CWC
WELL SERVICES

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 May 9, 2013 and is provided to assist readers in understanding CWC's financial performance for the three months ended March 31, 2013 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, 2012, the related annual MD&A and the interim financial statements as at and for the three months ended March 31, 2013. Additional information on the Company, including the 2012 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.

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, Slave Lake, 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".

Highlights for the Three Months Ended March 31, 2013

- Revenue for the first quarter of 2013 was $38.4 million, a decrease of $0.5 million or 1% over the first quarter of 2012. Activity in the first quarter was lower than that seen in the first quarter of 2012 but the lower activity was offset by increased revenue per hour seen primarily in the Coil division:
    - Revenue from the Well Servicing segment increased 2% as compared to the prior year with increases in both service rig and coil tubing related revenues primarily from an increase in the revenue rate per hour in the coil tubing division.
    - Revenue from the Other Oilfield Services segment decreased 28% as compared to the prior year impacted by lower oilfield services activity levels for these services and, consequently, utilization on snubbing and well testing assets which have a greater exposure to both natural gas and completions related activities.

- EBITDAS for the first three months of 2013 was $11.3 million, a slight increase of $0.2 million or 2% compared to the prior year:
    - EBITDAS experienced a slight increase largely as a result of increases in the Well Servicing segment for increased hours on service rigs and improved rates on coil tubing.
    - Other Oilfield Services had a negative impact on EBITDAS on a year over year basis. The snubbing division has been negatively impacted by the low natural gas prices while well testing division was impacted by fewer completions.

- Net income for the first quarter of 2013 was $4.9 million, an increase of $0.4 million or 8% compared to the prior year. This increase is the result of slightly higher EBITDAS as discussed above, finance costs savings as a result of lower average debt levels and a gain on the sale of one snubbing unit.

- On February 7, 2013 the Board of Directors declared a quarterly dividend of $0.01625 per common share resulting in an annualized dividend of $0.065 per common share, consistent with dividends paid in 2012. The declaration of dividends reflects CWC's positive view of the sustainability of its cash flows and earnings in the future and the Company's ability to provide a meaningful return on investment for its shareholders without impacting the Company's ability to pursue long-term growth opportunities.

- CWC continues to grow its well servicing fleet with construction beginning on three new service rigs during the first quarter which are scheduled for delivery during the second and third quarter of 2013. CWC continues to upgrade and replace various support equipment to ensure CWC's fleet remains among the newest and most technologically advanced in the industry.

Financial and Operational Highlights

$ thousands, except per share amounts, margins and ratios	THREE MONTHS ENDED MARCH 31 2013	2012	% Change
FINANCIAL RESULTS			
Revenue			
Well servicing	$ 35,198	$ 34,514	2%
Other oilfield services	3,180	4,393	(28%)
	38,378	38,907	(1%)
EBITDAS [1]	11,265	11,066	2%
EBITDAS margin (%) [1]	29%	28%	
Funds from operations [2]	11,265	11,065	2%
Net income	4,883	4,525	8%
Net income margin (%)	13%	12%	
Dividends declared	2,521	-	
Per share information			
Weighted average number of shares outstanding - basic	155,078	156,201	
Weighted average number of shares outstanding - diluted	159,503	160,580	
EBITDAS [1] per share - basic and diluted	0.07	0.07	
Funds from operations per share - basic and diluted	0.07	0.07	
Net earnings per share - basic and diluted	0.03	0.03	

	MARCH 31, 2013	DECEMBER 31, 2012
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [3]	16,861	10,683
Working capital (excluding debt) ratio	2.3:1	1.8:1
Total assets	157,262	152,680
Total long-term debt (including current portion)	42,634	41,841
Shareholders' equity	98,969	96,465

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

OPERATING HIGHLIGHTS	2013 Quarter 1	2012 Quarter 4	2012 Quarter 3	2012 Quarter 2	2012 Quarter 1
WELL SERVICING					
Service Rigs					
Number of service rigs, end of period	68	68	65	65	63
Hours worked	37,689	32,059	31,347	21,186	37,543
Utilization %	62%	53%	52%	36%	65%
Coil Tubing Units					
Number of units, end of period	8	8	8	8	8
Hours worked	3,285	1,463	1,034	417	3,956
Utilization %	68%	30%	22%	9%	90%
OTHER OILFIELD SERVICES					
Snubbing Units					
Number of units, end of period	6	7	7	7	7
Hours worked	1,460	1,191	574	241	2,065
Utilization %	28%	23%	11%	5%	46%
Well Testing Units					
Number of units, end of period	11	11	11	11	12
Number of tickets billed	376	204	410	238	468

Overview

According to Canadian Association of Oilwell Drilling Contractors (“CAODC”), the average number of active Canadian drilling rigs in Q1 2013 was 493 out of 815 (61%) an increase of 16% compared to the average for Q4 2012 of 376 out of 831 (45%), but a drop of 5% compared to the average for Q1 2012 of 537 out of 797 (67%) drilling rigs. CWC over the past few quarters has continued shifting well servicing work towards production maintenance, workovers and abandonments and nearly 80% of activity was primarily focused on oil-related activities which helped to offset declines in completion related activities that were lower due to the drops in drilling activity year over year and fundamentals that continued to be a challenge for natural gas related drilling.

While U.S. oil prices remain at healthy levels averaging US$94.35 per barrel for West Texas Intermediate (“WTI”) in Q1 2013 compared to US$102.84 per barrel in Q1 2012, the discount differential between Western Canadian Select (“WCS”), the price at which most of our exploration and production (“E&P”) customers sell their oil at, and WTI remained high; primarily brought about by oil transportation bottlenecks. This discount pricing differential resulted in less urgency from E&P customers to get new wells drilled and completed in Q1 2013 compared to Q1 2012. The overall result for CWC was a slight decrease in the service rig utilization rate to 62% in Q1 2013 compared to Q1 2012 of 65%.

As for natural gas prices, there was an improvement of approximately 19% in Q1 2013 compared to in Q1 2012. While prices have seen some improvement, they continue to face pressure from the lag between planned reduction of drilling programs and the decline in storage levels. The fundamentals of price and storage levels have had a negative impact on activity and particularly on our snubbing division.

Well Servicing

CWC is the 6th largest service rig provider in the WCSB, operating a modern fleet of 68 service rigs and 8 coil tubing units. Three additional service rigs are under construction and anticipated to be delivered in the second and third quarter of 2013. These new rig builds will continue our expansion into North Central Alberta as we continue to have success penetrating this new geographic region for CWC which began late in 2012, whereby the company now has 4 active rigs in this area and will increase to 7 rigs by the end of Q3 2013. Customer acceptance of our new and high quality equipment continues to gain momentum. Rig services include completions, maintenance, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Our service rig fleet, with its leading edge technology, continues to stand out in an industry characterized by ageing equipment and infrastructure.

In 2012, the Company completed the construction of a new slant service rig, two new double service rigs, one new single service rig, and recertified one single service rig not previously in service. Additional growth opportunities for new geographic areas were identified in 2012 which led to the construction of these additional service rigs that increased the active service rig count to 68 service rigs with three more new service rigs being constructed in 2013. Increasing the fleet size helped in offsetting revenue declines as utilization was down year over year.

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 was 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 in Q3 2013.

Well Servicing segment revenue in Q1 2013 was up 2% at $35.2 million compared to $34.5 million in Q1 2012. The $0.7 million year-over-year increase was largely due to higher rates being achieved in the Coil division. Average hourly rates on service rigs remained consistent year-over-year at $823 per hour for the Q1 2013 versus $821 for the Q1 2012. Service rig rates are highest during the first quarter as a result of the need for additional winter related equipment that increases average hourly pricing. Coil tubing average hourly rates improved 36% in the Q1 2013 compared to Q1 2012 driven by our focus on higher margin work and contribution of our higher depth capacity coil tubing units which have a higher price per hour given the demand for these units. CWC continues to monitor its pricing in the competitive landscape and anticipate stable margins in 2013.

Service rig hours were consistent year-over-year despite an additional five units in the service rig fleet Q1 2013 from Q1 2012. This is consistent with the drop in overall industry utilization for service rigs as reported by the CAODC.

Other Oilfield Services

CWC's Other Oilfield Services segment provides a variety of services for the completion and production phases of oil and natural gas wells from its 6 snubbing units and 10 well testing units. The Other Oilfield Services division revenue decreased by 28% to $3.2 million in Q1 2013 from $4.4 million in Q1 2012. The snubbing division continues to be negatively affected by low activity on natural gas projects that suit our equipment and a decrease from well testing as a result of lower completions activity in the industry.

In response to continued challenging market conditions for activity on snubbing, the Company sold one of its 5,000 psi snubbing units, resulting in a gain on the sale of this unit. This unit was one of our oldest units and was not active in our fleet at the time. The sale of this unit was to a U.S. based company and will not be competing with our current snubbing units in Canada.

Outlook

With Q1 2013 behind us and WTI oil prices in the $90 to $100 range with WCS differentials narrowing, 2013 is shaping up to be as good or a better year than 2012 for CWC. The Petroleum Services Association of Canada ("PSAC") is forecasting 12,000 wells to be drilled in 2013; an increase of 9% compared to the 11,025 wells drilled in 2012. While we still have some unanswered questions such as whether the northern leg of the Keystone XL pipeline carrying Canadian crude oil to U.S. refineries will be built (in our view, the main reason for the current pause in activity levels by our E&P customers), CWC is optimistic that such approvals will eventually be obtained. As for NYMEX natural gas prices, it started January 2013 at the bottom around $3.25 and has increased above $4.25 in late April 2013, suggesting that North America has finally resolved its oversupply situation in natural gas. Should natural gas prices remain at these levels, CWC's Other Oilfield Service assets of snubbing and well testing, which have a greater exposure to natural gas activities, should see an increase in its utilization levels compared to 2012. Our cautious optimism for 2013 has not dampened our resolve to continue growing the Well Servicing division. In December 2012, the Board of Directors approved a 2013 capital expenditure program to build 3 new service rigs to continue supporting our growth into Slave Lake/Wabasca and the completion of 1 new Class III, 2 inch coil tubing unit. These 3 new service rig builds, which are expected to be operational in Q3 2013, will increase CWC's service rig fleet to 71 units; an increase of 30 units or 73% over a 2 year period (more than any other Canadian service rig company over this same period of time).

Discussion of Financial Results

$ thousands, except margins	THREE MONTHS ENDED MARCH 31 2013	2012	% Change
Revenue			
Well servicing	$ 35,198	$ 34,514	2%
Other oilfield services	3,180	4,393	(28%)
	38,378	38,907	(1%)
Operating expenses			
Well servicing	21,202	21,089	1%
Other oilfield services	2,319	2,986	(22%)
	23,521	24,075	(2%)
Gross margin [1]	14,857	14,832	0%
Gross margin % [1]	39%	38%	1%
Selling and administrative expenses	3,592	3,766	(5%)
EBITDAS [2]	11,265	11,066	2%
EBITDAS margin (%) [2]	29%	28%	1%
Stock based compensation	202	184	10%
Finance costs	654	769	(15%)
Depreciation	3,988	3,857	3%
(Gain) loss on sale of equipment	(144)	47	(406%)
Net income before taxes	6,565	6,209	6%
Deferred income tax expense	1,682	1,684	0%
Net income	4,883	4,525	8%

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

Revenue

Revenue for the first three months of 2013 was $38.4 million, a 1% decrease from the first quarter of 2012. Drilling industry activity was down approximately 9% in Q1 2013 compared to Q1 2012 while service rig industry activity according to the CAODC was essentially flat year-over-year for Q1 2013 compared to Q1 2012. First quarter results reflect the usual winter increases in activity. Oil prices remained relatively healthy; however customers have moderated their spending to some extent. This is primarily a result of price differentials on Western Canadian Select oil compared to West Texas Intermediate oil pricing and continuing strains on pipeline takeaway capacity in WCSB. The overall result for CWC was a slight decrease in the service rig utilization rate to 62% in Q1 2013 compared to Q1 2012 of 65%.

CWC continues to focus on providing services to better capitalized and financed senior and intermediate E&P companies. In the first quarter of 2013, approximately 64% of our revenue was derived from our top ten customers, the majority of which are large or intermediate E&P companies. The Company also focuses on customers with higher exposure to oil opportunities instead of dry natural gas plays given the pricing for oil compared to that of dry natural gas.

Gross Margin and Direct Operating Expenses

Gross margin for the first three months of 2013 was consistent with the first three months of 2012. Many operating costs are variable in nature and increases or decreases with activity levels such that much of the change in operating costs in the year over year periods correspond to the increases or decreases in revenue in the current period compared to the prior period. The Company's ability to maintain gross margin on lower revenue and utilization shows the continued success of management's ability to effectively manage costs. Labour cost is the largest variable cost incurred by the Company.

Selling and Administrative Expenses ("S&A")

S&A for the first three months of 2013 was $3.6 million (9% of revenue) compared to $3.8 million (10% of revenue) in the first three months of 2012. The decrease in expenses is due to some onetime costs incurred in Q1 2012 that were not incurred in Q1 2013, as well as some expenses which were deferred until later in 2013. With the current levels of activity and changes instituted for various costs saving matters, we expect that S&A as a percentage of revenue going forward to be stable on an annualized basis and is considered by management to be in line with industry peers. The current structure and level of expense are adequate to allow for continued growth in revenue without meaningful increases in expenses.

EBITDAS

EBITDAS for the first three months of 2013 was $11.3 million (29% of revenue) compared to $11.1 million (28% of revenue) in the first quarter of 2012, a slight increase of $0.2 million. The increase in EBITDAS, although modest, demonstrates the successful cost management initiatives put in place even though there was a slight decline in CWC's revenue and general slowdown in activity levels in the oilfield services industry. 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 while maintaining a dividend for our shareholders.

Stock-based Compensation ("SBC")

SBC for the first three months of 2013 was consistent with the first three months of 2012. The non-cash expense related to stock based compensation plans is a result of 9.3 million stock options outstanding and 0.7 million restricted share units.

Finance Costs

Interest expense for the first three months of 2013 was $0.7 million compared to $0.8 million for the first three months of 2012. The majority of the decrease is a result of scheduled principal repayments made on the non-revolving portion of the long-term debt outstanding as well as reduced interest rates that were secured with the current credit facility.

Depreciation

Depreciation has increased by 3% year over year and the increase is consistent with the equipment additions from 2012.

(Gain) Loss on Sale of Equipment

The gain on sale of equipment relates to the sale of one snubbing unit during the first three months of 2013. Management continually monitors the asset mix and equipment needs and invests and divests assets as needed to optimize utilization.

Income Taxes

Based on the net income before taxes of $6.6 million for the first three months of 2013 and an expected income tax rate of 25%, an income tax expense of $1.6 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, resulting in a deferred income tax liability of $2.6 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 2013 depending on growth and profitability of the Company.

Net Income

Net income for the first three months of 2013 was $4.9 million compared to $4.5 million in the first three months of 2012; an increase of $0.4 million or 8%. Lower revenue were offset by a slight improvement in margins; a $0.2 million reduction in S&A expenses; a $0.1 million reduction in finance costs and deferred taxes partially offset by slight increases in depreciation and stock based compensation. Management remains focused on driving higher levels of profitability by capitalizing on its young and technologically advanced equipment fleet and high quality labour force.

Summary of Quarterly Data and Fourth Quarter Analysis

$ thousands, except per share amounts	2013	2012				2011		
THREE MONTHS ENDING	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Revenue	$ 38,378	$ 29,396	$ 26,887	$ 17,143	$ 38,907	$ 35,988	$ 31,224	$ 12,987
EBITDAS [1]	$ 11,265	$ 7,050	$ 6,348	584	11,066	10,630	$ 8,142	1,270
Net income (loss)	4,883	1,729	1,255	(2,726)	4,525	8,187	3,174	(2,956)
Net earnings (loss) per share: basic and diluted	0.03	0.01	0.01	(0.02)	0.03	0.05	0.02	(0.02)
Total assets	157,262	152,680	147,566	146,914	160,570	159,774	162,933	153,382
Total long-term debt	42,634	41,841	37,987	32,115	44,304	47,941	56,827	56,331
Shareholders' equity	98,969	96,465	97,272	98,474	101,568	102,624	94,389	91,178

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. 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 of 2011 saw an increase back to normal seasonal levels coupled with the addition of the TWS acquisition resulting in substantially improved results. The fourth quarter of 2011 results included $2.1 million of revenue and $1.0 million in EBITDAS from the nitrogen units which were sold late in the fourth quarter. The first quarter of 2012 saw continued strong utilization of the Company's fleet of equipment. The second quarter of 2012 had above average rainfall levels in May and June 2012 resulting in a slower than expected recovery after spring breakup. The third quarter of 2012 experienced a slower than normal increase to activity levels as a result of lower producer spending in the oilfield services industry. This trend in lower activity levels continued through most of Q4 2012 until 2013 operational and capital expenditure budgets were announced by E&P customers in December 2012. The first quarter of 2013 saw improved results from the fourth quarter of 2012 and utilization and revenue that were lower than the first quarter of 2012 due to lower drilling activity. The Other Oilfield services segment continues to be negatively impacted by the reduced prices for dry natural gas and lower amount of completions activity.

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 before, during and after the spring 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. Q2 2012 saw unseasonably rainy and wet conditions in May and June 2012 resulting in a longer than anticipated spring breakup period, slowing the return to normal utilization levels. Q3 and Q4 2012 and Q1 2013 activity levels were consistent with that of the prior year despite equipment additions as a result of reduced customer spending in response to lower commodity prices and macroeconomic factors such as global economic uncertainty and the uncertainty of the approval of the construction of both the Keystone and Northern Gateway pipelines.

Revenue

Revenue for the first quarter of 2013 was $38.4 million; a decrease of $0.5 million or 1% from the first quarter of 2012 and an increase of $9.0 million from the fourth quarter of 2012. The increase from the fourth quarter of 2012 is expected due to the seasonality of the industry, resulting in Q4 and Q1 representing the peak periods for activity.

During the first quarter of 2013 activity levels were consistent with the same period of 2012 as E&P customers moderated their spending noting lower commodity price and capital budget constraints for new well drilling brought about by pipeline capacity issues. CWC saw an increase in all divisions' utilizations from the fourth quarter of 2012, consistent with seasonality. All divisions had utilizations below that seen in the first quarter of 2012 as a result of depressed natural gas prices and pipeline capacity uncertainty.

EBITDAS

EBITDAS for the first quarter of 2013 increased by 59% from the fourth quarter of 2012 and 2% from the first quarter of 2012. The year-over-year increase in EBITDAS, although slight, is significant as it was achieved on reduced activity levels. Management successfully controlled costs throughout the first quarter, particularly labour costs being the largest variable cost in all divisions, resulting in the improvement in EBITDAS. Utilization of equipment across all segments continues to be impacted negatively by the slowdown in customer spending noted above leading to lower year-over-year results. This decrease in activity level was partially offset by equipment additions. Management continues to work towards keeping overhead costs as variable as possible to maintain stable EBITDAS and net income margins.

Net Income

Net income for the first quarter of 2013 was $4.9 million compared to $1.7 million in the fourth quarter of 2012 and $4.5 million in the first quarter of 2012. The increase in net income year-over-year is a result of improved EBITDAS, a reduction in S&A expenses, finance costs and a gain on the sale of a snubbing unit partially offset by increases in depreciation and stock based compensation.

Financial Position and Liquidity

$ thousands, except ratios	2012 MARCH 31	2012 DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (excluding debt)[1]	16,861	10,683	9,105	2,389	18,622
Working capital (excluding debt) ratio	2.3:1	1.8:1	1.8:1	1.2:1	2.3:1
Long-term debt	42,634	41,841	37,987	32,115	44,304
Shareholders' equity	98,969	96,465	97,272	98,474	101,568
Debt to equity	0.4	0.4	0.4	0.3	0.4

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

Working Capital

Working capital (excluding debt) at March 31, 2013 was $16.9 million (March 31, 2012 - $18.6 million). The year-over-year reduction is a result of repayments made from operating funds to the revolving and non-revolving portion of the debt, dividends paid and declared to date and significant improvements in the number of days sales outstanding in 2013 compared to 2012. The Company utilizes its revolving debt facilities to assist in funding ongoing operations and working capital. Management utilizes all available cash on hand to reduce its borrowings in an effort to minimize overall interest costs and draws upon its available revolving debt facilities on an as needed basis to manage cash flow requirements. As such the working capital of the Company will fluctuate from period to period depending on cash flow requirements and there continues to be sufficient debt capacity on the balance sheet to be able to support these needs. 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

At December 31, 2012, CWC had a credit facility of $61 million consisting of a committed revolving facility of $46 million and a $15 million committed term facility all with a maturity date of April 30, 2014. The facility was revised in March 2012 to permit dividend distributions to shareholders and increase the amount available under the revolving facility to make up for reductions on the non-revolving facility that occurred as required payments were made. 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. The term portion of the facility required principal payments of $500,000 per month plus interest through April 2012, at which time payments increased to $750,000 per month plus interest until April 2013 and interest only payments during the final year with the balance due April 30, 2014. The term facility bears interest at 7.42%.

As of March 31, 2013, 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

Shareholders' equity at March 31, 2013, was $99.0 million (March 31, 2012 - $101.6 million), a decrease of $2.6 million. As of March 31, 2013 the Company had 155,115,899 common shares outstanding and 154,676,409 common shares outstanding at May 9, 2013. At March 31, 2013 the total number of stock options outstanding was 9,330,348 and restricted share units outstanding were 660,000.

During the first three months of 2013 no common shares were purchased under the Normal Course Issuer Bid ("NCIB"). The Company renewed its NCIB effective April 1, 2013, to purchase from time to time, as it considered advisable, up to 7,755,795 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. From April 1, 2013 to May 9, 2013, 439,500 shares were purchased under the renewed NCIB.

Debt to Equity

Debt to equity at March 31, 2013 was 0.4:1 remains consistent with the first quarter of 2012.

Capital Expenditures

Capital expenditures in the first quarter of 2013 consisted mainly of deposits for the construction of three new service rigs and major recertification costs of a snubbing unit. The remaining amounts were spent on the support tools for the new rigs completed in the fourth quarter of 2012 as well as equipment upgrades and replacements, computer and leasehold upgrades and improvements. The Board of Directors has approved a capital expenditure budget for 2013 totaling $11.2 million comprised of $9.8 million of growth capital and $1.4 million for maintenance and infrastructure capital. Included in this $11.2 million budget is a $1.5 million carryover of the 2012 capital expenditure budget to complete a new Class III, 2 inch coil tubing unit. The remainder of the 2013 growth capital expenditures will be directed at building three new service rigs to support our growth into north central Alberta. The $1.4 million maintenance and infrastructure capital expenditures will be directed at upgrades or additions to field equipment for existing service rig, coil tubing, snubbing divisions and information technology infrastructure. CWC has identified opportunities to expand into additional geographic regions in the WCSB, particularly in the north central regions of Alberta, and is committing additional capital to support this. The financial strength of our balance sheet has allowed us to fund this growth and continued demand for high quality service rigs in the market and will contribute positively to the growth and cash flows of the company in the 2013. CWC intends to finance its 2013 capital expenditures budget from operating cash flows. The 2013 capital expenditures budget continues the execution of CWC's strategy for creating shareholder value by focusing on the core business of well servicing with service rigs and coil tubing units. The Company continues to be committed to disciplined fiscal management and pursuit of growth opportunities driven by customer demand. Management believes these initiatives will add value for shareholders by creating a best-in-class well servicing company.

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 convertible debentures or 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 common 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 2012, the Company was committed to monthly principal payments of $750,000, in relation to the long-term debt which will end in April 2013. 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, finance the growth capital of the Company and maintain a dividend payment to its shareholders.

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.

The accounting estimates believed to be the most difficult, subjective or complex judgments and which are the most critical to the reporting of results of operations and financial positions are as follows:

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.

Future Accounting Pronouncements

There have been no changes in accounting policies in the three months ended March 31, 2013.

Effective January 1, 2013, the Company adopted the following accounting standards or revisions thereto:

IFRS 7: *Financial Instruments – Disclosures*
IFRS 10: *Consolidated Financial Statements*
IFRS 11: *Joint Arrangements*
IFRS 12: *Disclosure of Interests in Other Entities*
IFRS 13: *Fair Value Measurement*

On adoption, these standards had no impact on the recognition or measurement of the balances recorded in the Company's financial statements. The Company reviewed the disclosure requirements of IFRS 12 and noted that there are no minimum disclosure requirements for condensed interim financial statements prepared in accordance with IAS 34.

IFRS 13 replaces individual regulations governing the determination and disclosure regarding items that are measured at fair value. This standard does not introduce any significant new valuation methodologies, however, it does introduce new disclosure requirements. As a result, the Company discloses the fair value of certain assets and liabilities on a quarterly basis.

Reconciliation of Non-IFRS Measures

$ thousands	THREE MONTHS ENDED MARCH 31 2013	2012
NON-IFRS MEASURES		
[1] EBITDAS:		
Net income	4,883	4,525
Add:		
Depreciation	3,988	3,857
Finance costs	654	769
Income tax expense (recovery)	1,682	1,684
Stock based compensation	202	184
Loss on sale of equipment	(144)	47
EBITDAS	11,265	11,066
[2] Funds from operations:		
Cash flows from (used in) operating activities	5,778	11,354
Less:		
Change in non-cash working capital	(5,487)	289
Funds from operations:	11,265	11,065
[3] Gross margin:		
Revenue	38,378	38,907
Less:		
Direct operating expenses	(23,521)	(24,075)
Gross margin	14,857	14,832
	MARCH 31, 2013	**DECEMBER 31, 2012**
[4] Working capital (excluding debt):		
Current Assets	29,923	24,142
Less: Current Liabilities	(13,996)	(15,881)
Add: Current portion of long-term debt	934	2,422
Working capital (excluding debt)	16,861	10,683

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.

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

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

Corporate Information

Directors

Jim Reid[2], Chairman

Duncan T. Au[1]

Gary L. Bentham[1,2]

Alexander D. Greene

Wade McGowan[1, 2]

1. Audit Committee

2. Compensation and Corporate Governance Committee

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

Officers

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

Kevin Howell, CA
Chief Financial Officer

Rick Dawson
Vice President, Business Development

Darwin McIntyre
Vice President, Operations (Eastern)

Layne Wilk
Vice President, Operations (Central)

Stock Exchange Listing

TSX Venture: CWC

Corporate 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