CENTRAL ALBERTA WELL SERVICES CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following Management's Discussion and Analysis ("MD&A") of Central Alberta Well Services Corp. ("CWC" or the "Company") was prepared and is dated, as of May 30, 2011 and is provided to assist readers in understanding CWC's financial performance for the three month periods ended March 31, 2011 and significant trends that may affect future performance of the Company. This MD&A is an update to and should be read in conjunction with CWC's March 31, 2011 unaudited interim financial statements and the annual audited financial statements and MD&A for the year ended December 31, 2010. Additional information on the Company, including the 2010 Annual Report and the Annual Information Form ("AIF"), can be found on the Company's website at www.cawsc.com or on SEDAR at www.sedar.com.

Forward-Looking Statements

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

Conversion to International Financial Reporting Standards

Effective, January 1, 2011, CWC began reporting its financial results in accordance with International Financial Reporting Standards ("IFRS"). Prior period comparative amounts, including the opening statement of financial position at January 1, 2010, have been restated to reflect results as if CWC had always prepared its financial statements using IFRS. Please see additional discussion regarding IFRS later in this MD&A.

First Quarter 2011 Financial Highlights

$ thousands, except per share amounts, margins and ratios	THREE MONTHS ENDED MARCH 31, 2011	2010	% Change
FINANCIAL RESULTS			
Revenue			
Well servicing	$ 23,091	$ 15,938	45%
Other oilfield services	6,212	4,184	48%
	29,303	20,122	46%
EBITDAS [1]	8,439	3,851	119%
EBITDAS margin (%) [1]	29%	19%	
Funds from operations [2]	8,438	3,845	119%
Net income (loss)	4,285	(477)	998%
Net income (loss) margin (%)	15%	(2%)	
Per share information			
Weighted average number of shares outstanding	158,163	159,184	
EBITDAS [1] per share - basic and diluted	0.05	0.02	
Funds from operations per share - basic and diluted	0.05	0.02	
Net earnings per share - basic and diluted	0.03	(0.00)	
	MARCH 31, 2011	**DECEMBER 31, 2010**	
FINANCIAL POSITION AND LIQUIDITY			
Working capital (excluding debt) [3]	22,578	15,790	
Working capital (excluding debt) ratio	4.0:1	3.2:1	
Total assets	131,271	127,098	
Total long-term debt	29,863	29,860	
Shareholders' equity	94,002	89,986	

Notes 1 to 3 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Corporate Overview

CWC is a premier well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") providing a complimentary suite of oilfield services including service rigs, coil tubing, snubbing, nitrogen and well testing. CWC provides these services through two distinct divisions, Well Servicing and Other Oilfield Services.

CWC's equipment and services can be found throughout the entire WCSB from Northeast BC to Southeast SK and all points in-between in Alberta. These services are provided from strategic regional operating locations in Grande Prairie, Whitecourt, Red Deer, Provost and Brooks, AB and Weyburn, SK. CWC's corporate office is located in Calgary, AB. Management is comprised of experienced oilfield service professionals who have successfully executed business plans in the past that focused on creating shareholders' value. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Overview and Highlights for the Three Months Ended March 31, 2011

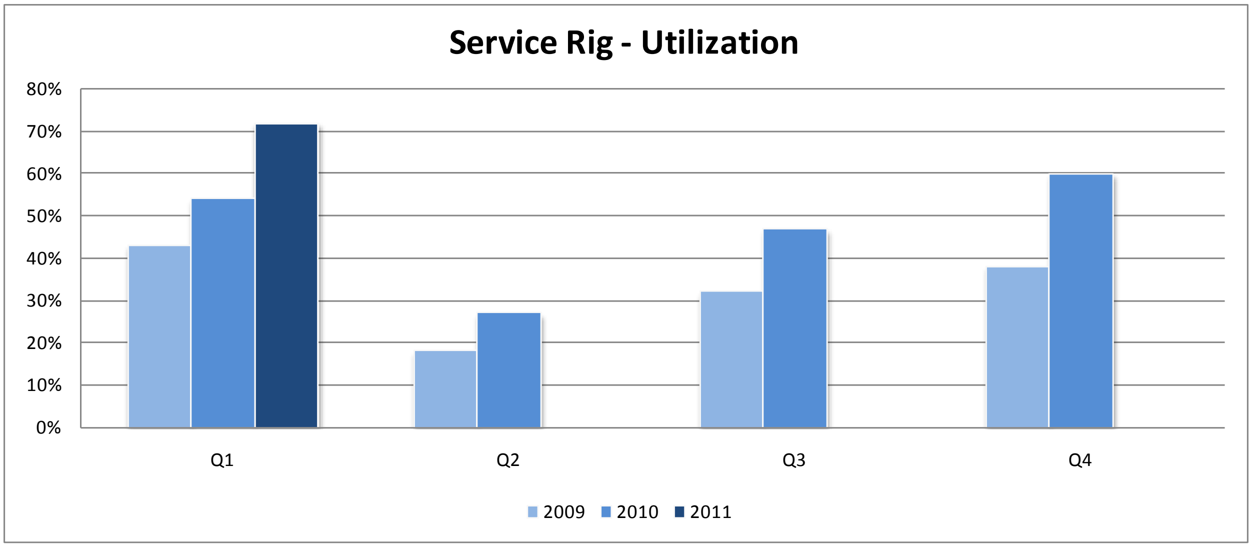
For the fiscal quarter ended March 31, 2011, CWC achieved record financial and operating performance due to increased customer demand and higher utilization across all areas of the Company's operations as well as cost cutting measures implemented in the second half of 2010. An extended winter season in Western Canada enabled us to maintain high utilization of equipment through the end of the first quarter of 2011.

The trend of oil and liquids-rich natural gas targets as the key driver of drilling and well servicing activity continues in Canada as a result of strong prices for these commodities. Crude oil prices were approximately 20% higher during the first quarter of 2011 as compared to Q1 2010. Service rigs, which are the vast majority of our fleet, generated over 70% of our total revenue in Q1 2011 primarily on oil related work. CWC continued to shift equipment towards these increasingly active areas, leading to the significant improvement in cash flows for the first quarter of 2011. CWC continues to experience higher than industry average utilization on its service rig fleet, which remains one of the most modern and competitive in the Western Canadian Sedimentary Basin.

Well Servicing

CWC's largest division, Well Servicing, is comprised of a modern and newer fleet of 41 service rigs and 8 coil tubing units making it the 7th largest service rig provider in the WCSB. Rig services include completions, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. This newer service rig fleet, with its leading edge technology, continue to stand out in an industry characterized by ageing equipment infrastructure. Our Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres and is well positioned for the changing demand of our customers for deeper depth capabilities. CWC is currently addressing the specific needs of its customers by converting one of its coil tubing units to be a class III unit capable of depths of 4000 meters.

Well Services division revenue increased by 45% to $23.1 million from $15.9 million in Q1 2010 due to increased service rig hours coupled with an improvement in hourly rates of approximately 14% as compared to Q1 2010. During the fourth quarter of 2010 rate increases were implemented reflecting greater industry activity and a return of more normal service inclusions.

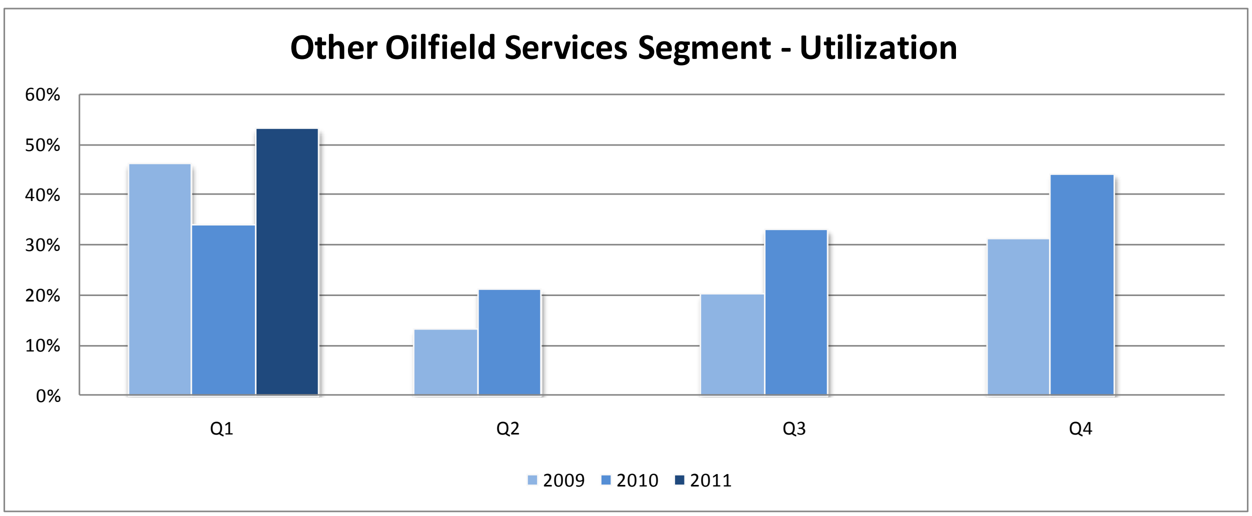


Total service rig hours increased in Q1 2011 by 33% as compared to Q1 2010. Utilization of our well service equipment has continued to rise from the lows experienced in 2009 and continues to exceed industry averages (CAODC Q1-2011 average: 67%). The primary driver of activity has been commodity prices, particularly oil prices, which directly impacts spending by customers for exploration and development programs.

<u>Other Oilfield Services</u>

CWC's Other Oilfield Services division provides a variety of services to assist with the completion and production phases of oil and natural gas wells including 8 snubbing units, 14 nitrogen pumpers and bulkers, and 12 well testing units.

Other Oilfield Services division revenue increased by 48% to $6.2 million as compared to $4.2 million in Q1 2010. The increase is the direct result of improved utilizations in all services including snubbing, nitrogen and well testing as well as price improvements, notably in snubbing and well testing.



Other Oilfield Services division utilization, as measured by CWC's internal methodology, continues to see a steady trend of improvement in 2011 from the lows experienced in 2009. As noted previously, these services have also experienced a positive impact from increased crude oil prices in 2010 leading customers to increase spending and utilize CWC's full suite of equipment and services.

Discussion of Financial Results

$ thousands, except margins	MARCH 31, 2011	2010	% Change
Revenue			
Well servicing	$ 23,091	$ 15,938	45%
Other oilfield services	6,212	4,184	48%
	29,303	20,122	46%
Operating expenses			
Well servicing	14,165	10,368	37%
Other oilfield services	3,494	2,759	27%
	17,659	13,127	35%
Gross margin [1]	11,644	6,995	66%
Gross margin % [1]	40%	35%	
General and administrative expenses	3,205	3,144	2%
EBITDAS [2]	8,439	3,851	119%
EBITDAS margin (%) [2]	29%	19%	
Stock based compensation	150	126	19%
Finance costs	647	1,080	-40%
Depreciation	3,358	3,129	7%
Gain on sale of equipment	(6)	-	-100%
Unrealized loss (gain) on marketable securities	5	(7)	171%
Net income (loss)	4,285	(477)	998%

Notes 1 to 2 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Revenue

Total revenues for the three months ended March 31, 2011, as compared to the first quarter of 2010 have increased substantially reflecting the general recovery in the oil and gas sector and increased demand for CWC's equipment and services.

The Well Servicing division revenue for the first quarter of 2011 increased by 45% to $23.1 million as compared to the first quarter of 2010 which was $15.9 million. The increase is directly related to increased utilizations with service rig hours increasing 33%. The increased activity has resulted in an increase in our total revenue as well as an increase in rates. During the fourth quarter of 2010 rate increases were implemented with customers understanding the increased activity leading to pressure on availability of crews and the quality of services offered.

The Other Oilfield Services division revenue for the first quarter of 2011 increased by 48% to $6.2 million as compared to the first quarter of 2010 which was $4.2 million. The increase is the direct result of improved utilizations in all services including snubbing, nitrogen and well testing. Total revenue in this division was up as were rates throughout the quarter.

CWC continues to make significant progress towards improving the credit worthiness of its customer base by focusing on providing services to senior and intermediate exploration and production ("E&P") companies, which are generally better financed. During the first quarter of 2011 a total of 10 customers, all of which are large or intermediate E&P companies, made up 65% of our total revenues. The Company does not have any one customer that represents a significant customer concentration risk.

Gross Margin and Direct Operating Expenses

Gross margin for the first quarter of 2011 improved by $4.6 million or 66% compared to the first quarter of 2010. Many operating costs are variable in nature and increase or decrease with activity levels such that much of the change in operating costs in the year over year periods is due to the increases in revenues in the current period as compared to the prior period. The Company did experience higher costs in certain areas such as fuel costs, supplies and labour costs, particularly higher levels of overtime, which did affect gross margins; however, these were offset by pricing increased implemented in later part of Q4 2010. The Company will be re-evaluating its pricing to recover some of these higher costs prior to the commencement of the fall drilling season.

General and administrative ("G&A")

G&A for the first quarter of 2011 was $3.2 million (11% of revenue) compared to $3.1 million (16% of revenue) in the first quarter of 2010, an increase of 2.0%. During fourth quarter of 2010, the management of CWC introduced a number of cost reduction initiatives that will be permanent in nature and has scaled back substantially on discretionary spending in all areas. Some of these reductions were offset in part by increased compensation costs for short-term incentive compensation accruals consistent with the increase activity levels and profitability of the Company. While the total dollar amount of G&A increased in the first quarter of 2011 the amount as a percentage of revenue has declined as activity has increased. During the first quarter of 2011 additional non-recurring costs were incurred as management continued to evaluate the composition of the existing staff and made changes where necessary. With the increased activity and changes instituted for various costs saving matters, we expect that G&A as a percentage of revenue going forward to continue to reduce on an annualized basis.

EBITDAS

EBITDAS for Q1 2011 was $8.4 million (29% of revenue) compared to $3.9 million (19% of revenue) in Q1 2010, up $4.6 million or 119%. The improvement in EBITDAS is a direct result of increased activity levels and utilization rates coupled with substantially improved pricing for nearly all services offered, and the impact of cost reduction initiatives. A large portion of our operating costs are variable in nature; shifting fixed costs to variable costs enables us to better manage profitability on a seasonal basis and as demand levels fluctuate by region and services offered. EBITDAS provides cash needed to grow our business through the purchase of new equipment or business acquisitions and reduce outstanding bank debt.

Stock-based compensation ("SBC")

SBC for the first quarter of 2011 was $0.2 million which was consistent on a year over year basis. The non-cash expense related to stock-based compensation plans related to the approximately 9.5 million options outstanding on March 31, 2011.

Finance costs

Interest expense for the first quarter of 2011 was $0.6 million compared to $1.1 million in the first quarter of 2010, a decrease of 40%. In the first quarter of 2010, the Company had not yet refinanced its long-term debt and was in violation of its financial covenants. As a result, the Company was incurring penalty interest in addition to the regular interest rate. In addition, accretion expense has declined year over year as a result of less transaction costs to affect the new financing.

Depreciation

Depreciation for the first quarter of 2011 was $3.4 million compared to $3.1 million in the first quarter of 2010; the increase is a result of increased activity in service rigs.

Income Taxes

Based on the income before taxes of $4.3 million for the three months ended March 31, 2011 and an expected income tax rate of 26.5%, an income tax expense of $1.1 million would be expected. The Company had many non-cash and non-tax-deductible items included in the computation of net income, including stock-based compensation, and other items which increased the amount to $1.2 million. Further, the Company recorded a valuation allowance reducing the income taxes to nil. The Company has substantial tax pools and non-capital losses available to reduce future taxable income such that no cash taxes are expected to be payable in 2011 and the foreseeable future depending on growth and profitability of the Company.

Net Income (Loss)

Net income for Q1 2011 was $4.3 million compared to a loss of ($0.5) million in Q1 2010; an improvement of $4.8 million. The return to profitability is a direct result of the 46% increase in revenue in Q1 2011 as compared to Q1 2010. Management remains focused on driving higher levels of profitability through cost rationalization initiatives and a focused effort to grow revenues, capitalizing on its best in class fleet and high quality labour force.

Summary of Quarterly Data

$ thousands, except per share amounts and equipment fleet	2011	2010				2009 - Previous Canadian GAAP (2)			
THREE MONTHS ENDING	March 31,	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Revenue	$ 29,303	$ 23,069	$ 16,413	$ 9,254	$ 20,122	$ 13,664	$ 10,259	$ 6,397	$ 19,037
EBITDAS [1]	8,439	5,610	3,296	364	3,851	1,322	(294)	(1,560)	2,997
Net earnings (loss)	4,285	1,460	(529)	(3,229)	(477)	(3,814)	(5,235)	(5,228)	(1,240)
Net earnings (loss) per share: Basic and diluted	0.03	0.01	(0.00)	(0.02)	(0.00)	(0.06)	(0.19)	(0.18)	(0.05)
Total assets	131,271	127,098	124,712	122,507	133,189	134,481	133,999	135,998	146,412
Total long-term debt	29,863	29,860	29,857	29,899	32,155	31,730	59,182	58,647	58,227
Shareholders' equity	94,002	89,986	88,546	88,918	92,019	96,774	67,921	72,896	77,865
Equipment fleet									
Service rigs	41	41	41	41	41	41	39	39	39
Coil tubing	8	8	8	8	8	8	8	8	8
Snubbing	8	8	8	8	8	8	8	8	8
Nitrogen pumpers and tankers	14	14	14	14	14	14	14	14	14
Well Testing	12	12	12	12	12	12	12	12	12

Notes 1 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.
2 – All quarters presented for 2009 are prepared under previous Canadian GAAP and as a result may not be comparable.

Quarter over Quarter Analysis

A comparison of CWC's quarterly results, at any given time, requires consideration of movement in crude oil and natural gas pricing and seasonality over the past two years. Commodity prices affect the level of exploration and development activities carried out by the Company's customers and the associated demand for the oilfield services provided by CWC. Activity began to improve in the first half of 2010 and strengthened significantly in the second half of the year. Revenue levels grew during 2010 due to higher activity. During the fourth quarter of 2010 pricing in the well servicing division was increased and gross margin percentage increased accordingly, contributing to the record results seen in the first quarter of 2011.

Seasonality

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.

Revenue

An overview of the quarter-by-quarter analysis shows results continue to improve consistently. Revenue for the first quarter of 2011 was $29.3 million; an increase of $9.2 million or 46% from the first quarter of 2010 and an increase of $6.2 million or 27% from the fourth quarter of 2010. During the fourth quarter of 2010 CWC was able to increase rates to its customers in response to the increased activity level. 2010 saw the start of a recovery with year over year increases in activity through all the quarters to date. The second quarter is always one of lower activity as a result of the wet spring conditions which prevent the movement of heavy equipment.

EBITDAS

EBITDAS for the first quarter of 2011 increased year over year by 119% and 50% from the fourth quarter of 2010 to $8.4 million. The steady improvement in EBITDAS has continued in the first quarter of 2011. This is directly a result of increased activity levels sufficient to absorb facility and other fixed costs of the Company as well as cost control measures that were implemented during the second half of 2010. Higher gross margin percentages quarter over quarter is evidence of improved utilization and rates which continue to strengthen as customer demand remains robust.

Net earnings (loss)

The first quarter of 2011 saw a continuation of the significant shift first seen in the fourth quarter of 2010 where CWC recorded positive earnings for the first time in over two years. Improvements are as a result of activity increases coupled with the lower interest costs being incurred by the Company as result of the debt refinancing completed in April 20, 2010, and partially offset by increased depreciation on service rigs subject to a unit of production methodology. The Company had been in violation with the previous financial covenants and as a result was paying penalty interest of an additional 5%. The refinancing on April 20, 2010 included revised financial covenants that were achieved.

Total Assets

Overall total assets have remained consistent throughout the quarters with the only significant changes being the result of lower activity in the second quarter resulting in a lower accounts receivable balance and continued depreciation on the Company's fleet of equipment reducing the net book value.

Total Long-Term Debt

Total long-term debt remains consistent throughout the first quarter of 2011 and all quarter of 2010. Since the close of the rights offering in December of 2009 total long-term debt has changed little as no principal repayments were required on the refinanced debt until April 2011.

Shareholders' Equity

Shareholders' equity has changed little since the rights offering in December of 2009 other than declines as a result of losses and increased stock based compensation. The increase in the first quarter of 2011 is a result of the positive earnings.

Financial Position and Liquidity

	2011	2010			
$ thousands, except ratios	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (excluding debt)[1]	22,578	15,790	10,050	7,829	10,506
Working capital (excluding debt) ratio	4.0:1	3.2:1	2.6:1	3.1:1	2.2:1
Long-term debt	29,863	29,860	29,857	29,899	32,155
Shareholders' equity	94,002	89,986	88,546	88,918	92,019
Debt to equity	0.32	0.33	0.34	0.34	0.35

Notes 1 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Working capital

Working capital (excluding debt) at March 31, 2011 was $22.6 million (March 31, 2010 - $10.5. million). The working capital (excluding debt) ratio of 4.0:1 (March 31, 2010 – 2.2:1) indicates the Company's liquidity position continues to strengthen. The increase in working capital is the result of improved operating results over the prior year.

Long-term Debt and Credit Facility

Long-term debt at March 31, 2011 was $29.9 million (December 31, 2010 - $29.9 million). 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 was committed until April 30, 2011 and the Company has extended the commitment until July 31, 2011 under the same terms. As at March 31, 2011, the amount available under the operating line was $10 million with $nil drawn. In April 2010, the Company also secured a term debt facility of $30.0 million. This long-term debt facility is for a period of three years with interest only payments in the first year, monthly principal payments of $500,000 in the second year, commencing April 2011, and monthly payments of $750,000 in the third year, commencing April 2012. This term debt has a fixed interest rate of 8.045% and is secured with a first charge over fixed assets, a general security agreement over all remaining assets. Under the terms of the credit facilities, the Company is required to comply with certain financial covenants. As of March 31, 2011, the Company is in compliance with each of the financial covenants under the agreements. CWC does not anticipate any financial resource or liquidity issues to restrict its future operating, investing or financing activities.

Shareholders' equity

Shareholder's equity on March 31, 2011 was $94.0 million (March 31, 2010 - $92.0 million), an increase of $2.0 million. As of March 31, 2011 and May 30, 2011, the Company had 157,066,428 common shares outstanding. On February 28, 2011, 1,672,935 common shares were cancelled as consideration for a shareholder loan. As at March 31, 2011 and May 31, 2011 the Company has 9,492,835 stock options outstanding.

Debt to equity

Debt to equity remains at 0.3:1 as at March 31, 2011 indicating the Company remains conservative in its use of leverage.

Capital expenditures

Capital expenditures for Q1 2011 were $0.7 million comprised of deposits for the construction of a new mobile slant service rig and a Class III coil tubing unit. These capital expenditures will be financed from future operating cash flows and current credit facilities. Management will continue to monitor market conditions and adjust spending as needed based on activity levels.

Capital requirements

It is anticipated future cash requirements for capital expenditures will be met through a combination of funds generated from operations and existing bank debt facilities as required. However, additional funds may be raised by bank debt, other forms of debt, the sale of assets, or the issue of equity. CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest.

Commitments and Contractual Obligations

Beginning in April 2011, the Company is committed to monthly principal payments of $500,000 in relation to the long-term debt. Management believes that based on anticipated activity levels for its services there will be sufficient cash flows generated from operations to service the debt repayment and finance the growth capital of the Company.

Outlook

The first quarter of 2011 reflects the strength of the Company's business with quarterly revenue and EBITDAS setting new records. Business fundamentals remain positive and we continue to see strong demand from customers in all of our operations. Oil prices continued to strengthen in the first quarter and remain at high levels supporting continued investment in exploration and production activities. Petroleum Services Association of Canada ("PSAC") recently increased its drilling activity forecast to 12,950 wells in 2011 and indicated that it expected oil prices to remain at levels necessary to encourage drilling in areas such as Saskatchewan and northeast Alberta.

Equipment utilization in our Well Servicing segment was very strong through the first quarter of 2011. CWC is presently dedicating 90% of its Well Servicing fleet to oil-related activities and has strategically expanded and relocated service rigs to its facilities in Grande Prairie, Alberta to service the Peace River Arch and the emerging Pekisko and Beaver Hill Lake plays at Judy Creek as well as Weyburn, Saskatchewan to service the Bakken play, and we expect to continue this trend through 2011. The Company is also well positioned to benefit from increased activity levels in the Cardium play through its operational head office in Red Deer, Alberta and the continued oil-related activity in the Viking play with its facilities in Provost, Alberta. Oil wells are generally more service intensive and require service rigs in many cases for these services. Given that our customers are focused largely on oil and liquids-rich natural gas for 2011, we are optimistic that CWC will achieve another year over year revenue and earnings improvement in 2011.

CWC's core business is Well Servicing. We remain focused on what we do well and draw upon those strengths to provide best-in-class services to our customers. Supporting this core business is our Other Oilfield Service offerings of snubbing, nitrogen and well testing. By moving towards a focused Well Servicing business model, CWC believes there is a greater probability of success in creating shareholder value. In this regard, CWC continues to evaluate a number of potential acquisition opportunities to grow its Well Servicing division; however, we remain committed to a disciplined approach, requiring that the potential target must meet our financial and operational criteria.

CWC is well positioned to capitalize on improved oil-related activities in the WCSB, with a strong balance sheet, working capital (excluding debt) of 4:1 and no significant maturities, other than the monthly principal payments required, under its bank credit facility until April 2013.

International Financial Reporting Standards

CWC began reporting its financial results in accordance with IFRS on January 1, 2011, the changeover date set by the Canadian Accounting Standards Board (AcSB). IFRS compliance comparative financial information for one year from the changeover date is required including the conversion of the January 1, 2010 opening statement of financial position, the transition date for IFRS.

For the quarter ended March 31, 2010, the Company restated its operating results as if it had always prepared financial results in accordance with IFRS. As a result of impairment in certain Cash Generating Units ("CGU"s) on transition, depreciation expense for the first quarter of 2010 decreased by $0.1 million over the amount previously reported. As a result of the reclassification of operating leases to finance leases, there were insignificant increases to depreciation and interest expense, offset by a reduction in direct operating expenses. As a result of the changes in the timing and valuation of share based compensation, there was a decrease of $0.1 million over the amount previously reported.

Risk Management

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of, or that they determine to be immaterial may also become important factors which affect the Company. Along with risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's Annual Information Form dated May 10, 2011 which is available under the Company's profile at www.sedar.com.

Reconciliation of Non-IFRS Measures

$ thousands	THREE MONTHS ENDED MARCH 31, 2011	2010
NON-IFRS MEASURES		
[1] EBITDAS:		
Net income (loss)	4,285	(477)
Add:		
Depreciation	3,358	3,129
Finance costs	647	1,080
Stock based compensation	150	126
Gain on sale of equipment	(6)	-
Unrealized (gain) loss on marketable securities	5	(7)
EBITDAS	8,439	3,851
[2] Funds from (used in) operations:		
Cash flows from (used in) operating activities	4,888	(1,020)
Add:		
Change in non-cash working capital	3,550	4,865
Funds from (used in) operations:	8,438	3,845
[3] Gross margin:		
Revenue	29,303	20,122
Less:		
Operating expenses	(17,659)	(13,127)
Gross margin	11,644	6,995
	MARCH 31, 2011	**DECEMBER 31, 2010**
[4] Working capital (excluding debt):		
Current Assets	29,984	23,042
Less: Current Liabilities	(13,500)	(11,861)
Add: Current portion of long-term debt	6,094	4,609
Working capital (excluding debt)	22,578	15,790

Notes 1 to 4 - See next page for detailed explanations of Non-IFRS measures

1. *EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of asset, finance costs and stock based compensation) is not recognized measures under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, and fund capital programs. Investors should be cautioned, however, that EBITDAS should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. For a reconciliation of EBITDAS to net income (loss) and comprehensive income (loss).*

2. *Funds from operations and funds from operations per share are not recognized measures under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Company's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations, interest and income taxes paid, financing costs, and income tax expense.*

3. *Gross margin is calculated from the statement of income (loss) as Revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin is a non-IFRS measure and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.*

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

Corporate Information

Directors

Jim Reid[2], Chairman

Duncan T. Au[1]

Gary L. Bentham[1,2]

Alexander D. Greene

Wade McGowan[1, 2]

1. Audit Committee

2. Compensation and Corporate Governance Committee

Officers

Duncan T. Au, CA, CFA
President & Chief Executive Officer

Kevin Howell, CA
Chief Financial Officer

Rick Dawson
Vice President, Business Development

Darwin McIntyre
Vice President, Operations (Eastern)

Layne Wilk
Vice President, Operations (Central)

Stock Exchange Listing

TSX Venture: CWC

Corporate Secretary

James L. Kidd
Burnet, Duckworth & Palmer LLP

Corporate Office

Bow Valley Square III
755, 255 – 5th Avenue SW
Calgary, Alberta T2P 3G6
Phone: (403) 264-2177
Fax: (403) 264-2842
Website: www.cawsc.com
Email: info@cawsc.com

Auditors

KPMG LLP

Bankers

ATB Financial

Legal Counsel

Burnet, Duckworth & Palmer LLP

Transfer Agent

Olympia Trust Company