CWC WELL SERVICES CORP.

Unaudited Condensed Interim Financial Statements

For the three and nine months ended September 30, 2013 and 2012

CWC WELL SERVICES CORP.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at September 30, 2013 and December 31, 2012

(Unaudited)

in thousands of Canadian dollars	Note	**September 30, 2013**	December 31, 2012
ASSETS			
Current			
Cash		**$ 195**	$ -
Marketable securities		**16**	22
Accounts receivable		**20,542**	21,382
Inventory		**2,422**	2,537
Prepaid expenses and deposits		**407**	201
		23,582	24,142
Property and equipment		**126,940**	128,538
		$ 150,522	$ 152,680
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 8,097**	$ 7,779
Dividend payable	9	**2,522**	2,517
Current portion of long-term debt	6	**171**	5,585
		10,790	15,881
Deferred tax liability		**1,970**	915
Long-term debt	6	**46,225**	39,419
		58,985	56,215
SHAREHOLDER'S EQUITY			
Share capital	7	**108,053**	108,001
Contributed surplus		**5,937**	5,762
Deficit		**(22,453)**	(17,298)
		91,537	96,465
		$ 150,522	$ 152,680

See accompanying notes to the condensed interim financial statements.

CWC WELL SERVICES CORP.

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended September 30, 2013 and 2012

(Unaudited)

in thousands of Canadian dollars except per share amounts	Note	Three months ended September 30, **2013**	Three months ended September 30, 2012	Nine months ended September 30, **2013**	Nine months ended September 30, 2012
Revenue		**$ 28,559**	$ 26,887	**$ 81,782**	$ 82,936
Expenses					
Direct operating expenses		**17,335**	17,197	**52,608**	54,462
Selling and administrative expenses		**3,646**	3,342	**10,601**	10,476
Stock based compensation		**236**	201	**626**	603
Finance costs		**569**	719	**2,781**	2,193
Depreciation		**4,511**	3,624	**11,569**	10,595
Loss (gain) on disposal of equipment		**-**	35	**(131)**	142
Unrealized (gain) loss on marketable securities		**-**	(5)	**6**	5
		26,297	25,113	**78,060**	78,476
Net income before income taxes		**2,262**	1,774	**3,722**	4,460
Deferred income tax expense		**633**	519	**1,055**	1,406
Net income and comprehensive income		**$ 1,629**	$ 1,255	**$ 2,667**	$ 3,054
Earnings per share					
Basic and diluted	8	**$ 0.01**	$ 0.01	**$ 0.02**	$ 0.02

See accompanying notes to the condensed interim financial statements.

CWC WELL SERVICES CORP.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the nine months ended September 2013 and 2012

(Unaudited)

in thousands of Canadian dollars except share amounts	Note	**Number of Shares**	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Equity**
Balance – January 1, 2012		156,444,077	$ 109,143	$ 5,236	$ (11,755)	$ 102,624
Net income and comprehensive income		-	-	-	3,054	3,054
Stock based compensation expense		-	-	550	-	550
Exercise of stock options	7	143,332	48	(23)	-	25
Cancellation of common shares purchased under normal course issuer bid	7	(1,625,000)	(1,110)	(147)	-	(1,257)
Dividends declared		-	-	-	(7,724)	(7,724)
Balance – September 30, 2012		154,962,409	$ 108,081	$ 5,616	$ (16,425)	$ 97,272
Net income and comprehensive income		-	-	-	1,729	1,729
Stock based compensation expense		-	-	200	-	200
Exercise of stock options	7	199,990	101	(40)	-	61
Cancellation of common shares purchased under normal course issuer bid	7	(246,500)	(181)	(14)	-	(195)
Dividends declared	9	-	-	-	(2,602)	(2,602)
Balance – December 31, 2012		154,915,899	$ 108,001	$ 5,762	$ (17,298)	$ 96,465
Net income and comprehensive income		**-**	**-**	**-**	**2,667**	**2,667**
Stock based compensation expense		**-**	**-**	**542**	**-**	**542**
Exercise of stock options	7	661,667	**355**	**(154)**	**-**	**201**
Stock options settled in cash		**-**	**-**	**(190)**	**-**	**(190)**
Cancellation of common shares purchased under normal course issuer bid	7	(439,500)	**(303)**	**(23)**	**-**	**(326)**
Dividends declared	9	-	**-**	**-**	**(7,822)**	**(7,822)**
Balance – September 30, 2013		155,138,066	**$ 108,053**	**$ 5,937**	**$ (22,453)**	**$ 91,537**

See accompanying notes to the condensed interim financial statements.

CWC WELL SERVICES CORP.
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the three and nine months ended September 30, 2013 and 2012
(Unaudited)

in thousands of Canadian dollars	Note	Three months ended September 30, **2013**	Three months ended September 30, 2012	Nine months ended September 30, **2013**	Nine months ended September 30, 2012
Operating activities:					
Net income from continuing operations		**$ 1,629**	$ 1,255	**$ 2,667**	$ 3,054
Adjustments for:					
Stock based compensation expense		**236**	201	**626**	603
Finance costs		**569**	719	**2,781**	2,191
Depreciation		**4,511**	3,624	**11,569**	10,595
Loss (gain) on disposal of equipment		**-**	35	**(131)**	142
Unrealized (gain) loss on marketable securities		**-**	(5)	**6**	5
Deferred income tax expense		**633**	519	**1,055**	1,406
		7,578	6,348	**18,573**	17,996
Changes in non-cash working capital balances	10	**(6,110)**	(1,193)	**723**	10,988
Operating cash flow		**1,468**	5,155	**19,296**	28,984
Investing activities:					
Purchase of equipment		**(2,367)**	(2,056)	**(10,480)**	(10,643)
Proceeds on disposal of equipment		**-**	20	**670**	470
Investing cash flow		**(2,367)**	(2,036)	**(9,810)**	(10,173)
Financing activities:					
Retirement of long-term debt		**-**	-	**(14,250)**	-
Increase (repayment) of long-term debt		**4,171**	5,750	**15,788**	(10,000)
Increase (decrease) in bank indebtedness		**-**	(3,061)	**-**	(259)
Finance costs paid		**(40)**	-	**(414)**	(143)
Interest paid		**(537)**	(662)	**(2,406)**	(2,033)
Finance lease repayments		**(46)**	(32)	**(136)**	(106)
Common shares purchased for cancellation		**-**	(87)	**(326)**	(1,262)
Common shares issued on exercise of options		**60**	12	**200**	30
Stock options settled in cash		**(190)**	-	**(190)**	-
Dividends paid		**(2,519)**	(5,038)	**(7,557)**	(5,038)
Financing cash flow		**899**	(3,118)	**(9,291)**	18,811
Increase (decrease) in cash during the period		**-**	-	**195**	-
Cash, beginning of period		**195**	-	**-**	-
Cash, end of period		**$ 195**	$ -	**$ 195**	$ -

See accompanying notes to the condensed interim 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.

2. Basis of presentation

(a) **Statement of compliance**

These condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements.

These condensed interim financial statements were approved by the Board of Directors on November 13, 2013.

(b) **Use of estimates and judgements**

The preparation of the condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2012.

(c) **New standards, amendments and interpretations**

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. The minimum disclosure requirements of IFRS 13 as stipulated in IAS 34 have been included in Note 5 to the condensed interim financial statements.

(d) **Comparative figures**

Certain comparative amounts have been reclassified to conform to the current period's presentation.

3. Seasonality of operations

The Company's operations are located in Western Canada. The ability to move heavy equipment safely and efficiently in Western Canadian oil and natural gas fields is dependent on weather conditions. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter's frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service rig and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

4. Significant accounting policies

Except as described in Note 2 (c) above, the accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2012.

5. Determination of fair values

The carrying amounts for cash, marketable securities, accounts receivable, accounts payable and accrued liabilities and dividends payable approximate fair value due to their short-term nature. The fair value of long-term debt approximates its carrying value as the debt bears interest at floating rates and the credit spreads approximate current market rates.

When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

Fair value hierarchy

Financial instruments that are measured subsequent to initial recognition at fair value are grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 **–** Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 **–** Inputs other than quote prices that are observable for the asset or liability either directly or indirectly; and

Level 3 **–** Inputs that are not based on observable market data.

The Company did not have any financial instruments in Level 2 or 3. There were no transfers between Level 1 and 2 in the period.

in thousands of Canadian dollars except share and per share amounts

6. Long-term debt

The following table provides additional information with respect to amounts included in the condensed statement of financial position related to loans and borrowings:

	September 30, 2013	December 31, 2012
Current liabilities:		
Bank indebtedness	$ -	$ 3,163
Current portion of long term debt	-	2,250
Current portion of finance lease liabilities	171	172
	$ 171	$ 5,585
Non-current liabilities:		
Bank Loan	$ 46,501	$ 39,549
Finance lease liabilities	95	202
Financing fees	(371)	(332)
	$ 46,225	$ 39,419
Total loans and borrowings	$ 46,396	$ 45,004

The Company entered into a new credit facility with a syndicate of three Canadian financial institutions on June 21, 2013 (the "Credit Facility"). The Credit Facility provides the Company with a $75 million extendible revolving term facility (the "Bank Loan"). The Bank Loan is for a committed term until June 21, 2016 (the "Maturity Date"). No principal payments are required under the Bank Loan until the Maturity Date, at which time any amounts outstanding are due and payable. The Company may, on an annual basis, request the Maturity Date be extended for a period not to exceed three years from the date of the request. If a request for an extension is not approved by the banking syndicate, the Maturity Date will remain unchanged.

The Bank Loan bears interest based on a sliding scale pricing grid tied to the Company's trailing debt to cash flow (Earnings before income taxes, depreciation, amortization, and stock based compensation – "EBITDAS") ratio as defined in the Credit Agreement: from a minimum of the bank's prime rate plus 0.75% to a maximum of the bank's prime rate plus 2.25% or from a minimum of the bankers acceptances rate plus a stamping fee of 1.75% to a maximum of the bankers acceptances rate plus a stamping fee of 3.25%. Standby fees under the Bank Loan range between 0.39% and 0.73%. Interest and fees under the Bank Loan is payable monthly. The Company has the option to borrow funds denominated in either Canadian or United States dollars under the Credit Facility.

Borrowings under the Bank Loan are limited to an aggregate of 75% of accounts receivable outstanding less than 90 days plus 60% of the net book value of property and equipment less certain priority payables. As at September 30, 2013, $75 million was available for immediate borrowing under the $75 million Bank Loan facility and $46.5 million was outstanding (December 31, 2012: $41.8 million).

The Bank Loan has an accordion feature which provides the Company with an ability to increase the maximum borrowings to up to $100 million, subject to the approval of the lenders.

The Bank Loan is secured by a security agreement covering all of the assets of the Company and a first charge Security Interest covering all assets of the Company.

Under the terms of the Credit Facility, the Company is required to comply with the following financial covenants, as defined in the Credit Agreement, on a quarterly basis: a working capital ratio excluding borrowings under the Bank Loan of not less than 1.25 to 1.00; a ratio of total debt to capitalization (capitalization defined as total shareholders' equity, less intangible assets and goodwill plus total debt) not to exceed 50%; a debt service coverage ratio (as defined in the credit agreement) of

in thousands of Canadian dollars except share and per share amounts

6. Long-term debt (continued)

not less than 1.15 to 1.00; and a total debt to trailing twelve month earnings before interest, income taxes, depreciation and amortization ratio of less than 3.00 to 1.00. The Corporation was in compliance with all covenants at September 30, 2013 and December 31, 2012.

Effective October 1, 2013 the applicable rates under the agreement are: bank prime rate plus 1.25%, bankers acceptances rate plus a stamping fee of 2.25%, and standby fee rate of 0.51%.

7. Share capital

(a) Authorized
Unlimited number of Common voting shares without par value.
Unlimited number of Preferred shares without par value.

(b) Stock options
The following table summarizes changes in the number of stock options outstanding:

	Number of options	Weighted average exercise price
Balance at December 31, 2012	9,530,348	$ 0.38
Granted	600,000	0.75
Exercised for cash	(409,994)	0.31
Exercised for common shares	(661,667)	0.30
Expired	(279,001)	1.81
Forfeited – unvested	(466,674)	0.35
Balance at September 30, 2013	8,313,012	$ 0.37

The following table summarizes information about stock options outstanding as at September 30, 2013:

Exercise price	Number of options outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of options exercisable
$ 0.25	5,963,012	1.9	$ 0.25	5,003,675
$ 0.60	1,500,000	3.1	$ 0.60	483,285
$ 0.75	600,000	4.8	$ 0.75	-
$ 0.80	250,000	3.7	$ 0.80	83,334
$ 0.25- 0.80	8,313,012	2.4	$ 0.37	5,570,294

The fair value of stock options is estimated as at the grant date using the Black-Scholes option pricing model, with the following weighted average assumptions used for stock options issued during the nine months ended September 30, 2013:

	2013	2012
Risk free interest rate (%)	1.69%	1.62%
Expected life (years)	5.0	5.0
Expected volatility (%)	54%	113%
Expected forfeiture rate (%)	0%	19%
Expected dividend per share	$ -	$ -

The weighted average fair value of the stock options issued during the nine months ended September 30, 2013 was $0.36 (nine months ended September 30, 2012 - $0.64). For the three months ended September 30, 2013, stock-based compensation expense relating to stock options totaled $171 (three months ended September 30, 2012: $201). For the nine months ended September 30, 2013, stock-based compensation expense relating to stock options totaled $419 (nine months ended September 30, 2012: $603).

in thousands of Canadian dollars except share and per share amounts

7. Share capital (continued)

(c) Restricted Share Unit Plan

The following table summarizes changes in the number of Restricted Share Units ("RSU's") outstanding:

	Number of RSU's	Weighted average fair value at issue date
Balance, December 31, 2012	660,000	$ 0.71
Granted	175,000	0.75
Forfeited - unvested	(75,000)	0.71
Balance at September 30, 2013	760,000	$ 0.72

The following table summarizes information about RSU's outstanding as at September 30, 2012:

Issue date fair value	Number of RSU's outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price ($)	Number of RSU's exercisable
$0.71 – 0.75	760,000	2.5	n/a	-

For the three months ended September 30, 2013, stock-based compensation expense relating to RSU's totaled $65 (three months ended September 30, 2012: $nil). For the nine months ended September 30, 2013, stock-based compensation expense relating to RSU's totaled $207 (nine months ended September 30, 2012: $nil).

8. Earnings per share

The following table reconciles the common shares used in computing earnings per share for the periods noted:

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	2012	2013	2012
Weighted average common shares outstanding – basic	155,128,284	154,986,513	155,037,479	155,524,618
Dilutive stock options	4,406,964	4,650,147	4,480,253	4,791,941
Dilutive Restricted Share Units	303,769	-	214,095	-
Weighted average common shares outstanding – diluted	159,839,017	159,636,660	159,731,827	160,316,559

Outstanding stock options and RSU's are currently the only instruments which could potentially dilute earnings per share. For the three months ended September 30, 2013, 1,333,359 stock options and 175,000 RSU's (three months ended September 30, 2012: 2,147,161 stock options and nil RSU's) were not included in the computation of net income per common share because to do so would be anti-dilutive. For the nine months ended September 30, 2013, 1,866,715 stock options and 175,000 RSU's (nine months ended September 30, 2012: 2,147,161 and nil RSU's) were not included in the computation of net income per common share because to do so would be anti-dilutive.

9. Dividends

On August 14, 2013, the Company declared a quarterly dividend of $0.01625 per common share. Subsequent to quarter end, on October 15, 2013, the dividend was paid to shareholders of record as at the close of business on September 30, 2013.

Dividends payable as at September 30, 2013 were $2,522 (December 31, 2012: $2,517).

in thousands of Canadian dollars except share and per share amounts

10. Supplemental cash flow information

	For the three months ended September 30,		For the nine months ended September 30,	
	2013	**2012**	**2013**	**2012**
Change in non-cash working capital items:				
Accounts receivable	$ (8,073)	$ (2,232)	$ 840	$ 10,806
Inventory	70	(153)	115	(87)
Prepaid expenses and deposits	(58)	28	(206)	(15)
Accounts payable and accrued liabilities	1,951	1,164	(26)	284
	$ (6,110)	$ (1,193)	$ 723	$ 10,988

11. 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 and production testing, primarily providing support services to the well service business.

The amounts related to each industry segment are as follows:

Three months ended September 30, 2013	**Well Servicing**	**Other Oilfield Services**	**Corporate**	**Total**
Revenue	$ 26,264	$ 2,295	$ -	$ 28,559
Finance costs	-	-	569	569
Net income (loss) before depreciation and taxes	8,176	532	(1,935)	6,773
Depreciation	4,092	304	115	4,511
Net income (loss) before tax	4,084	228	(2,050)	2,262
Deferred income tax expense	-	-	633	633
Net income (loss) after tax	4,084	228	(2,683)	1,629
Property and equipment	118,444	7,730	766	126,940
Capital expenditures	2,356	9	2	2,367

in thousands of Canadian dollars except share and per share amounts

11. Operating segments (continued)

Three months ended September 30, 2012	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	$ 24,921	$ 1,966	$ -	$ 26,887
Finance costs	-	-	719	719
Net income (loss) before depreciation and taxes	7,266	265	(2,133)	5,398
Depreciation	3,170	314	140	3,624
Net income (loss) before tax	4,096	(49)	(2,273)	1,774
Deferred income tax expense	-	-	519	519
Net income (loss)	4,096	(49)	(2,792)	1,255
Property and equipment	116,522	8,953	1,013	126,488
Capital expenditures	2,011	38	7	2,056

Nine months ended September 30, 2013	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	$ 75,826	$ 5,956	$ -	$ 81,782
Finance costs	-	-	2,781	2,781
Net income (loss) before depreciation and taxes	21,311	676	(6,696)	15,291
Depreciation	10,270	927	372	11,569
Net income (loss) before tax	11,041	(251)	(7,068)	3,722
Income tax expense	-	-	1,055	1,055
Net income (loss)	11,041	(251)	(8,123)	2,667
Property and equipment	118,444	7,730	766	126,940
Capital expenditures	10,031	385	64	10,480

Nine months ended September 30, 2012	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	$ 75,672	$ 7,264	$ -	$ 82,936
Finance costs	-	-	2,193	2,193
Net income (loss) before depreciation and taxes	20,701	935	(6,581)	15,055
Depreciation	9,232	944	419	10,595
Net income (loss) before tax	11,469	(9)	(7,000)	4,460
Deferred income tax expense	-	-	1,406	1,406
Net income (loss)	11,469	(9)	(8,406)	3,054
Property and equipment	116,522	8,953	1,013	126,488
Capital expenditures	9,860	492	291	10,643

12. Subsequent event

On November 13, 2013, the Company declared dividends of $0.01625 per common share to shareholders of record on December 31, 2013 to be paid on January 15, 2014.