Interim Financial Statements of

CWC WELL SERVICES CORP.

For the three and six months ended June 30, 2010 and 2011 (unaudited)

STATEMENT OF FINANCIAL POSITION

CWC Well Services Corp.

As at June 30, 2011 and December 31, 2010

(unaudited)

in thousands of Canadian dollars	Note	**June 30, 2011**	December 31, 2010
ASSETS			
Current assets			
Marketable securities		**$ 52**	$ 67
Accounts receivable		**13,047**	19,579
Loans to employees		**-**	573
Inventory		**2,741**	2,638
Prepaid expenses and deposits		**234**	185
		16,074	23,042
Property and equipment	6	**137,146**	103,773
Loans to employees		**162**	283
		$ 153,382	$ 127,098
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	7	**$ 425**	$ 1,379
Accounts payable and accrued liabilities		**5,448**	5,873
Current portion of long-term debt	7	**6,868**	4,609
		12,741	11,861
Long-term debt	7	**49,463**	25,251
		62,204	37,112
SHAREHOLDERS' EQUITY			
Share capital	8	**109,382**	110,774
Contributed surplus		**4,912**	3,657
Deficit		**(23,116)**	(24,445)
		91,178	89,986
		$ 153,382	$ 127,098

See accompanying notes to interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

CWC Well Services Corp.

For the three and six months ended June 30, 2011 and 2010

(unaudited)

in thousands of Canadian dollars	Note	Three Months Ended June 30, **2011**	Three Months Ended June 30, 2010	Six Months Ended June 30, **2011**	Six Months Ended June 30, 2010
REVENUE		**$ 12,987**	$ 9,254	**$ 42,290**	$ 29,376
EXPENSES					
Direct operating expenses	11	**9,205**	6,412	**26,863**	19,539
Selling and administrative expenses	12	**2,513**	2,587	**5,718**	5,730
Stock based compensation		**316**	239	**466**	366
Finance costs	13	**938**	703	**1,585**	1,783
Depreciation		**2,920**	2,651	**6,279**	5,780
Loss (gain) on disposal of equipment		**41**	(78)	**35**	(78)
Unrealized loss (gain) on marketable securities		**10**	(31)	**15**	(38)
		15,943	12,483	**40,961**	33,082
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**(2,956)**	(3,229)	**1,329**	(3,706)
NET INCOME (LOSS) PER SHARE					
Basic and diluted earnings (loss) per share	9	**$ (0.02)**	$ (0.02)	**$ 0.01**	$ (0.02)

See accompanying notes to interim financial statements.

STATEMENT OF CHANGES IN EQUITY

CWC Well Services Corp.

For the six months ended June 30, 2011 and 2010

(unaudited)

in thousands of Canadian dollars	Note	**Share Capital**	**Contributed surplus**	**Deficit**	**Total Equity**
Balance at January 1, 2010		$ 111,080	$ 2,960	$ (21,671)	$ 92,369
Comprehensive loss for the period		-	-	(3,706)	(3,706)
Transactions with owners, recorded directly in equity					
Stock based compensation		-	366	-	366
Shares redeemed		(307)	196	-	(111)
Balance at June 30, 2010		$ 110,773	$ 3,522	$ (25,377)	$ 88,918
Balance at January 1, 2011		$ 110,774	$ 3,657	$ (24,445)	$ 89,986
Comprehensive income for the period		-	-	1,329	1,329
Transactions with owners, recorded directly in equity					
Stock based compensation		-	466	-	466
Shares issued	8	23	(9)	-	14
Shares redeemed	8	(1,415)	798	-	(617)
Balance at June 30, 2011		**$ 109,382**	**$ 4,912**	**$ (23,116)**	**$ 91,178**

See accompanying notes to interim financial statements.

STATEMENT OF CASH FLOWS

CWC Well Services Corp.

For the six months ended June 30, 2011 and 2010

(unaudited)

in thousands of Canadian dollars	Note	**2011**	2010
CASH PROVIDED BY (USED IN):			
OPERATING:			
Net income (loss)		**$ 1,329**	$ (3,706)
Adjustments for:			
Stock based compensation		**466**	366
Interest on shareholder loans		**(2)**	(11)
Finance costs		**1,585**	1,783
Loss (gain) on disposal of equipment		**35**	(78)
Unrealized loss (gain) on marketable securities		**15**	(38)
Depreciation and amortization		**6,279**	5,780
		9,707	4,096
Change in non-cash working capital		**6,222**	1,787
		15,929	5,883
INVESTING:			
Acquisitions	5	**(38,000)**	-
Purchase of equipment		**(1,577)**	(260)
Proceeds on sale of equipment		**26**	-
		(39,551)	(260)
FINANCING:			
Issue of long-term debt	6	**56,500**	-
Repayment of long-term debt	6	**(30,000)**	(1,900)
Repayment of bank indebtedness		**(954)**	(502)
Finance costs		**(420)**	(381)
Interest paid		**(1,255)**	(1,563)
Redemption of warrants		**-**	(1,212)
Finance lease repayments		**(65)**	(65)
Common shares repurchased	8	**(184)**	-
		23,622	(5,623)
CHANGE IN CASH		**-**	-
CASH, BEGINNING OF PERIOD		**-**	-
CASH, END OF PERIOD		**$ -**	$ -

See accompanying notes to interim financial statements.

1. Reporting entity:

CWC Well Services Corp. ("CWC" or the "Company") is an oilfield services company providing production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin. On June 8, 2011, at CWC's annual and special shareholders' meeting, the shareholders approved the change of name of the Company to CWC Well Services Corp. from Central Alberta Well Services Corp.

2. Basis of presentation:

(a) **Statement of compliance**

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting.* In 2010, the Canadian Institute of Chartered Accountants ("CICA") Handbook was revised to incorporate IFRS and International Financial Reporting Interpretations Committee interpretations and require publicly accountable enterprises to apply such standards and interpretations effective for fiscal years beginning on or after January 1, 2011. These Interim Financial Statements should not be compared to financial statements prepared prior to January 1, 2011, as those financial statements were prepared under accounting policies and practices in accordance with previous Canadian GAAP. The interim financial statements do not include all of the information required for full annual financial statements.

An explanation of how the transition to IFRSs has affected the reported financial position, financial performance and cash flows of the Company as at and for the three and six month periods ended June 30, 2010, is provided in note 16.

These interim financial statements were approved by the Board of Directors on August 15, 2011.

(b) **Basis of measurement**

These interim financial statements have been prepared on the historical cost basis except for the derivative financial instruments in the statement of financial position which are measured at fair value.

(c) **Functional and presentation currency**

These interim financial statements are presented in Canadian dollars, which is the Company's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) **Use of estimates and judgments**

The preparation of the interim financial statements in conformity with IFRS requires the use of certain critical accounting estimates, judgments and assumptions. The carrying amount of assets, liabilities, accruals, provisions, contingent liabilities, other financial obligations, as well as the determination of fair values, reported income and expense in these interim financial statements depends on the use of estimates, judgments and assumptions. IFRS also requires management to exercise judgment in the process of applying the Company's accounting policies. These estimates, judgments and assumptions are based on the circumstances and estimates at the date of the financial statements and affect the reported amounts of income and expenses during the reporting periods. Given the uncertainty regarding the determination of these factors, actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the interim financial statements for the three months ended March 31, 2011.

3. Significant accounting policies:

The accompanying Interim Financial Statements should be read in conjunction with Note 3 to the Company's unaudited interim financial statements for the three-month period ended March 31, 2011, as the accounting

policies applied by the Company in these Interim Financial Statements are the same as those disclosed therein except for those noted below.

(a) Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that are currently exercisable as well as considering other qualitative factors.

For acquisitions on or after January 1, 2010, the Company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- the recognized amount of any non-controlling interests in the acquire; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquire; less
- the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognized immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

4. Financial risk management:

Liquidity risk

Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The credit facilities available at June 30, 2011, consisted of a $29 million non-extendable committed non-revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The new facility replaced the previous operating line of credit and senior secured term facility. The non-revolving facility replaced the existing term credit facility on substantially similar terms that were already in place whereby there are scheduled principal payments of $500 plus interest commencing April 2011, increasing to $750 plus interest in the second year, commencing April 2012, payments of interest only in the third year with a final payment of $14.25 million due on April 30, 2014. The non-revolving facility now bears interest at 7.42%. The $40 million revolving portion of the facility consists of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The revolving facility requires interest to be paid monthly with no scheduled principal payments during the committed term with the balance due on April 30, 2014. Amounts borrowed under the revolving facility will bear interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. The total facility is margined based on 75% of the Company's eligible accounts receivable and 60% of the net book value of Property and Equipment to a maximum of $69 million.

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 its commitments under the 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 June 30, 2011, the balance of trade accounts receivable in excess of 90 days was $1,477 (2010: $973), representing approximately 13% (2010: 16.5%) of the trade accounts receivable balance, of this amount $170 (2010: $461) 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.

5. Acquisitions:

On June 15, 2011, the Company acquired the assets of Trinidad Well Servicing ("TWS") for total consideration of $38 million in cash. The purchase of the assets of TWS resulted in an additional operating base located in Lloydminster, Alberta and 22 service rigs and related equipment and field crews. For the three and six months ended June 30, 2011, TWS contributed revenues of $619 and profit of $241 to CWC's results. If the acquisition had occurred on January 1, 2011, management estimates that revenue would have increased by $13,338 and net profit would have increased by $2,749. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the transaction had occurred on January 1, 2011. The results from operations are included in the Well Servicing segment.

The following summarizes the recognized amounts of identifiable assets acquired:

Production equipment	$	24,817
Support equipment		13,133
Miscellaneous equipment		50
Total assets acquired	**$**	**38,000**

No liabilities were assumed and no intangible assets were acquired with this purchase.

CWC incurred acquisition related costs of $65 related to due diligence costs. The due diligence costs have been included in Selling and administrative expenses in the Company's statement of comprehensive income (loss).

This acquisition has been accounted for by the acquisition method, and the results of operations have been included in these interim financial statements from the date of acquisition. Due to the limited time between the acquisition of TWS and the preparation of these interim financial statements, the amounts recorded on the acquisition above are based upon preliminary information available to management as of the date of these interim financial statements. The above amounts are subject to change if the preliminary information about the facts and circumstances existing at the acquisition date obtained by management changes subsequent to the date of these interim financial statements.

6. Property and equipment:

Cost	Note		Production equipment		Support equipment		Miscellaneous equipment	Total
Balance as of January 1, 2011		$	90,721	$	59,065	$	2,581	$ 152,367
Acquisitions through business combinations	5		24,817		13,133		50	38,000
Additions			1,486		59		167	1,712
Disposals			(91)		(20)		(22)	(133)
Balance as of June 30, 2011		$	116,933	$	72,238	$	2,776	$ 191,947

Accumulated depreciation and impairment losses		Production equipment		Support equipment		Miscellaneous equipment	Total
Balance as of January 1, 2011	$	24,577	$	22,093	$	1,924	$ 48,594
Additions		3,226		2,783		270	6,279
Disposals		(44)		(28)		-	(72)
Balance as of June 30, 2011	$	27,759	$	24,848	$	2,194	$ 54,801
Net book value as of June 30, 2011	**$**	**89,174**	**$**	**47,390**	**$**	**582**	**$ 137,146**

Cost		Production equipment		Support equipment		Miscellaneous equipment	Total
Balance as of January 1, 2010	$	91,308	$	59,650	$	2,242	$ 153,200
Additions		819		52		354	1,225
Disposals		(1,406)		(637)		(15)	(2,058)
Balance as of December 31, 2010	$	90,721	$	59,065	$	2,581	$ 152,367

Accumulated depreciation and impairment losses		Production equipment		Support equipment		Miscellaneous equipment	Total
Balance as of January 1, 2010	$	19,227	$	17,019	$	1,292	$ 37,538
Additions		5,790		5,572		643	12,005
Disposals		(440)		(498)		(11)	(949)
Balance as of December 31, 2010	$	24,577	$	22,093	$	1,924	$ 48,594
Net book value as of December 31, 2010	**$**	**66,144**	**$**	**36,972**	**$**	**657**	**$ 103,773**

On June 15, 2011, the Company acquired the assets of Trinidad Well Servicing ("TWS") for total consideration of $38 million in cash (see note 5).

At June 30, 2011, property and equipment includes equipment under finance leases which are recorded at cost totaling $564 (December 31, 2010: $428), less accumulated depreciation of $354 (December 31, 2010: $290).

7. Loans and borrowings:

	June 30, 2011	December 31, 2010
Non revolving credit facility	$ 28,500	$ -
Revolving credit facility	28,000	-
Credit facilities for a total of $30 million, with an interest rate of 8.045%, maturing on April 30, 2013. Fully repaid on June 14, 2011.	-	30,000
Finance leases with an interest rates ranging to 3.17% to 7.65% , maturing from September 2011 to May 2014. Monthly repayments totalling $15 including interest are required.	215	143
Unsecured, interest-free loan from Government of Canada related to a patent and repayable upon commercial application of the patent.	24	24
Total debt	$ 56,739	$ 30,167
Less:		
Financing fees and costs relating to the revised credit agreement	(408)	-
Financing fees and costs relating to the previous $30 million term facilities	-	(307)
Current portion	(6,868)	(4,609)
	$ 49,463	$ 25,251

On June 14, 2011, the Company secured a credit facility from a syndicate of lenders which consisted of a $29 million non-extendable committed non- revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The new facility replaced the previous operating line of credit and senior secured term facility. The non-revolving facility replaced the existing term credit facility on substantially similar terms that were already in place whereby there are scheduled principal payments of $500 plus interest commencing April 2011, increasing to $750 plus interest in the second year, commencing April 2012, payments of interest only in the third year with a final payment of $15.0 million due on April 30, 2014. The non-revolving facility bears interest at 7.42%. The $40 million revolving portion of the facility consist of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The revolving facility requires interest to be paid monthly with no scheduled principal payments during the committed term with the balance due on April 30, 2014. Amounts borrowed under the revolving facility will bear interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. The total facility is margined based on 75% of the Company's eligible accounts receivable and 60% of the net book value of Property and Equipment to a maximum of $69 million and is secured by a first charge on equipment and a general security agreement on all assets. As at June 30, 2011, a total of $69 million was available under the facility and a total of $56.5 was drawn. As at June, 2011, no amounts were drawn under the swingline. The Company had outstanding cheques totaling $1.6 million resulting in a net bank indebtedness position of $425. The facility is subject to covenants which are common to these types of arrangements.

The Company was in compliance with all debt covenants as at June 30, 2011 and December 31, 2010. The estimated principal payments for each of the next five fiscal years are as follows:

2011	$	3,069
2012		8,328
2013		2,298
2014		43,020
Thereafter		24
	$	56,739

8. Share capital:

The authorized share capital of the Company consists of an unlimited number of Common voting shares and an unlimited number of Preferred shares.

COMMON SHARES		NUMBER		AMOUNT
Balance at January 1, 2010		159,184,064	$	111,080
	Shares redeemed	(444,701)		(306)
Balance at December 31, 2010		158,739,363	$	110,774
	Shares redeemed	(2,049,935)		(1,415)
	Shares issued under stock option plan	54,994		23
Balance at June 30, 2011		156,744,422	$	109,382

During the six months ended June 30, 2011, 1,672,935 shares were repurchased from a former employee with the consideration being the cancellation of a share purchase loan in the amount of $418. This transaction has not been reflected in the statement of cash flows as it was a non-cash transaction.

The Company commenced a Normal Course Issuer Bid ("NCIB") on April 1, 2011, to purchase from time to time, as it is considered advisable, up to 7,853,321 of its issued and outstanding common shares on the open market through the facilities of the Toronto Venture Stock Exchange ("TSXV"). The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV at the time of such purchase. Common shares acquired under the NCIB will be subsequently cancelled. During the six months ended June 30, 2011, the Company purchased 377,000 shares under the NCIB for total consideration including commissions of $197. Of the amount purchased 330,500 were returned to treasury and cancelled.

During the three months ended, stock options were exercised resulting in the issuance of 54,994 shares.

9. Earnings per share:

THREE MONTHS ENDED JUNE 30,	2011			2010		
	NET LOSS	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT	NET LOSS	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT
Basic and diluted loss per share	($2,956)	156,817	($0.02)	($3,229)	159,174	($0.02)
Securities excluded from diluted loss per share as the effect would be anti-dilutive		8,477			7,583	

SIX MONTHS ENDED JUNE 30,	2011			2010		
	NET INCOME (LOSS)	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT	NET LOSS	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT
Basic earnings (loss) per share	1,329	157,487	$ 0.01	($3,706)	159,182	($0.02)
Diluted earnings (loss) per share	1,329	158,771	$ 0.01	($3,706)	159,182	($0.02)
Securities excluded from diluted earnings (loss) per share as the effect would be anti-dilutive		545			7,583	

10. 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.

11. Direct operating expenses:

	Three months ended		Six months ended	
June 30,	**2011**	**2010**	**2011**	**2010**
Direct labour	6,044	4,324	18,046	13,223
Operating expenses	3,161	2,088	8,817	6,316
	9,205	6,412	26,863	19,539

12. Selling and administrative expenses:

	Three months ended		Six months ended	
June 30,	**2011**	**2010**	**2011**	**2010**
Salaries and benefits	1,138	1,481	3,273	3,503
General and administrative	1,375	1,106	2,445	2,227
	2,513	2,587	5,718	5,730

13. Finance costs:

June 30,	Three months ended		Six months ended	
	2011	**2010**	**2011**	**2010**
Interest expense on financial liabilities measured at amortized cost	649	678	1,255	1,563
Accretion of debt issuance costs	289	6	330	108
Accretion on warrants	-	19	-	112
	938	703	1,585	1,783

14. Operating segments:

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 and production testing, primarily providing support services to the well service business.

The Company evaluates performance on net income before taxes.

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 performed independently of well servicing.

The amounts related to each industry segment are as follows:

THREE MONTHS ENDED JUNE 30, 2011	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	11,396	1,591	-	12,987
Finance costs	-	-	938	938
Depreciation and amortization	2,222	552	146	2,920
Net income (loss)	144	(840)	(2,260)	(2,956)
Property and equipment	120,273	16,134	739	137,146
Acquisitions through business combinations (Note 5)	38,000	-	-	38,000
Capital expenditures	771	31	60	862

THREE MONTHS ENDED JUNE 30, 2010	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	6,891	2,363	-	9,254
Finance costs	-	-	703	703
Depreciation and amortization	1,874	636	141	2,651
Net income (loss)	(851)	(387)	(1,991)	(3,229)
Property and equipment	90,773	18,434	910	110,117
Capital expenditures	-	3	104	107

SIX MONTHS ENDED JUNE 30, 2011	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	34,490	7,800	-	42,290
Finance costs	-	-	1,585	1,585
Depreciation and amortization	4,872	1,117	290	6,279
Net income (loss)	4,718	798	(4,187)	1,329
Property and equipment	120,273	16,134	739	137,146
Acquisitions through business combinations (Note 5)	38,000	-	-	38,000
Capital expenditures	1,462	34	81	1,577

SIX MONTHS ENDED JUNE 30, 2010	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	22,831	6,545	-	29,376
Finance costs	-	-	1,783	1,783
Depreciation and amortization	4,227	1,101	452	5,780
Net income (loss)	694	16	(4,416)	(3,706)
Property and equipment	90,773	18,434	910	110,117
Capital expenditures	5	11	244	260

15. Commitments:

During the three months ended June 30, 2011, the Company entered into two additional lease contracts for premises. The first commenced July 1, 2011, is for a five year term and the annual amount of rent under the agreement is $320 per year. The second lease was assumed as part of the purchase of TWS on June 15, 2011, and is for the property in Lloydminster, Alberta. Under the terms of this lease the Company is committed to monthly rental payments and operating costs of approximately $9 per month until August 31, 2013.

16. Explanation of transition to IFRS:

These are the Company's second interim financial statements prepared in accordance with IFRS. In 2010, the financial statements of the Company were prepared in accordance with previous Canadian GAAP. The Company has adopted IFRS in accordance with IFRS 1 "*First-time Adoption of International Financial Reporting Standards*" with a transition date of January 1, 2010. The significant accounting policies adopted under IFRS have been applied in preparing the interim financial statements for the three and six month period ended June 30, 2011, with the comparative information for the same periods in 2010. These accounting policies and explanation of the adjustments for January 1, March 31 and December 31, 2010, are included in the notes to the interim financial statements as at and for the three month period ended March 31, 2011.

(a) Reconciliations between previous Canadian GAAP and IFRS:

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(i) Shareholders' Equity

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with previous Canadian GAAP. The effects of the conversion are as follows:

	Note	**June 30, 2010**
Shareholders' equity in accordance with Canadian GAAP		92,983
Finance leases		(2)
Impairment of assets in Cash Generating Units	a	(4,403)
Change in net income (loss) [1]		340
		88,918

(1) Change in net income (loss) excludes stock based compensation expense as this amount is credited to contributed surplus (a component of shareholders' equity)

(ii) Reconciliation of the statement of loss and comprehensive loss under previous Canadian GAAP to IFRS for the three month period ended June 30, 2010:

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

CWC Well Services Corp.

For the three months ended June 30, 2010

(unaudited)

	Note	**Previous Canadian GAAP**	Effect of transition to IFRS	**IFRS**
REVENUE		**$ 9,254**		$ 9,254
EXPENSES				
Direct operating expenses	b	**6,445**	(33)	6,412
Selling and administrative expenses		**2,587**		2,587
Stock based compensation	c	**332**	(93)	239
Finance costs	b	**699**	4	703
(Gain) loss on disposal		**(78)**		(78)
Unrealized loss (gain) on marketable securities		**(31)**		(31)
Depreciation	a,b	**2,646**	5	2,651
Amortization	a	**146**	(146)	-
		12,746	(263)	12,483
NET LOSS AND COMPREHENSIVE LOSS		**(3,492)**	263	(3,229)
NET LOSS PER SHARE				
Basic and diluted loss per share		**$ (0.02)**		$ (0.02)

(iii) Reconciliation of the statement of loss and comprehensive loss under previous Canadian GAAP to IFRS for the six month period ended June 30, 2010:

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

CWC Well Services Corp.

For the six months ended June 30, 2010

(unaudited)

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
REVENUE		**$ 29,376**		$ 29,376
EXPENSES				
Direct operating expenses	b	**19,604**	(65)	19,539
Selling and administrative expenses		**5,730**		5,730
Stock based compensation	c	**591**	(225)	366
Finance costs	b	**1,776**	7	1,783
(Gain) loss on disposal		**(78)**		(78)
Unrealized loss (gain) on marketable securities		**(38)**		(38)
Depreciation	a,b	**5,771**	9	5,780
Amortization	a	**291**	(291)	-
		33,647	(565)	33,082
NET LOSS AND COMPREHENSIVE LOSS		**(4,271)**	565	(3,706)
NET LOSS PER SHARE				
Basic and diluted loss per share		**$ (0.02)**		$ (0.02)

Notes to the reconciliations

(a) Property and equipment and Intangibles Assets Impairment

The Company determines the recoverable amount for each Cash Generating Unit ("CGU") on the basis of Value In Use ("VIU"). The VIU was determined by discounting the future cash flows generated from the Company's continuing use of the CGU. The discounted cash flow model employed by the Company reflects the specifics of each CGU and its business environment. The model calculates the present value of the estimated future cash flows of each CGU.

Estimating future cash flows requires judgment, considering past and actual performance as well as expected developments in the respective markets and in the overall macro-economic environment. The calculation of the VIU was based on the following key assumptions:

(i) Cash flows were projected based on past experience, actual operating results and the one year business plan for the immediate year. Cash flows for a further four year period were extrapolated using a constant growth rate of 1.0 to 3.0 percent with adjustments reflecting an expectation of a recovery in the general economy, forecasted increases in drilling activity, planned reductions in overhead costs and represents the Company's best estimate of the set of economic conditions that are expected to exist over the forecast period.

(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGU's after the forecast period, considering historic performance and future economic forecasts.

(iii) Each CGU pre-tax discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.

(iv) The tax rates used in determining the future cash flows were those substantively enacted at the January 1, 2010 transition date.

(v) To assess reasonableness of the discounted cash flow model, the resulting VIU is compared to trailing and forecasted market multiples.

As a result of this analysis, the Company recognized an impairment loss relating to intangibles of $3,380 and to property and equipment of $1,023 on January 1, 2010, related to CGU's within the Other Oilfield Services reporting Segment.

(b) Finance leases

Under previous Canadian GAAP, leases of vehicles were classified as operating leases. Under IFRS, the vehicles are classified as a finance lease because of the present value of the minimum lease payments representing significantly all of the fair value of the asset in combination with the fact the lessee can cancel the lease but must cover any of the lessor's losses associated with the cancellation and there is a small amount required by the lessee to payout at the end of the lease to acquire the asset.

The effect of this change in classification as of January 1, 2010, was an increase to property and equipment of $258; debt of $259 and reverse the lease payments booked on the operating leases under previous Canadian GAAP.

(c) Share based payments

The Company recognizes share based compensation expense for the fair value of stock options granted under previous Canadian GAAP and IFRS. However, the timing and amount of the expense may differ.

Under previous Canadian GAAP, share based compensation were treated as one grant and recognized as an expense as the grant vested. Under IFRS, each vesting tranche is treated as a separate grant with a separate vesting date and fair value. The Company has included a forfeiture estimate in its share based compensation calculation, as is required by IFRS. A forfeiture estimate was not required, or included, under previous Canadian GAAP, and instead forfeitures were recognized as they occurred.

On transition to IFRS, the Company also has the option of reversing the compensation relating to options that were fully vested on transition and had never been exercised. The Company had a large number of fully vested, never exercised options resulting in a credit to the deficit and a debit to the contributed surplus of $4,409.

As a result of this adjustment, the Company's January 1, 2010 contributed surplus balance increased and the deficit balance increased by $40. The Company's share based compensation was reduced by $489 for the year ended December 31, 2010 (three and six months ended June 30, 2010: $93 and $225, respectively).

(d) Material adjustments to the statement of cash flows

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous GAAP.