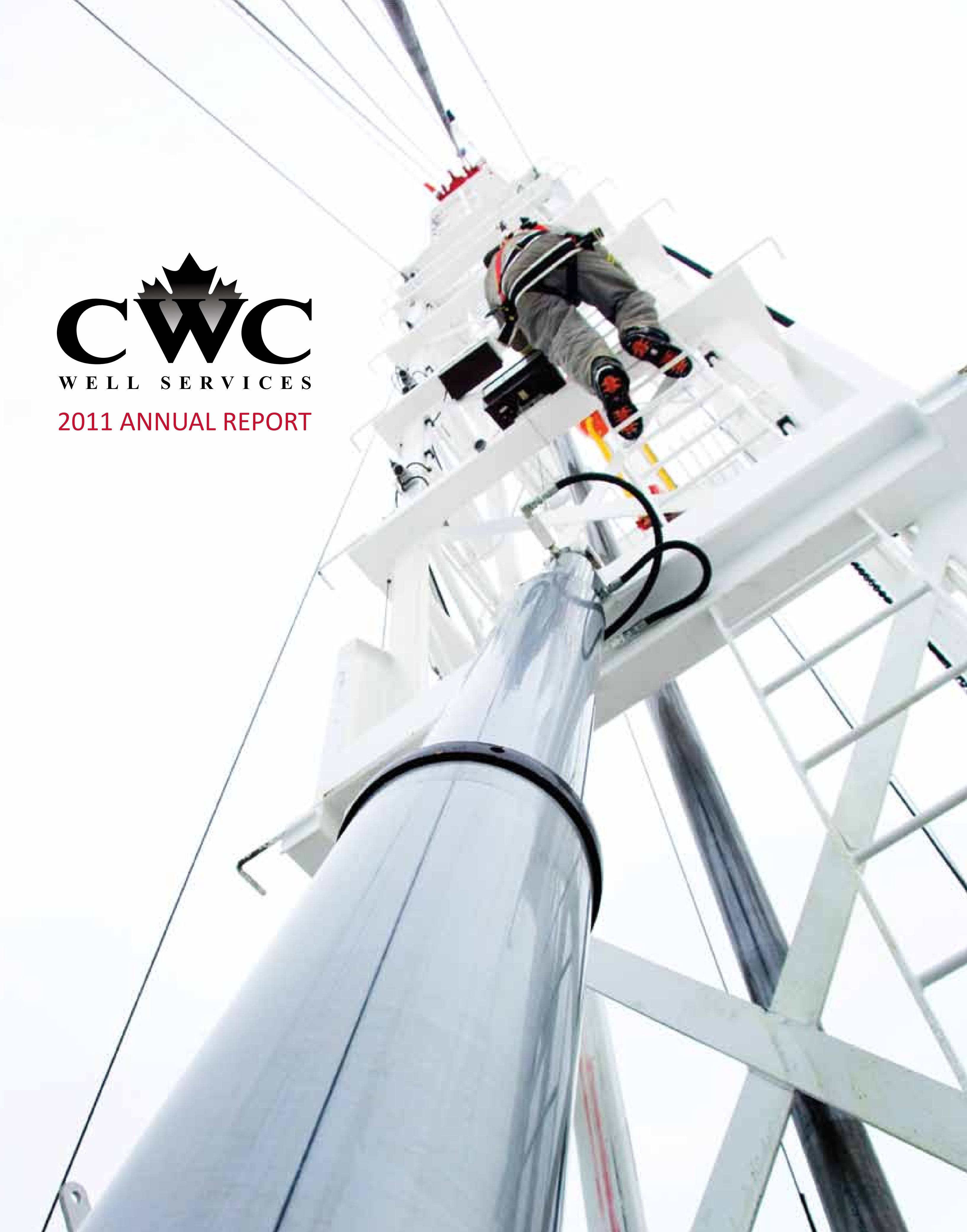
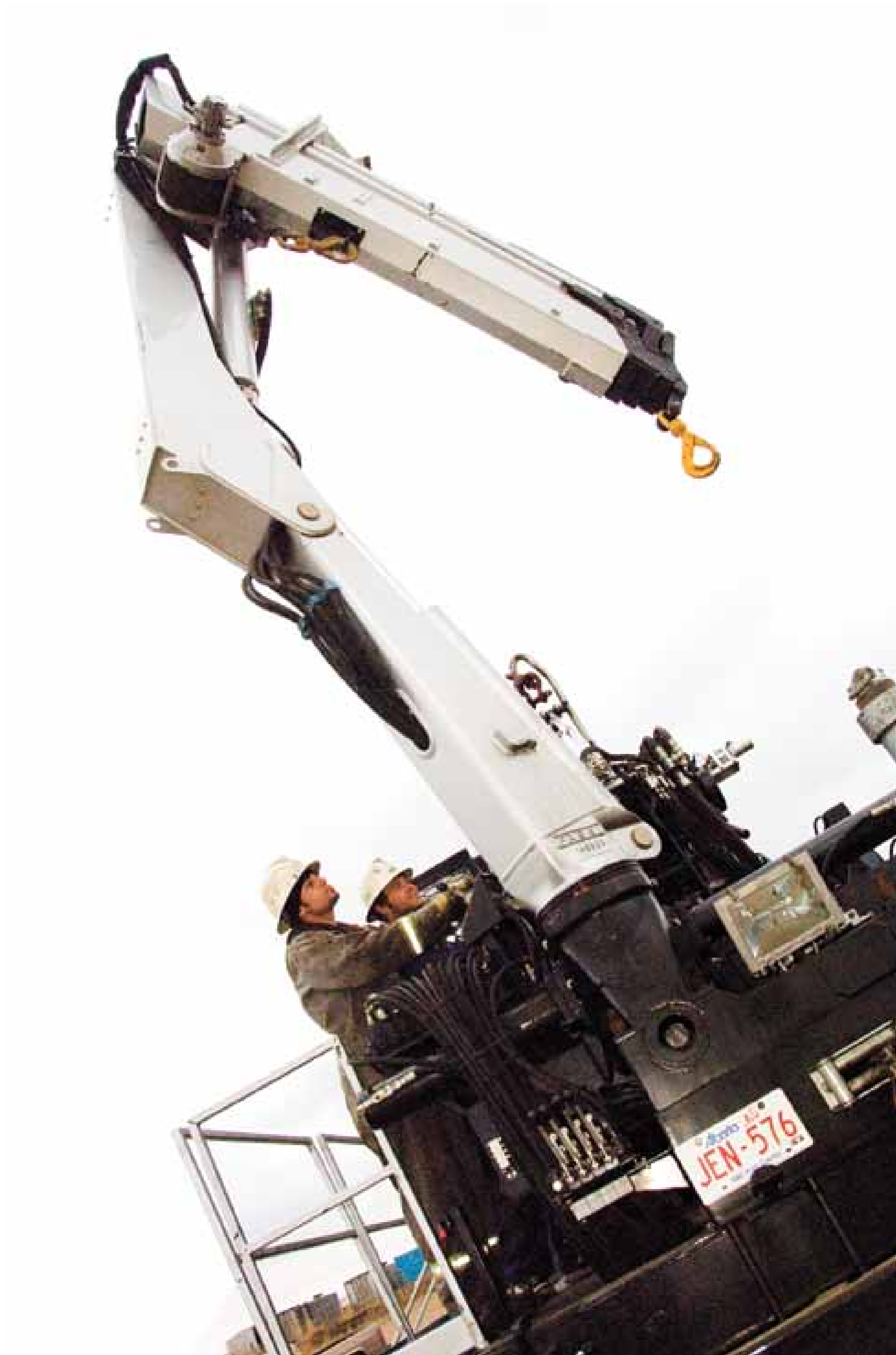
CWC
WELL SERVICES

2011 ANNUAL REPORT



Contents



President's Message

Dear Fellow Shareholders,

I am very excited to be able to share with you CWC Well Services Corp.'s ("CWC") 2011 Annual Report. In a word "WOW"! Amazing what an experienced, execution-focused management team can do to create shareholder value for a company. I said in the President's Message last year that we are and will continue to make it right and WE DID!

2011 in Review

In the seven year history since CWC was founded, 2011 was a record year for revenue ($109.5 million; 59% increase from 2010) and for earnings before interest, taxes, depreciation amortization and stock based compensation ("EBITDAS") ($28.5 million; 119% increase from 2010). I am pleased to say that these stellar financial results translated into the first profitable year since CWC's existence generating net income of $12.7 million (557% increase from 2010). CWC is finally living up to the potential that we, as shareholders, all know is here.

At the Annual General Meeting in June 2011, you and your fellow shareholders voted in favour of changing the name of the Company to CWC Well Services Corp. This name is more appropriate and reflective of our Company as we operate in all regions of the Western Canadian Sedimentary Basin ("WCSB") rather than just Central Alberta. Our customers have already adopted our new name and recognize our brand which has become synonymous with "Quality People Delivering Quality Service".

2011 saw significant volatility in oil prices rising at the beginning of the year from the low $90's to over $110 by the end of April 2011 as a result of the Japanese earthquake. From there we saw oil prices drop to the low $80's by the end of September 2011 as a result of the uncertainty over high debt levels in Greece and other European nations and the worries of a slowdown in growth in the United States. However, low $80's oil price was short lived as it rebounded back to $100 within two months and stayed at these levels by the end of the year. Throughout this volatility in oil prices and the capital markets, our oil-oriented exploration and production customers did not miss a beat. They continued to use new technologies, horizontal drilling and multi-stage fracturing, in our WCSB in search for oil and liquids-rich natural gas and CWC was one of the beneficiaries of this robust activity.

So what did we do in 2011 to make CWC profitable? In January 2011, I put in place a new senior management team that brought a wealth of execution experience to the company. We started Q1 2011 right by having one of the industry's highest service rig utilization rates at 72%. In Q2 2011, we obtained new debt facilities consisting of a three year, $29 million non-revolving credit facility and a $40 million revolving credit facility. These credit facilities, along with $10 million of cash on CWC's balance sheet, were used to acquire 22 service rigs from Trinidad Well Servicing ("TWS") for $38 million in June 2011. The acquisition of these 22 service rigs brought CWC's active service rig count to 63 making CWC the sixth largest service rig company operating in the WCSB. In Q2 2011, we experienced one of the longest and rainiest spring break up's in decades resulting in the inability to move our heavy equipment into the oilfields. In fact, many wellheads in SE Saskatchewan were under pools of water – an extraordinary sight to see. Your senior management team managed through this period of low activity by eliminating or reducing any unnecessary costs resulting in 8% less of a net loss in Q2 2011 than in Q2 2010. Q3 2011 saw the integration of the TWS rigs into CWC, which resulted in quarterly financial results that hit a new record and continued to hit another new record in Q4 2011. In December 2011, we made progress in divesting ourselves of some of our non-core Other Oilfield Service assets through the sale of the nitrogen division for gross proceeds of $7.6 million. As I stated in my President's Message to you last year, we need to remain focused on what we do well and to draw upon those strengths to be the best-in-class well servicing company. We must try not to spread ourselves too thin by providing other services to our exploration and production customers at the expense of our core business. In this regard, CWC was successful in growing our Well Servicing division and to rationalize some of our non-core Other Oilfield Service assets for a nice gain on sale. By moving towards a focused Well Servicing business model, CWC believes there will be a greater probability of success in creating shareholder value. If the 136% increase in CWC's share price in 2011 is any indication, investors agreed with this vision. So much so that in February 2012, the TSX Venture Exchange announced that CWC made its list of the 2012 TSX Venture Top 50 companies placing fifth in the Diversified Industries category out of approximately 2,250 TSX Venture Exchange listed companies. The TSX Venture Exchange recognized CWC for its strong performance in the areas of market capitalization growth, share price appreciation, trading volume and analyst coverage. All-in-all a remarkable achievement in 2011!

What's in Store for 2012?

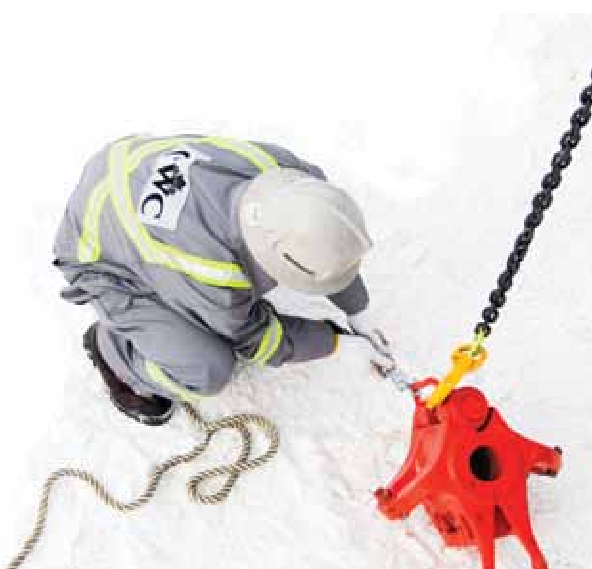
The first two months of 2012 continue the trend of higher oil prices due to concerns about a shortage in global supply of oil should sanctions on Iran's nuclear program escalate. The trend for dry natural gas prices continue lower as a warm winter in North America has resulted in oversupply of natural gas in storage. While we are now seeing dry natural gas producers shut-in production, the oversupply problem is largely a function of the United States as opposed to Canada. In Canada, according to the Petroleum Services Association of Canada ("PSAC"), 80% of the approximately 200,000 producing wells in Canada in 2011 are oil wells. For 2012, PSAC is forecasting that 87% of the producing wells will be oil wells. For an oilfield services company such as CWC that has the bulk of its assets invested in service rigs in Canada, a focus on oil wells in the WCSB is good news because an oil well is a lot more maintenance and service intensive than a dry natural gas well. A service rig could potentially go back and do workovers on the same oil well an average of seven or eight times in its life before the well is abandoned compared to a dry natural gas well where a service rig would be used once or twice before the natural gas well is abandoned.

As I write this message in late March 2012, CWC is projected to have very robust financial results for Q1 2012 as we build on the positive momentum within the industry. PSAC forecasts that 13,350 wells will be drilled in 2012, an increase of 3.4% over the 12,917 wells drilled in 2011. CWC should benefit from this well count increase resulting in greater utilization of our Well Servicing and Other Oilfield Services equipment translating into greater cash flow from operations. As a result of the higher expected cash flows in 2012, the Board of Directors have approved an annual dividend of $0.065 per share payable quarterly to shareholders of record beginning on June 29, 2012. Based on analyst consensus of CWC's forecasted 2012 Funds from Operations of $35.5 million, a $0.065 annual dividend would result in a conservative payout ratio of approximately 28% suggesting that the dividend is sustainable.

I would like to express my sincere thanks to the employees of CWC for their ongoing support, hard work and dedication. Without each of your valuable contributions, we would not be able to provide the level of service that our exploration and production customers demand and deserve. And to our customers, thank you for your ongoing business and the excellent relationships that we have built up with you over the years. We look forward to achieving our economic success together. In closing, I would also like to express my gratitude to the Board of Directors for their guidance and wisdom. And to all of my fellow shareholders who continue to believe and support us, we are happy we can provide you with a return on our investment through the implementation of a quarterly dividend. Here is looking forward to greater accomplishments in 2012.

Sincerely and submitted on behalf of the Board of Directors,

Duncan T. Au
President & CEO
March 20, 2012



Management's Discussion and Analysis ("MD&A")

The following Management's Discussion and Analysis ("MD&A") of CWC Well Services Corp. ("CWC") or the "Company") was prepared and is dated, as of February 29, 2012 and is provided to assist readers in understanding CWC's financial performance for the three and twelve months ended December 31, 2011 and significant trends that may affect future performance of the Company. This MD&A should be read in conjunction with CWC's annual audited financial statements for the year ended December 31, 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information on the Company, including the 2011 Annual Information Form ("AIF"), can be found on the Company's website at www.cwcwellservices.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 oil and natural gas prices, activity levels in various areas, continuing focus on cost saving measures plans, 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.

Corporate Overview

CWC is a premier well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") providing a complementary suite of oilfield services including service rigs, coil tubing, snubbing, 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, Red Deer, Provost, Lloydminster 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 Year Ended December 31, 2011

- Revenue in 2011 totaled $109.5 million, a $40.6 million increase (or 59%) over the prior year;
- EBITDAS totaled $28.5 million (26% of revenue) in 2011, a $15.5 million increase (or 119%) over the prior year. The increase reflects the growth of the well servicing segment where the service rig count increased to 63 service rigs from 41 service rigs in the prior year;
- Net income increased by $15.5 million (or 554%) to $12.7 million ($0.08 per share) in 2011 as compared to a net loss of ($2.8) million ($0.02 loss per share) in the prior year;
- On June 15, 2011, CWC acquired 22 service rigs and related equipment for cash consideration of $38 million (average of $1.7 million per rig). The acquisition increased CWC's service rig fleet by 54% making CWC the 6th largest service rig provider in the WCSB;
- Secured new credit facilities of $69 million consisting of a non-extendible committed revolving facility of $40 million and $29 million non-extendable committed non-revolving facility with a term maturity date of April 30, 2014. The new credit facility was used in part to finance the acquisition of the service rigs noted above, utilizing $28 million of the new revolving credit facility and $10 million of cash on hand;
- On December 9, 2011 CWC completed the sale of its nitrogen assets for gross proceeds of $7.6 million in cash, which were used to reduce CWC's bank indebtedness. The transaction resulted in a gain of $1.4 million.
- TSX Venture Exchange recently announced that CWC made its list of 2012 TSX Venture Top 50 Companies placing fifth in the Diversified Industries category. Out of approximately 2,250 TSX Venture Exchange listed companies, CWC was recognized for its strong performance in areas of market capitalization growth, share price appreciation, trading volume and analyst coverage.

Financial Highlights

$ thousands, except per share amounts, margins and ratios	YEAR ENDED 2011	2010	2009 (Previous CGAAP)
FINANCIAL RESULTS			
Revenue			
Well servicing	$ 89,025	$ 53,104	$ 35,610
Other oilfield services	20,477	15,754	13,747
	109,502	68,858	49,357
EBITDAS [1]	28,481	12,994	2,465
EBITDAS margin (%) [1]	26%	19%	5%
Funds from operations [2]	28,476	12,973	(1,726)
Net income (loss)	12,690	(2,774)	(15,516)
Net income (loss) margin (%)	12%	-4%	-31%
Per share information			
Weighted average number of shares outstanding - basic	157,021	158,959	35,871
Weighted average number of shares outstanding - diluted	159,422	158,959	35,871
EBITDAS [1] per share - basic and diluted	0.18	0.08	0.07
Funds from operations per share - basic and diluted	0.18	0.08	(0.05)
Net income (loss) per share - basic basic and diluted	0.08	(0.02)	(0.43)

	2011	2010	2009 (Previous CGAAP)
FINANCIAL POSITION AND LIQUIDITY			
Working capital (excluding debt) [3]	22,414	15,790	7,711
Working capital (excluding debt) ratio	3.4:1	3.2:1	2.3:1
Total assets	159,774	127,098	134,481
Total long-term debt	47,941	29,860	31,729
Shareholders' equity	102,624	89,986	96,774

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

Operating Highlights

OPERATING HIGHLIGHTS	2011 Quarter 4	2011 Quarter 3	2011 Quarter 2	2011 Quarter 1	2010 Quarter 4	2010 Quarter 3	2010 Quarter 2	2010 Quarter 1
WELL SERVICING								
Service Rigs								
Number of service rigs, end of period	63	63	63	41	41	41	41	41
Hours worked	34,047	33,595	15,333	26,630	22,613	17,583	9,931	19,987
Utilization %	59%	58%	38%	72%	60%	47%	27%	54%
Coil Tubing Units								
Number of units, end of period [1]	8	8	8	8	8	8	8	8
Hours worked	2,404	1,448	567	2,960	1,720	1,619	809	3,238
Utilization %	37%	26%	10%	55%	23%	22%	11%	45%
OTHER OILFIELD SERVICES								
Snubbing Units								
Number of units, end of period [2]	8	8	8	8	8	8	8	8
Hours worked	2,421	1,692	293	1,950	2,040	1,534	848	1,800
Utilization %	36%	6%	37%	53%	32%	24%	13%	25%
Well Testing Units								
Number of units, end of period	12	12	12	12	12	12	12	12
Number of tickets billed	429	421	178	467	457	320	187	269

Notes 1 – For the purposes of calculating utilization 2 units were omitted from the calculation from Q1 to Q3 2011 and one unit was omitted from the calculation for the fourth quarter of 2011 as they were undergoing retrofit to be converted to Class III 2" coil;

2 – For the purposes of calculating utilization units requiring recertification before being available for use and units undergoing conversion from 3,000 psi to 5,000 psi were omitted from the calculation. For the first three quarters of 2011 this resulted in two units being omitted; for the fourth quarter this resulted in 3 units being omitted from the calculation

In 2011, CWC reported record revenue, EBITDAS and net earnings. Higher overall activity levels and improved pricing has led to year-over-year improvements, particularly on our service rigs. CWC was able to effectively staff its service rigs with experienced crews during the heightened activity in 2011 and expects to be able to continue to fully crew its service rigs throughout the winter season and throughout 2012. Higher activity levels and improved pricing in all of our service lines have led to the period-over-period improvements. CWC continues to see strong demand for services and equipment provided by our various service lines. Oil-related work, which is more maintenance and service oriented, is where the vast majority of the service rig hours was achieved in 2011 and is expected to continue in 2012. Our customers are indicating higher demand and confidence in the long-term sustainability of oil prices which is likely to lead to continued strong activity levels in 2012.

Well Servicing

CWC is the 6th largest service rig provider in the WCSB, operating a modern fleet of 63 service rigs and 8 coil tubing units. Rig services include completions, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Our service rig fleet, with its leading edge technology, continue to stand out in an industry characterized by ageing equipment and infrastructure. During Q2 2011, CWC acquired 22 service rigs from Trinidad Well Servicing ("TWS") increasing CWC's market share in service rigs and increasing the fleet size by 54%. In 2012, the Company will complete the construction of a third slant service rig that was started during 2011 and is expected to be deployed to the field before the end of Q1 2012. We are also constructing a new double service rig estimated to be ready for use in the second quarter of 2012. CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres and are well positioned for the changing demand of our customers for deeper depth capabilities. CWC converted one coil tubing unit to a Class III, 2 inch unit capable of depths of 4,000 meters and was deployed in the field in October 2011, a second unit is scheduled to be deployed to the field before the end of the first quarter of 2012 and a third unit, committed to in the 2012 capital budget, is scheduled to be available late in the fourth quarter of 2012.

Well Servicing division revenue increased by 68% to $89.0 million from $53.1 million for the year ended December 31, 2010. Of the $35.9 million year over year increase, $16.2 million or 45%, was due to the increased fleet from the TWS acquisition; the remaining increase of $19.7 million or 55% was overall increased service rig hours along with an improvement in average hourly rates of approximately 9% in 2011 as compared to 2010. Given increased demand for industry services and higher operating costs, particularly for labour and fuel, rate increases were implemented in Q4 2011 in an effort to maintain margins and remain competitive in attracting quality personnel.

Total service rig hours increased 56% year over year. The increase is primarily attributable to the acquisition of TWS, accounting for over half of the increased hours with the remainder representing increased activity compared to the prior year. Utilization of our well service equipment continues to rise from the lows experienced in 2009 driven by increased spending on exploration and development as a result of higher oil prices.

During 2011, $41.8 million was invested in the assets of the Well Servicing segment. The vast majority was due to $38 million for the purchase of 22 service rigs and related support equipment from TWS in the second quarter, $2.0 million for a new slant service rig to be deployed in the first quarter of 2012 and $1.7 million on the conversion of one coil unit from a Class II to a Class III 2" coil unit. The Class III 2" intermediate depth coil units service the deeper basin wells that are continuing to become more common. In 2012 the Company has committed to building an additional Class III 2" coil unit, further expanding our capabilities in this area.

<u>Other Oilfield Services</u>

CWC's Other Oilfield Services division provides a variety of services for the completion and production phases of oil and natural gas wells from its 8 snubbing units and 12 well testing units. The Other Oilfield Services division revenue increased by 30% to $20.5 million in 2011 from $15.8 million in 2010. The increase in 2011 has been positively impacted by improved overall utilization in all of the services lines as well as price improvements.

In the third quarter of 2011, the Company committed to investing $0.7 million into the snubbing fleet to convert two of the units from 3,000 psi to 5,000 psi to reflect the greater demand for 5,000 psi units and added e-gress safety systems that exceed minimum safety requirements in the industry. In 2012, the Company has committed an additional $0.2 million in maintenance capital expenditures to further maintain and improve the assets in this operating division.

On December 9, 2011, CWC closed the sale of the nitrogen pumpers and tankers for gross proceeds of $7.6million. During 2011, the Nitrogen assets contributed $7.0 million (2010: $5.6 million) in revenues and $1.8 million (2010: $0.3 million) in net income before taxes. The sale of the nitrogen assets is consistent with the Company's stated objectives of focusing growth on its core well servicing business of service rigs and coil tubing.

Discussion of Financial Results

$ thousands, except margins	YEAR ENDED 2011	2010	2009 (Previous CGAAP)
Revenue			
Well servicing	$ 89,025	$ 53,104	$ 35,610
Other oilfield services	20,477	15,754	13,747
	109,502	68,858	49,357
Operating expenses			
Well servicing	55,106	33,321	24,590
Other oilfield services	12,563	10,247	10,532
	67,669	43,568	35,122
Gross margin [1]	41,833	25,290	14,235
Gross margin % [1]	38%	37%	29%
Selling and administrative expenses	13,352	12,296	11,770
EBITDAS [2]	28,481	12,994	2,465
EBITDAS margin (%) [2]	26%	19%	5%
Stock based compensation	801	501	1,033
Finance costs	3,514	3,089	6,419
Depreciation	13,871	12,006	11,010
(Gain) loss on sale of equipment	(1,346)	222	22
Unrealized loss (gain) on marketable securities	23	(50)	9
Net income (loss) before taxes	11,618	(2,774)	(16,028)
Deferred income tax recovery	1,072	-	512
Net income (loss)	12,690	(2,774)	(15,516)

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

Revenue

Total revenues for the year ended December 31, 2011, as compared to 2010 have increased 59% reflecting the general recovery in the oil and gas sector and increased demand for CWC's equipment and services. In addition, 2011 included the benefit of 22 additional service rigs acquired from TWS on June 15, 2011 and contributed $16.2 million in revenues on a year-to-date basis to the Well Servicing segment.

CWC continues to improve 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. In 2011, over 65% of our revenues were derived from large or intermediate E&P companies. The Company also focuses on customers with higher exposure to oil and liquids-rich natural gas opportunities instead of dry natural gas plays given the strong pricing for oil and liquids compared to that of dry natural gas.

Gross Margin and Direct Operating Expenses

Gross margin for the year ended December 31, 2011 improved by $16.5 million or 65% year over year. 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 revenue in the current period as compared to the prior period. The Company did experience higher costs in certain areas such as fuel, supplies and labour costs, which did affect gross margins. These were partially offset by pricing increases implemented in Q4 2010 and 2011.

Selling and Administrative Expenses ("S&A")

S&A for the year ended December 31, 2011 was $13.4 million (12% of revenue) compared to $12.3 million (18% of revenue) in 2010. On a percentage of revenue basis the amounts are showing a downward trend which is in large part a function of the fixed cost component of S&A that does not fluctuate in direct proportion to increased activity levels. The increase in S&A to $13.4 million from $12.3 million is attributable to higher variable compensation consistent with improving financial results as well as increased headcount for operational and support staff and computer system maintenance consistent with the growth of the Company in 2011. Management of CWC focused on cost reduction initiatives in late 2010 and into 2011 that will be permanent in nature and has scaled back substantially on discretionary spending. During the second and third quarters of 2011 additional non-recurring costs were incurred related to the acquisition of TWS. With the increased activity and changes instituted for various costs saving matters, we expect that S&A as a percentage of revenue going forward to continue to reduce on an annualized basis and be in line with industry peers.

EBITDAS

EBITDAS for 2011 was $28.5 million (26% of revenue) compared to $13.0 million (19% of revenue) in 2010, up $15.5 million or 119%. The service rigs acquired from TWS contributed $6.1 million to EBITDAS from June 16, 2011 to December 31, 2011. The addition of these 22 service rigs will continue to contribute significantly to revenue and EBITDAS during the winter season. In addition, 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 CWC's 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 will continue to provide the cash flow needed to grow our business through the purchase of new equipment or business acquisitions and reduce outstanding long-term debt.

Stock-based Compensation ("SBC")

SBC for the year ended December 31, 2011 was $0.8 million, an increase of 60% from 2010 as a result of higher average daily trading prices of the Company's stock and 2.1 million options that were granted in the year at a higher value than the existing options. The non-cash expense related to stock-based compensation plans is a result of the approximately 10.4 million options outstanding on December 31, 2011. During 2011, 2.1 million options were issued, 0.2 million were exercised and 1.0 million were forfeited.

Finance Costs

Interest expense for the year ended December 31, 2011 increased 13% to $3.5 million from $3.1 million in 2010. The majority of the increase is a result of the higher long term debt levels at the end of 2011 compared to the prior year period due to the $28 million increase in debt to acquire the TWS rigs offset in part by the reduced interest rates incurred on the new credit facility.

Depreciation

Depreciation has increased by 14% year over year; the increase is consistent with the increase in service rigs related to the TWS acquisition and the increased activity as service rigs are depreciated on a unit of production basis.

(Gain) Loss on Sale of Equipment

The majority of the gain on the sale of equipment is a result of the sale of the nitrogen assets. The assets were sold on December 9, 2011, for gross proceeds of $7.6 million, resulting in a net gain of $1.4 million after closing costs were deducted.

Income Taxes

Based on the income before taxes of $11.6 million for the year ended December 31, 2011 and an expected income tax rate of 26.5%, an income tax expense of $3.1 million would be expected. The Company had various non-cash and non-tax-deductible items included in the computation of net income, including stock-based compensation, and other items which increased the amounts, however, the Company had non capital losses available to reduce taxable income to zero and recognized a deferred tax asset of $1.1 million. 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 the next year depending on growth and profitability of the Company.

Net Income (Loss)

Net income for the year ended December 31, 2011 was $12.7 million compared to a loss of $2.8 million in 2010; an improvement of $15.5 million or 554%. The return to profitability is a direct result of the 59% increase in revenue in 2011 over 2010. Management remains focused on driving higher levels of profitability through a focused effort to grow revenues, capitalizing on its young and advanced equipment fleet and high quality labour force as well as cost rationalization initiatives.

Summary of Quarterly Data and Fourth Quarter Analysis

$ thousands, except per share amounts	2011				2010			
THREE MONTHS ENDING	December 31,	September 30,	June 30,	March 31,	December 31	September 30	June 30	March 31
Revenue	$ 35,988	$ 31,224	$ 12,987	$ 29,303	$ 23,069	$ 16,413	$ 9,254	$ 20,122
EBITDAS [1]	10,630	$ 8,142	1,270	8,439	5,611	3,277	255	3,851
Net earnings (loss)	8,187	3,174	(2,956)	4,285	1,460	(528)	(3,229)	(477)
Net earnings (loss) per share: Basic and diluted	0.05	0.02	(0.02)	0.03	0.01	(0.01)	(0.02)	(0.00)
Total assets	159,774	162,933	153,382	131,271	127,098	124,712	122,507	133,189
Total long-term debt	47,941	56,827	56,331	29,863	29,860	29,857	29,899	32,155
Shareholders' equity	102,624	94,389	91,178	94,002	89,986	88,546	88,918	92,019

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

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 brought on by higher oil prices. 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. The second quarter is always one of decreased revenue and earnings due to the weather and spring thaw conditions during this time not being conducive to permit the movement of heavy equipment. The third and fourth quarters have seen an increase back to normal seasonal levels coupled with the addition of the TWS acquisition resulting in substantially improved results.

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 unusually wet weather in Q2 2011 extended into the first two weeks of July negatively impacting the activity levels. 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 fourth quarter of 2011 was $36.0 million; an increase of $12.9 million from the fourth quarter of 2010 and an increase of $4.8 million from the third quarter of 2011. The increase from the third quarter of 2011 is expected due to the seasonality of the industry, resulting in Q4 and Q1 representing the peak periods for activity.

During the fourth quarter of 2011 CWC was able to further increase rates to its customers in response to the increased activity level. Overall, 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. The third quarter returns to normal higher seasonal levels and the fourth quarter represents the beginning of the period of peak activity that continues through Q1 of the following year.

EBITDAS

EBITDAS for the fourth quarter of 2011 increased year-over-year by 89% and increased by $2.5 million from the third quarter of 2011. In addition to the positive impact of the TWS acquisition, the year-over-year increase in EBITDAS is 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) Before Taxes

The higher activity in the fourth quarter resulted in net income of $8.2 million, mainly as a result of improved activity levels and the TWS acquisition related activity. The fourth quarter net income also includes the added depreciation expense on the TWS assets and the future income tax recovery of $1.1 million. Overall, management expects a continuation of the improvement in results over 2011 where CWC recorded positive earnings. Improvements are also as a result of effective management of discretionary expenditures, and partially offset by increased depreciation on service rigs subject to a unit of production methodology.

Total Assets

The $3.2 million decrease in total assets from the third quarter is primarily a result of a decrease in property, plant and equipment resulting from the quarter's depreciation expense offset by an increase in accounts receivable related to the increase in activity and the recognition of a deferred tax asset of $1.1 million.

Total Long-Term Debt

Long-term debt decreased by $8.9 million from the third quarter and is a function of required payments on the term debt totaling $1.5 million and gross proceeds of $7.5 million from the sale of the Nitrogen assets being applied to the revolving debt, partially offset by new finance leases that were obtained in the fourth quarter.

Shareholders' Equity

Shareholders' equity has not changed significantly since the rights offering in December of 2009 other than an increase as a result of net income levels achieved in 2011.

Financial Position and Liquidity

	2011				2010			
$ thousands, except ratios	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (excluding debt)[1]	22,414	16,332	10,201	22,578	15,790	10,050	7,829	10,506
Working capital (excluding debt) ratio	3.4:1	2.4:1	2.7:1	4.0:1	3.2:1	2.6:1	3.1:1	2.2:1
Long-term debt	47,941	56,827	56,331	29,863	29,860	29,857	29,899	32,155
Shareholders' equity	102,624	94,389	91,178	94,002	89,986	88,546	88,918	92,019
Debt to equity	0.47	0.60	0.62	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 December 31, 2011 was $22.4 million (December 31, 2010 - $15.8 million). The working capital (excluding debt) ratio of 3.4:1 (December 31, 2010 – 3.2:1) indicates the Company's liquidity position remains strong. Management considers the working capital ratio calculated excluding debt borrowings to be a metric that is comparable to its peers in the industry as the nature and structure of debt facility agreements can differ significantly amongst those in the industry.

Long-term Debt and Credit Facility

CWC secured a new credit facility of $69 million consisting of a committed revolving facility of $40 million and a $29 million committed term facility with a maturity date of April 30, 2014, both of which replaced prior credit facilities of the Company. Proceeds from the revolving facility will be used for acquisitions, capital expenditures, working capital and other general corporate purposes. Interest on the revolving facility is paid monthly with no scheduled principal repayments during the term with the balance due April 30, 2014. Amounts borrowed under the revolving facility bear interest at the Company's option of the bank prime rate plus 1.25% to 2.75% or the banker's acceptance rate plus 2.25% to 3.75%, depending, in each case, on the ratio of debt to EBITDA. Of the available revolving facility, $28 million was used to pay for the acquisition of TWS. The term facility requires principal payments of $500,000 per month plus interest through April 2012 at which time payments increase to $750,000 per month plus interest until April 2013 and interest payments only during the final year with the balance due April 30, 2014. The term facility bears interest at 7.42%. In December of 2011 CWC sold its nitrogen assets for gross proceeds of $7.5 million in cash which was used to repay amounts on the revolving credit facility.

As of December 31, 2011, the Company was in compliance with the financial covenants under its credit facility and does not anticipate any restrictions in its ability to fund its ongoing operating, investing, or financing activities.

Shareholders' Equity

Shareholder's equity on December 31, 2011 was $102.6 million (December 30, 2010 - $90.0 million), an increase of $12.6 million. As of December 31, 2011 the Company had 156,444,077 common shares oustanding. As at February 29, 2012 the Company had 156,381,077 common shares oustanding. In 2011, 2,050,000 options were granted under the Company's stock option plan bringing the total number of options issued to 10,365,008 as at December 31, 2011 and February 29, 2012.

Debt to Equity

Debt to equity at December 31, 2011 was 0.47:1 as compared to 0.6:1 at September 30, 2011 and 0.33:1 as at December 31, 2010. The increase from December 31, 2010 is as a result of the additional debt secured to complete the acquisition of TWS in June 2011, offset by the proceeds received from the sale of the Nitrogen assets in December 2011.

Capital Expenditures

Capital expenditures excluding the purchase of the assets of TWS for the year ended December 31, 2011 consisted of $4.4 million for conversion of one coil tubing unit to Class III 2" capabilities, construction of a new slant service rig, conversion of two snubbing units from 3,000 psi to 5,000 psi and adding egress safety systems to all snubbing assets, other support equipment and corporate assets. As a result of improved fundamentals in the oilfield services sector, in the third quarter, management and the Board of Directors expanded the 2011 capital expenditure budget by approx. $2.7 million which include the conversion of a second Class III 2" coil tubing unit capable of depths to 4,000 meters to address increasing demand for this equipment, as well as some additional infrastructure support projects and equipment for well servicing. The Board of Directors approved a capital budget for 2012 totaling $8.7 million that includes an additional Class III 2" coil tubing unit and related support equipment; an additional double service rig and various upgrades or additions to equipment in the service rig, snubbing and corporate infrastructure support.

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 additional 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, increasing to $750,000 commencing April 2012, 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.

		2012		2013		2014		2015 and beyond
Long-term debt	$	8,377	$	2,351	$	37,596	$	24
Rent		1,236		720		498		518
Other operating leases		142		109		74		-
Total obligations	$	9,755	$	3,180	$	38,168	$	542

Outlook

Oilfield service activity levels in Western Canada in 2011 were substantially higher as compared to the last number of years. The Petroleum Service Association of Canada ("PSAC") updated its 2012 forecast on January 27, 2012 and is now forecasting 13,350 new wells drilled in 2012; a 4% increase in wells drilled in 2012 compared to 2011, but a decrease of 11% from its original 2012 forecast. These forecasts are predicated on WTI oil price of US$90/bbl and Cdn$3.25/mcf for natural gas. PSAC revised their forecast due to skilled labour shortages, warm weather hampering the use of heavy equipment, weak natural gas prices related to oversupply and the ongoing uncertainty created by the European economic debt crisis, which are all contributing factors restricting capacity.

Business fundamentals remain positive and we continue to see strong demand from customers in all of our operations. Crude oil prices, which remain the primary driver of oilfield service activity levels, have experienced significant volatility due to some of the factors noted above. Although this volatility may limit spending in smaller companies, the large capitalization exploration and production ("E&P") companies, which have strong balance sheets and base their capital spending levels on longer time horizons, will continue to account for the largest share of total WCSB well activity levels. These larger E&P operators will continue to focus capital spending towards oil and liquids-rich natural gas plays. We believe that oil prices would need to drop below US$75/bbl for a sustained period of time before the larger E&P companies would scale back on activities. Further, E&P companies average decline rates on new wells continues to rise requiring them to spend more to maintain or grow production levels. The increase in oil focused activity has shifted the number of producing wells to greater than 80% of all producing wells in 2011 and approaching 90% by the end of 2012. We expect that as a result of the increased oil focused activities that our equipment utilization levels, particularly service rigs and coil tubing service rigs, will be robust in 2012.

CWC is focusing its Well Servicing fleet on oil-related and liquids-rich natural gas activities and has strategically positioned its equipment in the Horn River, Montney, Deep Basin, Pekisko, Beaverhill Lake, Cardium, Viking, Lloydminster heavy oil and Saskatchewan Bakken plays. We expect to see this trend continue through 2012.

As a result of the increased demand for oilfield services from our customers and rising operating costs, primarily from labour and fuel, hourly rates for our services charged to customers were increased in Q4 2011. CWC strives to maintain acceptable profit margins for our shareholders while providing high quality equipment and experienced field crews for our customers.

Over 80% of CWC's revenue and EBITDAS is derived from its core business segment of Well Servicing. We remain focused on what we do well and draw upon these strengths to provide best-in-class services to our customers. We continue to evaluate opportunities to grow the Well Servicing division through a disciplined approach, requiring that any potential acquisition target meet our strict financial and operational criteria. Supporting this core business is our Other Oilfield Service offerings of snubbing and well testing.

Critical Accounting Estimates and Judgments

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 IFRS. The presentation of these financial statements in conformity with IFRS 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.

Allowance for Doubtful Accounts Receivable:

The Company performs periodic credit evaluations of its customers and grants credit based upon past payment history, financial condition, and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based upon specific situations and overall industry conditions. The history of bad debt losses of the Company has been within expectations and is generally limited to specific customer circumstances. However, given the cyclical nature of the energy industry, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Impairment of Assets:

At the end of each reporting period, the Company assesses whether there is an indication that an asset group may be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry conditions, technological advances and economic climate deterioration. Internal triggering events for impairment include lower profitability or utilization.

The Company's impairment tests compare the carrying amount of the asset or cash generating unit ("CGU") to its recoverable amount. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The determination of VIU requires the estimation and discounting of cash flows which involves key assumptions that consider all information available on the respective testing date. Management exercises judgment, considering past and actual performances as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows. Discounted cash flow projections contain key assumptions such as discount rates, terminal value growth rates and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") margins.

Depreciation of Property and Equipment

The estimated useful life, residual value and depreciation methods chosen are the Company's best estimate of such and are based on industry norms, historical experience and other estimates including the period and distribution of future cash inflows.

Deferred Income Taxes

In calculating the income taxes, consideration is given to factors such as non-deductible expenses, recognition of deferred tax assets, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and the losses reported in the financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of judgments and estimates. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted.

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 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 year ended December 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 CGU's on transition, depreciation expense for the year ended December 31, 2010 decreased by $0.6 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 $0.5 million over the amount previously reported.

Future Accounting Pronouncements

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company.

IFRS 9 Financial Instruments

In November 2009 the IASB issued IFRS 9 *Financial Instruments* (IFRS 9(2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9(2010)). In December 2011, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2015.

IFRS 9 (2009) replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement,* on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or,
- financial assets measured at fair value

Gains and losses on re-measurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) added guidance to IFRS 9 (2009) on the classification and measurement of financial liabilities, and the guidance is consistent with the guidance in IAS 39 except as described below.

Under IFRS 9 (2010), for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in OCI, with the remainder of the change recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) also requires derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument to be measured at fair value, whereas such derivative liabilities are measured at cost under IAS 39.

IFRS 9 (2010) also added the requirements of IAS 39 for the derecognition of financial assets and liabilities to IFRS 9 without change.

The IASB has deferred the mandatory effective date of the existing chapters of IFRS 9 *Financial Instruments* (2009) and IFRS 9 (2010) to annual periods beginning on or after January 1, 2015. The early adoption of either standard continues to be permitted.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of the adoption of IFRS 9 (2010) has not yet been determined.

IFRS 13 Fair Value Measurement

In May 2011 the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains 'how' to measure fair value when its required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

Amendments to IAS 1 Presentation of Financial Statements

In June 2011 the IASB published amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income,* which are effective for annual periods beginning on or after July 1, 2012 and are to be applied retrospectively. Early adoption is permitted.

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged.

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Reconciliation of Non-IFRS Measures

$ thousands	YEAR ENDED 2011	2010	2009 (Previous CGAAP)
NON-IFRS MEASURES			
[1] EBITDAS:			
Net income (loss) before taxes	11,618	(2,774)	(16,028)
Add:			
Depreciation	13,871	12,006	11,010
Finance costs	3,514	3,089	6,419
Stock based compensation	801	501	1,033
(Gain) loss on sale of equipment	(1,346)	222	22
Unrealized loss (gain) on marketable securities	23	(50)	9
EBITDAS	28,481	12,994	2,465
[2] Funds from (used in) operations:			
Cash flows from (used in) operating activities	21,116	6,607	(2,636)
Less:			
Change in non-cash working capital	7,360	6,366	910
Funds from (used in) operations:	28,476	12,973	(1,726)
[3] Gross margin:			
Revenue	109,502	68,858	49,357
Less:			
Operating expenses	(67,669)	(43,568)	(35,122)
Gross margin	41,833	25,290	14,235

	2011	2010	2009 (Previous CGAAP)
[4] Working capital (excluding debt):			
Current Assets	31,623	23,042	13,689
Less: Current Liabilities	(17,586)	(11,861)	(7,683)
Add: Current portion of long-term debt	8,377	4,609	1,705
Working capital (excluding debt)	22,414	15,790	7,711

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, unrealized gain/loss on marketable securities, 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.*

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 February 29, 2012 which is available under the Company's profile at www.sedar.com. The general risk factors associated with CWC's business and operations are as follows:

Volatility of Industry Conditions

The demand, pricing and terms for oilfield services in the Company's existing or anticipated service areas largely depends upon the level of exploration and development activity for both crude oil and natural gas in the WCSB. Oil and natural gas industry conditions are influenced by numerous factors over which the Company has no control, including: oil and natural gas prices; expectations about future oil and natural gas prices; levels of consumer demand; the cost of exploring for, producing and delivering oil and natural gas; the expected rates of declining current production; the discovery rates of new oil and natural gas reserves; available pipeline and other oil and natural gas transportation capacity; weather conditions; political, regulatory and economic conditions; and the ability of oil and natural gas companies to raise equity capital or debt financing.

The level of activity in the oil and natural gas exploration and production industry in the WCSB is volatile. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and natural gas production levels and therefore affect the demand for drilling and well services by oil and natural gas exploration and production entities. A material decline in crude oil or natural gas prices or industry activity could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows. Lower oil and natural gas prices could also cause the Company's customers to seek to terminate, renegotiate or fail to honour the Company's services contracts; affect the fair market value of the Company's equipment fleet which in turn could trigger a write-down for accounting purposes; affect the Company's ability to retain skilled oilfield services personnel; and affect the Company's ability to obtain access to capital to finance and grow the Company's business.

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.

Access to Additional Financing

CWC may find it necessary in the future to obtain additional debt or equity financing to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combinations. There can be no assurance that additional capital will be available to CWC when needed or on terms acceptable to CWC. CWC's inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit growth and may have a material adverse effect upon the Company. Where additional financing is raised by the issuance of Shares or securities convertible into Shares, control of CWC may change and Shareholders may incur dilution to their investment. CWC's activities may also be financed partially or wholly with debt, which may increase CWC's debt levels above industry standards.

Credit Risk and Economic Dependence

The Company seeks 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.

Government Regulation

The oil and gas service industry is subject to regulation and intervention by governments in such matters as environmental protection controls, safety matters and control over the development and abandonment of oil and gas wells. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and gas industry could increase or reduce demand for equipment, increase costs and may have a material adverse impact on the Company.

Competition

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. The Company's ability to generate revenue and earnings depends primarily upon its ability to win bids in competitive bidding processes and to perform awarded projects within estimated times and costs. There can be no assurance that such competitors will not substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company or that new or existing competitors will not enter the various markets in which the Company is active. In certain aspects of its business, the Company also competes with a number of small and medium-sized companies, which, like the Company, have certain competitive advantages such as low overhead costs and specialized regional strengths. In addition, reduced levels of activity in the oil and natural gas industry can intensify competition and may result in lower revenue to the Company.

Vulnerability to Market Changes

Fixed costs, including costs associated with leases, labour costs, depreciation and interest will account for a significant portion of the Company's costs and expenses. As a result, reduced utilization of equipment and other fixed assets resulting from reduced demand, equipment failure, weather or other factors could significantly affect financial results.

Operating Risk and Insurance

The Company has an insurance and risk management program in place to protect its assets, operations and employees. The Company also has programs in place to address compliance with current safety and regulatory standards. However, the Company's operations are subject to risks inherent in the oilfield services industry, such as equipment defects, malfunction, failures and natural disasters. In addition, hazards such as unusual or unexpected geological formations, pressures, blow-outs, fires or other conditions may be encountered in drilling and servicing wells. Although such hazards are primarily the responsibility of the oil and natural gas companies which contract with the Company, these risks and hazards could expose the Company to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution and other environmental damages. Although the Company has obtained insurance against certain of the risks to which it is exposed which it considers adequate and customary in the oilfield services industry, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Company is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Reliance on Personnel

The success of the Company is dependent upon its management, technical and field personnel. Any loss of the services of such individuals could have a material adverse effect on the business and operations of the Company. The ability of the Company to expand its services is dependent upon its ability to attract additional qualified employees. The ability to secure the services of additional personnel is constrained in times of strong industry activity.

Alternatives to and Changing Demand for Petroleum Products

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy and energy generation devices could reduce the demand for crude oil and other liquid hydrocarbons. The Company cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

Interest Rate Risk

On June 14, 2011, the Company secured a credit facility consisting of a $29 million non-extendable committed non-revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The non-revolving facility bears interest at a fixed rate of 7.42%. As a result, the Company has minimized its exposure to interest rate risk for the next three years on this debt. Amounts borrowed under the revolving facility bears interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. Management currently does not see this risk as significant due to Canada's history of reasonably stable interest rates and their expectations of stable future interest rates.

Legal Proceedings

The Company is involved in litigation from time to time in the ordinary course of business. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a material adverse effect on the Company.

Failure to Realize Anticipated Benefits of Acquisitions

The Company makes acquisitions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions, retaining key employees and customer relationships and integrating operations and procedures in a timely and efficient manner. Such integration may require substantial management effort, time and resources, may divert management's focus from other strategic opportunities and operational matters and ultimately the Company may fail to realize anticipated benefits of acquisitions.

Environmental Liability

The Company is subject to various environmental laws and regulations enacted in the jurisdictions in which it operates which govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in the Company's operations. The Company has established procedures to address compliance with current environmental laws and regulations and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. Substantial liabilities to third parties may be incurred. The Company may have the benefit of insurance maintained by it or the operator; however the Company may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons. The Company's customers are subject to similar environmental laws and regulations, as well as limits on emissions to the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing industry activity, the Company cannot predict the nature of the restrictions that may be imposed. The Company may be required to increase operating expenses or capital expenditures in order to comply with any new restrictions or regulations.

Credit Risk

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, however, management also considers the demographics of the Company's customer base. During 2011, approximately 12% (2010: 13%) of the Company's revenue was attributable to sales transactions with a single customer. Currently, majority of the Company's sales are concentrated within the Western Canadian Sedimentary Basin ("WCSB"). This concentration is common amongst companies in the industry.

Management established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company begins to provide services to the customer and prior to offering standard payment terms and conditions. The Company's review includes external ratings, when available, as well as contacting credit references and evaluating banking information provided by the customer. Purchase limits are established for each new customer, which represents the maximum open amount. Customers that fail to meet the Company's benchmark creditworthiness may transact with Company only after providing cash deposit of at least 30% of the credit amount requested until they have sufficient payment history with the Company.

Accounts receivable balances are reviewed monthly for credit worthiness and days to pay is calculated on a customer by customer basis. Should the monthly analysis show that a customer's days to pay is beginning to lengthen the customer is contacted to discuss and when necessary, added to a list of customers the Company no longer views creditworthy. New and high risk customers are contacted after 30 days from invoice date if payment has not been received. Finally, the Company will lien a customer's location where the services were provided if deemed necessary.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is a specific loss component that relates to individually significant exposures.

Liquidity Risk

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

The credit facilities available at December 31, 2011, consisted of a $29 million non-extendable committed non-revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The new facility replaced the previous operating line of credit and senior secured term facility. The non-revolving facility replaced the existing term credit facility on substantially similar terms that were already in place whereby there are scheduled principal payments of $500 plus interest commencing April 2011, increasing to $750 plus interest in the second year, commencing April 2012, payments of interest only in the third year with a final payment of $14.25 million due on April 30, 2014. The non-revolving facility bears interest at fixed rate of 7.42% (prior to June 13, 2011 8.045%). The $40 million revolving portion of the facility consists of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The revolving facility requires interest to be paid monthly with no scheduled principal payments during the committed term with the balance due on April 30, 2014. Amounts borrowed under the revolving facility will bear interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. The total facility is margined based on 75% of the Company's eligible accounts receivable and 60% of the net book value of Property and Equipment to a maximum of $69 million.

The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner which could in turn impact the Company's long-term ability to meet its commitments under the facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at December 31, 2011, the balance of trade accounts receivable in excess of 90 days was $1,185 (2010: $540), representing approximately 4% (2010: 3.0%) of the trade accounts receivable balance, of this amount $170 (2010: $258) 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 the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Foreign currency risk arises from the fluctuations n 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 increases in interest rate changes as the revolving portion of the long-term debt and the swingline bear interest at prime lending rates or bankers acceptances rates. The non-revolving portion of the facility is fixed for three years at 7.42%. As a result, the Company has eliminated its exposure to interest rate risk for the next three years on this debt. For the year ended December 31, 2011, a one percent change in the prime lending rate would have impacted net income by approximately $214.

Management’s report

<u>To the Shareholders of CWC Well Services Corp.</u>

The audited statements of financial position of CWC Well Services Corp. as at December 31, 2011 and 2010 and the statements of comprehensive income (loss), changes in equity, and cash flows for the years ended December 31, 2011 and 2010 have been prepared by management. It is management’s responsibility to ensure that sound judgment, appropriate accounting principles and methods, and reasonable estimates have been used in the preparation of this information. Management also ensures that all information presented is consistent.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through the Audit Committee. The Committee reviews the financial statements and annual report, and recommends them to the Board for approval. The Committee meets with management and external auditors to discuss internal controls, auditing matters, and financial reporting issues. External auditors have full and unrestricted access to the Audit Committee. The Committee also recommends a firm of external auditors to be appointed by the Shareholders.

(SIGNED) “Duncan Au”	*(SIGNED) “Kevin Howell”*
Duncan Au	Kevin Howell
President and Chief Executive Officer	Chief Financial Officer

Calgary, AB
February 29, 2012

KPMG LLP
Chartered Accountants
2700-205 5 Avenue SW
Calgary AB T2P 4B9

Telephone (403) 691-8000
Telefax (403) 691-8008
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CWC Well Services Corp.

We have audited the accompanying financial statements of CWC Well Services Corp., which comprise the statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010, the statements of comprehensive income (loss), changes in equity and cash flows for the years ended December 31, 2011 and December 31, 2010, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CWC Well Services Corp. as at as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards**.**

KPMG LLP

Chartered Accountants

Calgary, Canada
February 29, 2012

STATEMENT OF FINANCIAL POSITION

CWC Well Services Corp.

As at December 31, 2011, 2010 and January 1, 2010

in thousands of Canadian dollars	Note	December 31, 2011	December 31, 2010	January 1, 2010
ASSETS				
Current assets				
Marketable securities		**$ 43**	$ 67	2
Accounts receivable	8	**28,850**	19,579	10,239
Loans to employees	17	**-**	573	189
Inventory	9	**2,441**	2,638	2,996
Prepaid expenses and deposits		**289**	185	263
		31,623	23,042	13,689
Property and equipment	10	**126,919**	103,773	115,661
Loans to employees	17	**160**	283	986
Deferred tax asset	11	**1,072**	-	-
		$ 159,774	$ 127,098	$ 130,336
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness	12	**$ 1,810**	$ 1,379	$ 586
Accounts payable and accrued liabilities		**7,399**	5,873	4,180
Warrants		**-**	-	1,212
Current portion of long-term debt	12	**8,377**	4,609	31,822
		17,586	11,861	37,800
Long-term debt	12	**39,564**	25,251	167
		57,150	37,112	37,967
SHAREHOLDERS' EQUITY				
Share capital	13	**109,143**	110,774	111,080
Contributed surplus		**5,236**	3,657	2,960
Deficit		**(11,755)**	(24,445)	(21,671)
		102,624	89,986	92,369
		$ 159,774	$ 127,098	$ 130,336

See accompanying notes to financial statements.

Approved on behalf of the board:

(SIGNED) "Gary Bentham"
Gary Bentham, Director

(SIGNED) "Duncan Au"
Duncan Au, Director

STATEMENT OF COMPREHENSIVE INCOME (LOSS)

CWC Well Services Corp.

For the years ended December 31, 2011 and 2010

in thousands of Canadian dollars	Note	2011	2010
REVENUE		**$ 109,502**	$ 68,858
EXPENSES			
Direct operating expenses		**67,669**	43,568
Selling and administrative expenses		**13,352**	12,296
Stock based compensation	15	**801**	501
Finance costs	20	**3,514**	3,089
Depreciation		**13,871**	12,006
(Gain) loss on disposal of equipment		**(1,346)**	222
Unrealized loss (gain) on marketable securities		**23**	(50)
		97,884	71,632
NET INCOME (LOSS) BEFORE TAXES		**11,618**	(2,774)
DEFERRED INCOME TAX RECOVERY	11	**1,072**	-
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		**12,690**	(2,774)
NET INCOME (LOSS) PER SHARE			
Basic and diluted earnings (loss) per share	14	**$ 0.08**	$ (0.02)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN EQUITY

CWC Well Services Corp.

For the years ended December 31, 2011 and 2010

in thousands of Canadian dollars	Note	**Share Capital**	**Contributed surplus**	**Deficit**	**Total Equity**
Balance at January 1, 2010		$ 111,080	$ 2,960	$ (21,671)	$ 92,369
Net loss and comprehensive loss for the year		-	-	(2,774)	(2,774)
Transactions with owners, recorded directly in equity					
Stock based compensation	15	-	501	-	501
Shares redeemed	13	(306)	196	-	(110)
Balance at December 31, 2010		$ 110,774	$ 3,657	$ (24,445)	$ 89,986
Balance at January 1, 2011		$ 110,774	$ 3,657	$ (24,445)	$ 89,986
Net income and comprehensive income for the year		-	-	12,690	12,690
Transactions with owners, recorded directly in equity					
Stock based compensation	15	-	801	-	801
Shares issued	13	72	(29)	-	43
Shares redeemed	13	(1,703)	807	-	(896)
Balance at December 31, 2011		**$ 109,143**	**$ 5,236**	**$ (11,755)**	**$ 102,624**

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

CWC Well Services Corp.

For the years ended December 31, 2011 and 2010

in thousands of Canadian dollars	Note	**2011**	2010
CASH PROVIDED BY (USED IN):			
OPERATING:			
Net income (loss)		**$ 12,690**	$ (2,774)
Adjustments for:			
Stock based compensation		**801**	501
Interest on employee loans		**(5)**	(21)
Finance costs		**3,514**	3,089
(Gain) loss on disposal of equipment		**(1,346)**	222
Unrealized loss (gain) on marketable securities		**23**	(50)
Deferred income tax recovery		**(1,072)**	-
Depreciation		**13,871**	12,006
		28,476	12,973
Change in non-cash working capital	21	**(7,360)**	(6,366)
		21,116	6,607
INVESTING:			
Acquisitions	7	**(38,000)**	-
Purchase of equipment		**(4,436)**	(1,225)
Proceeds on sale of equipment		**7,044**	265
		(35,392)	(960)
FINANCING:			
Issue of long-term debt		**60,000**	-
Repayment of long-term debt		**(41,975)**	(1,900)
Increase in bank indebtedness		**431**	794
Warrants		**-**	(1,212)
Finance costs paid		**(489)**	(430)
Interest paid		**(3,114)**	(2,783)
Finance lease repayments		**(143)**	(116)
Common shares repurchased and options exercised	13	**(434)**	-
		14,276	(5,647)
CHANGE IN CASH		**-**	-
CASH, BEGINNING OF YEAR		**-**	-
CASH, END OF YEAR		**$ -**	$ -

See accompanying notes to financial statements.

1. Reporting entity:

CWC Well Services Corp. ("CWC" or the "Company") is incorporated under the Canada Business Corporations Act. The address of the Company's registered office is Suite 755, 255 – 5th Avenue Southwest, Calgary, Alberta, Canada. The Company is an oilfield services company providing production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin. On June 8, 2011, at CWC's annual and special shareholders' meeting, the shareholders approved the change of name of the Company to CWC Well Services Corp. from Central Alberta Well Services Corp.

2. Basis of presentation:

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first annual financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company, is provided in note 23.

These annual financial statements were approved by the Board of Directors on February 29, 2012.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the derivative financial instruments which are measured at fair value.

(c) Functional and presentation currency

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

(d) Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Further details of the nature of these estimates and assumptions may be found in the relevant notes to the financial statements.

i. Accounts receivables

Impairment of trade and other receivables is constantly monitored. Evidence of impairment could, for example, occur when the financial difficulties of a debtor become known or payment delays occur. Impairments are based on historical values, observed customer solvency, the aging of trade and other receivables and customer-specific and industry risks. In addition, the Company reviews external credit ratings as well as bank and trade references when available

ii. **Depreciation of Property and equipment**

The estimated useful life, residual value and depreciation methods chosen are the Company's best estimate of such and are based on industry norms, historical experience and other estimates including the period and distribution of future cash inflows.

iii. **Recoverability of long-lived assets**

At the end of each reporting period or more frequently if warranted by a change in circumstances, the Company assesses the carrying values of property and equipment. If it is determined that carrying values of assets cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and judgments regarding discount rates, past and actual performance as well as expected developments in the respective markets and in the overall macroeconomic environment and economic trends. A material change in assumptions may significantly impact the potential impairment of these assets.

The Company's determination of Cash Generating Units ("CGU's) is a key judgment and may have a significant impact on the impairment test.

iv. **Deferred income taxes**

In calculating the income taxes, consideration is given to factors such as non-deductible expenses, recognition of deferred tax assets, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and the losses reported in the financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of judgments and estimates. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted.

3. **Significant accounting policies:**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening statement of financial position at January 1, 2010 for the purposes of the transition to IFRS, unless otherwise indicated.

(a) Inventory

Inventory consists mainly of operating supplies, consumables and repair parts. Inventory is stated at the lower of cost or net realizable value. The cost of inventory is accounted for on a weighted average basis and includes expenditures incurred in acquiring the inventory, and other costs incurred in bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(b) Property and equipment and depreciation

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour
- any other costs directly attributable to bringing the assets to a working condition for their intended use;

Costs of replacing a component of property and equipment is capitalized only when it is probable that the future economic benefits associated with the component will flow to the Company. The carrying amount of the replacement component is derecognized. Cost of routine repairs and maintenance is expensed as incurred.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in profit or loss.

Items of property and equipment are depreciated from the date that they are inspected and determined to be ready for field use, or in respect of internally constructed assets, from the date that the asset is completed or ready for use. Depreciation is recorded annually over the estimated useful lives of the assets on the declining balance basis at the following deprecation rates:

Assets	Method	Rate
Production Equipment – service rigs	Unit of production	24,000 operating hours
Production Equipment – Coil, Nitrogen, Snubbing units	Straight-line	10 years
Support Equipment	Straight-line	2 to 10 years
Miscellaneous equipment	Straight-line	3 to 5 years

Assets under construction are not depreciated until they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Depreciation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Impairment of non-financial assets excluding inventories and deferred tax asset

Non-financial assets excluding inventories and deferred tax assets are assessed at the end of each reporting period to determine if any indication of impairment exists. If any such indication exists, the Company estimates the recoverable amount of the asset. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its FVLCS. In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU’s.

Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill, if any, allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

CWC’s corporate assets, which do not generate separate cash inflows, are allocated to the CGU’s on a reasonable basis for impairment testing purposes.

(d) Financial instruments

Financial Assets and Financial Liabilities

Financial assets include marketable securities, accounts receivable and loans to employees. The Company determines the classification of its financial assets at initial recognition and records the assets at the fair value of consideration paid. Subsequently, financial assets are carried at fair value or amortized cost less impairment charges. Where non-derivative financial assets are carried at fair value, gains and losses on remeasurement are recognized directly in equity unless the financial assets have been designated as being held at fair value through profit or loss, in which case the gains and losses are recognized directly in net earnings.

All financial liabilities are initially recognized at the fair value of consideration received net of transaction costs and subsequently carried at amortized cost. Financial liabilities include bank indebtedness, accounts payable and accrued liabilities and debt. The Company determines the classification of its financial liabilities at initial recognition.

The Company has the following non-derivative financial assets: held for trading and loans and receivables

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend income, are recognized in profit or loss.

Financial assets designated as at fair value through profit or loss comprise equity securities that would otherwise would have been classified as available for sale.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transactions costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, trade and other receivables and loans to employees.

Cash and cash equivalents comprise cash balances and trust account balances that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(e) Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from equity, net of any tax effects.

When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are returned to treasury and cancelled no less than six months from repurchase.

(f) Provisions

A provision is recognized in the financial statements when the Company has an obligation, whether existing or potential as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the obligation is determined to be material, then the estimated amount of the provision is determined by discounting the expected future cash outflows. At December 31, 2011 and December 31, 2010 there were no provisions recognized in the financial statements.

(g) Revenue recognition

The Company's services are provided based upon orders and contracts with customers that include fixed or determinable prices and are based upon daily, hourly or contracted rates. Contract terms do not include the provision for post-service obligations. Revenue is recognized when services are rendered and when collectability of the consideration is probable and when the amount of revenue can be measured reliably.

(h) Leases

At inception of an arrangement, the Company determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfillment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the asset(s)

At the inception or on reassessment of the arrangement, the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognized as amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

Leasing contracts are classified as either finance or operating leases.

The Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values at inception.

The Company classifies a lease as a finance lease if it transfers substantially all of the risks and rewards of ownership to the lessee. Upon the initial recognition of the lease asset it is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Company's statement of financial position. Payments made under operating leases are recognized in the statement of profit or loss on a straight-line basis over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance lease and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(i) Finance costs

Finance costs encompass interest expense on financial liabilities and accretion expense on debt issuance costs and are recognized in profit or loss in the period in which they are incurred using the effective interest method.

(j) Foreign currency transactions

Transactions in foreign currency are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

(k) Income Tax

Tax is recognized in profit or loss, except to the extent that it relates to a business combination or items recognized in other comprehensive income or directly in equity.

Current tax is the expected tax on taxable income less adjustments to prior periods using tax rates enacted, or substantively enacted as at the reporting date in jurisdictions where the Company operates.

In general, deferred income taxes are recognized based on temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill and are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income taxes are calculated on the basis of the tax laws enacted or substantively enacted as at the reporting date and apply to when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Current and deferred income tax assets and liabilities are offset when there is a legally enforceable right to settle on a net basis and when such assets and liabilities relate to income taxes imposed by the same taxation authority.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) Employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under the bonus plan when a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can reasonably be estimated.

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted and the number of acceptances can be measured reliably. If benefits are payable more than twelve months after the reporting date, then they are discounted to their present value.

The Company grants stock options to directors, officers and employees of the Company under its stock option plan. Stock based compensation is accounted for using the fair value method of valuing any stock options granted using the Black-Scholes model. Under the fair value method, the fair value of options is calculated at the date of grant and that value is recorded as compensation expense over the vesting periods of those grants, with a corresponding increase to contributed surplus less an estimated forfeiture rate. The forfeiture rate is based on past experience of actual forfeitures. When options are exercised, the proceeds received by the Company, along with the amount in contributed surplus will be credited to share capital.

(m) Per share amounts

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the period. Diluted per share amounts are calculated considering the effects of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares assumes that all dilutive stock options are exercised and the proceeds obtained on the exercise of dilutive stock options would be used to purchase common shares at the average market price during the period. The weighted average number of common shares outstanding is then adjusted accordingly.

(n) Segmented information

The operating divisions are grouped into two distinct reporting segments: Well Servicing and Other Oilfield Services and are supported by the Corporate reporting segment. The reporting segments share common economic characteristics and are differentiated by the type of service provided and customer needs. The reporting segments financial results are reviewed regularly by the Company's senior management. Senior management makes decisions about resource allocation and assesses segment performance based on the internally prepared segment information.

(o) Business Combinations

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

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

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

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

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

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

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

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

Acquisitions prior to January 1, 2010

As part of its transition to IFRS, the Company elected to restate only those business combinations that occurred on or after January 1, 2010.

4. New standards and interpretations not yet adopted:

The Company has reviewed new and revised accounting pronouncements that have been issued but are not yet effective and determined that the following may have an impact on the Company.

IFRS 9 Financial Instruments

In November 2009 the IASB issued IFRS 9 *Financial Instruments* (IFRS 9(2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9(2010)). In December 2011, the IASB issued an amendment to IFRS 9 to defer the mandatory effective date to annual periods beginning on or after January 1, 2015.

IFRS 9 (2009) replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivables.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or,
- financial assets measured at fair value

Gains and losses on remeasurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) added guidance to IFRS 9 (2009) on the classification and measurement of financial liabilities, and the guidance is consistent with the guidance in IAS 39 except as described below.

Under IFRS 9 (2010), for financial liabilities measured at fair value under the fair value option, changes in fair value attributable to changes in credit risk will be recognized in OCI, with the remainder of the change recognized in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, the entire change in fair value will be recognized in profit or loss. Amounts presented in OCI will not be reclassified to profit or loss at a later date.

IFRS 9 (2010) also requires derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument to be measured at fair value, whereas such derivative liabilities are measured at cost under IAS 39.

IFRS 9 (2010) also added the requirements of IAS 39 for the derecognition of financial assets and liabilities to IFRS 9 without change.

The IASB has deferred the mandatory effective date of the existing chapters of IFRS 9 *Financial Instruments* (2009) and IFRS 9 (2010) to annual periods beginning on or after January 1, 2015. The early adoption of either standard continues to be permitted.

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of the adoption of IFRS 9 (2010) has not yet been determined.

IFRS 13 Fair Value Measurement

In May 2011 the IASB published IFRS 13 *Fair Value Measurement*, which is effective prospectively for annual periods beginning on or after January 1, 2013. The disclosure requirements of IFRS 13 need not be applied in comparative information for periods before initial application.

IFRS 13 replaces the fair value measurement guidance contained in individual IFRS's with a single source of fair value measurement guidance. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The standard also establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements to provide information that enables financial statement users to assess the methods and inputs used to develop fair value measurements and, for recurring fair value measurements that use significant unobservable inputs (Level 3), the effect of the measurements on profit or loss or other comprehensive income.

IFRS 13 explains 'how' to measure fair value when its required or permitted by other IFRS. IFRS 13 does not introduce new requirements to measure assets or liabilities at fair value, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

Amendments to IAS 1 Presentation of Financial Statements

In June 2011 the IASB published amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*, which are effective for annual periods beginning on or after July 1, 2012 and are to be applied retrospectively. Early adoption is permitted.

The amendments require that an entity present separately the items of OCI that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between these categories.

The existing option to present the profit or loss and other comprehensive income in two statements has remained unchanged.

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

5. Determination of fair values:

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Marketable securities

The fair value of marketable securities is determined by reference to their quoted bid price at the reporting date. When market prices are not available, comparisons to similar instruments and calculations using common valuation techniques may be employed.

(b) Property and equipment

The fair value of property and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. The fair value of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost estimates reflect adjustments for physical deterioration as well as functional and economic obsolescence.

(c) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include the share price on the measurement date, the exercise price of the option, expected volatility (based on an evaluation of the Company's historic volatility, particularly over the historic period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

(d) Other non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

6. Operating segments:

The Company operates in two primary segments within the service industry in Western Canada: Well Servicing and Other Oilfield Services. The Well Servicing segment provides well services through the use of service rigs and coil tubing units. The Other Oilfield Services segment provides snubbing, nitrogen and production testing, primarily providing support services to the well service business. The assets related to nitrogen services were sold on December 9, 2011. The details of this sale are disclosed in note 10.

The Company evaluates performance on net income before depreciation and taxes, as included in the management reports reviewed by key management personnel and the board of directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within the respective industries.

The reportable segments are distinct operations as they offer complementary services to the well service business. Once a service rig is on site, the other services are typically onsite at various times supporting the rig activity. However, these services can be performed independently of well servicing.

The amounts related to each industry segment are as follows:

YEAR ENDED DECEMBER 31, 2011	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	89,025	20,477	-	109,502
Finance costs	-	-	3,514	3,514
Net income (loss) before depreciation and taxes	26,351	6,098	(6,960)	25,489
Depreciation	11,205	2,129	537	13,871
Net income (loss) before tax	15,146	3,969	(7,497)	11,618
Income tax recovery	-	-	1,072	1,072
Net income (loss) after tax	15,146	3,969	(6,425)	12,690
Property and equipment	116,309	9,614	996	126,919
Acquisitions through business combinations (Note 7)	38,000	-	-	38,000
Capital expenditures	3,849	181	406	4,436

YEAR ENDED DECEMBER 31, 2010	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	53,104	15,754	-	68,858
Finance costs	-	-	3,089	3,089
Net income (loss) before depreciation and taxes	13,860	3,589	(8,217)	9,232
Depreciation	8,911	1,827	1,268	12,006
Net income (loss)	4,949	1,762	(9,485)	(2,774)
Property and equipment	85,766	17,155	852	103,773
Capital expenditures	662	230	333	1,225

Major customer

Revenues from one customer of the Company's Well Servicing segment represents approximately $13,597 (2010: $8,987) of the Company's total revenues.

7. Acquisitions:

On June 15, 2011, the Company acquired the assets of Trinidad Well Servicing ("TWS") for total consideration of $38 million in cash. The purchase of the assets of TWS resulted in an additional operating base located in Lloydminster, Alberta and 22 service rigs and related equipment and field crews. For the year ended December 31, 2011, TWS contributed revenues of $16,201 and net income before taxes and depreciation of $6,081 to CWC's results. If the acquisition had occurred on January 1, 2011, management estimates that revenue would have increased by $29,539 and net income before taxes and depreciation would have increased by $8,830. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the transaction had occurred on January 1, 2011. The results from operations are included in the Well Servicing segment.

The following summarizes the recognized amounts of identifiable assets acquired:

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

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

CWC incurred acquisition related costs of $132 related to due diligence, legal and appraisal fees. The costs have been included in Selling and administrative expenses in the Company's statement of comprehensive income (loss).

This acquisition has been accounted for by the acquisition method, and the results of operations have been included in these financial statements from the date of acquisition.

8. Accounts receivable:

	December 31, 2011	December 31, 2010	January 1, 2010
Trade receivables	$ 26,407	$ 18,362	$ 7,232
Other operating receivables	2,272	213	2,618
Other receivables	171	1,004	389
	$ 28,850	$ 19,579	$ 10,239

The Company's exposure to credit risk is disclosed in note 22.

9. Inventory:

	December 31, 2011	December 31, 2010	January 1, 2010
Inventory of consumables and operating supplies	$ 1,942	$ 2,356	$ 2,648
Inventory of coil tubing	499	282	348
	$ 2,441	$ 2,638	$ 2,996

10. Property and equipment:

Cost

	Production equipment	**Support equipment**	**Miscellaneous equipment**	**Total**
Balance as of January 1, 2010	$ 91,308	$ 59,650	$ 2,242	$ 153,200
Additions	819	52	354	1,225
Disposals	(1,406)	(637)	(14)	(2,057)
Balance as of December 31, 2010	$ 90,721	$ 59,065	$ 2,582	$ 152,368

	Note	Production equipment	Support equipment	Miscellaneous equipment	Total
Balance as of January 1, 2011		$ 90,721	$ 59,065	$ 2,582	$ 152,368
Acquisitions through business combinations	7	24,817	13,133	50	38,000
Additions		2,866	1,263	660	4,789
Disposals		(11,022)	(643)	(1,832)	(13,497)
Balance as of December 31, 2011		$ 107,382	$ 72,818	$ 1,460	$ 181,660

Depreciation and Impairment losses

	Production equipment	Support equipment	Miscellaneous equipment	Total
Balance as of January 1, 2010	$ 19,227	$ 17,019	$ 1,293	$ 37,539
Additions	5,790	5,572	644	12,006
Disposals	(440)	(498)	(12)	(950)
Balance as of December 31, 2010	$ 24,577	$ 22,093	$ 1,925	$ 48,595

	Production equipment	Support equipment	Miscellaneous equipment	Total
Balance as of January 1, 2011	$ 24,577	$ 22,093	$ 1,925	$ 48,595
Additions	7,329	6,076	466	13,871
Disposals	(5,416)	(515)	(1,794)	(7,725)
Balance as of December 31, 2011	$ 26,490	$ 27,654	$ 597	$ 54,741

Carrying amounts

At January 1, 2010	$ 72,081	$ 42,631	$ 949	$ 115,661
At December 31, 2010	$ 66,144	$ 36,972	$ 657	$ 103,773
At December 31, 2011	**$ 80,892**	**$ 45,164**	**$ 863**	**$ 126,919**

On December 9, 2011, the Company disposed of the Nitrogen division, a part of the other oilfield reporting segment, for net proceeds of $7,190. The net book value of the assets included in the sale was $5,782.

On June 15, 2011, the Company acquired the assets of Trinidad Well Servicing ("TWS") for total consideration of $38 million in cash (see note 7).

At December 31, 2011, property and equipment includes equipment under finance leases which are recorded at cost totaling $497 (December 31, 2010: $428), less accumulated depreciation of $168 (December 31, 2010: $290).

11. Income taxes:

The provision for income taxes differs from the amount obtained from applying the combined Federal and Provincial Income tax rate of 26.5% to the income (loss) before income taxes. The difference relates to the following items:

December 31,		2011		2010
Statutory Rate		26.50%		28.00%
Income taxes (recovery) at statutory rate	$	3,079	$	(777)
Increase (decrease) in income taxes resulting from:				
Non-deductible expenses		43		34
Stock compensation expense		212		140
Accretion of warrants		-		26
Change in estimated tax rate on realization of temporary differences		(187)		188
Previously unrecognized tax benefits		(4,149)		-
Other		(70)		389
Total income tax expense (recovery)	$	(1,072)	$	-

The decrease in the statutory tax rate from 2010 to 2011 was due to a reduction in the 2011 Canadian corporate tax rates as part of a series of corporate tax rate reductions previously enacted by the Canadian Federal Government.

Significant components of the Company's future income tax assets and liabilities at period end are as follows:

		December 31, 2011		December 31, 2010		January 1, 2010
Operating losses	$	11,203	$	12,071	$	10,985
Share issue and deferred financing costs		234		272		620
Property and equipment		(10,500)		(12,432)		(11,255)
Finance leases payable		79		38		70
Goodwill		65		67		(422)
Marketable securities		(9)		(16)		2
	$	1,072	$	-	$	-

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2011	December 31, 2010	January 1, 2010
Tax losses	-	4,149	3,006

Deferred tax assets were not recognized in respect of these items because at that time it was not probable that future taxable profit would be available against which the Company could utilize the benefits therefrom.

The operating losses included in the deferred income tax asset as at December 31, 2011 are available for carry-forward for tax purposes to apply against future taxable income. These losses expire between 2027 and 2030. In 2011, $4,149 of previously unrecognized deferred tax assets were recognized as management considered it probable that future taxable profits would be available against which they can be utilized. No deferred taxes were recognized in other comprehensive income or equity as at December 31, 2011 and 2010.

12. Loans and borrowings:

	December 31, 2011	December 31, 2010	January 1, 2010
Non revolving credit facility	$ 25,500	$ -	$ -
Revolving credit facility	22,525	-	-
Credit facilities for a total of $30 million, with an interest rate of 8.045%, maturing on April 30, 2013. Fully repaid on June 14, 2011.	-	30,000	
Credit facility for $31.9 million fully repaid on April, 2010.	-	-	31,900
Finance leases with an interest rates ranging to 4.98% to 7.65% , maturing from April 2012 to November 2014. Monthly repayments totalling $14 including interest are required.	299	143	259
Unsecured, interest-free loan from Government of Canada related to a patent and repayable upon commercial application of the patent.	24	24	24
Total debt	$ 48,348	$ 30,167	$ 32,183
Less:			
Financing fees and costs relating to the revised credit agreement	(407)	-	(102)
Cost of 3,030,303 warrants relating to the original $31.9 million term facility	-	-	(92)
Financing fees and costs relating to the previous $30 million term facilities	-	(307)	
Current portion	(8,377)	(4,609)	(31,822)
	$ 39,564	$ 25,251	$ 167

On June 14, 2011, the Company secured a credit facility from a syndicate of lenders which consisted of a $29 million non-extendable committed non- revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The new facility replaced the previous operating line of credit and senior secured term facility. The non-revolving facility replaced the existing term credit facility on substantially similar terms that were already in place whereby there are scheduled monthly principal payments of $500 plus interest commencing April 2011, increasing to $750 monthly plus interest in the second year, commencing April 2012, payments of interest only in the third year with a final payment of $15.0 million due on April 30, 2014. The non-revolving facility bears interest at a fixed rate of 7.42%. The $40 million revolving portion of the facility consist of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The revolving facility requires interest to be paid monthly with no scheduled principal payments during the committed term with the balance due on April 30, 2014. Amounts borrowed under the revolving facility will bear interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. The total facility is margined based on 75% of the Company's eligible accounts receivable and 60% of the net book value of Property and Equipment to a maximum of $69 million and is secured by a first charge on equipment and a general security agreement on all assets. As at December 31, 2011, a total of $69 million was available under the facility and a total of $48,025 was drawn.

As at December 31, 2011, $1,217 was drawn under the swingline. The Company had outstanding cheques totaling $867 and funds in trust of $274 resulting in a bank indebtedness position of $1,810 (December 31, 2010: $1,379; January 1, 2010: $0.6). The facility is subject to covenants which are common to these types of arrangements.

The Company was in compliance with all debt covenants as at December 31, 2010 and 2011.

The estimated principal payments for each of the next five fiscal years are as follows:

2012	$	8,377
2013		2,351
2014		37,596
2015		-
Thereafter		24
	$	48,348

For more information about the Company's exposure to interest rate and liquidity risk refer to note 22.

13. Share capital:

The authorized share capital of the Company consists of an unlimited number of Common voting shares with no par value and an unlimited number of Preferred shares with no par value.

COMMON SHARES		NUMBER		AMOUNT
Balance at January 1, 2010		159,184,064	$	111,080
	Shares redeemed	(444,701)		(306)
Balance at December 31, 2010		158,739,363	$	110,774
	Shares redeemed	(2,466,935)		(1,703)
	Shares issued under stock option plan	171,649		72
Balance at December 31, 2011		156,444,077	$	109,143

During the year ended December 31, 2011, 1,672,935 (December 31, 2010: 444,701) shares were repurchased from a former employee with the consideration being the cancellation of a share purchase loan in the amount of $418 (December 31, 2010: $111). This transaction has not been reflected in the statement of cash flows as it was a non-cash transaction.

The Company commenced a Normal Course Issuer Bid ("NCIB") on April 1, 2011, to purchase from time to time, as it is considered advisable, up to 7,853,321 of its issued and outstanding common shares on the open market through the facilities of the TSX Venture Exchange ("TSXV"). The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV at the time of such purchase. Common shares acquired under the NCIB will be subsequently cancelled. During the year ended December 31, 2011, the Company purchased 794,000 (December 31, 2010: NIL) shares under the NCIB for total consideration including commissions of $477. 777,000 of the re-purchased shares were returned to treasury and cancelled.

During the year ended December 31, 2011, stock options were exercised resulting in the issuance of 171,649 shares (December 31, 2010: NIL).

14. Earnings per share:

TWELVE MONTHS ENDED December 31,	2011			2010		
	NET INCOME (LOSS)	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT	NET LOSS	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT
Basic earnings (loss) per share	$12,690	157,021	$ 0.08	($2,774)	158,959	($0.02)
Diluted earnings (loss) per share	$12,690	159,422	$ 0.08	($2,774)	158,959	($0.02)
Securities excluded from diluted earnings (loss) per share as the effect would be anti-dilutive		2,481			9,493	

15. Share based payment arrangements:

The Company has a share option program that entitles key management personnel, directors and employees to purchase shares in the Company. In accordance with this program, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant. All grants under the share option program vest equally over three years and expire five years from the grant date. During the year ended December 31, 2011 2,050,000 (December 31, 2010: 11,221,000) options were granted to key management personnel and directors.

	NUMBER OF OPTIONS	WEIGHTED AVERAGE STRIKE PRICE ($)
Outstanding, January 1, 2010	1,923,375	2.21
Granted	11,221,000	0.25
Forfeited	(3,651,540)	(1.86)
Outstanding, December 31, 2010	9,492,835	0.38
Outstanding, January 1, 2011	9,492,835	0.38
Granted	2,050,000	0.60
Exercised	(171,649)	(0.25)
Forfeited	(1,006,178)	(0.97)
Outstanding, December 31, 2011	10,365,008	0.39

The fair value of the options granted was estimated at the grant date using the Black-Scholes option pricing model. The Company recognized compensation expense for these stock options based upon the following assumptions:

	2011	2010
Risk-free rates of return	1.0% - 4%	1.79% - 4.28%
Expected life (years)	5	5
Forfeiture rate	6.39%	6.39%
Volatility	125% - 166%	126% - 166%
Dividend yield	0%	0%

2011

Range of Exercise Price	Outstanding Stock Options	Weighted Average Strike Price ($)	Remaining Life	Exercisable Stock Options	Weighted Average Vested Exercise Price ($)
0.0 - 0.25	7,884,007	0.25	3.61	2,585,187	0.25
0.26 - 0.75	2,050,000	0.6	4.65	-	-
0.76 - 1.82	281,251	1.81	1.33	285,001	1.81
1.83 - 2.50	149,750	2.40	0.65	149,750	2.40
0.25 - 2.50	10,365,008	0.39	3.24	3,019,938	0.51

2010

Range of Exercise Price	Outstanding Stock Options	Weighted Average Strike Price ($)	Remaining Life	Exercisable Stock Options	Weighted Average Vested Exercise Price ($)
0.0 - 0.25	8,829,000	0.25	4.65	-	-
0.26 - 1.82	277,835	1.81	2.42	205,891	1.81
1.83 - 2.50	386,000	2.40	1.75	386,000	2.40
0.25 - 2.50	9,492,835	0.38	4.47	591,891	2.24

16. Commitments and contingencies:

The Company is committed to rent for office, yard space, vehicle lease payments and operating lease commitments on office equipment through to 2016 as follows:

	2012	2013	2014	2015 and beyond
Long-term debt	$ 8,377	$ 2,351	$ 37,596	$ 24
Rent	1,236	720	498	518
Other operating leases	142	109	74	-
Total obligations	$ 9,755	$ 3,180	$ 38,168	$ 542

The Company is sometimes named as a defendant in litigation. The nature of these claims is usually related to personal injury, labour issues or completed operations. The Company maintains insurance that management deems sufficient for such matters.

17. Related parties

Of the total outstanding shares of the Company, 84.9% are directly or indirectly owned by Brookfield Special Situations Fund II (the "Fund"), a private equity fund managed by Brookfield Asset Management Inc. ("Brookfield"), and the entities that constitute the Fund. The Company is related to Brookfield by virtue of control, and is therefore also related to Brookfield's affiliates. There were no transactions during 2011 with the Fund, Brookfield or its affiliates.

In 2010, debt totaling $31.9 million and warrants with a fair value of $1.2 million were held by Brookfield Bridge Lending Fund Inc., a wholly owned subsidiary of Brookfield. The debt and warrants were fully repaid in April of 2010.

As at December 31, 2011, the Company has loans outstanding with employees of the Company for shares purchased under the rights offering in 2009 totaling $160 (December 31, 2010: $856; January 1, 2010: $984)). These loans have a term of three years, are secured with shares purchased and the personal guarantees provided by the employees. The shares purchased with the funds from the loans have been placed in trust until the amounts are repaid in full. Interest is charged at prime plus 2% to be paid in December of each year. During the year loan amounts of $267 were repaid and 1,673 shares were repurchased from a former employee with the consideration being the cancellation of a share based purchase loan in the amount of $428 including interest.

Certain executive officers are subject to a mutual term of notice of three months. On resignation at the Company's request, they are entitled to termination benefits of 12 to 24 months gross salary.

Key management personnel compensation comprised the following:

		2011		2010
Short term employee benefits	$	1,115	$	752
Termination benefits		-		333
Share-based payments		630		292
Total		1,745		1,377

18. Expenses by nature:

December 31,	Note	**2011**	**2010**
Personnel expenses	19	54,796	38,073
Other operating expenses		21,241	13,777
Other selling and administrative		3,609	2,590
Facility expenses		2,175	1,925
Depreciation expense		13,871	12,006
Finance costs	20	3,514	3,089

19. Personnel expenses:

December 31,	**2011**	**2010**
Wages and salaries	53,821	36,869
Termination benefits	174	703
Equity-settled share-based payment transactions	801	501
	54,796	38,073

20. Finance costs:

December 31,	**2011**	**2010**
Interest expense on financial liabilities measured at amortized cost	3,114	2,783
Accretion of debt issuance costs	400	213
Accretion on warrants	-	93
	3,514	3,089

21. Changes in non-cash working capital:

December 31,		2011		2010
Accounts receivable	$	(9,197)	$	(8,734)
Inventory		197		357
Prepaid expenses and deposits		(116)		89
Loans to employees		283		229
Accounts payable and accrued liabilities		1,473		1,693
	$	(7,360)	$	(6,366)

Non-cash transactions have been excluded from the cash flows. Excluded from non-cash working capital and capital additions and disposals was $75 in proceeds that was heldback on the sale of the Nitrogen assets (refer to note 10) and $53 was excluded from accounts payable relating to equipment additions that had not been settled in cash before year end. In the year ended December 31, 2010, $485 was excluded from the change in non-cash working capital in relation to accounts receivable that was settled with shares rather than cash and employee loans that were settled with the shares held.

22. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's audit committee is also responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its policies and procedures and training, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's accounts receivable from customers and loans from employees.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	December 31, 2011	December 31, 2010	January 1, 2010
Accounts receivable	28,850	19,579	10,239
Loans to employees	160	856	1,175
	29,010	20,435	11,414

Accounts receivable

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer, however, management also considers the demographics of the Company's customer base. During 2011, approximately 12% (2010: 13%) of the Company's revenue was attributable to sales transactions with a single customer. Currently, majority of the Company's sales are concentrated within the Western Canadian Sedimentary Basin ("WCSB"). This concentration is common amongst companies in the industry.

Management established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company begins to provide services to the customer and prior to offering standard payment terms and conditions. The Company's review includes external ratings, when available, as well as contacting credit references and evaluating banking information provided by the customer. Purchase limits are established for each new customer, which represents the maximum open amount. Customers that fail to meet the Company's benchmark creditworthiness may transact with Company only after providing cash deposit of at least 30% of the credit amount requested until they have sufficient payment history with the Company.

Accounts receivable balances are reviewed monthly for credit worthiness and days to pay is calculated on a customer by customer basis. Should the monthly analysis show that a customer's days to pay is beginning to lengthen the customer is contacted to discuss and when necessary, added to a list of customers the Company no longer views creditworthy. New and high risk customers are contacted after 30 days from invoice date if payment has not been received. Finally, the Company will lien a customer's location where the services were provided if deemed necessary.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The allowance is a specific loss component that relates to individually significant exposures.

Impairment losses

The aging of trade and other receivables at the reporting date that were not impaired was as follows:

	December 31, 2011	**December 31, 2010**	**January 1, 2010**
Neither past due nor impaired	15,461	17,452	8,413
Past due 31-90 days	12,374	1,869	1,715
Past due 91 and over	1,015	258	111
	28,850	19,579	10,239

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

Balance as at January 1, 2010	548
bad debt recoveries	(290)
Balance as at December 31, 2010	258
bad debt recoveries	(88)
Balance as at December 31, 2011	170

The bad debt recoveries in both 2010 and 2011 relate to customers that had entered creditor protection. The provision for these customers was set up when the Company received notice that the customer had entered creditor protection. The two affected customers later emerged from creditor protection and began to pay outstanding amounts.

The remainder of the impairment loss at December 31, 2011 relates to several customers that have indicated they are not expecting to be able to pay their outstanding balances, mainly due to economic circumstances.

The Company believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on historic payment behavior and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Based on the Company's monitoring of credit risk, the Company believes that, except as indicated above, no impairment allowance is necessary in respect of trade receivables not past due.

Loans to employees

Loans to employees are secured with shares and personal guarantees provided by the respective employees. The shares purchased with the funds from the loans have been placed in trust until the amounts are repaid in full. As at December 31, 2011 the shares held have a fair value of $377 (December 31, 2010: $872; January 1, 2010: $787)

Liquidity risk

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

The credit facilities available at December 31, 2011, consisted of a $29 million non-extendable committed non-revolving facility and a non-extendable committed revolving facility to a maximum of $40 million with a maturity date of April 30, 2014. The new facility replaced the previous operating line of credit and senior secured term facility. The non-revolving facility replaced the existing term credit facility on substantially similar terms that were already in place whereby there are scheduled principal payments of $500 plus interest commencing April 2011, increasing to $750 plus interest in the second year, commencing April 2012, payments of interest only in the third year with a final payment of $14.25 million due on April 30, 2014. The non-revolving facility bears interest at fixed rate of 7.42% (prior to June 13, 2011 8.045%). The $40 million revolving portion of the facility consists of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The revolving facility requires interest to be paid monthly with no scheduled principal payments during the committed term with the balance due on April 30, 2014. Amounts borrowed under the revolving facility will bear interest at the Company's option of the bank's prime rate plus 1.25% to 2.75% or banker's acceptance rate plus 2.25% to 3.75%. The total facility is margined based on 75% of the Company's eligible accounts receivable and 60% of the net book value of Property and Equipment to a maximum of $69 million.

The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner which could in turn impact the Company's long-term ability to meet its commitments under the facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at December 31, 2011, the balance of trade accounts receivable in excess of 90 days was $1,185 (2010: $540), representing approximately 4% (2010: 3.0%) of the trade accounts receivable balance, of this amount $170 (2010: $258) 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.

The carrying value of financial assets and liabilities approximates fair value. The debt facilities of the Company were renegotiated in June of 2011 and the rates have not changed significantly over the remainder of the year. As a result, carrying value for the debt approximates fair value.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk

Foreign currency risk arises from the fluctuations n 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 increases in interest rate changes as the revolving portion of the long-term debt and the swingline bear interest at prime lending rates or bankers acceptances rates. The non-revolving portion of the facility is fixed for three years at 7.42%. As a result, the Company has eliminated its exposure to interest rate risk for the next three years on this debt. For the year ended December 31, 2011, a one percent change in the prime lending rate would have impacted net income by approximately $214.

Capital Management

The Company's strategy is maintain a level of capital for operations and to sustain future growth of the business. The Company strives to maintain a balance between debt and equity to ensure the continued access to capital markets to fund growth and ensure long-term viability. The Company monitors its capital balance through regular evaluation of the long term debt to equity ratio. The components of capital as well as the long-term debt to equity ratio as of December 31, 2011 and December 31, 2010 are shown in the table below:

	December 31, 2011	December 31, 2010
Long term debt including current portion	$ 47,941	$ 29,860
Shareholders' equity	102,624	89,986
Debt to equity	0.47	0.33

23. Explanation of transition to IFRS:

As stated in Note 2(a), these are the Company's first annual financial statements prepared in accordance with IFRS. The financial statements of the Company were prepared in accordance with previous Canadian GAAP up to and including the 2010 reporting year. The Company has adopted IFRS in accordance with IFRS 1 "*First-time Adoption of International Financial Reporting Standards*" with a transition date of January 1, 2010. The significant accounting policies disclosed in note 3 have been applied in preparing the financial statements for the year ended December 31, 2011, the comparative information presented in these statements for the year ended December 31, 2010 and in the preparation of the opening IFRS statement of financial position dated January 1, 2010.

(a) Adoption of IFRS

IFRS 1 *First-Time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transition date with adjustments to assets and liabilities being offset to retained earnings (deficit) unless certain exemptions are applied. The following exemptions were considered in preparation of the opening IFRS statement of financial position dated January 1, 2010.

(i) Business combination exemption:

The Company had the option to apply IFRS 3 *Business Combinations* either retrospectively for all business combinations from a particular pre-transition date elected by the Company or prospectively from the transition date of January 1, 2010. The Company has elected the latter option.

(ii) Stock based compensation

The Company used the exemption that allows a Company to apply IFRS 2 *Share-based payments* to share based compensation amounts that were granted after November 2002 that vest after January 1, 2010. Effective January 1, 2010, the Company retrospectively changed its method of recognizing stock based compensation expense to a graded vesting schedule compared to the previously used straight line method. Adopting IFRS 2 *Share-based payments* retrospectively to January 1, 2010 has resulted in an increase in the stock based compensation related to the unvested awards totaling $40.

(iii) Property and equipment

The Company has elected not to apply the fair value exemption in IFRS 1. Instead, the Company has elected to apply IAS 16 retrospectively to its property and equipment by using historic cost amounts as at January 1, 2010.

(b) Reconciliations between previous Canadian GAAP and IFRS:

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

(i) Shareholders' Equity

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

	December 31, 2010	**January 1, 2010**
Shareholders' equity in accordance with Canadian GAAP	93,709	96,774
Finance leases	(2)	(2)
Impairment of assets in Cash Generating Units	(4,403)	(4,403)
Change in net income (loss)	682	-
	89,986	92,369

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

(ii) Reconciliation of the statement of financial position under previous Canadian GAAP to IFRS as at January 1, 2010:

Opening IFRS Statement of Financial Position

CWC Well Services Corp.

	Note	Previous Canadian GAAP		Effect of transition to IFRS		IFRS
ASSETS						
Current assets						
Marketable securities		$	2	-	$	2
Accounts receivable			10,239	-		10,239
Loans to employees			189	-		189
Inventory			2,996	-		2,996
Prepaid expenses and deposits			263	-		263
			13,689	-		13,689
Property and equipment	a,b		116,426	(765)		115,661
Loans to employees			986	-		986
Intangible assets	a		3,380	(3,380)		-
		$	134,481	$ (4,145)	$	130,336
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities						
Bank indebtedness		$	586	-	$	586
Accounts payable and accrued liabilities			4,180	-		4,180
Warrants			1,212	-		1,212
Current portion of long-term debt	b,c		1,705	30,117		31,822
			7,683	30,117		37,800
Long-term debt	b,c		30,024	(29,857)		167
			37,707	260		37,967
SHAREHOLDERS' EQUITY						
Share capital			111,080			111,080
Contributed surplus	d		7,329	(4,369)		2,960
Deficit	a,b,d		(21,635)	(36)		(21,671)
			96,774	(4,405)		92,369
		$	134,481	$ (4,145)	$	130,336

(iii) Reconciliation of the statement of financial position under previous Canadian GAAP to IFRS as at December 31, 2010:

Statement of Financial Position

CWC Services Corp.

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current assets				
Marketable securities		$ 67	-	$ 67
Accounts receivable		19,579	-	19,579
Loans to employees		573	-	573
Inventory		2,638	-	2,638
Prepaid expenses and deposits		185	-	185
		23,042	-	23,042
Property and equipment	a,b	104,556	(783)	103,773
Loans to employees		283	-	283
Intangible assets	a	2,797	(2,797)	-
		$ 130,678	$ (3,580)	$ 127,098
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness		$ 1,379	$ -	$ 1,379
Accounts payable and accrued liabilities		5,873	-	5,873
Current portion of long-term debt	b	4,500	109	4,609
		11,752	109	11,861
Long-term debt	b	25,217	34	25,251
		36,969	143	37,112
SHAREHOLDERS' EQUITY				
Share capital		110,774	-	110,774
Contributed surplus	d	8,515	(4,858)	3,657
Deficit	a,b,d	(25,580)	1,135	(24,445)
		93,709	(3,723)	89,986
		$ 130,678	$ (3,580)	$ 127,098

(iv) Reconciliation of the statement of loss and comprehensive loss under previous Canadian GAAP to IFRS for the year ended December 31, 2010:

STATEMENT OF COMPREHENSIVE LOSS

CWC Well Services Corp.

	Note	Previous Canadian GAAP	Effect of transition to IFRS	IFRS
REVENUE		$ 68,858	$ -	$ 68,858
EXPENSES				
Direct operating expenses	b	43,698	(130)	43,568
Selling and administrative expenses		12,296	-	12,296
Stock based compensation	d	990	(489)	501
Finance costs	b	3,075	14	3,089
Depreciation	a,b	11,988	18	12,006
Amortization	a	583	(583)	-
Loss on disposal		222	-	222
Unrealized gain on marketable securities		(50)	-	(50)
		72,802	(1,170)	71,632
NET LOSS AND COMPREHENSIVE LOSS		(3,944)	1,170	(2,774)
NET LOSS PER SHARE				
Basic and diluted loss per share		$ (0.02)	$ -	$ (0.02)

Notes to the reconciliations

(a) Property and equipment and Intangibles Assets Impairment

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

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

(i) Cash flows were projected based on past experience, actual operating results and the one year business plan for the immediate year. Cash flows for a further four year period were extrapolated using a constant growth rate of 1.0 to 3.0 percent with adjustments reflecting an expectation of a recovery in the general economy, forecasted increases in drilling activity, planned reductions in overhead costs and represents the Company's best estimate of the set of economic conditions that are expected to exist over the forecast period.
(ii) The terminal value growth rate is based on management's best estimate of the long-term growth rate for its CGU's after the forecast period, considering historic performance and future economic forecasts.
(iii) Each CGU pre-tax discount rate reflects their individual size, risk profile and circumstance and is based on past experience and industry average weighted average cost of capital.
(iv) The tax rates used in determining the future cash flows were those substantively enacted at the January 1, 2010 transition date.

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

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

(b) Finance leases

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

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

(c) Classification of long-term debt

On January 1, 2010, the Company had a debt facility that was due on January 26, 2010, $30 million of which was refinanced on April 20, 2010, prior to the date of release of the statements. As a result, under previous Canadian GAAP, the Company reclassified $30 million to long-term. Under IFRS, the refinancing must have been completed prior to the balance sheet in order to present the debt as non-current. As a result, on transition to IFRS $30 million was reclassified to current portion of long-term debt.

(d) Share based payments

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

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

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

As a result of this adjustment, the Company's January 1, 2010 contributed surplus balance increased and the deficit balance increased by $40. The Company's share based compensation was reduced by $489 for the year ended December 31, 2010.

(e) Material adjustments to the statement of cash flows

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

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)

Corporate Secretary

James L. Kidd

Burnet, Duckworth & Palmer LLP

Auditors

KPMG LLP

Bankers

ATB Financial

National Bank

Legal Counsel

Burnet, Duckworth & Palmer LLP

Transfer Agent

Olympia Trust Company

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.cwcwellservices.com

Email:
info@cwcwellservices.com

Stock Exchange Listing

TSX Venture: CWC

Information on Annual and Special Meeting

The Annual and Special Meeting of the Shareholders of CWC Well Services Corp. will be held on Wednesday, May 16, 2012 at 2:00 p.m. (MST) in the Barclay Room (Plus 30 level), Bow Valley Square Conference Centre, 255 – 5th Avenue SW, Calgary, Alberta. Shareholders are encouraged to attend and those unable to do so are requested to complete and submit the Instrument of Proxy at their earliest convenience.

Bow Valley Square III Suite 755, 255 - 5th Ave SW
Calgary, Alberta, Canada T2P 3G6

www.cwcwellservices.com

TSX-V: CWC