



MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")
Central Alberta Well Services Corp.

Highlights

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2007	2006	2007	2006
Revenues	\$ 11,913,026	\$ 13,289,105	\$ 34,776,387	\$ 25,855,698
Operating costs	7,757,490	7,908,146	23,021,321	15,317,437
	4,155,536	5,380,959	11,755,066	10,538,261
	34.9%	40.5%	33.8%	40.8%
General and administrative expenses	1,613,818	1,294,871	4,887,478	3,680,141
EBITDAS ⁽¹⁾	2,541,718	4,086,088	6,867,588	6,858,120
EBITDAS per share ⁽¹⁾				
Basic and diluted	0.11	0.39	0.30	0.78
Stock based compensation	–	261,872	1,257,117	1,266,007
Interest	744,671	786,669	4,508,906	1,541,658
Depreciation and amortization	2,396,603	2,046,070	6,945,382	4,599,994
Net income (loss) before tax	(599,556)	991,477	(5,843,817)	(549,539)
Funds from operations ⁽²⁾	2,116,103	3,038,009	3,302,684	5,231,248
Funds from operations per share ⁽²⁾				
Basic and diluted	\$ 0.09	\$ 0.29	\$ 0.15	\$ 0.60
Income (loss) per share				
Basic and diluted	\$ (0.03)	\$ 0.02	\$ (0.24)	\$ (0.05)
Purchase of property and equipment	\$ 5,550,611	\$ 6,476,954	\$ 24,897,616	\$ 35,814,913

(1) EBITDAS is calculated from the statement of loss as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies. Number of shares outstanding is post consolidation of common shares described in note 8 of the financial statements.

(2) Funds from operations is defined as cash from operating activities before changes in non-cash working capital. Funds from operations and funds from operations per share are measures that provide investors additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Funds from operations and Funds from operations per share do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies. Number of shares outstanding is post consolidation of common shares described in note 8 of the financial statements.

The following is management's discussion and analysis ("MD&A") of Central Alberta Well Services Corp.'s ("CWC" or the "Company") unaudited operating and financial results for the three month period ended September 30, 2007. This MD&A should be read in conjunction with the CWC's unaudited financial statements for the three months ended September 30, 2007, and the audited financial statement for the year ended December 31, 2006. Additional information on the Company can be found on the Company's website at www.cawsc.com or on SEDAR at www.sedar.com. The information provided in this MD&A is current as of November 14, 2007.

This discussion should not be considered all-inclusive as it excludes changes that may occur in general economic, political and environmental conditions.

Certain statements contained in this MD&A, including statements which may contain such words as "could", "should", "believe", "expect", "will", and similar expressions and statements relating to matters that are not historical facts are forward-looking statements including, but not limited to, statements as to: future capital expenditures, including the amount and nature thereof; business strategy; expansion and growth of the Company's business and operations; and other matters.

Management has made certain assumptions and analyses which reflect their experiences and knowledge in the industry. These assumptions and analyses are believed to be accurate and truthful at the time, but the Company can not assure readers that actual results will be consistent with these forward looking statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

However, whether actual results, performance or achievements will conform to the Company's expectations and predictions is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations.

All forward-looking statements made in the MD&A are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected outcomes to or effects on the Company or its business operations. The Company does not intend, and does not assume any obligation, to update these forward-looking statements. Any forward-looking statements made previously may be inaccurate now.

Corporate Development

Central Alberta Well Services Corp. ("CWC") is a public company traded on the TSX Venture exchange and has done so since September 2005. During 2006, CWC was active in growing its fleet of service rigs and also incorporating the three separate companies acquired during the year which added snubbing, nitrogen delivery and pumping, well testing, and a rental fleet to the services it offers.

CWC currently operates 21 service rigs, 8 coil tubing units, 7 snubbing units, 14 nitrogen tankers and pumpers, and 12 well testing units. The Company is completing the fabrication of eight new service rigs which are coming on line through the fourth quarter of 2007 with the full build to be operational early in 2008.

The Company is headquartered in Red Deer, Alberta providing well services to oil and gas exploration and development companies operating in Western Canada through operating divisions in Red Deer, Provost and Whitecourt, Alberta. CWC has recently opened a Calgary office which will provide sales support and other corporate functions.

Overview

Central Alberta Well Servicing's financial results for the quarter ending September 30, 2007 represent continued challenging industry conditions in Western Canada. The third quarter results are an improvement from quarter two as a result of the seasonality of the company's operations. Reduced drilling activity in 2007 has resulted in decreased activity compared to the same period of 2006.

EBITDAS for the quarter ending September 30, 2007 is \$2.5 million compared to \$4.1 million in the same period of 2006 and a negative \$306 thousand in the second quarter of 2007.

Utilization for quarter three for the Well Servicing segment was 58% (10,962 hours) up from 36% (6,221 hours) in quarter two. Other Oilfield Services utilization was 36% in quarter three, more than double the 17% utilization in quarter two. Utilization for Well Servicing is based on the number of hours worked and in the Other Oilfield Services segment is based on the number of jobs performed in the period.

THREE MONTHS ENDED SEPTEMBER 30	2007	2006
WELL SERVICING		
Revenues	7,269,691	6,440,100
Income (loss) before income taxes	693,143	915,387
EBITDAS ⁽¹⁾	2,171,205	2,338,109
OTHER OILFIELD SERVICES		
Revenues	4,643,335	6,849,005
Income before income taxes	53,584	1,562,464
EBITDAS ⁽¹⁾	916,504	2,232,992
CORPORATE		
Revenues	—	—
Loss before income taxes	(1,346,283)	(1,486,373)
EBITDAS ⁽¹⁾	(545,991)	(485,013)

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

Operational Review

CWC operates out of Red Deer, Provost and Whitecourt with a corporate office located in Calgary. The Company provides well services to oil and gas exploration and development companies operating in the Western Canadian Sedimentary Basin including completions, work-over and abandonment, well maintenance, high pressure and critical sour gas well work, re-entry preparation and re-entry drilling and coal bed methane work-overs and completions.

The Company is continuing to expand its core division fleet with the fabrication of eight service rigs, all of which are projected to be operational by early in 2008.

The Company operates the following fleet of equipment within the Western Canadian Sedimentary Basin:

	2007				2006		
	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Units operating at end of period							
Service rigs	21	19	18	16	15	12	8
Coil units	8	8	8	7	5	4	3
Snubbing units	7	7	7	5	5	5	5
Nitrogen tankers & pumpers	14	13	13	11	10	10	8
Pressure tanks	12	12	12	12	10	9	9

Since inception, CWC has pursued growth through fabrication of a fleet that utilizes identical components on all units that have been sourced through one primary equipment manufacturer. This standardized fleet has the benefit of reduced maintenance costs and lower parts and replacement component inventories. The Company's commitment to building a modern fleet with leading edge technology provides a competitive advantage in an industry in which many of its peers operate with ageing equipment.

Significant Agreements

The Company continues to fabricate the majority of the service rig and its auxiliary equipment through one main supplier. This has been the Company's strategy in having all components of a service rig identical in order to reduce operating costs and to minimize the volume of spare parts the Company has to carry. The Company is currently in the process of taking possession of the eight service rigs being fabricated and expects this build program to be completed early in 2008 at an estimated cost of \$20 million.

Selected Financial Information

THREE MONTHS ENDING	SEPTEMBER 30, 2007	JUNE 30, 2007	MARCH 31, 2007	DECEMBER 31, 2006
Revenues	\$ 11,913,026	\$ 5,965,572	\$ 16,897,789	\$ 13,941,627
Net income (loss)	(783,556)	(4,309,637)	(253,686)	(11,506,480)
EPS: Basic and diluted*	(0.03)	(0.19)	(0.02)	(1.10)
Weighted average Class A common shares	22,663,459	14,426,805	10,468,318	10,436,720
Weighted average Class B common shares	5,653,531	6,772,018		
Total assets	110,762,466	107,107,035	106,675,393	94,798,411
Long-term debt	20,374,723	15,498,793	58,134,623	16,523,834
Purchase of property and equipment	\$ 5,550,611	\$ 6,769,800	\$ 12,577,205	\$ 5,152,624

THREE MONTHS ENDING	SEPTEMBER 30, 2006	JUNE 30, 2006	MARCH 31, 2006	DECEMBER 31, 2005
Revenues	\$ 13,289,105	\$ 7,635,119	\$ 4,931,474	\$ 1,946,699
Net income (loss)	182,751	(761,609)	103,090	(633,742)
EPS: Basic and diluted*	0.02	(0.07)	0.01	(0.12)
Weighted average Class A common shares	10,429,558	10,429,531	7,114,394	5,070,720
Weighted average Class B common shares				
Total assets	109,106,735	91,475,091	81,371,149	27,173,800
Long-term debt	16,937,611	17,182,610	14,040,639	4,950,000
Purchase of property and equipment	\$ 6,476,954	\$ 20,075,689	\$ 9,262,272	\$ 8,754,760

* EPS and weighted average common shares has been restated for prior periods taking into account the consolidation of shares on a 1:4 basis as outlined in note 8 of the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

The quarterly results of operations have been provided for the first nine months of 2007, and the trailing five quarters for comparison purposes. The large net loss in quarter four of 2006 is the result of the impairment of goodwill which was recorded at December 31, 2006. The total amount of this impairment was \$10.7 million net of tax adjustments. This impairment is also responsible for the decrease in total assets from \$109.1 million to \$94.8 million from quarter three to quarter four 2006, respectively.

Capital expenditures include assets under construction at the end of each of the quarters presented. Assets under construction are not depreciated until they are available for use.

Quarterly Review

General and administrative expenditures for quarter three and year to date in 2007 were 14% of revenue. In determining staff levels the Company ensures it has adequate manpower to accommodate the expanding equipment fleet to achieve safe and efficient operations.

Interest expense includes the interest paid on the various debt instruments the Company had during the period. In June 2007 the Company reduced the total amount outstanding on all debt facilities to \$20 million and has since drawn additional funds as new service rigs have come on line.

Capital expenditures for the quarter consisted of the fabrication of many pieces of equipment including assets that are still under construction at quarter end. The Company committed to eight additional service rigs that have possession dates from October through early 2008.

Liquidity and Capital Resources

FOR THE QUARTER ENDED	Q3 2007	Q2 2007	Q1 2007	Q4 2006
Working capital (deficiency)	10,766,402	9,679,652	11,588,974	(27,256,935)
Working capital (deficiency) – net of bridge loan and restricted cash	10,351,402	9,264,652	11,173,974	7,330,725
Long-term debt	20,374,723	15,498,793	58,134,623	16,523,834
Shareholders' equity	82,032,188	82,550,545	37,148,201	34,626,065
Long-term debt to equity	0.25	0.19	1.56	0.48
FOR THE QUARTER ENDED	Q3 2006	Q2 2006	Q1 2006	Q4 2005
Working capital (deficiency)	(23,307,384)	(17,519,991)	(194,130)	2,813,640
Working capital (deficiency) – net of bridge loan and restricted cash	6,120,890	3,074,368	(194,130)	2,813,640
Long-term debt	16,937,611	17,182,610	14,040,639	4,950,000
Shareholders' equity	45,578,780	45,300,850	45,628,496	18,595,144
Long-term debt to equity	0.37	0.38	0.31	0.27

Working capital ended the quarter at \$10.3 million net of restricted cash; an increase of \$1.1 million from quarter two.

As at September 30, 2007, the Company had 22,625,430 class A common shares issued and outstanding and 5,653,531 Class B common shares outstanding following the consolidation of stock on a one (1) for four (4) basis and the repurchase of 46,500 shares under the recently instituted normal course issuer bid program.

Contractual Obligations

The Company is committed to repayment of its long-term debt over the next three years with interest only payments monthly and a balloon payment of the outstanding amount at the end of the term of the loan which is currently January 2010. Along with that, the Company has several vehicle leases, building and facility leases.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

Critical Accounting Estimates

This Management's Discussion and Analysis of the Company's financial condition and results of operations is based on the consolidated financial statements which are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The Company's significant accounting policies are discussed in note 3 of the 2006 audited consolidated financial statements. The presentation of these financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. These estimates are based on experience and assumptions that are believed to be reasonable under the circumstances. Although care has been taken, anticipating future events cannot be done with certainty, therefore actual results may vary from these estimates over time as more accurate information is available and as the Company's operating environment changes.

Impairment of Long-Lived Assets: Long-lived assets, including property and equipment, intangible assets comprise a majority of the Company's assets. Management reviews the carrying values of these assets for impairment periodically or whenever events or changes in circumstance indicate that their carrying value may not be recoverable. When this occurs, management performs various tests to see if the net carrying value differs from fair value, and if the fair value is less than carrying value, the asset would be considered to be impaired and an impairment loss would be recognized to reduce the asset's carrying value to its estimated fair value.

Depreciation and Amortization: The Company's property, plant, equipment and intangibles are depreciated and amortized over estimated useful life using both straight line and unit-of-production methods. The estimates may change over time as more useful information becomes available, market conditions shift or other factors change the estimated useful life of the assets.

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

Risk Management

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

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

Credit Risks: The Company currently transacts with oil and gas exploration companies and is exposed to the associated credit risk. Management continually assesses the credit worthiness of these customers and monitors all outstanding balances. Management views the credit risk of its accounts receivables as normal for its industry.

Financing Risk: The ability of the Company to complete its budgeted capital acquisition program and meet its payment obligations as they become due will continue to be dependent on its ability to secure sufficient funds through additional debt and equity financing and to generate positive cash flow from operations.

Supplier Risk: The Company has a large portion of its service rig and associated equipment manufactured by a single provider. While this arrangement provides certain market advantages, it also exposes the Company to potential short-term vulnerability if this supplier experiences unusual production disruptions or labour disputes.

Seasonal and Weather Risk: Seasonal factors and unexpected weather patterns may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's services during various times of the year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

Change in Accounting Policy

On January 1, 2007, the Company adopted the recommendations included in the following Sections of the Canadian Institute of Chartered Accountants Handbook: Section 1530, Comprehensive Income, Section 3855, Financial Instruments – Recognition and Measurement, Section 3865, Hedges, Section 3861, Financial Instruments – Disclosure and Presentation, and Section 3251, Equity.

Section 1530, Comprehensive income, requires the presentation of comprehensive income and its components in a new financial statement. Comprehensive income is the change in the net assets of a Company arising from transactions, events and circumstances not related to shareholders. Section 3251, Equity, establishes standards for the presentation of equity and changes in equity during the reporting period.

Section 3855, Financial Instruments – Recognition and Measurement, and Section 3861, Financial Instruments – Disclosure and Presentation, establishes standards for classification, recognition, measurement, presentation and disclosure of financial instruments (including derivatives) and non-financial derivatives in the financial statements. This standard prescribes when to recognize a financial instrument in the balance sheet and at what amount, fair value or amortized cost depending on their balance sheet classification of the related financial instrument. This standard also prescribes the basis of presentation for gains and losses on financial instruments. Based on financial instrument classification, gains and losses on financial instruments are recognized in net income or other comprehensive income.

The Company has made the following classifications:

- Cash is classified as an “Asset held for trading.” It is measured at fair value and the gains or losses resulting from the re-measurement at the end of each period are recognized in net income.
- Accounts receivable are classified as: “Loans and receivables.” They are recorded at cost, which upon their initial measurement is equal to their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Bank indebtedness, accounts payable and accrued liabilities, and long-term debt are classified as “Other financial liabilities.” They are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest method.

Section 3865, Hedges, sets out standards specifying when and how an entity can use hedge accounting. The adoption of this new standard is optional. It offers the possibility of applying different reporting options than those set out in Section 3855, Financial Instruments – Recognition and Measurement, to qualifying transactions that they elect to designate as hedges for accounting purposes. The Company does not currently engage in hedging activities required to be addressed by these new standards.

Based on Section 3855, Financial Instruments – Recognition and Measurement, these derivatives are measured at fair value at the end of each period and the gains or losses resulting from re-measurement recognized in net income. The Company has reviewed its contracts and concluded there are no embedded derivatives at this time.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
Central Alberta Well Services Corp.

Internal Control Over Financial Reporting and Evaluation of Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer (the "Disclosure Officers") are responsible for establishing and maintaining the Company's disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known. Internal controls over financial reporting have been designed under the supervision of the Disclosure Officers to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statement for external purposes in accordance with Canadian GAAP.

For the period ending December 31, 2006, the Disclosure Officers have evaluated the effectiveness of the disclosure controls and procedures for CWC. This evaluation has caused the Disclosure Officers to identify certain weaknesses within the Company's controls which are:

1. Due to the limited number of staff of CWC, it is not possible to achieve a segregation of all duties; and
2. Due to a limited number of staff, CWC does not have technical accounting expertise and knowledge to address all non-routine complex accounting issues that may arise.

These weaknesses in CWC's internal controls over financial reporting result in a slightly more than remote likelihood that a material misstatement may not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting by segregating duties as much as possible and where not possible to have duplication of processes to ensure the accuracy of information. The Company also employs outside consultants and accounting firms to assist with complex accounting and technical issues. In spite of management's best efforts, there can be no assurance that this risk can be reduced to less than a remote likelihood of a material misstatement. During the quarter ended September 30, 2007 there were no material changes in this risk.

Outlook

The Company operated in a challenging environment in the first nine months of 2007 with reduced activity levels compared to prior years as a result of the decreased natural gas prices, extended spring break-up and reduced capital budgets resulting from the recently announced royalty adjustments. Although the Company's business is not entirely dependent on new well completions, the expected 27% decrease in wells drilled during 2007 compared to 2006, and the expected further reduction by 15% in 2008, could have a negative impact on the Company's utilization rates. However, management is of the view that the slowdown in business due to reduced drilling activity is partially mitigated by workovers and recompletion services offered by CWC. The Company will focus on the efficiency of all its business segments through the remainder of 2007 and 2008.

The Company will exit 2007 with approximately 28 service rigs with one additional service rig to be delivered early in 2008. With an expanded fleet of modern equipment, the Company is well positioned to react quickly to customer demand. CWC operates a fleet of efficient service rigs and related services for its customers and will continue to strive to achieve utilization rates above industry average. The Company will manage its balance sheet in order to remain as one of the financially strongest service companies. The Company is well positioned to react quickly to customer needs and growth opportunities as they arise and will capitalize on the challenging conditions facing the oilfield services industry.

At this time, the Company strongly believes its shares are undervalued and plans to continue to repurchase Class A Shares under its normal course issuer bid program.

CORPORATE INFORMATION
Central Alberta Well Services Corp.

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DARRYL E. WILSON

(1) MEMBER OF AUDIT COMMITTEE

(2) MEMBER OF COMPENSATION AND GOVERNANCE COMMITTEE

OFFICERS

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DARCY A. CAMPBELL, VICE PRESIDENT FINANCE & CHIEF FINANCIAL OFFICER

ROSS O. DRYSDALE, CORPORATE SECRETARY

AUDITORS

KPMG LLP (CALGARY, ALBERTA)

LEGAL ADVISORS

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REGISTRAR AND TRANSFER AGENT

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