CWC ENERGY SERVICES CORP.

(formerly CWC Well Services Corp.)

Unaudited Condensed Interim Financial Statements

For the three months ended March 31, 2014 and 2013

CWC ENERGY SERVICES CORP.

(formerly CWC Well Services Corp.)

STATEMENTS OF FINANCIAL POSITION

As at March 31, 2014 and December 31, 2013

(unaudited)

(Stated in thousands of Canadian dollars)	Note	**March 31, 2014**	December 31, 2013
ASSETS			
Current			
Cash		**$ 211**	$ 202
Accounts receivable		**26,427**	22,359
Inventory		**2,344**	2,392
Prepaid expenses and deposits		**269**	400
		29,251	25,353
Property and equipment	5	**122,410**	123,646
		$ 151,661	$ 148,999
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**$ 9,438**	$ 8,322
Dividend payable	7	**2,524**	2,524
Current portion of long-term debt	6	**169**	185
		12,131	11,031
Deferred tax liability		**3,950**	2,800
Long-term debt	6	**43,378**	43,824
		59,459	57,655
SHAREHOLDERS' EQUITY			
Share capital	7	**108,197**	108,184
Contributed surplus		**6,294**	6,056
Deficit		**(22,289)**	(22,896)
		92,202	91,344
		$ 151,661	$ 148,999

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

(formerly CWC Well Services Corp.)

STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended March 31, 2014 and 2013

(unaudited)

Stated in thousands of Canadian dollars except per share amounts	Note	**2014**	2013
Revenue		**$ 38,373**	$ 38,378
Expenses	10		
Direct operating expenses		**24,863**	23,521
Selling and administrative expenses		**4,127**	3,592
Stock based compensation		**280**	202
Finance costs	6	**443**	654
Depreciation		**4,265**	3,988
Gain on disposal of equipment		**-**	(144)
		33,978	31,813
Net income before income taxes		**4,395**	6,565
Deferred income tax expense		**1,150**	1,682
Net income and comprehensive income		**$ 3,245**	$ 4,883
Earnings per share			
Basic and diluted	7	**$ 0.02**	$ 0.03

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

(formerly CWC Well Services Corp.)

STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2014 and 2013

(unaudited)

Stated in thousands of Canadian dollars except share amounts	Note	**Number of Shares**	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Equity**
Balance – January 1, 2013		154,915,899	$ 108,001	$ 5,762	$ (17,298)	$ 96,465
Net income and comprehensive income		-	-	-	4,883	4,883
Stock based compensation expense	7	-	-	175	-	175
Exercise of stock options	7	200,000	86	(36)	-	50
Dividends declared	7	-	-	-	(2,604)	(2,604)
Balance – March 31, 2013		155,115,899	$ 108,087	$ 5,901	$ (15,019)	$ 98,969
Net loss and comprehensive loss		-	-	-	(20)	(20)
Stock based compensation expense		-	-	618	-	618
Exercise of stock options		461,667	269	(119)	-	150
Stock options settled in cash		-	-	(190)	-	(190)
Settlement of restricted share units		185,000	131	(131)	-	-
Cancellation of common shares purchased under normal course issuer bid		(439,500)	(303)	(23)	-	(326)
Dividends declared		-	-	-	(7,857)	(7,857)
Balance December 31, 2013		**155,323,066**	**108,184**	**6,056**	**(22,896)**	**91,344**
Net income and comprehensive income		**-**	**-**	**-**	**3,245**	**3,245**
Stock based compensation expense	**7**	**-**	**-**	**243**	**-**	**243**
Exercise of stock options	**7**	**30,000**	**13**	**(5)**	**-**	**8**
Dividends declared	**7**	**-**	**-**	**-**	**(2,638)**	**(2,638)**
Balance – March 31, 2014		**155,353,066**	**$ 108,197**	**$ 6,294**	**$ (22,289)**	**$ 92,202**

See accompanying notes to the financial statements.

CWC ENERGY SERVICES CORP.

(formerly CWC Well Services Corp.)

STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2014 and 2013

(unaudited)

Stated in thousands of Canadian dollars	Note	**2014**	2013
Operating activities:			
Net income		**$ 3,245**	$ 4,883
Adjustments for:			
Stock based compensation expense	7	**280**	202
Finance costs		**443**	654
Depreciation		**4,265**	3,988
Gain on disposal of equipment		**-**	(144)
Deferred income tax expense		**1,150**	1,682
		9,383	11,265
Changes in non-cash working capital balances	8	**(2,922)**	(5,487)
Operating cash flow		**6,461**	5,778
Investing activities:			
Purchase of equipment		**(3,011)**	(3,286)
Proceeds on disposal of equipment		**11**	670
Investing cash flow		**(3,000)**	(2,616)
Financing activities:			
Increase (repayment) of long-term debt		**(471)**	750
Increase (decrease) in bank indebtedness		**-**	(803)
Interest paid		**(409)**	(596)
Finance lease repayments		**(56)**	(46)
Common shares issued on exercise of options	7	**8**	50
Dividends paid	7	**(2,524)**	(2,517)
Financing cash flow		**(3,452)**	(3,162)
Increase in cash during the period		**9**	-
Cash, beginning of period		**202**	-
Cash, end of period		**$ 211**	$ -

See accompanying notes to the financial statements.

1. Reporting entity

CWC Energy Services Corp. ("CWC" or the "Company") is incorporated under the *Business Corporations Act* (Alberta). On May 15, 2014 CWC changed its name from CWC Well Services Corp. to CWC Energy Services Corp. and amalgamated with its wholly owned subsidiary, Ironhand Drilling Inc. (see note 11 -Subsequent Events). The address of the Company's head office is Suite 755, 255 – 5th Avenue SW, 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. The Company's common stock is listed and traded on the TSX Venture Exchange under the symbol CWC. Additional information regarding CWC's business is available in CWC's most recent Annual Information Form available on SEDAR at www.sedar.com, or on our website www.cwcenergyservices.com, or by contacting the Company at the address noted above.

2. Basis of presentation

(a) Statement of compliance

These 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 May 15, 2014.

(b) Use of estimates and judgments

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, 2013.

(c) New standards, amendments and interpretations

Effective January 1, 2014, the Company adopted the following accounting standards or revisions thereto:

IAS 36 - Impairment of Assets - Amendments of IAS 36 require entities to disclose the recoverable amount of an impaired Cash Generating Unit ("CGU"). The Company assessed the effect of IAS 36 on its financial results and financial position and will adopt these disclosures in the annual financial statements.

IFRIC 21 - Levies - Interpretation of IAS 37, Provisions, Contingent Liabilities and Assets - sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as the result of a past event. The interpretation clarifies that the obligation that gives rise to the liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Company assessed the effect of IFRIC 21 on its financial results and statement of financial position and has determined there is no material impact.

(d) Comparative figures

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

3. 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, 2013. These unaudited interim financial statements should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2013 as filed on SEDAR.

Stated in thousands of Canadian dollars except share and per share amounts

4. 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.

5. Property and equipment

	Production equipment	Support equipment	Miscellaneous equipment	Assets under construction	Total
Costs					
Balance, December 31, 2013	$ 124,974	$ 78,391	$ 2,167	$ 494	$ 206,026
Additions	865	221	64	1,891	3,041
Transfers	234	581	-	(815)	-
Disposals	(210)	(96)	-	-	(306)
Balance, March 31, 2014	125,863	79,097	2,231	1,570	208,761
Accumulated depreciation					
Balance, December 31, 2013	40,627	40,219	1,534	-	82,380
Depreciation	2,459	1,686	120	-	4,265
Disposals	(241)	(53)	-	-	(294)
Balance, March 31, 2014	42,845	41,852	1,654	-	86,351
Net book value					
Balance, December 31, 2013	$ 84,347	$ 38,172	$ 633	494	$ 123,646
Balance, March 31, 2014	$ 83,018	$ 37,245	$ 577	1,570	$ 122,410

At March 31, 2014, property and equipment includes equipment under finance leases which are recorded at cost totaling $781 (December 31, 2013: $750), less accumulated depreciation of $510 (December 31, 2013: $455).

Stated in thousands of Canadian dollars except share and per share amounts

6. Loans and borrowings

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

	March 31, 2014	December 31, 2013
Current liabilities:		
Current portion of finance lease liabilities	**$ 169**	$ 185
	169	185
Non-current liabilities:		
Bank Loan	**43,570**	44,041
Finance lease liabilities	**109**	119
Financing fees	**(301)**	(336)
	43,378	43,824
Total loans and borrowings	**$ 43,547**	$ 44,009

The Company has a credit facility with a syndicate of three Canadian financial institutions (the “Credit Facility”). The Credit Facility provides the Company with a $75 million extendible revolving term facility (the “Bank Loan”) and other credit instruments. 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 March 31, 2014, $75 million was available for immediate borrowing under the $75 million Bank Loan facility and $43.6 million was outstanding (December 31, 2013: $44.0 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. Effective April 1, 2014 the applicable rates under the Bank Loan are: bank prime rate plus 1.25%, bankers acceptances rate plus a stamping fee of 2.25%, and standby fee rate of 0.51%.

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 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 Company was in compliance with all covenants at March 31, 2014 and December 31, 2013.

Stated in thousands of Canadian dollars except share and per share amounts

Obligations under finance leases are primarily for leased automobiles with an expected term of three years and a one year minimum term. Interest rates on finance leases are specific to each leased asset, are fixed for the lease term and vary between 4.4% and 5.6% per annum.

Financing fees consist of commitment fees and legal expenses relating to the Credit Facility and are being amortized using the effective interest rate method over the term of the Credit Facility. Financing fees of $35 were amortized and included in finance costs during the period ended March 31, 2014 (year ended December 31, 2013: $410).

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, 2013	**8,307,012**	**0.37**
Exercised for common shares	**(30,000)**	**0.25**
Balance at March 31, 2014	**8,277,012**	**$ 0.37**

The following table summarizes information about stock options outstanding as at March 31, 2014:

Exercise price	Number of options outstanding	Weighted average remaining life (years) contractual	Weighted average exercise price	Number of options exercisable
$ 0.25	**5,927,012**	**1.5**	**$ 0.25**	**5,927,012**
$ 0.60	**1,500,000**	**2.7**	**$ 0.60**	**966,641**
$ 0.75	**600,000**	**4.3**	**$ 0.75**	**-**
$ 0.80	**250,000**	**3.2**	**$ 0.80**	**83,334**
$ 0.25- 0.80	**8,277,012**	**1.7**	**$ 0.37**	**6,976,987**

For the three months ended March 31, 2014, stock-based compensation expense relating to stock options totaled $66 (three months ended March 31, 2013: $104).

(c) 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 March 31, 2014	Year ended December 31, 2013
Weighted average common shares outstanding – basic	**155,345,399**	155,067,901
Dilutive stock options	**4,610,076**	4,359,372
Dilutive Restricted Share Units	**507,715**	207,244
Weighted average common shares outstanding – diluted	**160,463,190**	159,634,517

Outstanding stock options and RSU's are currently the only instruments which could potentially dilute earnings per share. For the three months ended March 31, 2014, 766,666 stock options and nil RSU's (three months ended March 31, 2013: 529,001 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.

Stated in thousands of Canadian dollars except share and per share amounts

(d) Dividends

On March 5, 2014, the Company declared dividends of $0.01625 per common share to shareholders of record on March 31, 2014 to be paid on April 15, 2014. Subsequent to quarter end, on April 15, 2014, the dividend was paid to shareholders of record as at the close of business on March 31, 2014.

8. Supplemental cash flow information

	For the three months ended March 31,	
	2014	2013
Change in non-cash working capital items:		
Accounts receivable	**$ (4,067)**	$ (5,740)
Inventory	**48**	(26)
Prepaid expenses and deposits	**131**	(15)
Accounts payable and accrued liabilities	**966**	294
	$ (2,922)	$ (5,487)

9. 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 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 Corporate segment captures general and administrative expenses associated with supporting each of the reporting segments operations, plus costs associated with being a public company. Also, included in the Corporate segment is interest expense for debt servicing, income tax expense and other amounts not related to the two primary segments.

Stated in thousands of Canadian dollars except share and per share amounts

The amounts related to each industry segment are as follows:

For the three months ended March 31, 2014	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	**$ 35,158**	**$ 3,215**	**$ -**	**$ 38,373**
Finance costs	**-**	**-**	**443**	**443**
Net income (loss) before depreciation and taxes	**9,947**	**790**	**(2,077)**	**8,660**
Depreciation	**3,818**	**322**	**125**	**4,265**
Net income (loss) before tax	**6,129**	**467**	**(2,202)**	**4,395**
Income tax expense	**-**	**-**	**1,150**	**1,150**
Net income (loss)	**6,129**	**467**	**(3,352)**	**3,245**
Capital expenditures	**2,877**	**101**	**33**	**3,011**
As at March 31, 2014				
Property and equipment	**114,424**	**7,282**	**704**	**122,410**

For the three months ended March 31, 2013	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	$ 35,198	$ 3,180	$ -	$ 38,378
Finance costs	-	-	654	654
Net income (loss) before depreciation and taxes	11,777	614	(1,838)	10,553
Depreciation	3,534	319	135	3,988
Net income (loss) before tax	8,243	295	(1,973)	6,565
Deferred income tax expense	-	-	1,682	1,682
Net income (loss)	8,243	295	(3,655)	4,883
Capital expenditures	3,130	102	54	3,286
As at March 31, 2013				
Property and equipment	118,282	8,065	992	127,339

For the three months ended March 31, 2014, revenue from two customers of the Company's Well Servicing segment represented approximately $9,538 (three months ended March 31, 2013: two customers represented $9,769) of the Company's total revenues.

10. Expenses by nature

For the three months ended March 31, 2014	Direct operating expenses	Selling and administrative expenses	Stock based compen-sation	Finance costs	Deprec-iation expense	Loss on sale of equip-ment	Total
Personnel expenses	**$ 17,159**	**$ 2,338**	**$ 280**	**$ -**	**$ -**	**$ -**	**$ 19,777**
Other operating expenses	**7,704**	**-**	**-**	**-**	**-**	**-**	**7,704**
Other selling and administrative expenses	**-**	**1,237**		**-**	**-**	**-**	**1,237**
Facility expenses	**-**	**552**	**-**	**-**	**-**	**-**	**552**
Depreciation expense	**-**	**-**	**-**	**-**	**4,265**	**-**	**4,265**
Finance costs	**-**	**-**	**-**	**443**	**-**	**-**	**443**
Total	**$ 24,863**	**$ 4,127**	**$ 280**	**$ 443**	**$4,265**	**$ -**	**$ 33,978**

Stated in thousands of Canadian dollars except share and per share amounts

For the three months ended March 31, 2013	Direct operating expenses	Selling and administrative expenses	Stock based compen-sation	Finance costs	Deprec-iation expense	Loss (gain) on sale of equip-ment	Total
Personnel expenses	$ 16,484	$ 2,147	$ 202	$ -	$ -	$ -	$ 18,833
Other operating expenses	7,037	-	-	-	-	-	7,037
Other selling and administrative expenses	-	970	-	-	-	-	970
Facility expenses	-	475	-	-	-	-	475
Depreciation expense	-	-	-	-	3,988	-	3,988
Finance costs	-	-	-	654	-	-	654
Loss on sale of equipment	-	-	-	-	-	(144)	(144)
Total	$ 23,521	$ 3,592	$ 202	$ 654	$ 3,988	$ (144)	$ 31,813

11. Subsequent events

(a) Acquisition of Ironhand Drilling Inc.

On May 15, 2014, CWC acquired Ironhand Drilling Inc. ("Ironhand") pursuant to a plan of arrangement whereby all of the issued and outstanding common shares of Ironhand were exchanged for common shares of CWC or cash. The aggregate purchase consideration consisted of 80.8 million common shares of CWC and $18.2 million in cash.

(b) Issuance of common shares

On April 10, 2014, CWC issued a total of 34,270,000 subscription receipts at a price of $0.84 per subscription receipt for aggregate gross proceeds of $28.8 million. On May 15, 2014, contemporaneous with the closing of the acquisition of Ironhand, each subscription receipt was converted to one common share of CWC.

(c) Name change to CWC Energy Services Corp.

On May 15, 2014 CWC changed its name from CWC Well Services Corp. to CWC Energy Services Corp. and amalgamated with its wholly owned subsidiary, Ironhand Drilling Inc.

(d) Amendment of credit facility agreement

On May 15, 2014, the Company amended its credit facility described in note 6. The amendments included the addition of a fourth Canadian financial institution to the syndicate, an increase in the Credit Facility to $100 million, and an extension of the committed term to June 21, 2017. All other terms of the Credit Facility remain substantially the same or more favourable to the Company than was the case prior to the amendments, including the continued availability of the $25 million accordion.

(e) Dividend Declaration

On May 15, 2014, the Company declared a dividend of $0.0175 per common share to shareholders of record on June 30, 2014 to be paid on July 15, 2014.