009, 0.37 less than in 2008. This is mainly a result of reduced debt and increased equity as a result of the rights offering.

In addition to term debt, at December 31, 2009, the Company had an operating line available to a maximum of $15 million which is margined to the Company's accounts receivable to fund operations. As at March 31, 2010, $3.8 million was outstanding and $10.45 million was available after marginalizing for trade receivables. Subsequent to year end, the revolving facility was revised under terms consistent with the new credit facility.

Changes in cash are outlined as follows:

FOR THE YEAR ENDED DECEMBER 31	**2009**	2008
Cash flow (used in) from operating activities	**$ (2,636,355)**	$ 10,119,995
Less: Change in non-cash working capital	**(910,226)**	(3,566,381)
Funds from operations	**(1,726,129)**	13,686,376
Cash invested in acquisition of equipment	**(13,627,666)**	(32,171,577)
Proceeds on sale of assets	**5,360,609**	28,395
Decrease in restricted cash	**–**	415,000
Issue (repurchase) of common shares	**32,970,139**	(768,587)
Transaction costs	**(592,066)**	(253,688)
Repayment of debt	**(28,100,000)**	–
Issuance of debt	**2,885,767**	24,500,000
Increase (decrease) in cash	**$ (3,739,572)**	$ 1,869,538

SIGNIFICANT AGREEMENTS

During the third quarter of 2008, a new capital build program was initiated that resulted in five additional service rigs being added to the Company's fleet through 2009. Originally, the Company had planned to add seven additional service rigs throughout 2009, however the downturn resulted in a re-evaluation of capital requirements, and as a result, in the third quarter the Company was able to sell two of these units to a company that agreed, as part of the sale, to operate the units outside of Canada. As at December 31, 2009, the Company has fulfilled all requirements under the build program and there are no plans to add any additional capital throughout 2010.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company has several vehicle leases, building and facility leases, and has recently entered into a lease on a property in Weyburn, Saskatchewan.

	2010	2011	2012	2013 AND BEYOND
Long-term debt	$ 1,900,000	$ 4,500,000	$ 8,250,000	$ 17,274,500
Warrants	1,212,121	–	–	–
Rent	1,350,778	929,314	608,516	232,482
Other operating leases	95,538	81,767	23,986	3,769
Total obligations	$ 4,558,437	$ 5,511,081	$ 8,882,502	$ 17,510,751

The long-term debt was refinanced subsequent to year end. The table above reflects the repayment terms under the new facility.

In addition to the commitment outlined above, the Company was also committed to pay $0.40 per outstanding warrant if the warrants were not exercised by the January 26, 2010, expiry date. The warrants were redeemed by the Company and a non interest bearing note was issued to the warrant holder for the full amount payable of $1,212,121 on January 26, 2010. The fair value of this obligation has been reflected as a liability in the financial statements.

On March 31, 2010, the note relating to the warrants redeemed on January 26, 2010, in the amount of $1,212,121 was paid in full by the Company.

RELATED PARTY TRANSACTIONS

The Company entered into various related party transactions in the regular course of operations and through acquisitions. Transactions with related parties are recorded at fair market value determined by the contracts.

	2009	2008
Amounts in accounts receivable	**$ 35,598**	$ –
Amounts in shareholder loans	**1,175,118**	394,785
Amounts in accounts payable	**4,000**	4,473
Amounts in term debt	**31,900,000**	57,700,000
Amounts in operating expense	**–**	26,544
Amounts in rent expense	**158,000**	240,348
Amounts in other general and administrative expenses	**48,000**	44,325
Amounts in interest expense	**4,129,814**	3,537,663

The term debt is held with a company that is subject to common management as the Company's majority shareholder. The interest expense shown is the interest that was paid in respect to this debt. Amounts in rent expense include rental of property from a director of the Company. All other related party purchases were with companies controlled by employees of the Company. In addition to the related party transactions outlined above, shareholder loan receivables totaling $1,175,118 are owed to the Company. Of this amount, $1,024,118 is secured by personal guarantees from the shareholders.

OUTLOOK

While the operating environment in 2010 is still anticipated to be challenging, the Company is anticipating improved utilization rates and optimism throughout the WCSB. CWC continues to concentrate its efforts on operational efficiencies and above industry-average utilization rates. In addition, CWC is building upon its strong relationships with large customers who are contracting a wide range of CWC services beyond the Well Servicing segment. This both reduces credit risk while simultaneously increasing utilization rates for CWC's entire equipment fleet. With a strengthened balance sheet CWC looks forward to demonstrating its ability to deliver exceptional service to the energy producing sector; reliably, safely and competitively priced.

Despite 2009 being a difficult year the Company was able to reduce the debt facility through the closing of a rights offering in December of 2009 and secure financing totaling $40 million in April 2010. The operating line is now committed to April 2011, and the term debt facility is in place for the next three years.

The Company will continue to evaluate all expense and will strive to reduce costs where possible without adverse effects to the quality of the service or the safety and efficiency of the equipment the Company operates. The Company anticipates increased utilizations in 2010 compared to 2009 as well as the beginning of the recovery in rates from the lows experienced in 2009. The Company will continue to focus on improving the balance sheet and maximizing return to all stakeholders through strong control over discretionary expenditures and close examination of operating costs.

CRITICAL ACCOUNTING ESTIMATES

This MD&A of the Company's financial condition and results of operations is based on the financial statements which are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The presentation of these financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. These estimates are based on experience and assumptions that are believed to be reasonable under the circumstances. Although care has been taken, anticipating future events cannot be done with certainty, therefore actual results may vary from these estimates over time as more accurate information is available and as the Company's operating environment changes.

Impairment of Long-Lived Assets: Long-lived assets, including property and equipment and intangible assets, comprise a majority of the Company's assets. Management reviews the carrying values of these assets for impairment periodically or whenever events or changes in circumstance indicate that their carrying value may not be recoverable. When this occurs, management performs various tests to see if the net carrying value differs from fair value, and if the fair value is less than the carrying value the asset would be considered to be impaired and an impairment loss would be recognized to reduce the asset's carrying value to its estimated fair value. The downturn seen in 2009 was determined to be such a circumstance and as a result a test for impairment of long-lived assets was conducted. The test for impairment focused on the forecasting model developed for use in refinancing, combined with an independent valuation that was done on the Company's assets for financing. To determine whether impairment occurred, Management evaluated the future estimated cash flows expected over the next 10 years. The starting base for the forecast is the recently completed three-year forecast provided to various firms in order to negotiate a replacement credit facility. This has been done including the first two months of actual results for 2010 and a current revised forecast for March 2010. This was then expanded for moderate growth as the WCSB is expected to recover. From 2013 to 2015 a 5% growth in both revenues and expenses was assumed; for 2016 and 2017 a 2% growth in revenues and expenses was forecasted and a 1% increase for 2018 and 2019. In addition to the non-discounted cash flow analysis; Management compared the value of the assets and intangibles to the results of an asset valuation done by an independent valuation firm.

Depreciation and Amortization: The Company's property, plant, equipment and intangibles are depreciated and amortized over estimated useful life using both straight line and unit-of-production methods.

The estimates may change over time as more useful information becomes available, market conditions shift or other factors change the estimated useful life of the assets.

Stock Based Compensation: Stock based compensation expense associated with the stock-option rights granted to directors and employees is calculated based on assumptions using the Black-Scholes option pricing model to produce an estimate of compensation. This estimate may vary due to changes in the Black-Scholes variables, which include the risk free rate of return, the share price volatility and the rates of forfeiture.

RISK MANAGEMENT

Business Risk: Activity in the oil and gas industry is subject to a range of external factors that are difficult to actively manage, including resource demand, commodity pricing and climate. The Company seeks to mitigate these risks by monitoring its balance sheet and remaining responsive to changes in industry dynamics.

The Company has a comprehensive insurance policy to help safeguard its assets, operations and employees. This is reviewed annually and revised as changes in circumstances warrant.

Credit Risk: The Company's policy is to enter into agreements with customers that are well-established and well-financed within the oil and gas industry. There is always a risk relating to the financial stability of customers and their ability to pay. Management will continue to periodically assess the credit worthiness of all its customers and views the credit risk on its accounts receivable as normal for its industry.

During 2009, in the opinion of management, decreased liquidity left nine customers with potentially insufficient funds to settle obligations. As a result, bad debt expense of $669,650 was provided for in 2009.

In 2008 we anticipated that the economic downturn would continue throughout most of 2009, resulting in an increased potential for increased credit risk as companies struggled to meet obligations as access to capital markets and debt financing becomes increasingly difficult. To mitigate this risk, management has focused their marketing efforts with larger companies that have strong balance sheets and positive cash flows. Though the current bad debt expense, higher than the Company has ever experienced, indicates this plan may not have proved effective, analysis of the top ten customers for 2009 shows that seven of the top ten indeed were larger producers who paid reliably throughout the year. This led the Company to conclude that had this strategy not been implemented in a timely manner the credit risk exposure would have been far greater that what we currently see.

Liquidity Risk: Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. At December 31, 2009, the credit facilities available consisted of a term facility to a maximum of $31.9 million maturing on January 26, 2010, and a short-term operating line of credit which is margined to the Company's accounts receivable to a maximum of $15.0 million. The term facility was extended until March 31, 2010, on January 26, 2010. The credit line was committed until December 2009, but was extended to March 31, 2010 subsequent to year end. Long-term facilities are used to fund capital acquisitions and the short-term line of credit is used to settle current obligations such as accounts payable. On December 3, 2009, the Company completed a rights offering resulting in $33 million in funds to the Company; $28 million of which was used to reduce the term facility. On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest and the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term. The Company also

secured a new operating line as discussed under "Liquidity and Capital Resources". The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner, which could in turn impact the Company's long-term ability to meet commitments under its current facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at December 31, 2009, the balance of trade accounts receivable in excess of 90 days was $659,254, representing approximately 8% of the trade accounts receivable balance. Of this amount, $547,737 has been provided for as an allowance for bad debts. A structure is maintained that focuses on growth of the Company while ensuring viability for stakeholders. Finally, in an effort to combat the seasonality of the oilfield business and reduce long-term liquidity risk exposure, the Company regularly reviews its cash availability and whenever the conditions permit, the excess cash is applied to the debt outstanding.

Market Risk: Market risk is comprised of foreign currency risk and interest rate risk.

Foreign Currency Risk: Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company is not significantly exposed to foreign currency risk.

Interest Rate Risk: The Company is exposed to sudden increases in interest rate changes as the operating facility entered into by the Company subsequent to year end is variable based on prime lending rates. Prior to the Company securing a new operating facility and a term debt facility, all debt was subject to variable interest rates. Although this did benefit the Company through 2008 and 2009, there is a risk that prime rate could increase over time. The term facility the Company secured subsequent to year end is fixed for three years at 8.045%. As a result, the Company has minimized its exposure to interest rate risk for the next three years on this debt. The operating line secured by the Company subsequent to year end is at a variable rate based on prime and therefore the Company remains exposed to interest rate risk thereon. For the year ended December 31, 2009, a one percent change in the prime lending rate would have impacted net income by $577,439.

Supplier Risk: In the past the Company had a large portion of its service rig and associated equipment manufactured by a single provider. In order to mitigate the risk of short-term vulnerability should the supplier experience unusual production disruptions or labour disputes, the Company has began utilizing several suppliers to provide various components of a total package. Suppliers are selected for various components based on their reputation in their respected industry, price and quality of the product produced.

Seasonal Risk: The level of activity in the oilfield service industry is influenced by seasonal weather patterns. During the spring months, wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of service equipment, which reduces activity levels and places an increased level of importance on the location of the Company's equipment prior to imposition of road bans. The timing and length of road bans is dependent on the weather conditions leading to the spring thaw and weather conditions during the thaw period. The Company's business results depend, at least in part, upon the severity and duration of the Canadian winter and the spring thaw, which may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's service equipment during those times.

Competitive Conditions: The operating climate within the Western Canadian Sedimentary Basin is very competitive, resulting in fluctuations of price and utilization rates. The Company attempts to mitigate these risks by creating a good working relationship with its customers and focusing on longer-term contracts.

CHANGES IN ACCOUNTING POLICIES

In February 2008, the Canadian Institute of Chartered Accountants issued Section 3064 "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and other intangible assets". The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard was applicable to the Company on January 1, 2009. The new standard did not have a material impact on the Company's financial statements as at December 31, 2009.

In May 2009, the CICA issued amendments to Section 3862, Financial Instruments – Disclosures. The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments will be effective for annual financial statements with fiscal year ends ending after December 31, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in International Financial Reporting Standards ("IFRS"). There was no significant impact on the Company's financial statements as at December 31, 2009, as a result of this revised standard.

With the Canadian Accounting Standards Board's recent announcement of January 1, 2011, as the date International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, the Company has been evaluating its own implementation plan and assessing the impact the various accounting changes will have on the organization. As the final implementation date approaches, the Company will continue to monitor developments.

To date, management has created a changeover plan for IFRS conversion that has been presented to, reviewed and authorized by the Audit Committee of the Board of Directors. Hallmarks of the changeover plan include, definition of the discrete tasks required for conversion, a timeline for the completion of the discrete tasks, an estimate of the effort and duration associated with the conversion, prioritization of tasks, the assignment of key personnel within the organization and an analysis of key interdependencies relating to the conversion steps. The conversion began in February 2009. Completion of the conversion has experienced some delays as the Company's limited accounting staff was forced to deal with the effects of the economic downturn, a proposed takeover by the Company's majority shareholder and trying to secure a long-term solution for its term debt and operating facilities; however, the Company has revised the plan and expects to be compliant with our reporting for the first quarter of 2011 as required.

During 2009, the Company evaluated the effects of IFRS on its treatment of revenues, operating expenses, current assets and current liabilities and determined that no material changes would result as a result of the transition from Canadian GAAP to IFRS in these areas. Currently, the Company continues to work on the componentization of the equipment as well as an evaluation of the intangibles. The Company is also focusing a significant portion of the plan on effects of the changes to impairment testing and evaluating the effect this will have on results.

As the Company remains in Phase Two of the conversion plan which involves identification and evaluation of the significant accounting policies that relate to each major conversion area and has not yet finalized its accounting policy choices, the Company has not yet quantified the impact of IFRS on its financial statements.

MANAGEMENT'S REPORT AND AUDITORS' REPORT TO THE SHAREHOLDERS

MANAGEMENT'S REPORT

To the Shareholders of Central Alberta Well Services Corp.

The accompanying financial statements of Central Alberta Well Services Corp. (CWC) and all the information in the Annual Report are the responsibility of management and have been approved by the Board of Directors.

The accompanying financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain estimates that reflect management's best judgments. Financial information presented throughout the annual report is consistent with these financial statements.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements and other financial information contained in this report. In the preparation of these statements, estimates are sometimes necessary because a precise determination of certain assets and liabilities is dependent on future events. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements. Management is also responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control.

The Audit Committee, which consists of three non-management directors, has reviewed the financial statements with management and the external auditor. An independent firm of chartered accountants, appointed as external auditor by the shareholders, has audited the financial statements and its report is included herein.

Darryl Wilson
President and Chief Executive Officer
April 26, 2010

Darcy Campbell, CMA
VP Finance, Chief Financial Officer
April 26, 2010

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the balance sheets of Central Alberta Well Services Corporation as at December 31, 2009 and 2008 and the statements of loss, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants
Calgary, Canada
April 26, 2010

BALANCE SHEETS

For the years ended December 31, 2009 and 2008

	2009	2008
ASSETS		
Current assets		
Cash	**$ –**	$ 3,739,572
Marketable securities	**2,267**	–
Accounts receivable	**10,238,597**	14,565,755
Shareholder loans (note 5)	**189,101**	394,785
Inventory	**2,995,657**	2,479,950
Prepaid expenses and deposits	**263,048**	442,351
	13,688,670	21,622,413
Property and equipment (note 6)	**116,426,485**	118,603,452
Shareholder loans (note 5)	**986,017**	–
Intangible assets (note 7)	**3,379,843**	3,967,816
	$ 134,481,015	$ 144,193,681
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 8)	**$ 585,767**	$ –
Accounts payable and accrued liabilities	**4,179,777**	8,176,998
Warrants (note 9)	**1,211,768**	1,206,813
Current portion of long-term debt (note 10)	**1,705,362**	–
	7,682,674	9,383,811
Future income taxes	**–**	512,000
Long-term debt (note 10)	**30,024,500**	55,419,098
	37,707,174	65,314,909
SHAREHOLDERS' EQUITY		
Share capital (note 11 (a))	**111,080,416**	78,858,092
Contributed surplus (note 11(d))	**7,328,741**	6,139,422
Deficit	**(21,635,316)**	(6,118,742)
	96,773,841	78,878,772
	$ 134,481,015	$ 144,193,681

Subsequent events (note 19)

See accompanying notes to financial statements.

Approved on behalf of the Board,

Lou MacEachern, *Director*

Gary Bentham, *Director*

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

For the years ended December 31, 2009 and 2008

	2009	2008
REVENUE	**$ 49,357,355**	$ 78,810,740
EXPENSES		
Operating expenses	**35,152,892**	50,541,854
General and administrative	**11,770,649**	10,972,927
Stock based compensation	**1,033,571**	920,515
Interest	**6,418,833**	5,178,449
Depreciation	**10,422,011**	12,024,699
Amortization	**587,973**	602,976
	65,385,929	80,241,420
NET LOSS BEFORE TAX	**(16,028,574)**	(1,430,680)
INCOME TAXES (note 13)		
Current	**–**	115,736
Future (reduction)	**(512,000)**	512,000
	(512,000)	627,736
NET LOSS AND COMPREHENSIVE LOSS	**(15,516,574)**	(2,058,416)
DEFICIT, BEGINNING OF PERIOD	**(6,118,742)**	(4,060,326)
DEFICIT, END OF PERIOD	**$ (21,635,316)**	$ (6,118,742)
NET LOSS PER SHARE (note 11 (e))		
Basic and diluted loss per share	**$ (0.43)**	$ (0.07)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

For the years ended December 31, 2009 and 2008

	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING:		
Net loss	**$ (15,516,574)**	$ (2,058,416)
Items not affecting cash:		
Stock based compensation	**1,033,571**	920,515
Interest on shareholder loans	**(3,251)**	(7,776)
Accretion of debt financing costs and warrants	**2,231,280**	1,679,443
Loss on disposal of assets	**22,013**	12,936
Unrealized loss on marketable securities	**8,848**	–
Future income tax (reduction)	**(512,000)**	512,000
Depreciation and amortization	**11,009,984**	12,627,674
	(1,726,129)	13,686,376
Change in non-cash working capital (note 17)	**(910,226)**	(3,566,381)
	(2,636,355)	10,119,995
INVESTING:		
Purchase of property and equipment	**(13,627,666)**	(32,171,577)
Proceeds on sale of assets	**5,360,609**	28,395
Decrease in restricted cash	**–**	415,000
	(8,267,057)	(31,728,182)
FINANCING:		
Bank indebtedness	**585,767**	–
Issue of long-term debt	**2,300,000**	28,500,000
Retirement of long-term debt	**(28,100,000)**	(4,000,000)
Transaction costs	**(592,066)**	(253,688)
Issuance (repurchase) of common shares (note 11 (a))	**32,970,139**	(768,587)
	7,163,840	23,477,725
INCREASE (DECREASE) IN CASH	**(3,739,572)**	1,869,538
CASH, BEGINNING OF PERIOD	**3,739,572**	1,870,034
CASH, END OF PERIOD	**$ –**	$ 3,739,572
Supplementary Information:		
Interest paid	**$ 4,199,115**	$ 3,548,169
Interest received	**8,311**	30,880
Income taxes refunded	**–**	381,381

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2009 and 2008

1. DESCRIPTION OF BUSINESS:

Central Alberta Well Services Corp. (CWC) is an oilfield services company providing production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin.

2. BASIS OF PRESENTATION:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Certain prior period amounts have been reclassified to conform to the current period's presentation.

3. SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements, in conformity with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results could differ materially from those estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and the framework of the significant accounting policies summarized below:

a) Inventory:
Inventory is comprised of operating supplies and spare parts and is carried at the lower of average cost and net realizable value.

b) Property and equipment and intangible assets:
Property and equipment and intangible assets are recorded at cost less accumulated depreciation and amortization. Depreciation and amortization are provided taking into consideration the estimated useful lives of the assets, using the following methods and annual rates:

ASSETS	METHOD	RATE
Service rigs	Unit of production	24,000 operating hours
Production units	Straight-line	3 to 10 years
Other field equipment	Straight-line	2 to 10 years
Computer, furniture and office equipment	Straight-line	3 to 5 years
Intangible assets	Straight-line	3 to 10 years

Assets under construction are not depreciated until they are available for use. Assets are tested for impairment as deemed necessary by changing circumstances that could indicate an impairment in the carrying value.

c) Long-term debt:
Long-term debt is accounted for at its amortized cost, using the effective interest method. Transaction costs are incremental costs that are attributable to the acquisition, issue, or disposal of a financial instrument. Transaction costs are offset against the associated debt and amortized using the effective interest method.

d) Income taxes:
The Company follows the asset and liability method of accounting for income taxes, whereby future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying value of assets and liabilities and their tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any future income tax asset if it is more likely than not that the asset would not be realized.

e) Revenue recognition:
Revenue is recognized when services are rendered and collection is reasonably assured. The Company's services are generally sold based upon contracts with the customer that include fixed or determinable prices based upon daily, hourly or job rates.

3. SIGNIFICANT ACCOUNTING POLICIES (continued):

f) Per share amounts:
Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated using the treasury stock method whereby the proceeds obtained on exercise of stock options and performance warrants, where market value exceeds exercise price, would be used to purchase common shares at the average price during the period. The weighted average number of shares is then adjusted by the net change.

g) Stock based compensation:
The Company has equity incentive plans, which are described in notes 12(b) and 12(c). The fair value of the stock options is calculated at the date of grant using the Black-Scholes option pricing model and the fair value of the performance warrants is measured using the Trinomial Lattice pricing model. The resulting values are recorded as compensation cost over the associated vesting period with an offsetting credit to contributed surplus. Upon exercise, the associated amounts will be reclassified from contributed surplus to share capital. Consideration paid upon exercise of options and performance warrants will be credited to share capital.

h) Use of estimates:
The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions regarding significant items such as amounts relating to depreciation and amortization, allowance for doubtful accounts, future income taxes, stock-based compensation expense, impairment assessments of property and equipment and intangible assets and the valuation of derivative financial instruments that affect the amounts reported in the consolidated financial statements and accompanying notes. Changes in facts and circumstances may result in revised estimates, and actual results may differ from these estimates.

4. CHANGES IN ACCOUNTING POLICY:

a) Changes in accounting policies:
(i) Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064, Goodwill and Intangible Assets. This section provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The new standard did not have a material impact on the Company's financial statements.
(ii) In May 2009, the CICA issued amendments to Section 3862, Financial Instruments – Disclosures. The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments are effective for annual financial statements with fiscal year ends ending after September 30, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in International Financial Reporting Standards ("IFRS"). The Company has included these additional disclosures in its annual financial statements for the year ending December 31, 2009.

b) Future changes in accounting policies:
On February 13, 2008, the Accounting Standards Board ("AcSB") confirmed that the changeover to IFRS from Canadian GAAP will be required for publicly accountable enterprises for interim and annual financial statements, effective for fiscal years beginning on or after January 1, 2011, including comparatives for 2010. The objective is to improve financial reporting by having one single set of accounting standards that are comparable with other entities on an international basis. The transition from the current Canadian GAAP to IFRS is a significant undertaking that may materially affect the Corporation's reported financial position and results of operations. The Company continues to monitor standards developments as issued by the International Accounting Standards Board and the AcSB, as well as regulatory developments as issued by the Canadian Securities Administrators which may affect the timing, nature or disclosure of its adoption of IFRS.

5. SHAREHOLDER LOANS:

DECEMBER 31	2009	2008
Secured shareholder loans at 6% interest calculated semi-annually	**$ 35,000**	$ 104,752
Secured shareholder loans at prime plus 2.0%	**984,136**	–
Less long-term portion	**(986,017)**	–
Plus accrued interest	**4,982**	11,641
Current portion of secured shareholder loans	**38,101**	116,393
Current portion of non-secured shareholder loans	**151,000**	278,392
Current portion of shareholder loans	**$ 189,101**	$ 394,785

On March 1, 2005, the Company provided loans to certain employees to assist in the purchase of 1,165,000 common shares of the Company (291,250 shares after July 2007 share consolidation). Shareholder loans outstanding to these employees as at December 31, 2009, total $35,000 (2008: $104,752) plus accrued interest of $4,982 (2008: $11,641). The remaining $35,000 under this agreement is subject to interest at 6% calculated semi-annually on the anniversary of the issuance and is secured by personal guarantees from the shareholders and 75,000 in shares held in escrow. Market value of these shares at December 31, 2009, was $14,625.

In November of 2008, $151,000 was advanced as an unsecured, interest-free loan for an executive relocation allowance.

As part of the rights offering which closed on December 3, 2009, certain senior managers and executives were provided loans to participate in the rights offering totaling $984,136. These loans have a term of three years, are secured by the shares purchased and personal guarantees provided by the shareholders. The shares purchased with the funds from the loan have been placed in trust until the amounts are repaid in full. Interest is charged at prime plus 2% to be paid in December of each year. Market value of these shares at December 31, 2009, was $766,847.

6. PROPERTY AND EQUIPMENT:

DECEMBER 31, 2009	**COST**	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**
Service rigs	**$ 59,585,423**	**$ 9,421,011**	**$ 50,164,412**
Production units	**32,485,235**	**9,806,362**	**22,678,873**
Other field equipment	**59,649,769**	**17,018,640**	**42,631,129**
Computers, furniture and office equipment	**1,814,501**	**1,122,377**	**692,124**
Assets under construction	**259,947**	**–**	**259,947**
	$ 153,794,875	**$ 37,368,390**	**$ 116,426,485**

DECEMBER 31, 2008	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Service rigs	$ 50,328,822	$ 7,329,384	$ 42,999,438
Production units	30,997,528	7,157,828	23,839,700
Other field equipment	52,897,736	11,788,231	41,109,505
Computers, furniture and office equipment	1,681,453	880,253	801,201
Assets under construction	9,853,608	–	9,853,608
	$ 145,759,147	$ 27,155,696	$ 118,603,452

7. INTANGIBLES:

DECEMBER 31, 2009	**COST**	**ACCUMULATED AMORTIZATION**	**NET BOOK VALUE**
Leasehold interest	**$ 55,000**	**$ 21,645**	**$ 33,355**
Developmental technologies	**321,000**	**255,762**	**65,238**
Trade name	**1,300,000**	**487,485**	**812,515**
Customer relationships	**3,950,000**	**1,481,265**	**2,468,735**
	$ 5,626,000	**$ 2,246,157**	**$ 3,379,843**

DECEMBER 31, 2008	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE
Leasehold interest	$ 55,000	$ 15,873	$ 39,127
Developmental technologies	321,000	198,561	122,439
Trade name	1,300,000	357,489	942,511
Customer relationships	3,950,000	1,086,261	2,863,739
	$ 5,626,000	$ 1,658,184	$ 3,967,816

8. BANK INDEBTEDNESS:

During the year ended December 31, 2008, the Company entered into an agreement for a line of credit which is margined to the Company's accounts receivable to a maximum of $15.0 million, at an interest rate ranging from bank prime plus 1.25% to bank prime plus 2.00%. This facility has been extended to April 30, 2010. As at December 31, 2009, the amount available under the line was $4.9 million with $585,767 drawn. A General Security agreement providing security interest against accounts receivable and second fixed charge over equipment has been provided as security for the line of credit.

The line of credit is subject to the following quarterly covenants:

Working capital ratio of not less than 1.25 to 1; with the current amount of the term debt and amount owing under the line of credit being deducted from current liabilities. The Company was in compliance with this covenant as at December 31, 2009.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Debt service on a rolling twelve month basis of not less than 1.25 to 1. EBITDA is computed as net income (loss) on a rolling twelve month basis adjusted for stock compensation expense, interest, depreciation and amortization also on a rolling twelve month basis; less unfunded capital expenditures (capital expenditures purchased without term debt proceeds) on a rolling twelve month basis; divided by interest expense less accretion expense on a rolling twelve month basis. As at December 31, 2009, the Company was not in compliance with this covenant and has received a waiver for the period ended December 31, 2009.

Funded Debt to EBITDA of not greater than 4.0 to 1.0. EBITDA is computed in the same manner as described above and funded debt is computed as the total amounts outstanding under both the term debt and the line of credit. As at December 31, 2009, the Company was not in compliance with this covenant and has received a waiver for the period ended December 31, 2009.

On April 20, 2010, the Company secured an operating facility which is margined to the Company's accounts receivable to a maximum of $10.0 million, at an interest rate ranging from bank prime plus 1.25% to bank prime plus 2.0%. The operating line is committed until April 30, 2011. A General Security agreement providing security interest against all accounts receivable and a second fixed charge over all other assets has been provided as security for this agreement. A fee of $35,000 was paid on acceptance of the facility.

9. WARRANTS:

As part of the $60 million long-term credit facility entered into in January 2007, approximately 12.1 million common share purchase warrants were issued by the Company to the lender, exercisable into common shares of the Company at a price of $0.825 per share, expiring in January 2010. The Company agreed to redeem any unexercised warrants that remain outstanding on the warrant expiry date at a price of $0.10 per warrant. In July 2007, the Company consolidated both Class A and Class B shares by issuing one (1) share for every four (4) outstanding. The warrants were consolidated as well, resulting in 3,030,303 common share purchase warrants exercisable into common shares at a price of $3.30 per share, with any unexercised warrants at the warrant expiry date to be redeemed at $0.40 per warrant. The warrants have been classified as a liability in accordance with Section 3855, "Financial Instruments – Recognition and Measurement". The fair value of the liability has been calculated utilizing an approximation of the bi-nomial lattice model.

On January 26, 2010, the Company received an extension on its term facility from Brookfield Bridge Lending Fund; an extension on its line of credit; and the 3,030,303 warrants were redeemed by the Company and in return a non-interest bearing note was issued to Brookfield Special Situations II L.P. with a March 31, 2010, payment date. On March 31, 2010, the note was paid in full.

10. LONG-TERM DEBT:

DECEMBER 31	**2009**	2008
Credit facility for $31.9 million at interest rate of bank prime plus 2.75%, maturing on April 30, 2010. Monthly repayments of interest only, secured by a first charge on equipment and a general security agreement on all assets.	**$ 31,900,000**	$ 57,700,000
Unsecured, interest-free loan from Government of Canada related to a patent and repayable upon commercial application of the patent.	**24,500**	24,500
Total debt	**$ 31,924,500**	$ 57,724,500
Less:		
Transaction costs relating to the $31.9 million term facility	**(102,109)**	(1,214,676)
Cost of 3,030,303 warrants relating to the $31.9 million term facility	**(92,529)**	(1,090,726)
Current portion	**(1,705,362)**	–
	$ 30,024,500	$ 55,419,098

At December 31, 2009, estimated principal repayments for each of the next five years are as follows:

2010	$ –
2011	4,500,000
2012	8,250,000
2013	17,250,000
2014	–
Thereafter	24,500
	$ 30,024,500

The $31.9 million credit facility is with Brookfield Bridge Lending Fund Inc., a related party to the Company's largest shareholder, Brookfield Special Situations II Ltd, who is the General Partner of Brookfield Special Situations II L.P. (formerly Tricap Partners II L.P.) through common management.

The term facility is subject to the following covenants as at December 31, 2009:

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) to Debt service on a rolling six month basis of not less than 2.75 to 1. EBITDA is computed as net income (loss) on a rolling six month basis adjusted for stock compensation expense, interest, depreciation and amortization also on a rolling six month basis; divided by interest expense less accretion expense on a rolling six month basis. As at December 31, 2009, the Company was not in compliance with this covenant and has received a waiver until April 30, 2010.

10. LONG-TERM DEBT (continued):

Working capital ratio of not less than 1.0 to 1.1; with the current portion of shareholder loans being deducted from current assets and the current amount of the term debt and line of credit and the liability for the warrants being deducted from current liabilities. The Company was in compliance with this covenant as at December 31, 2009.

Net Debt to EBITDA of not greater than 3.0 to 1.0. EBITDA is computed in the same manner as described above and net debt is computed as the total amounts outstanding under both the term debt and the line of credit less current liabilities plus current assets as adjusted in the working capital calculation above. As at December 31, 2009, the Company was not in compliance with this covenant and has received a waiver until April 30, 2010.

The Company is currently in default under the covenants of the term facility as described above; as a result, from August 1, 2009; until the default is corrected, the Company will be paying the default interest rate which is an additional five percent (5%) above the prime plus 2.75% nominal interest rate.

On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest, the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term and is secured with a first charge over fixed assets, a General Security Agreement over all remaining assets, and an assignment of insurance. A fee of $300,000 was paid on acceptance of the facility. As a result of this facility $30.0 million in debt has been shown as long-term and the repayments for the next five years have been shown reflecting the repayment terms under the long-term facility. The new facility includes revised covenant calculations.

11. SHARE CAPITAL:

a) Authorized:
Unlimited number of Common voting shares and Preferred shares

Issued:

CLASS A	NUMBER	AMOUNT
Balance at January 1, 2008	21,733,730	$ 63,480,129
Repurchase of common shares	(636,400)	(1,851,924)
Share transfer to Class B shares	(450,000)	(1,260,000)
Balance at December 31, 2008	20,647,330	$ 60,368,205
Balance at January 1, 2009	**20,647,330**	**$ 60,368,205**
Repurchase of shares	**(63,500)**	**(184,785)**
Share transfer to Class B shares	**(350,000)**	**(980,000)**
Elimination of Class B shares	**6,953,531**	**19,469,287**
Issuance of shares	**131,996,703**	**32,407,109**
Common shares balance at December 31, 2009	**159,184,064**	**$ 111,080,416**

CLASS B	NUMBER	AMOUNT
Balance at January 1, 2008	6,153,531	$ 17,229,887
Share transfer from Class A shares	450,000	1,260,000
Balance at December 31, 2008	6,603,531	$ 18,489,887
Balance at January 1, 2009	**6,603,531**	**$ 18,849,887**
Share transfer from Class A shares	**350,000**	**980,000**
Conversion to Class A shares	**(6,953,531)**	**(19,469,887)**
Balance at December 31, 2009	**–**	**$ –**
Total Share Capital as at December 31, 2009	**159,184,064**	**$ 111,080,416**
Total Share Capital as at December 31, 2008	27,250,861	$ 78,858,092

11. SHARE CAPITAL (continued):

On August 28, 2009, shareholders approved the conversion of all Class B shares to Class A shares. As a result, the Class A/B share structure was eliminated and Articles of the Company were amended to reflect Voting Common shares and Preferred shares.

On December 3, 2009, the Company closed a rights offering totaling $32,999,175 in proceeds. Under the fully subscribed offering, 131,996,703 Common shares were issued to shareholders who exercised their rights. Each eligible shareholder of the Company received one right for each Common share held and each right was exercisable for 4.855 Common shares at a price of $0.25 Common share. Following the completion of the offering, Brookfield Special Situations II Ltd, the General Partner of Brookfield Special Situations II L.P. (formerly Tricap Partners II L.P.) owns 83.5% of the issued and outstanding Common shares of the Company.

In August 2007, the Company began repurchasing Common shares under a Normal Course Issuer Bid ("NCIB") program. On September 1, 2008, the Normal Course Issuer Bid program was renewed, permitting the Company to purchase up to a maximum of 1,073,187 Common shares on the open market. From January 1, 2009, to December 31, 2009, 63,500 Common shares were repurchased at an average price (including commissions) of $0.46 per share under the renewed NCIB. At December 31, 2009, 63,500 of the Common shares had been returned to treasury and cancelled.

b) Performance warrants:
The Company issued 3,600,000 performance warrants on April 28, 2005, to certain of its directors and officers with a term of five years (900,000 warrants after the July 2007 1 for 4 share consolidation). Upon vesting, the warrants were exercisable into shares of the Company at a price of $1.00 per share ($4.00 per share after the July 2007 1 for 4 share consolidation). Vesting was conditional upon the weighted average trading price of the Company's common shares being above specified levels for 20 consecutive trading days. During the fourth quarter of 2005, the vesting conditions were met for 100% of the warrants and compensation expense was recognized. The grant date fair value at the time of issue was $0.38 per warrant. Of these warrants, 2,936,850 (82%) were subject to an escrow agreement, whereby subject to the vesting conditions, 10% of the warrants were released upon issuance and 15% of the balance are releasable every six months for three years (734,213 warrants after the July 2007 1 for 4 share consolidation).

c) Stock option plan:
During the year ended December 31, 2009, no stock options were issued to officers, senior management, employees and directors.

	NUMBER OF OPTIONS	WEIGHTED AVERAGE STRIKE PRICE ($)
Outstanding, January 1, 2008	1,453,125	2.40
Granted	666,750	1.81
Forfeited	(139,000)	(2.33)
Outstanding, December 31, 2008	1,980,875	2.21
Outstanding, January 1, 2009	1,980,875	2.21
Forfeited	(57,500)	2.35
Outstanding, December 31, 2009	1,923,375	2.21

The fair value of the options granted was estimated as at the grant date using the Black-Scholes option pricing model. The Company recognized compensation expense for these stock options based upon the following assumptions:

Risk-free rates of return	3.24% – 4.28%
Expected life (years)	3
Volatility	50%
Dividend yield	0%

11. SHARE CAPITAL (continued):

2009

RANGE OF EXERCISE PRICE	OUTSTANDING STOCK OPTIONS	WEIGHTED AVERAGE STRIKE PRICE ($)	REMAINING LIFE	EXERCISABLE STOCK OPTIONS	WEIGHTED AVERAGE VESTED EXERCISE PRICE ($)
1.15 – 1.82	**649,750**	**1.81**	**3.42**	**218,037**	**1.81**
1.83 – 2.50	**1,273,625**	**2.40**	**2.75**	**860,219**	**2.40**
0 – 2.50	**1,923,375**	**2.21**	**2.98**	**1,078,256**	**2.28**

2008

RANGE OF EXERCISE PRICE	OUTSTANDING STOCK OPTIONS	WEIGHTED AVERAGE STRIKE PRICE ($)	REMAINING LIFE	EXERCISABLE STOCK OPTIONS	WEIGHTED AVERAGE VESTED EXERCISE PRICE ($)
1.15 – 1.82	654,250	1.81	4.42	–	–
1.83 – 2.50	1,326,625	2.40	3.75	442,210	2.40
0 – 2.50	1,980,875	2.21	3.97	442,210	2.40

d) Contributed surplus:

DECEMBER 31	**2009**	2008
Opening balance	**$ 6,139,422**	$ 4,135,569
Stock based compensation	**1,033,571**	920,515
Repurchase of common shares – adjustments to average cost	**155,748**	1,083,337
	$ 7,328,741	$ 6,139,422

e) Basic and diluted loss per share:

YEAR ENDED DECEMBER 31	**2009**			2008		
	NET LOSS	**SHARES**	**PER SHARE AMOUNT**	NET LOSS	SHARES	PER SHARE AMOUNT
Basic and diluted loss per share	**$ (15,516,574)**	**35,870,703**	**$ (0.43)**	$ (2,058,416)	27,737,251	$ (0.07)
Securities excluded from diluted loss per share as the effect would be anti-dilutive		**5,853,678**			5,911,178	

At December 31, 2009, 63,500 shares had been repurchased from the TSX Venture Exchange, the Class A/B structure was eliminated, and 131,996,703 Common shares were issued under the fully subscribed rights offering that closed on December 3, 2009, leaving 159,184,064 Common shares available for trading.

12. COMMITMENTS AND CONTINGENCIES:

As at December 31, 2009, the Company's capital build program from 2008 has been completed and no further amounts are outstanding with respect to capital additions. The Company is also committed to rent for office, yard space, operating vehicle lease payments and operating lease costs on office equipment through to 2013 as follows:

	2010	2011	2012	2013 AND BEYOND
Long-term debt	$ 1,900,000	$ 4,500,000	$ 8,250,000	$ 17,274,500
Warrants	1,212,121	–	–	–
Rent	1,350,778	929,314	608,516	232,482
Other operating leases	95,538	81,767	23,986	3,769
Total obligations	$ 4,558,437	$ 5,511,081	$ 8,882,502	$ 17,510,751

The Company is sometimes named as a defendant in litigation. The nature of these claims is usually related to personal injury, labour issues or completed operations. The Company maintains insurance that management deems sufficient for such matters.

On March 31, 2010, the note relating to the warrants redeemed on January 26, 2010, in the amount of $1,212,121 was paid in full by the Company on the due date.

On April 20, 2010, the Company secured long-term financing to replace the term debt; as a result the commitments schedule above has been presented with the repayment terms in the new financing agreement.

13. INCOME TAXES:

a) The provision for income taxes differs from the amount obtained by applying the combined Federal and Provincial income tax rate of 29% to the loss before income taxes. The difference relates to the following items:

DECEMBER 31	**2009**	2008
Statutory Rate	**29.00%**	29.50%
Income taxes (recovery) at statutory rate	**$ (4,648,286)**	$ (435,603)
Increase (decrease) in income taxes resulting from:		
Non-deductible expenses	**59,297**	44,964
Stock compensation expense	**299,736**	271,552
Accretion of warrants	**290,914**	233,434
Tax rate changes	**12,578**	792,569
Other	**467,583**	89,820
Valuation allowance	**3,006,178**	(369,000)
	$ (512,000)	$ 627,736

Significant components of the Company's future income tax assets and liabilities at period end are as follows:

DECEMBER 31	**2009**	2008
Operating losses	**$ 13,990,807**	$ 7,671,564
Share issue and deferred financing costs	**620,097**	573,014
Property and equipment	**(11,254,728)**	(8,337,159)
Goodwill	**69,918**	76,558
Intangible assets	**(422,480)**	(495,977)
Investments	**2,566**	–
	3,006,180	(512,000)
Valuation allowance	**(3,006,180)**	–
	$ –	$ (512,000)

b) The operating losses included in the future income tax assets are available for carry forward for tax purposes to apply against future taxable income until the unused portion to expire between 2015 and 2029.

14. RELATED PARTY TRANSACTIONS:

The Company entered into various related party transactions in the regular course of operations and through acquisitions. Transactions with related parties are recorded at fair market value determined by the contracts.

	2009	2008
Amounts in accounts receivable	**$ 35,598**	$ –
Amounts in shareholder loans	**1,175,118**	394,785
Amounts in accounts payable	**4,000**	4,473
Amounts in term debt	**31,900,000**	57,700,000
Amounts in operating expense	**–**	26,544
Amounts in rent expense	**158,000**	240,348
Amounts in other general and administrative expenses	**48,000**	44,325
Amounts in interest expense	**4,129,814**	3,537,663

Interest expense is paid to the provider of the term debt facility, a company that is related to the Company's largest shareholder as they are subject to common management. The interest is paid according to the terms of the agreement. Amounts in rent expense include rental of property from a director of the Company, and rental of a property from an ownership group that includes employees of the Company. All other related party purchases were with companies controlled by employees of the Company.

15. CAPITAL MANAGEMENT:

The Company's strategy is to maintain a level of capital for operations and to sustain future growth of the business. The Company strives to maintain a balance between debt and equity to ensure the continued access to capital markets to fund growth and ensure long-term viability. The Company monitors its capital balance through regular evaluation of long-term debt to equity ratio. The components of capital as well as the long-term debt to equity ratio as of December 31, 2009, and December 31, 2008 are shown in the table below.

DECEMBER 31	**2009**	2008
Debt	**$ 31,729,862**	$ 55,419,098
Shareholders' equity	**96,773,841**	78,878,772
Debt to equity	**0.33**	0.70

The Company is subject to financial covenants in the debt financing agreements related to both the operating line of credit and long-term debt. The current ratio and debt service coverage ratio are two financial metrics that provide indicators as to whether the Company is in compliance with its financial covenants. The Company is currently in violation of certain financial covenants as disclosed in notes 8 and 10. Subsequent to year end the Company secured new facilities to replace the operating line disclosed in note 8 and the term debt disclosed in note 10. The new facilities include revised covenants.

16. FINANCIAL INSTRUMENTS:

The Company has designated its financial instruments as follows: cash and marketable securities are classified as held-for-trading, which is measured at fair value; accounts receivable and shareholder loans are classified as loans and receivables which are measured at amortized cost; accounts payable and accrued liabilities, warrants and long-term debt are classified as other financial liabilities which are also measured at amortized cost. The fair value of these instruments approximates their carrying amount due to their short-term nature.

The Company has exposure to credit, liquidity and market risk as follows:

a) Credit risk:
The Company's policy is to enter into agreements with customers that are well-established and well-financed within the oil and gas industry to reduce credit risk. There is always a risk relating to the financial stability of customers and their ability to pay. Management will continue to periodically assess the credit worthiness of all its customers and views the credit risk on its accounts receivable as normal for its industry.

During the year ended December 31, 2009, in the opinion of management, decreased liquidity left nine customers with potentially insufficient funds to settle obligations. As a result, bad debt expense of $669,650 was provided for in the year ended December 31, 2009.

b) Liquidity risk:
Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The credit facilities available consist of a term facility to a maximum of $31.9 million maturing on January 26, 2010 and a short-term operating line of credit which is margined to accounts receivable to a maximum of $15 million. The term facility was extended until March 31, 2010, on January 26, 2010. The credit line was committed until December 2009, but was extended to March 31, 2010, subsequent to year end. Long-term facilities are used to fund capital acquisitions and the short-term line of credit is used to settle current obligations such as accounts payable. On December 3, 2009, the Company completed a rights offering resulting in $33 million in funds to the Company, $28 million of which was used to reduce the term facility. On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest, the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term.

The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner which could in turn impact the Company's long-term ability to meet commitments under the new facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at December 31, 2009, the balance of trade accounts receivable in excess of 90 days was $659,254, representing approximately 8% of the trade accounts receivable balance, of this amount $547,737 has been provided for as an allowance for bad debts. A structure is maintained that focuses on growth of the Company while ensuring viability for stakeholders. Finally, in an effort to combat the seasonality of the oilfield business and reduce long-term liquidity risk exposure, the Company regularly reviews its cash availability and whenever the conditions permit, the excess cash is applied to the debt outstanding.

16. FINANCIAL INSTRUMENTS (continued):

c) Market risk:
Market risk is comprised of foreign currency risk and interest rate risk.

i. Foreign currency risk:
Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company is not significantly exposed to foreign currency risk.

ii. Interest rate risk:
The Company is exposed to sudden increases in interest rate changes as the operating facility entered into by the Company subsequent to year end is variable based on prime lending rates. Prior to the Company securing a new operating facility and a term debt facilities, all debt was subject to variable interest rates. Although this did benefit the Company through 2008 and 2009, there is a risk that prime rate could increase over time. The term facility the Company secured subsequent to year end is fixed for three years at the Government of Canada three year bond rate plus 550 basis points. As a result, the Company has minimized its exposure to interest rate risk for the next three years on this debt. The operating line secured by the Company subsequent to year end is at a variable rate based on prime. The Company remains exposed to interest rate risk on the operating line. For the year ended December 31, 2009, a one percent change in the prime lending rate would have impacted net income by $577,439.

17. CHANGES IN NON-CASH WORKING CAPITAL:

The changes in non-cash working capital are as follows:

DECEMBER 31	**2009**	2008
Accounts receivable	**$ 4,316,044**	$ (3,697,637)
Inventory	**(515,707)**	(803,340)
Prepaid expenses and deposits	**63,741**	(74,761)
Income taxes receivable	**–**	115,736
Shareholder loans	**(777,082)**	(187,914)
Accounts payable and accrued liabilities	**(3,997,222)**	1,081,535
	$ (910,226)	$ (3,566,381)

18. SEGMENTED INFORMATION:

The Company operates in two primary segments within the service industry in Western Canada: Well Servicing and Other Oilfield Services. The Well Servicing segment provides well services through the use of service rigs and coil tubing units. The Other Oilfield Services segment provides snubbing, nitrogen, production testing and equipment rentals, primarily providing support services to the well service business.

The accounting policies of the segments are the same as those described in note 3, significant accounting policies. The Company evaluates performance on net income before taxes. Intersegment sales are recorded at current market prices and eliminated upon consolidation.

The reportable segments are distinct operations as they offer complementary services to the well service business. Once a service rig is on site, the other services are typically onsite at various times supporting the rig activity. However, these services can be sold independently of the well servicing. They are managed separately as the businesses were acquired as a unit and the Company has retained the management of each acquired company.

18. SEGMENTED INFORMATION (continued):

The amounts related to each industry segment are as follows:

YEAR ENDED DECEMBER 31, 2009	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	**35,609,847**	**13,747,508**	**–**	**49,357,355**
Interest expense	**–**	**–**	**6,418,833**	**6,418,833**
Depreciation and amortization	**7,511,708**	**2,492,816**	**1,005,460**	**11,009,984**
Loss before taxes	**(1,537,636)**	**(1,308,819)**	**(13,182,119)**	**(16,028,574)**
Income taxes (recovery)	**–**	**–**	**(512,000)**	**(512,000)**
Loss and comprehensive loss	**(1,537,636)**	**(1,308,819)**	**(12,670,119)**	**(15,516,574)**
Property, plant and equipment	**95,068,331**	**20,415,032**	**943,122**	**116,426,485**
Intangibles	**–**	**3,379,843**	**–**	**3,379,843**
Capital expenditures	**12,122,259**	**1,230,540**	**274,867**	**13,627,666**

YEAR ENDED DECEMBER 31, 2008	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	55,893,190	22,917,550	–	78,810,740
Interest expense	–	–	5,178,449	5,178,449
Depreciation and amortization	9,459,967	2,784,846	382,862	12,627,675
Net income (loss) before income taxes	6,003,404	2,992,932	(10,427,016)	(1,430,680)
Income taxes	–	–	627,736	627,736
Net income (loss) and comprehensive loss	6,003,404	2,992,932	(11,054,752)	(2,058,416)
Property, plant and equipment	96,438,820	21,363,431	801,201	118,603,452
Intangibles	–	3,967,816	–	3,967,816
Capital expenditures	29,367,731	2,321,434	482,412	32,171,577

19. SUBSEQUENT EVENTS:

On January 26, 2010, the Company received an extension on its term facility from Brookfield Bridge Lending Fund; an extension on its line of credit; and a note was issued for the $1,212,121 redemption of the 3,030,303 warrants held by Brookfield Special Situations II L.P.. until March 31, 2010. Fees of $73,800 were incurred by the Company to extend the line of credit and term facility.

On March 31, 2010, the note issued in the amount of $1,212,121 was paid in full to on the due date.

On April 20, 2010, the Company secured term debt refinancing in the amount of $30.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest, the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term and is secured with a first charge over fixed assets, a General Security Agreement over all remaining assets, and an assignment of insurance. A fee of $300,000 was paid on acceptance of the facility. This credit facility includes revised covenant calculations. The financial statements have been adjusted to reflect the terms of this agreement.

On April 20, 2010, the Company secured an operating facility which is margined to the Company's accounts receivable to a maximum of $10.0 million, at an interest rate ranging from bank prime plus 1.25% to bank prime plus 2.0%. The operating line is committed until April 30, 2011. A General Security agreement providing security interest against all accounts receivable and a second fixed charge over all other assets has been provided as security for this agreement. The covenant calculations have been revised to be consistent with the new credit facility. A fee of $35,000 was paid on acceptance of the facility.

CORPORATE INFORMATION

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Rance E. Fisher [1] [2]
Alexander D. Greene
N. Leon Layden
Louis W. MacEachern [1] [2]
James (Jim) Reid [2]
Darryl E. Wilson

[1] Member of Audit Committee
[2] Member of Compensation and Governance Committee

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Frederick (Rick) C. Dawson, *Vice President, Business Development*

Stock Exchange Listing
TSX Venture Exchange
Trading Symbol: CWC

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