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 November 23, 2010 and is provided to assist readers in understanding CWC's financial performance for the three and nine month periods ended September 30, 2010 and significant trends that may affect future performance of the Company. This MD&A should be read in conjunction with CWC's audited financial statements and MD&A included in its 2009 Annual Report to Shareholders for the year ended December 31, 2009 and the unaudited interim financial statements for the three and nine months ended September 30, 2010 and the notes contained therein and disclosure which is unchanged from the December 31, 2009 MD&A has not been duplicated herein. The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Additional information on the Company, including the 2009 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.

Corporate Overview

CWC is a growth-oriented oilfield services company which offers a broad range of well services and facilitation of related activities for the completion and production of oil and gas wells throughout the WCSB. The Company has two reporting segments, Well Servicing and Other Oilfield Services. The Well Servicing segment includes Service Rigs and Coil Tubing. The Other Oilfield Services segment includes Snubbing, Nitrogen, Testing and Rental activities.

The Company's corporate office is located in Calgary, Alberta, with its main operating centre located in Red Deer, Alberta. CWC has Alberta branch offices in Provost, Brooks, Grande Prairie, and Whitecourt and a Saskatchewan branch office in Weyburn.

The Company's fleet currently consists of 46 service rigs, eight (8) coil tubing units, eight (8) snubbing units, 14 nitrogen pumpers and tankers and 12 pressure testing packages. The Company's commitment to maintaining a young and modern fleet with leading edge technology continues to stand out in an industry characterized by ageing equipment infrastructure.

The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Highlights for the Third Quarter Ended September 30, 2010

- **Revenue**
  Revenue increased to $16.4 million for Q3 2010 compared to $10.3 million for Q3 2009.

- **EBITDAS [1]**
  EBITDAS increased to $3.3 million for Q3 2010 compared to $(0.4) million for Q3 2009.

- **Funds From Operations [2]**
  Funds from operations increased to $2.6 million for Q3 2010 compared to $(1.6) million for Q3 2009.

- **Net Loss**
  Net loss decreased to $(0.9) million for Q3 2010 compared to $(5.2) million for Q3 2009.

- **Working Capital (excluding Debt)[3]**
  Working capital (excluding Debt) increased to $10.0 million as at September 30, 2010 compared to $7.7 million for December 31, 2009.

- **Total Long-term Debt**
  Total long-term debt decreased to $29.7 million as at September 30, 2010 compared to $31.7 million for December 31, 2009.

[1,2, 3] See corresponding footnote under Financial Highlights.

Financial Highlights

$ thousands, except per share amounts, margins and ratios	THREE MONTHS ENDED SEPTEMBER 30, 2010	2009	NINE MONTHS ENDED SEPTEMBER 30, 2010	2009
FINANCIAL RESULTS				
Revenue	$ 16,413	$ 10,259	$ 45,789	$ 35,693
EBITDAS [1]	3,263	(383)	7,422	1,121
EBITDAS margin (%) [1]	20%	(4)%	16%	3%
Funds from (used in) operations [2]	2,629	(1,566)	5,103	(1,736)
Net loss	(905)	(5,235)	(5,177)	(11,703)
Net loss margin (%)	(6)%	(51)%	(11)%	(33)%
Per share information				
Weighted average number of shares outstanding	158,739	27,187	159,033	27,193
EBITDAS [1] per share - basic and diluted	0.02	(0.01)	0.05	0.04
Funds from (used in) operations per share - basic and diluted	0.02	(0.06)	0.03	(0.06)
Net loss per share - basic and diluted	(0.01)	(0.19)	(0.03)	(0.43)

FINANCIAL POSITION AND LIQUIDITY	September 30, 2010	December 31, 2009
Working capital (excluding debt) [3]	10,050	7,711
Working capital (excluding debt) ratio	2.6:1	2.3:1
Total assets	128,433	134,481
Total long-term debt	29,684	31,730
Shareholders' equity	92,440	96,774

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

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. See "Reconciliation of Non-GAAP Measures".

3. 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 by GAAP and may not be comparable to similar measures provided by other companies. See "Reconciliation of Non-GAAP Measures".

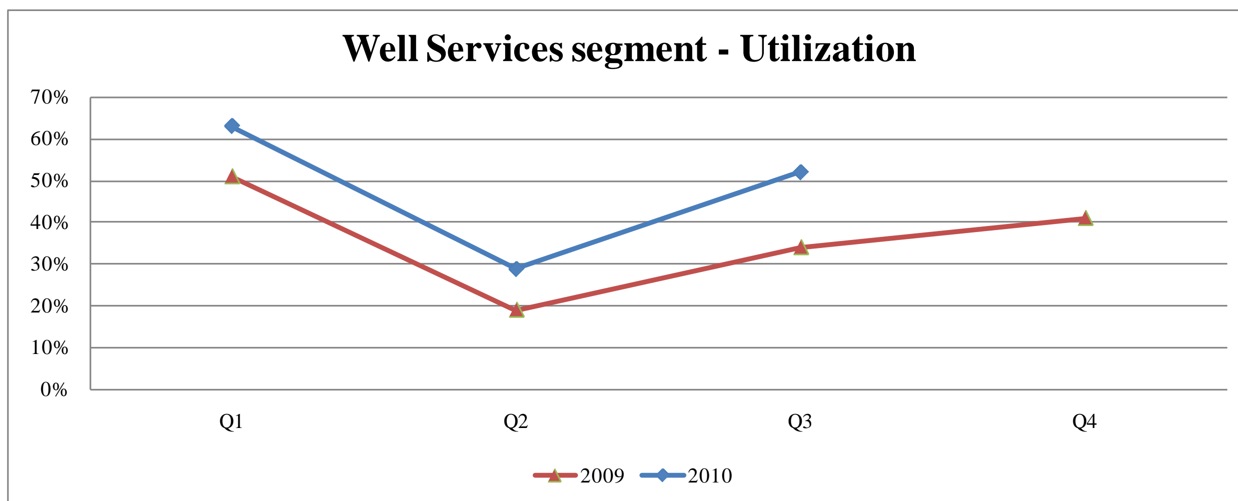
Discussion of Financial Results

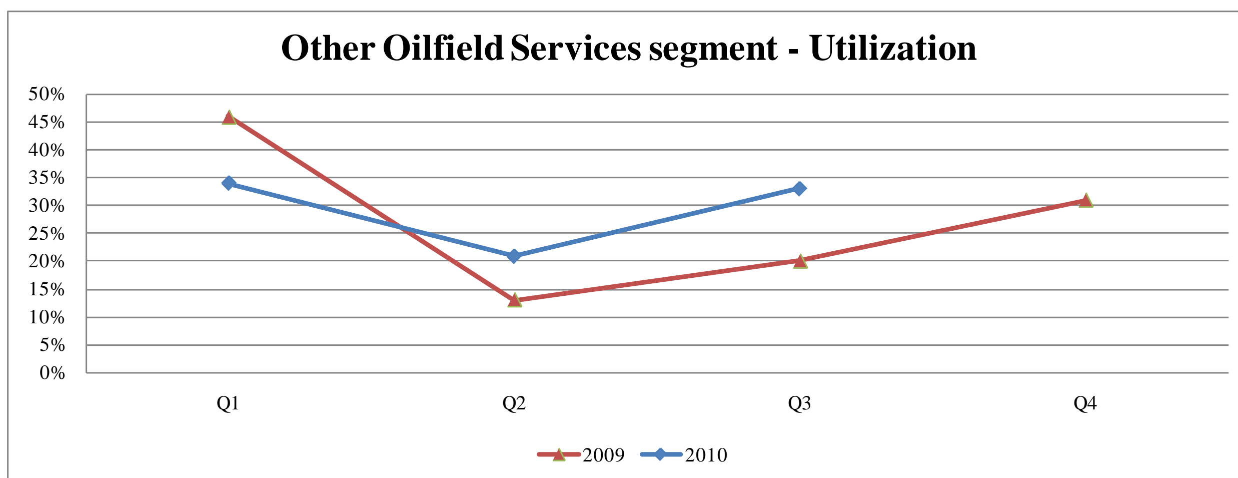
$ thousands, except margins	THREE MONTHS ENDED SEPTEMBER 30, 2010	2009	NINE MONTHS ENDED SEPTEMBER 30, 2010	2009
Revenue				
Well servicing	$ 12,710	$ 7,794	$ 35,540	$ 25,240
Other oilfield services	3,703	2,465	10,249	10,453
	16,413	10,259	45,789	35,693
Operating expenses				
Well servicing	7,774	5,458	22,761	17,259
Other oilfield services	2,455	1,993	6,956	8,102
	10,229	7,451	29,717	25,361
Gross margin [1]	6,184	2,808	16,072	10,332
Gross margin % [1]	38%	27%	35%	29%
General and administrative expenses	2,920	3,191	8,650	9,211
EBITDAS [2]	3,263	(383)	7,422	1,121
EBITDAS margin (%) [2]	20%	(4)%	16%	3%
Stock based compensation	363	260	954	774
Interest	655	1,839	2,431	4,537
Depreciation and amortization	3,151	2,753	9,214	8,025
Net loss before taxes	(905)	(5,235)	(5,177)	(12,215)

1. Gross margin is calculated from the statement of income (loss) as Revenue less 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-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies. See "Reconciliation of Non-GAAP Measures".

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

Revenue for the third quarter of 2010 was $16.4 million (Q3 2009 - $10.3 million), up $6.1 million or 60% from the prior period. The increase is directly related to increased utilizations. Of the $6.1 million year over year increase, $4.9 million is attributable to an increase in the Well Servicing segment with the remainder of the $1.2 million increase attributable to the Other Oilfield Services segment. This is consistent with an increase in the Well Servicing segment's utilization rate to 52% in Q3 2010 from 34% in Q3 2009 and the Other Oilfield Services segment utilization rate of 33% in Q3 2010 compared to 20% in Q3 2009. The revenue in the Other Oilfield Services segment was mitigated somewhat by declining hourly and daily rates due to increased competition in the Other Oilfield Services segment as a result of depressed natural gas prices. In both the Well Servicing and Other Oilfield Services segment, 2010 utilization rates are recovering compared to 2009 as shown in the graph below.





Gross margin in the third quarter of 2010 was $6.2 million (Q3 2009 - $2.8 million), up $3.4 million or 120% from the prior period. The gross margin percentage also improved to 38% in the quarter compared to 27% in the third quarter of 2009 as a result of increased utilization and revenue in the Well Servicing segment and a greater emphasis on cost saving initiatives.

General and administrative expenses for the third quarter of 2010 was $2.9 million (Q3 2009 - $3.2 million), down $0.3 million or 9% from the prior period as a result of a higher than normal bad debt expense in the 2009 with no similar experience in 2010.

The Company continues to make significant progress in 2010 towards improving the credit worthiness of its customers by focusing on providing services to larger, better financed exploration and production ("E&P") companies.

EBITDAS for the third quarter of 2010 was $3.3 million (Q3 2009 - $(0.4) million), up $3.7 million or 952% from the prior period. The increase in EBITDAS is a direct result of increased activity levels and utilization rates in the Well Servicing segment increasing revenue by $6.1 million or 60% compared to the prior period.

Stock based compensation for the third quarter of 2010 was $0.4 million (Q3 2009 - $0.3 million), up $0.1 million or 40% from the prior period. The increase is due to 8,522,209 million options outstanding on September 30, 2010 compared to 1,947,625 million options outstanding on September 30, 2009.

Interest expense for the third quarter of 2010 was $0.6 million (Q3 2009 - $1.8 million), down $1.2 million or 67% from the prior period. Interest expense has decreased as a result of the reduction of the long-term debt by 50% from $59.2 million at September 30, 2009 to $29.7 million at September 30, 2010 primarily as a result of the proceeds in the rights offering of December 2009 being used to pay down the long-term debt. In addition, accretion expense has declined year over year as a result of less transaction costs to affect the new financing. Accretion expense included in interest expense for the three months ended September 30, 2010 was $44,358 versus $567,059 for the same period in 2009.

Depreciation and amortization for the third quarter of 2010 was $3.2 million (Q3 2009 - $2.8 million), up $0.4 million or 14% from the prior period as a result of an increase of 18% in the utilization in the Well Servicing segment and, therefore, an increase in depreciation and amortization being incurred in this segment.

Net loss for the third quarter of 2010 was $(0.9) million (Q3 2009 – $(5.2) million); an improvement of $4.3 million or 83% from the prior period. The decrease in net loss is a direct result of $6.1 million or 60% increase in revenue in the third quarter of 2010 compared to the prior period due to an increase in well servicing activity levels and improved operating margins.

Summary of Quarterly Data

$ thousands, except per share amounts and equipment fleet	2010			2009				2008
THREE MONTHS ENDING	September 30	June 30	March 31	December 31	September 30	June 30	March 31	December 31
Revenue	$ 16,413	$ 9,254	$ 20,122	$ 13,664	$ 10,259	$ 6,397	$ 19,037	$ 18,447
EBITDAS [1]	3,263	332	3,827	1,313	(383)	(1,489)	2,992	3,079
Net loss	(905)	(3,492)	(779)	(3,814)	(5,235)	(5,228)	(1,240)	(1,939)
Net loss per share: Basic and diluted	(0.01)	(0.02)	(0.00)	(0.06)	(0.19)	(0.18)	(0.05)	(0.07)
Total assets	128,433	126,369	137,192	134,481	133,999	135,998	146,412	144,194
Total long-term debt	29,684	29,697	31,925	31,730	59,182	58,647	58,227	55,419
Shareholders' equity	92,440	92,983	96,253	96,774	67,921	72,896	77,865	78,879
Equipment fleet								
Service rigs	46	46	46	46	46	44	44	41
Coil tubing	8	8	8	8	8	8	8	8
Snubbing	8	8	8	8	8	8	8	8
Nitrogen tankers and pumpers	14	14	14	14	14	14	14	14
Pressure testing	12	12	12	12	12	12	12	12

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

Revenue for the third quarter of 2010 was $16.4 million; an increase of $6.1 million from the third quarter of 2009 and an increase of $7.1 million from the second quarter of 2010. Revenues throughout 2009 were lower as a result of the economic downturn that began late in 2008. 2010 has seen 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 large equipment.

EBITDAS has increased year over year and from the second quarter. 2010 has seen an improvement in EBITDAS from negative amounts through all but two quarters of 2009 to a return to positive EBITDAS for all quarters to date for 2010. This is directly a result of increased revenue and activity sufficient to absorb facility and other fixed costs of the Company as well as cost control measures that were implemented throughout the economic downturn.

Net loss is declining as activity increases and with the lower interest costs being incurred by the Company as result of the refinancing completed in April 20, 2010. 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 are achievable. In addition, the rights offering that closed in December of 2009 reduced the debt outstanding by 50%, thereby significantly reducing the corresponding interest.

Total Assets has 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 Liabilities increased throughout the fourth quarter of 2008 and the first three quarters of 2009 as the Company drew on the full amount available under the term debt to complete a capital build program initiated in 2008. The rights offering closed in the fourth quarter of 2009 reduced the debt outstanding by 50% and increased equity. Since the close of the rights offering Total Liabilities has changed little as no principal repayments are required on the refinanced debt until April of 2011.

Shareholders' Equity increased by $28.9 million from the third to fourth quarter of 2009 mainly as a result of the rights offering, partially offset by stock based compensation and the loss for the period. Shareholders' equity has changed little since the rights offering other than declines as a result of losses and increased stock based compensation. Stock based compensation has increased as a result of a net increase in options of 6,598,084 all of which were issued at $0.25.

The Company's fleet of equipment has changed little since the completion of the capital build program in the third quarter of 2009.

Financial Resources and Liquidity

	2010			2009				2008
$ thousands, except ratios	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31
Current assets	16,358	11,518	19,521	13,689	11,433	10,373	19,742	21,622
Current liabilities (excluding debt)	6,308	3,689	9,014	5,977	6,896	4,454	9,995	9,384
Working capital (excluding debt) [1]	10,050	7,829	10,507	7,712	4,537	5,919	9,747	12,238
Working capital (excluding debt) ratio	2.6:1	3.1:1	2.2:1	2.3:1	1.6:1	2.3:1	2.0:1	2.3:1
Long-term debt	29,684	29,697	31,925	31,730	59,182	58,647	58,227	55,419
Shareholders' equity	92,440	92,983	96,253	96,774	67,921	72,897	77,865	78,879
Debt to equity	0.32	0.32	0.33	0.33	0.87	0.80	0.75	0.70

1. 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 by GAAP and may not be comparable to similar measures provided by other companies. See "Reconciliation of Non-GAAP Measures".

Working capital (excluding debt) on September 30, 2010 was $10.0 million (December 31, 2009 - $7.7. million). The working capital (excluding debt) ratio of 2.6:1 (December 31, 2009 – 2.3:1) indicates that the Company remains in a strong liquidity position.

Long-term Debt on September 30, 2010 was $29.7 million (December 31, 2009 - $31.7 million). The Company has an operating facility to a maximum of $10.0 million at an interest rate ranging from prime plus 1.25% to 2.0% with a general security agreement against accounts receivable and a second charge over all other assets. At September 30, 2010, $1.6 million was drawn on this operating facility resulting in additional availability of $5.1 million. 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 $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 and an assignment of insurance. Deficiencies, if any, in the working capital, ongoing operations and capital expenditures, will be managed by existing funds from operations and the availability of the operating facility and proposed future financings.

Shareholders' equity on September 30, 2010 was $92.4 million (December 31, 2009 - $96.8 million), a decrease of $4.3 million from December 31, 2009. As of September 30, 2010 and November 23, 2010, the Company had 158,739,363 common shares outstanding. During the nine months ended September 30, 2010, the Company redeemed the following common shares:

- On June 28, 2010, 444,701 common shares were cancelled as consideration for a shareholder loan.

The Company has 8,522,209 stock options outstanding as at September 30, 2010 and November 23, 2010. During the nine months ended September 30, 2010, the Company issued the following stock options:

- On April 29, 2010, an aggregate of 5,466,000 stock options were issued to employees, officers and directors;
- On June 18, 2010, an aggregate of 250,000 stock options were issued to key employees and directors of the Company;
- On July 20, 2010, an aggregate of 1,500,000 options were issued to directors of the Company;
- On September 3, 2010, an aggregate of 30,000 options were issued to management; and
- On October 7, 2010, an aggregate of 100,000 options were issued to management.
- To date, an aggregate of 747,916 stock options have expired as a result of departing employees and directors

Debt to equity was 0.3:1 as at September 30, 2010 compared to 0.3:1 as at December 31, 2009 indicating the Company remains conservative in its use of leverage.

Funds from Operations

$ thousands	THREE MONTHS ENDED SEPTEMBER 30, 2010	THREE MONTHS ENDED SEPTEMBER 30, 2009	NINE MONTHS ENDED SEPTEMBER 30, 2010	NINE MONTHS ENDED SEPTEMBER 30, 2009
Cash flows from operating activities	$ (1,097)	$ (1,473)	$ 3,055	$ 1,442
Add: Change in non-cash working capital	3,726	(93)	2,048	(3,178)
Funds from (used in) operations [1]	2,629	(1,566)	5,103	(1,736)
Capital expenditures	(377)	(5,017)	(638)	(13,402)

1. 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. See "Reconciliation of Non-GAAP Measures".

Funds from (used in) operations for the third quarter of 2010 were $2.6 million (Q3 2009 - $(1.5) million, up $4.1 million from the prior period. For the nine month period, the Company generated $5.1 million in funds from operations, compared to ($1.7) million used in operations in 2009, an increase of $6.8 million. No principal payments on long-term debt were required during the quarter.

Capital expenditures for the third quarter of 2010 were $0.4 million; $0.2 million of which relate to improvements to the service rig fleet; $0.1 million in improvements to the snubbing fleet and $0.1 million in improvements to the computer hardware and software utilized by the Company.

Commitments and Contingencies

Beginning in April 2011, the Company is committed to monthly principal payments of $500,000 in relation to the long-term debt.

On August 28, 2010 the Company was charged with five counts under the Occupational Health and Safety Act relating to an incident from 2008. The Company has not recorded a liability for this contingency since the likelihood and amount of any potential loss cannot be reasonably estimated.

Critical Accounting Estimates

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

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

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

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

Stock Based Compensation:
Stock based compensation expense associated with the stock-option rights granted to directors and employees is calculated based on assumptions using the Black-Scholes option pricing model to produce an estimate of

compensation. This estimate may vary due to changes in the Black-Scholes variables, which include the risk free rate of return, the share price volatility and the rates of forfeiture.

Risk Management

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

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

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

In 2008 management anticipated that the economic downturn would continue throughout most of 2009, resulting in an increased credit risk as companies struggled to meet obligations as access to capital markets and debt financing became increasingly difficult. To mitigate this risk, management focused their marketing efforts with larger companies that had stronger balance sheets and positive cash flows. Analysis of the top ten customers for the nine months ended September 30, 2010, shows that eight of the top ten indeed were larger producers who paid reliably throughout the year. The Company has provided for approximately 55% of its accounts receivable in excess of 90 days and is confident at this time the remaining amounts not provided for will be collected and the provision is an accurate assessment of the credit risk exposure to the Company

Liquidity Risk:
Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The credit facilities available as at September 30, 2010, consisted of term facilities totaling $30.0 million and an operating line margined for accounts receivable to a maximum of 10.0 million. The term debt is for three years with the first year requiring payments of interest only, the second year requiring monthly principal payments of $500,000 per month plus interest and the third year requiring monthly principal payments of $750,000 per month plus interest. The term debt is subject to interest at a fixed rate of 8.045% for the term.

The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner which could in turn impact the Company's long-term ability to meet commitments under the new facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at September 30, 2010, the balance of trade accounts receivable in excess of 90 days was $836,683, representing approximately 9% of the trade accounts receivable balance, of this amount $456,233 has been provided for as an allowance for bad debts. A structure is maintained that focuses on growth of the Company while ensuring viability for stakeholders. Finally, in an effort to combat the seasonality of the oilfield business and reduce long-term liquidity risk exposure, the Company regularly reviews its cash availability and whenever the conditions permit, the excess cash is applied to the debt outstanding.

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

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

Interest Rate Risk:
The Company is exposed to sudden increases in interest rate changes as the operating facility entered into by the Company subsequent to year end is variable based on prime lending rates. Prior to the Company securing a new operating facility and term debt facility, all debt was subject to variable interest rates. Although this did benefit the Company throughout 2008 and 2009, there was a risk that prime rate could increase over time. The term facility the Company secured on April 20, 2010, is fixed for three years at 8.045%. As a result, the Company has minimized its exposure to interest rate risk for the next three years on this debt. The operating line secured by the Company is at a variable rate based on prime. The Company remains exposed to interest rate risk on the operating line. For the three and nine months ended September 30, 2010, a one percent change in the prime lending rate would have impacted net income by $3,694 and $85,535 respectively.

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

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

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

Changes in Accounting Policies

CWC will be required to report its results in accordance with IFRS beginning with the three month period ending March 31, 2011. The Company continues to be on schedule with the IFRS transition activities, and expects that the adoption of IFRS in 2011 will not have a significant impact or influence on the Company's business, operations or strategies.

The Company continues to monitor any new or amended IFRSs issued by the International Accounting Standards Board that could affect the choices of accounting policies.

CWC is currently preparing its IFRS opening balance sheet and considering the specific optional exemptions within IFRS 1, "First-time Adoption of International Financial Reporting Standards". In terms of education and financial reporting expertise, the transition plan incorporates the tasks that are necessary to establish IFRS knowledge at all levels of the Company's business. CWC has been working with key finance and operational staff since 2009, and will continue to do so throughout 2010 and 2011. The IFRS education activities will include an IFRS awareness session with CWC's Board and/or Audit Committee in 2010, which included the timeline for implementation, the implications of IFRS standards to the business and an overview of the potential impact to the financial statements. Management will continue to provide updates to the Audit Committee each quarter throughout 2010 and 2011.

During 2009, the Company evaluated the effects of IFRS on its treatment of revenues, operating expenses, current assets and current liabilities and determined that no material changes would result from the transition from Canadian GAAP to IFRS in these areas. Currently, the Company continues to work alongside the engineering department on the componentization of the equipment and currently has several key assets within the Company's fleet completed with no financial adjustment required to date in this area. The Company is also working to restate its stock based

compensation calculation to account for the changes under IFRS. Because the Company's stock plan vests equally over three years, each vesting period must be treated as a separate tranche under IFRS. This change along with the requirement to estimate forfeiture will result in a financial statement impact on adjustment though the Company has not yet quantified the amount. The Company also has vehicle leases that were reported under Canadian GAAP as operating leases that are currently being assessed to determine if they will require reclassification as Capital leases under IFRS. Beyond the areas mentioned above, the Company does not anticipate any further significant adjustments to be required on transition. The Company is also focusing a significant portion of the plan on effects of the changes to impairment testing and evaluating the effect this will have on results.

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

Reconciliation of Non-GAAP Measures

$ thousands	THREE MONTHS ENDED SEPTEMBER 30, 2010	2009	NINE MONTHS ENDED SEPTEMBER 30, 2010	2009
NON-GAAP MEASURES				
[1] EBITDAS:				
Net loss before taxes	(905)	(5,235)	(5,177)	(12,215)
Add:				
Depreciation and amortization	3,150	2,753	9,214	8,025
Interest	655	1,839	2,431	4,537
Stock based compensation	363	260	954	774
EBITDAS	3,263	(383)	7,422	1,121
[2] Funds from (used in) operations:				
Cash flows from (used in) operating activities	(1,097)	(1,473)	3,055	1,442
Less:				
Change in non-cash working capital	(3,726)	93	(2,048)	3,178
Funds flow from (used in) operations:	2,629	(1,566)	5,103	(1,736)
[3] Gross margin:				
Revenue	16,413	10,259	45,789	35,693
Less:				
Operating expenses	10,229	7,451	29,717	25,361
Gross margin	6,184	2,808	16,072	10,332

	September 30, 2010	December 31, 2009
[4] Working capital (excluding debt):		
Current Assets	16,358	13,689
Less: Current Liabilities	9,308	7,683
Add: Current portion of long-term debt	3,000	1,705
Working capital (excluding debt)	10,050	7,711

Outlook

Despite the wet weather conditions prevailing in the third quarter of 2010, CWC experienced an increase in oil-related activities and utilization and anticipates that such activity levels will continue into the fourth quarter of 2010 and in to 2011. Petroleum Services Association of Canada ("PSAC") is forecasting an 8% increase in drilling activity to 12,250 wells in 2011and that oil prices will remain at levels necessary to encourage drilling in areas such as Saskatchewan and northeast Alberta. Conversely, PSAC anticipates that gas prices will remain relatively low and without improvement through 2011, leading to a projected 11% drop in the conventional shallow gas drilling area of southeast Alberta. CWC is presently dedicating 90% of its Well Servicing fleet to oil-related activities and 10% to natural gas, enabling it to capitalize on a continuing strong oil price. As an example, the Company's recent expansion and relocation of service rigs to its facilities in Grande Prairie, Alberta to service the Peace River Arch and the emerging Pekisko play at Judy Creek as well as Weyburn, Saskatchewan to service the Bakken play, is expected to continue through the end of 2010 and into 2011. The Company is also well positioned to benefit from the 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.

In early October and November 2010, the Company accepted the resignation of its President and Chief Executive Officer and of its Vice President, Finance and Chief Financial Officer and appointed Mr. Duncan Au, a member of CWC's Board of Directors, as interim President and Chief Executive Officer. Mr. Au has extensive experience in the energy services sector and has been instrumental in formulating strategies for cost reduction and business rationalization since joining the Company's Board of Directors in July 2010.

CWC is well positioned to capitalize on improved oil-related activities in the WCSB, with a strong balance sheet, working capital (excluding debt) of 2.6:1 and no significant maturities under its bank credit facility until April 2013.

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 Governance Committee

Corporate Secretary

James L. Kidd
Burnet, Duckworth & Palmer LLP

Auditors

KPMG LLP

Bankers

ATB Financial

Legal Counsel

Burnet, Duckworth & Palmer LLP

Transfer Agent

Olympia Trust Company

Management

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

Rick Dawson
Vice President, Business Development

Darwin McIntyre
General Manager, Operations

Karen Dilon, CA
Controller, External Reporting

Stock Exchange Listing

TSX Venture: CWC

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