BALANCE SHEETS

For the periods ended March 31, 2010 and December 31, 2009 (unaudited)

	2010	2009
ASSETS		
Current assets		
Cash	**$ –**	$ –
Marketable securities	**9,712**	2,267
Accounts receivable	**16,211,283**	10,238,597
Shareholder loans	**196,967**	189,101
Inventory	**2,863,910**	2,995,657
Prepaid expenses and deposits	**238,951**	263,048
	19,520,823	13,688,670
Property and equipment	**113,454,232**	116,426,485
Shareholder loans	**983,134**	986,017
Intangible assets	**3,234,100**	3,379,843
	$ 137,192,289	$ 134,481,015
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 5)	**$ 3,885,104**	$ 585,767
Accounts payable and accrued liabilities	**5,129,263**	4,179,777
Warrants	**–**	1,211,768
Current portion of long-term debt (note 6)	**1,900,000**	1,705,362
	10,914,367	7,682,674
Long-term debt (note 6)	**30,024,500**	30,024,500
	40,938,867	37,707,174
SHAREHOLDERS' EQUITY		
Share capital (note 7 (a))	**111,080,416**	111,080,416
Contributed surplus	**7,587,817**	7,328,741
Deficit	**(22,414,811)**	(21,635,316)
	96,253,422	96,773,841
	$ 137,192,289	$ 134,481,015

Subsequent events (notes 5 and 6)

See accompanying notes to financial statements.

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

For the three months ended March 31, 2010 and 2009 (unaudited)

	2010	2009
REVENUE	**$ 20,122,234**	$ 19,036,614
EXPENSES		
Operating expenses	**13,151,663**	12,969,545
General and administrative	**3,143,705**	3,074,609
Stock based compensation	**259,076**	254,752
Interest	**1,076,403**	1,364,496
Depreciation	**3,125,139**	2,648,211
Amortization	**145,743**	150,744
	20,901,729	20,462,357
NET LOSS	**(779,495)**	(1,425,743)
INCOME TAXES		
Future (recovery)	**–**	(186,000)
	–	(186,000)
NET LOSS AND COMPREHENSIVE LOSS	**(779,495)**	(1,239,743)
DEFICIT, BEGINNING OF PERIOD	**(21,635,316)**	(6,118,742)
DEFICIT, END OF PERIOD	**$ (22,414,811)**	$ (7,358,485)
NET LOSS PER SHARE (note 7 (b))		
Basic and diluted loss per share	**$ –**	$ (0.05)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

For the periods ended March 31, 2010 and 2009 (unaudited)

	2010	2009
CASH PROVIDED BY (USED IN):		
OPERATING:		
Net loss	$ **(779,495)**	$ (1,239,743)
Items not affecting cash:		
Stock based compensation	**259,076**	254,752
Interest on shareholder loans	**(5,986)**	(1,355)
Accretion of debt financing costs and warrants	**194,991**	540,247
Unrealized loss (gain) on marketable securities	**(7,445)**	4,602
Future income tax (reduction)	**–**	(186,000)
Depreciation and amortization	**3,270,882**	2,798,955
	2,932,023	2,171,458
Change in non-cash working capital	**(4,866,353)**	(3,351,073)
	(1,934,330)	(1,179,615)
INVESTING:		
Purchase of property and equipment	**(152,886)**	(6,929,429)
Proceeds on sale of assets	**–**	27,000
	(152,886)	(6,902,429)
FINANCING:		
Issue of long-term debt	**–**	2,300,000
Increase in bank indebtedness	**3,299,337**	2,071,509
Redemption of warrants	**1,212,121**	–
Repurchase of common shares	**–**	(29,037)
	2,087,216	4,342,472
INCREASE (DECREASE) IN CASH	**–**	(3,739,572)
CASH, BEGINNING OF PERIOD	**–**	3,739,572
CASH, END OF PERIOD	$ **–**	$ –
Supplementary Information:		
Interest paid	$ **887,675**	$ 776,918
Interest received	**278**	5,157

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the periods ended March 31, 2010 and 2009 (unaudited)

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"). These interim financial statements follow the same accounting policies as the most recent annual financial statements. Not all disclosures required by GAAP for annual financial statements are presented in these interim financial statements. The interim financial statements should be read in conjunction with the most recent annual financial statements.

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

3. SEASONALITY OF OPERATIONS:

The Company's operations are located in Western Canada. The ability to move heavy equipment safely and efficiently in Western Canadian oil and natural gas fields is dependent on weather conditions. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter's frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service rig and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

4. CHANGES IN ACCOUNTING POLICY:

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. 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 March 31, 2010, the amount available under the line was $10.45 million with $3.9 million 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.

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 revised operating facility is subject to the following 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 March 31, 2010.

5. BANK INDEBTEDNESS (continued):

Earnings Before Interest, Taxes, Depreciation, Amortization and Stock based compensation expense (EBITDAS) to Debt service on a rolling twelve month basis of not less than 1.25 to 1. EBITDAS 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 March 31, 2010, the Company was not in compliance with this covenant and received a waiver for the period ended March 31, 2010.

Funded Debt to EBITDAS 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 March 31, 2010, the Company was not in compliance with this covenant and received a waiver for the period ended March 31, 2010.

Shareholders' Equity must exceed $75 million.

Maintenance expenditures for capital equipment must not be less than the lesser of 4% of revenues or $2.0 million in any fiscal year.

6. LONG-TERM DEBT:

	MARCH 31, 2010	DECEMBER 31, 2009
Credit facility for $31.9 million, held by companies related to the Company at interest rate of bank prime plus 2.75%, maturing on April 30, 2010. Monthly repayments of interest only, secured by a first charge on equipment and a general security agreement on all assets.	**$ 31,900,000**	$ 31,900,000
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**	$ 31,924,500
Less:		
Transaction costs relating to the original $31.9 million term facility	**–**	(102,109)
Cost of 3,030,303 warrants relating to the $31.9 million term facility	**–**	(92,529)
Current portion	**(1,900,000)**	1,705,362
	$ 30,024,500	$ 30,024,500

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 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 as follows:

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.

Debt to EBITDAS of not greater than 8.5 to 1.0 for the second quarter of 2010; 6.5 to 1 for the third quarter of 2010; 5.5 to 1 for the fourth quarter of 2010; 5.0 to 1 for the first quarter of 2011; 4.5:1 for the second quarter of 2011; 4.0 to 1 for the third quarter of 2011; 3.0 to 1 for the fourth quarter of 2011, 3 to 1 for the for the first quarter of 2012 and 2.5 to 1 thereafter. 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.

6. LONG-TERM DEBT (continued):

Earnings Before Interest, Taxes, Depreciation, Amortization and stock based compensation (EBITDAS) to Debt service on a rolling twelve-month basis of not less than 1 to 1 until the third quarter of 2010 and 1.35 to 1 thereafter. EBITDAS 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.

Shareholders' Equity must exceed $75 million.

Maintenance expenditures for capital equipment must not be less than the lesser of 4% of revenues or $2.0 million in any fiscal year.

As a result of the new financing, the estimated principal payments 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

7. SHARE CAPITAL:

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

Issued:

COMMON SHARES	NUMBER	AMOUNT
Balance at January 1, 2009	24,647,330	$ 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	19,469,887
Issuance of shares	131,996,703	32,407,109
Balance at December 31, 2009 and March 31, 2010	159,184,064	$ 111,080,416

CLASS B	NUMBER	AMOUNT
Balance at January 1, 2009	6,603,531	$ 18,489,887
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 and March 31, 2010	–	$ –

b) Basic and diluted loss per share:

THREE MONTHS ENDED MARCH 31	2010			2009		
	NET LOSS	**SHARES**	**PER SHARE AMOUNT**	NET LOSS	SHARES	PER SHARE AMOUNT
Basic and diluted loss per share	**$ (779,495)**	**159,184,064**	**$ (0.00)**	$ (1,239,743)	27,204,017	$ (0.05)
Securities excluded from diluted loss per share as the effect would be anti-dilutive		**2,823,375**			5,877,928	

c) Warrants:

On March 31, 2010, the promissory note associated with the redemption previously outstanding warrants in the amount of $1,212,121 was paid in full on the due date.

8. 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 March 31, 2010, and December 31, 2009, are shown in the table below.

	MARCH 31, 2009	DECEMBER 31, 2009
Debt	**$ 31,924,500**	$ 31,729,862
Shareholders' equity	**96,253,422**	96,773,841
Debt to equity	**0.33**	0.33

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 was in violation of certain financial covenants at March 31, 2010, as disclosed in notes 5 and 6. Subsequent to year end the Company secured new facilities to replace the operating line disclosed in note 5 and the term debt disclosed in note 6. The new facilities include revised covenants as disclosed in notes 5 and 6.

9. 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 three months ended March 31, 2010, in the opinion of management, decreased liquidity left two small customers with potentially insufficient funds to settle obligations. This expense was offset by three customers who had been unable to pay throughout 2009 and as a result had been provided for in the year ended December 31, 2009 but were collected in the first quarter as their cash flows improved. As a result, bad debt recovery of $65,013 was provided for in the three months ended March 31, 2010.

b) Liquidity risk:
Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The credit facilities available as at March 31, 2010, 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 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. 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.

9. FINANCIAL INSTRUMENTS (continued):

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 March 31, 2010, the balance of trade accounts receivable in excess of 90 days was $573,270, representing approximately 4% of the trade accounts receivable balance, of this amount $482,723 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.

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 throughout 2008 and 2009, there is a risk that prime rate could increase over time. The term facility the Company secured on April 20, 2010, 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. The Company remains exposed to interest rate risk on the operating line. For the three months ended March 31, 2010, a one percent change in the prime lending rate would have impacted net income by $78,658.

10. 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 the most recent annual financial statements. The Company evaluates performance on net income before taxes. Inter-segment 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.

The amounts related to each industry segment are as follows:

THREE MONTHS ENDED MARCH 31, 2010	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	**15,938,253**	**4,183,981**	**–**	**20,122,234**
Interest expense	**–**	**–**	**1,076,403**	**1,076,403**
Depreciation and amortization	**2,352,940**	**636,459**	**281,483**	**3,270,882**
Income (loss) before taxes	**1,544,614**	**231,200**	**(2,555,309)**	**(779,495)**
Net income (loss) and comprehensive income (loss)	**1,544,614**	**231,200**	**(2,555,309)**	**(779,495)**
Property, plant and equipment	**92,671,555**	**19,832,693**	**949,984**	**113,454,232**
Intangibles	**–**	**3,234,100**	**–**	**3,234,100**
Capital expenditures	**5,041**	**7,719**	**140,126**	**152,886**

10. SEGMENTED INFORMATION (continued):

THREE MONTHS ENDED MARCH 31, 2009	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	12,978,688	6,057,926	–	19,036,614
Interest expense	–	–	1,364,496	1,364,496
Depreciation and amortization	1,952,896	605,120	240,939	2,798,955
Income (loss) before income taxes	1,031,143	557,018	(3,013,904)	(1,425,743)
Income taxes	–	–	(186,000)	(186,000)
Net income (loss) and comprehensive income (loss)	1,031,143	557,018	(2,827,904)	(1,239,743)
Property, plant and equipment	100,933,976	21,095,900	823,192	122,853,068
Intangibles	–	3,817,072	–	3,817,072
Capital expenditures	6,501,467	316,682	111,280	6,929,429

CORPORATE INFORMATION

DIRECTORS

Robert A. Anderson (2)
Gary L. Bentham (1)
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

OFFICERS

Darryl E. Wilson, *President & Chief Executive Officer*
Darcy A. Campbell, *Vice President Finance & Chief Financial Officer*
Frederick (Rick) C. Dawson, *Vice President, Business Development*

Stock Exchange Listing
TSX Venture Exchange
Trading Symbol: CWC

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