BALANCE SHEETS

Central Alberta Well Services Corp.

(unaudited)

	SEPTEMBER 30, 2007	DECEMBER 31, 2006
ASSETS		
Current assets		
Cash	$ 2,344,594	$ 1,688,926
Restricted cash	415,000	415,000
Accounts receivable	11,765,941	13,433,591
Shareholder loans	99,536	–
Inventory	2,041,345	1,729,040
Prepaid expenses and deposits	112,533	270,344
Income tax receivable	349,008	641,663
	17,127,957	18,178,564
Property and equipment	88,842,348	70,524,885
Shareholder loans	70,625	118,000
Deferred financing costs	–	803,194
Intangible assets	4,721,536	5,173,768
	$ 110,762,466	$ 94,798,411
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 6,361,555	$ 6,079,557
Short-term debt (note 6)	–	35,000,000
Shareholder loans	–	76,855
Current portion of long-term debt (note 7)	–	4,279,087
	6,361,555	45,435,499
Future income taxes	1,994,000	2,492,100
Long-term debt (note 7)	20,374,723	12,244,747
	28,730,278	60,172,346
SHAREHOLDERS' EQUITY		
Share capital (note 8)	81,597,801	47,661,284
Contributed surplus	3,369,145	2,062,738
Warrants (note 8 (e))	2,412,121	–
Deficit	(5,346,879)	(15,097,957)
	82,032,188	34,626,065
	$ 110,762,466	$ 94,798,411

See accompanying notes to financial statements.

STATEMENTS OF INCOME/(LOSS), COMPREHENSIVE INCOME/(LOSS) AND DEFICIT

Central Alberta Well Services Corp.

(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2007	2006	2007	2006
REVENUE	$ 11,913,026	$ 13,289,105	$ 34,776,387	$ 25,855,698
EXPENSES				
Operating expenses	7,757,490	7,908,146	23,021,321	15,317,437
General and administrative	1,613,818	1,294,871	4,887,478	3,680,141
Stock based compensation	–	261,872	1,257,117	1,266,007
Interest	744,671	786,669	4,508,906	1,541,658
Depreciation and amortization	2,396,603	2,046,070	6,945,382	4,599,994
	12,512,582	12,297,628	40,620,204	26,405,237
NET INCOME/(LOSS) BEFORE TAX	(599,556)	991,477	(5,843,817)	(549,539)
INCOME TAXES				
Current (recovery)	–	257,726	1,162	98,229
Future (recovery)	184,000	551,000	(498,100)	(172,000)
	184,000	808,726	(496,938)	(73,771)
NET INCOME/(LOSS) AND COMPREHENSIVE INCOME/(LOSS)	(783,556)	182,751	(5,346,879)	(475,768)
DEFICIT, BEGINNING OF PERIOD	(4,563,323)	(3,774,228)	(15,097,957)	(3,115,709)
APPLICATION OF PRIOR YEAR DEFICIT TO SHARE CAPITAL	–	–	15,097,957	–
DEFICIT, END OF PERIOD	$ (5,346,879)	$ (3,591,477)	$ (5,346,879)	$ (3,591,477)
NET INCOME (LOSS) PER SHARE (note 8 (d))				
Basic and diluted	$ (0.03)	$ 0.02	$ (0.24)	$ (0.05)

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Central Alberta Well Services Corp.

(unaudited)

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2007	2006	2007	2006
CASH PROVIDED BY (USED IN):				
OPERATING:				
Net income/(loss)	$ (783,556)	$ 182,751	$ (5,346,879)	$ (475,768)
Items not affecting cash:				
Stock based compensation	–	261,872	1,257,117	1,266,007
Interest on shareholder loans	(2,057)	(3,684)	(7,858)	(11,532)
Accretion of debt financing costs and warrants	375,929	–	976,528	–
Loss (gain) on disposal of assets	(54,816)	–	(23,506)	24,547
Future income tax (reduction)	184,000	551,000	(498,100)	(172,000)
Depreciation and amortization	2,396,603	2,046,070	6,945,382	4,599,994
	2,116,103	3,038,009	3,302,684	5,231,248
Change in non-cash working capital	(4,135,940)	(1,122,888)	2,087,809	(2,944,912)
	(2,019,837)	1,915,121	5,390,493	2,286,336
INVESTING:				
Business acquisitions – net of cash (note 5)	–	378,483	–	(4,285,569)
Purchase of property and equipment	(5,550,611)	(6,476,954)	(24,897,616)	(35,814,913)
Proceeds on sale of assets	105,000	–	110,508	110,508
Restricted cash	–	(5,166,085)	–	(5,571,726)
	(5,445,611)	(11,264,556)	(24,787,108)	(45,561,700)
FINANCING:				
Issue of long-term debt	4,500,000	–	67,500,000	8,050,000
Retirement of long-term debt	–	(248,928)	(59,499,334)	(1,281,598)
Issue of short-term debt	–	14,000,000	–	35,000,000
Restructure of short-term debt	–	–	(35,000,000)	–
Deferred financing costs	–	(1,123,078)	803,194	(1,736,708)
Debt financing costs and warrants	–	–	(2,714,184)	–
Issue of common shares	–	–	50,000,000	5,126,002
Repurchase of common shares (note 8)	(85,801)	–	(85,801)	–
Share issue costs	–	–	(830,434)	(277,204)
Increase (repayment) of shareholder loans	–	12,083	(121,158)	21,087
	4,414,199	12,640,077	20,052,283	44,901,579
INCREASE (DECREASE) IN CASH	(3,051,249)	3,290,642	655,668	1,626,215
CASH, BEGINNING OF PERIOD	5,395,843	892,896	1,688,926	2,644,827
CASH, END OF PERIOD	$ 2,344,594	$ 4,183,538	$ 2,344,594	$ 4,271,042
Supplementary Information:				
Interest paid	$ 409,033	$ 794,280	$ 2,980,870	$ 1,577,219
Payout penalties paid on replacement of old loans	–	–	608,071	–
Interest received	38,235	11,943	109,388	53,842
Income taxes paid	–	132,783	48,824	132,783
Income taxes refunded	381,381	–	381,381	–

See accompanying notes to financial statements.

1. Description of Business:

Central Alberta Well Services Corp. ("CWC") is an oilfield services company providing production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin.

On March 31, 2006, CWC acquired all the outstanding shares of three separate companies; Precise Energy Services Ltd., 1080104 Alberta Ltd. (Vertical Rentals), and SSI Special Services Inc. These acquisitions brought production testing, a rental fleet, snubbing services and nitrogen delivery and pumping services to CWC (Note 5 (a), (b), (c)).

2. Basis of Presentation:

These unaudited interim financial statements of the Company have been prepared following the same accounting policies and methods of computation as the annual consolidated financial statement for the Company for the year ended December 31, 2006 and 2005. The disclosures provided below are incremental to those included with the annual consolidated financial statements and certain disclosures, which are normally required to be included in the notes to the annual consolidated financial statements, have been condensed or omitted. These unaudited interim financial statements should be read in conjunction with the consolidated financial statements and notes for the Company for the year ended December 31, 2006 and 2005.

On January 1, 2007 the Company amalgamated all subsidiaries owned on December 31, 2006. As a result the interim financial statements are no longer presented on a consolidated basis. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All comparative financial statements for the years ended December 31, 2006 and 2005 were prepared on a consolidated basis.

Certain prior period 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. Change in Accounting Policy:

On January 1, 2007, the Company adopted CICA Handbook Sections 1530 "Comprehensive Income", Section 3251 "Equity", Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments – Disclosure and Presentation" and Section 3865 "Hedges". These new standards have been adopted on a prospective basis with no restatement of prior periods.

Section 1530 and 3251 establishes standards for reporting and presenting comprehensive income, which is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income includes unrealized gains and losses on financial assets classified as available-for-sale, unrealized foreign currency translation amounts, net of hedging, arising from self-sustaining operations, and changes in the fair value of the effective portion of cash flow hedging instruments. The cumulative amount of other comprehensive income, accumulated other comprehensive income, is presented as a category of shareholders' equity in the consolidated balance sheets.

Section 3855 prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments, and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

As a result of adopting section 3855, the Company designated its cash and cash equivalents as held-for-trading, which is measured at fair value. Accounts receivable are classified as loans and receivables which are measured at amortized cost. Amounts owed under the long term debt facility, accounts payable, income and other taxes payable, and capital lease obligations are classified as other financial liabilities which are measured at amortized cost.

4. Change in Accounting Policy (continued):

Furthermore, the Company has categorized balances owed under its term debt facilities as other financial liabilities which are measured at amortized cost. Financing costs associated with the Company's term debt facilities are no longer presented as a separate asset on the balance sheet but are netted against the carrying value of the debt. Financing costs are no longer amortized to earnings on a straight-line basis over the life of the related debt but are charged to earnings using the effective interest method. The effect of adopting these provisions of the new standards resulted in the deferred costs at January 1, 2007, of $2.6 million net of amortization, being reclassified against the term debt facilities as well as $2.3 million attributable to the fair value of the warrants. Loan commitment fees continue to be charged to earnings over the life of the related financing.

The Company has reviewed its contracts and concluded there are no embedded derivatives at this time.

Three new CICA Handbook Sections have been issued which will require additional disclosure in the Company's financial statements commencing January 1, 2008. Sections 1535 "Capital Disclosures" requires the disclosure of qualitative and quantitative information about the Company's objectives, policies and processes for managing capital. The new Sections 3862 "Financial Instruments – Disclosures" and 3863 "Financial Instruments – Presentation" will replace Section 3861 to prescribe the requirements for presentation and disclosure of financial instruments. Furthermore, Handbook section 3031 "Inventories" will become effective January 1, 2008.

Section 3865 specifies the circumstances under which hedge accounting is permissible and how hedge accounting may be performed. The Company currently does not have a hedging program and consequently there is no impact from adopting this standard.

5. Business Acquisitions:

a) SSI Special Services Inc. ("SSI")

On March 31, 2006, the Company acquired 100% of the issued and outstanding shares of SSI and certain shareholder loan balances for total consideration of $18.3 million, excluding transaction costs, including $4.0 million and the issuance of 8.0 million shares of the Company from treasury. SSI provides nitrogen and snubbing services to oil and gas companies operating in Western Canada and has been in operation since 1997.

b) Precise Energy Services Ltd. ("Precise")

On March 31, 2006, the Company acquired 100% of the issued and outstanding shares of Precise for a purchase price of $4.8 million, excluding transaction costs, by the issuance of 2.5 million shares of the Company from treasury. Precise provides well testing services to resource companies operating in Western Canada.

c) 1080104 Alberta Ltd. ("Vertical")

On March 31, 2006, the Company acquired 100% of the issued and outstanding shares of Vertical for a purchase price of $2.3 million, excluding transaction costs, by the issuance of 1.2 million shares of the Company from treasury. Vertical has a fleet of rental equipment that it provides to oil and gas customers in Western Canada.

These transactions have been accounted for by the purchase method. These acquisitions closed March 31, 2006. Results from these acquisitions have been included from the date of acquisition. Details of the acquisitions, as amended to reflect the values ascribed, are as follows:

	SSI	PRECISE	VERTICAL	TOTAL
ASSETS:				
Working capital items	1,273,210	283,862	503,260	2,060,332
Property and equipment	11,441,304	2,825,000	1,200,000	15,466,304
Intangible assets	5,626,000	–	–	5,626,000
Goodwill	6,317,301	3,052,500	894,683	10,264,484
	24,657,815	6,161,362	2,597,943	33,417,120
ASSUMED LIABILITIES:				
Due to parent	4,050	–	–	4,050
Long-term debt	4,284,671	896,369	38,169	5,219,209
Future income taxes	1,802,000	431,000	257,000	2,490,000
	6,090,721	1,327,369	295,169	7,713,259
Net assets and total consideration	18,567,094	4,833,993	2,302,774	25,703,861
Less: cash position	612,078	350,591	(298,617)	664,052
Net assets – excluding cash	19,179,172	5,184,584	2,004,157	26,367,913
Cash consideration – net of cash acquired	4,000,000	–	–	4,000,000
Acquisition costs	247,094	20,501	17,974	285,569
Non cash consideration	14,320,000	1,813,492	2,284,800	18,418,292
Total consideration – net of cash position	18,567,094	1,833,993	2,302,774	22,703,861

6. Short-term Debt:

	AS AT SEPTEMBER 30, 2007	AS AT DECEMBER 31, 2006
Credit facility for $35 million at interest rate of bank prime plus 3.0%, maturing on April 30, 2007. Monthly repayments of interest only secured by a second charge on equipment and a general security agreement. Prior to maturity, the facility was converted into a long-term facility with the same lender.	$ –	$ 35,000,000

7. Long-term Debt:

	AS AT SEPTEMBER 30, 2007	AS AT DECEMBER 31, 2006
Credit facility for $63 million at interest rate of bank prime plus 0.5% up to $35 million outstanding and escalating after that amount, maturing on January 25, 2010. Monthly repayments of interest only secured by a first charge on equipment and a general security agreement.	$ 24,500,000	$ –
Credit facility for $13 million at interest rates based on Government of Canada bond yield plus 3.2%, monthly payments of interest only to December 31, 2006, followed by 48 equal payments of principal and interest, secured by a first charge on equipment and a general security agreement. Facility was fully repaid during the three months ended March 31, 2007.	–	12,927,654
Capital leases with interest at fixed interest rates from 2.9% to 11.0% maturing at various dates from October 2006 to February 2011, monthly payments of principal and interest of $87,329, secured by charges over specific equipment. Facility was fully repaid during the three months ended March 31, 2007.	–	2,418,167
Equipment loans bearing interest at bank prime rate plus 1.25%, monthly payments of $18,403 per month, maturing at various dates from September 2009 to October 2010. Facility was fully repaid during the three months ended March 31, 2007.	–	753,513
Unsecured loans with no fixed terms of repayment, incurring interest at 10% per annum, payable monthly. Loans were fully repaid during the three months ended March 31, 2007.	–	400,000
Unsecured, interest-free loan from Government of Canada related to a patent and repayable upon commercial application of the patent.	24,500	24,500
Total debt	24,524,500	16,523,834
Less financing costs relating to the $63 million long-term facility which includes the $35 million original short-term facility. Similar finance charges in prior periods were treated as an asset called deferred financing costs.	(2,197,150)	–
Less cost of 3,030,303 warrants relating to the $63M long-term facility.	(1,952,627)	–
Less current portion	–	4,279,087
	$ 20,374,723	$ 12,244,747

7. Long-term Debt (continued):

At September 30, 2007, estimated principal repayments for each of the next five years are as follows:

2008	$ –
2009	–
2010	24,500,000
2011	–
2012	–
Thereafter	24,500
	$ 24,524,500

8. Share Capital:

a) Authorized:

Unlimited number of Class A and Class B common shares

b) Issued:

	NUMBER	AMOUNT
Balance at January 1, 2006	27,080,138	$ 21,172,024
Issued on private placement	2,904,400	5,082,704
Issued on exercise of options	36,667	65,630
Issued on SSI acquisition (note 5)	8,000,000	14,320,000
Issued on Precise acquisition (note 5)	2,507,027	4,813,492
Issued on Vertical acquisition (note 5)	1,190,000	2,284,800
Share issue costs (net of tax – $93,000)	–	(184,204)
Issued to repay shareholder loan	155,041	106,838
Balance at December 31, 2006	41,873,273	$ 47,661,284

CLASS A	NUMBER	AMOUNT
Balance at January 1, 2007	41,873,273	$ 47,661,284
Application of prior year deficit against share capital	–	(15,097,957)
Issued on private placement	48,814,447	34,170,113
Share issue costs	–	(830,435)
Share consolidation (1 share for every 4 outstanding)	(68,015,790)	–
Repurchase of common shares	(46,500)	(135,091)
Balance at September 30, 2007	22,625,430	$ 65,767,914

CLASS B	NUMBER	AMOUNT
Balance at January 1, 2007	–	$ –
Issued on private placement	22,614,124	15,829,887
Share consolidation (1 share for every 4 outstanding)	(16,960,593)	–
Balance at September 30, 2007	5,653,531	$ 15,829,887
Total Share Capital		$ 81,597,801

During February 2006, the Company completed a private placement of 2,904,400 shares at $1.75 per share for gross proceeds of $5,082,704. Related costs of $247,204, less income tax of $82,935, were recorded as share issue costs.

On March 31, 2006, the Company completed the acquisitions of SSI, Precise and Vertical. On the SSI transaction the Company issued 8,000,000 shares for purchase consideration of $14,320,000. On the Precise acquisition, the Company issued 2,507,027 shares for purchase consideration of $4,813,492. On the Vertical acquisition, the Company issued 1,190,000 shares for purchase consideration of $2,284,800. Related costs of $30,000, less income tax of $10,065, were recorded as issue costs.

During December 2006, the Company issued 155,041 shares in settlement of an outstanding shareholder loan.

8. Share Capital (continued):

During May and June 2007, the Company issued 48,814,447 Class A voting common shares and 22,614,124 Class B non-voting common shares at $0.70 per share for gross proceeds of $50,000,000. Related costs of $830,435 were recorded as share issue costs.

During July 2007, the Company consolidated both class A and class B shares by issuing one (1) share for every four (4) outstanding Class A and Class B Shares.

In August 2007, the Company began repurchasing class A shares that had previously been issued at an average net cost of $2.91 per share under a normal course issuer bid program. At September 30, 2007, 46,500 class A shares had been repurchased from the TSX Venture Exchange at an average net cost of $1.85 per share with the difference applied to contributed surplus. At September 30, 2007 24,100 of these Class A Shares had been returned to treasury and cancelled.

c) Stock option plan

During 2005, the Company established a stock option plan to provide directors, officers, employees and consultants with the opportunity to participate in its growth and development. As at January 1, 2006, 1,445,000 options were outstanding at exercise prices between $1.15 and $2.50 per share, expiring during 2010. As at March 31, 2006, an additional 1,467,500 options were issued at exercise prices between $1.75 and $1.82 per share, expiring during 2011. During the quarter ended June 30, 2006, an additional 548,000 options were issued at an exercise price of $2.07 per share, expiring during 2011. During December 2006, an additional 300,000 options were issued at an exercise price of $0.75 per share expiring December 2011. In February 2007, an additional 602,500 options were issued at an exercise price of $0.70 per share expiring February 2012.

One third of the options vested upon issuance, and the balance were meant to vest in equal amounts on each anniversary over the next two years. In May and June 2007, the Company issued 44,890,421 Class A voting common shares and 22,614,124 Class B non-voting common shares to one investor. The size of the purchase created an effective change in control under the stock option plan which resulted in all remaining unvested options to vest immediately.

During July 2007, the Company consolidated both class A and class B shares by issuing one (1) share for every four (4) outstanding thereby consolidating all options on the same basis.

At September 30, 2007, all outstanding options were cancelled. On October 1, 2007, 1,453,125 options to purchase class A shares were issued to officers, senior management, employees and directors at an exercise price of $2.40 per share. The options have vesting provisions over three years and will expire five years from the date of issue.

	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
Outstanding, January 1, 2007	3,615,000	1.75
Granted	602,500	0.77
Forfeited	(538,000)	(1.78)
	3,679,500	1.59
Share consolidation (1 share for every 4 outstanding)	(2,759,625)	
Cancellation (September 30, 2007)	(919,875)	(6.36)
Outstanding, September 30, 2007	–	0.00
Outstanding, January 1, 2006	1,445,000	1.80
Granted	2,315,500	1.72
Exercised	(36,667)	(1.18)
Forfeited	(108,833)	(1.76)
Outstanding, December 31, 2006	3,615,000	1.75

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

Risk free rates of return range	3.71% – 4.15%
Expected life (years)	5
Volatility	50%
Dividend yield	0%

8. Share Capital (continued):

2007

RANGE OF EXERCISE PRICE	OUTSTANDING STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	REMAINING LIFE	EXERCISABLE STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
0.00 – 0.00	–	–	–	–	–

2006

RANGE OF EXERCISE PRICE	OUTSTANDING STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)	REMAINING LIFE	EXERCISABLE STOCK OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE ($)
0.75	300,000	0.75	4.96	100,000	0.75
1.15 – 1.82	2,017,500	1.60	4.02	867,500	1.50
1.91 – 2.50	1,297,500	2.22	4.03	699,167	2.26
0.75 – 2.50	3,615,000	1.75	4.18	1,666,667	1.77

d) Basic and diluted loss per share

THREE MONTHS ENDED SEPTEMBER 30	2007			2006		
	NET INCOME	SHARES	PER SHARE AMOUNT	NET INCOME	SHARES	PER SHARE AMOUNT
Basic and diluted income (loss) per share	$ (783,556)	22,663,459	$ (0.03)	$ 182,751	10,429,558	$ 0.02
Dilutive effect of:						
Stock option conversions		–			–	
Performance warrant conversions		–			1,050,576	
Diluted income (loss) per share	$ (783,556)	22,663,459	$ (0.03)	$ 182,751	11,480,134	$ 0.02
Securities excluded from diluted loss per share as the effect would be anti-dilutive		3,030,303			–	

NINE MONTHS ENDED SEPTEMBER 30	2007			2006		
	NET INCOME	SHARES	PER SHARE AMOUNT	NET INCOME	SHARES	PER SHARE AMOUNT
Basic and diluted income (loss) per share	$ (5,346,879)	22,669,096	$ (0.24)	$ (475,768)	9,325,418	$ (0.05)
Dilutive effect of:						
Stock option conversions		–			–	
Performance warrant conversions		–			–	
Diluted income (loss) per share	$ (5,346,879)	22,669,096	$ (0.24)	$ (475,768)	9,325,418	$ (0.05)
Securities excluded from diluted loss per share as the effect would be anti-dilutive		3,030,303			1,748,250	

Earnings per share have been calculated taking into account the consolidation of shares which occurred on July 12, 2007, at a ratio of one Class A common share for each four common shares outstanding (1:4). Following the consolidation the Company had 22,671,930 Class A common shares and 5,653,531 Class B common shares outstanding. At September 30, 2007, 46,500 class A shares had been repurchased from the TSX Venture Exchange, leaving the Company with 22,625,430 class A shares available for trading.

8. Share Capital (continued):

e) Warrants

As part of the $63 million long-term credit facility entered into in January 2007, approximately 12.1 million common share purchase warrants were issued by the Company to the lender, exercisable into common shares of the Company at a price of $0.825 per share, expiring in January 2010. The Company agreed to redeem any unexercised warrants that remain outstanding on the warrant expiry date at a price of $0.10 per warrant. In July 2007 the Company consolidated both class A and class B shares by issuing one (1) share for every four (4) outstanding. The warrants were consolidated as well, resulting in 3,030,303 common share purchase warrants exercisable into common shares at a price of $3.30 per share, with any unexercised warrants at the warrant expiry date to be redeemed at $0.40 per warrant. Fair market value of $2,412,121 has been estimated for these warrants based on the Black-Scholes model.

9. Segmented Information:

The Company operates in two primary segments within the service industry in Western Canada: well servicing and other oilfield services. The well servicing segment provides well services through the use of service rigs and coil tubing units. The other oilfield services segment provides snubbing, nitrogen, production testing and equipment rentals, primarily providing support services to the well service business.

The Company evaluates performance on net income before taxes. Inter-segment sales are recorded at current market prices and eliminated upon consolidation.

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 sold independently of the well servicing. They are managed separately as the businesses were acquired as a unit and the Company has retained the management of each acquired company.

The amounts related to each industry segment are as follows:

THREE MONTHS ENDED SEPTEMBER 30, 2007	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	7,269,691	4,643,335	–	11,913,026
Interest expense	–	–	744,671	744,671
Depreciation and amortization	1,478,062	862,920	55,621	2,396,603
Income (loss) before income taxes	693,143	53,584	(1,346,283)	(599,556)
Income taxes	–	–	184,000	184,000
Net income (loss)	693,143	53,584	(1,530,283)	(783,556)
Property and equipment (net of depreciation)	65,645,717	22,373,309	823,322	88,842,348
Intangibles (net of amortization)	–	4,721,536	–	4,721,536
Goodwill	–	–	–	–
Capital expenditures	5,372,511	168,071	10,029	5,550,611

THREE MONTHS ENDED SEPTEMBER 30, 2006	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	6,440,100	6,849,005	–	13,289,105
Interest expense	–	–	786,669	786,669
Depreciation and amortization	1,160,850	670,528	214,691	2,046,069
Income (loss) before income taxes	915,387	1,562,463	(1,486,373)	991,477
Income taxes	–	–	808,726	808,726
Net income (loss)	915,387	1,562,463	(2,295,099)	182,751
Property and equipment (net of depreciation)	47,372,997	19,088,737	893,266	67,355,000
Intangibles (net of amortization)	–	5,324,512	–	5,324,512
Goodwill	519,183	10,388,484	–	10,907,667
Capital expenditures	4,798,185	1,569,913	108,856	6,476,954

9. Segmented Information (continued):

NINE MONTHS ENDED SEPTEMBER 30, 2007	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	21,374,502	13,401,885	–	34,776,387
Interest expense	–	–	4,508,906	4,508,906
Depreciation and amortization	4,264,413	2,518,582	162,387	6,945,382
Income (loss) before income taxes	2,492,798	(587,279)	(7,749,336)	(5,843,816)
Income taxes	–	–	(496,938)	(496,938)
Net income (loss)	2,492,798	(587,279)	(7,252,398)	(5,346,879)
Property and equipment (net of depreciation)	65,645,717	22,373,309	823,322	88,842,348
Intangibles (net of amortization)	–	4,721,536	–	4,721,536
Goodwill	–	–	–	–
Capital expenditures	21,134,777	3,672,128	90,711	24,897,616

NINE MONTHS ENDED SEPTEMBER 30, 2006	WELL SERVICING	OTHER OILFIELD SERVICES	CORPORATE	TOTAL
Revenue	15,272,473	10,583,225	–	25,855,698
Interest expense	–	–	1,541,658	1,541,658
Depreciation and amortization	2,738,343	1,303,086	558,565	4,599,994
Income (loss) before income taxes	2,604,088	1,303,892	(4,457,519)	(549,539)
Income taxes	–	–	(73,771)	(73,771)
Net income (loss)	2,604,088	1,303,892	(4,383,748)	(475,768)
Property and equipment (net of depreciation)	47,372,997	19,088,737	893,266	67,355,000
Intangible assets	–	5,324,512	–	5,324,512
Goodwill	519,183	10,388,484	–	10,907,667
Capital expenditures	30,392,667	5,085,018	337,228	35,814,913

10. Subsequent Event:

a) On October 29, 2007, Tricap Partners Ltd. ("Tricap") converted 500,000 Class A Shares to Class B Shares. This transfer was done to ensure that under the Company's normal course issuer bid program, Tricap's ownership percentage of the Class A Shares would not exceed 49.5% at any time. This transfer results in the Company having 22,125,430 Class A Shares and 6,153,531 Class B Shares outstanding.

CORPORATE INFORMATION
Central Alberta Well Services Corp.

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N. LEON LAYDEN
LOUIS W. MACEACHERN (1) (2)
JAMES (JIM) REID (2)
JEFFREY G. THOMSON (1)
DARRYL E. WILSON

(1) MEMBER OF AUDIT COMMITTEE
(2) MEMBER OF COMPENSATION AND GOVERNANCE COMMITTEE

OFFICERS
DARRYL E. WILSON, PRESIDENT AND CHIEF EXECUTIVE OFFICER
DARCY A. CAMPBELL, VICE PRESIDENT FINANCE & CHIEF FINANCIAL OFFICER
ROSS O. DRYSDALE, CORPORATE SECRETARY

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KPMG LLP (CALGARY, ALBERTA)

LEGAL ADVISORS
BURSTALL WINGER LLP (CALGARY, ALBERTA)

REGISTRAR AND TRANSFER AGENT
OLYMPIA TRUST COMPANY (CALGARY, ALBERTA)

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