MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following MD&A contains information concerning the Company's vision, business strategies, capabilities, financial results and an overview of its outlook for the Company and the industry as at May 31, 2006. The following discussion is based on the Company's interim financial statements, which were prepared in accordance with generally accepted accounting principles. The discussion of financial condition and results should be read in conjunction with the financial statements and notes contained in the audited financial statements for the ten month period ended December 31, 2005. Additional information is available on the Company's website [www.cawsc.com] and all previous public filings are available on Sedar at www.sedar.com.

This discussion and analysis contains forward-looking statements that reflect management's expectations regarding the Company's future growth, operating results and market opportunities. Terms such as "anticipate", "expect", "believe" and other similar words are used to help identify these forward looking statements. These forward-looking statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risk factors materialize, or should assumptions prove incorrect, the actual results may vary significantly from those expected. The Company does not intend, and does not assume any obligation, to update these forward-looking statements.

Corporate Development

Central Alberta Well Services Corp. is headquartered in Red Deer, Alberta, providing well services to oil and gas companies operating in Western Canada. During the Quarter ended March 31, 2006, its core business activities focused on well servicing, utilizing service rigs and coil tubing technology. As at March 31, 2006 it completed three accretive acquisitions, expanding its service line to include the complimentary services of snubbing, nitrogen, well testing, and oilfield equipment rentals.

Central Alberta Well Services Corp. ("CAWS") was incorporated on March 1, 2005 as a private company at which time it acquired the assets of Cactus Coil Tubing Ltd. for cash consideration of $2.7 million. On September 1, 2005, CAWS was amalgamated with e-Quisitions Inc. ("EQ"), a non-operating public company and the combined business continued as Central Alberta Well Services Corp. (the "Company"). The amalgamation was accounted for as a reverse takeover transaction as the former shareholders of CAWS controlled approximately 80% of the outstanding shares of the Company following amalgamation.

On March 31, 2006, the Company acquired 100% of the issued and outstanding shares of SSI Special Services Inc. ("SSI") and certain shareholder loan balances for total consideration of $18.3 million, excluding transaction costs, consisting of $4 million of cash and the issuance of 8.0 million treasury shares of the Company. SSI provides nitrogen and snubbing services to oil and gas companies operating in Western Canada and has been in operation since 1997.

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

On March 31, 2006, the Company acquired 100% of the issued and outstanding shares of 1080104 Alberta Ltd., operating as Vertical Rentals ("Vertical") for a purchase price of $2.3 million, excluding transaction costs, for consideration of 1.2 million treasury shares. 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 on the last day of the reporting period and the financial position of these companies has been included in the Consolidated Balance Sheet as at March 31, 2006.

Operational Overview

From strategic locations in Red Deer and Provost, Alberta, the Company provides well servicing, snubbing, nitrogen pumping and supply, well testing and equipment rentals to oil and gas companies operating in the Western Canadian Sedimentary Basin. These services include completions, work-overs and abandonments, well maintenance, high pressure and critical sour gas well work, re-entry preparation drilling and servicing coal bed methane work-overs and completions.

One of its strategies is to capture market share by providing a complimentary line of oilfield services, utilizing leading-edge well service technology and by focusing unwaveringly on safety, health and employee welfare in all aspects of its operations.

The management and operational teams have extensive experience in the Canadian oil and gas service industry. The well service management team has a proven track record, having previously developed a successful well servicing operation that, at the time of divestiture, operated a fleet total of 165 service rigs and was considered to be the largest well service operation in Western Canada. The nitrogen and snubbing operations continue to be managed by the same individuals that founded the SSI operation nine years ago. The Company plans to leverage this industry knowledge and track record to recruit and retain experienced field crews, design and construct a modern equipment fleet and develop a strong customer franchise.

The Company has incorporated a fleet of coil tubing and nitrogen delivery units into its operations that compete for coal bed methane ("CBM") completion and work-over applications. CBM is a rapidly emerging source of non-conventional gas and is expected to become an increasingly important source of new natural gas production in Western Canada. CBM development is more service intensive than conventional sources of natural gas. As of March 31, 2006, the Company had three coil tubing rigs and eight nitrogen delivery units in its fleet. A fourth coil unit and two additional nitrogen units are planned for delivery during the second quarter of 2006.

Development of an equipment fleet that utilizes identical components on all units and that are sourced through one primary equipment manufacturer is a key competitive strength. This standardization provides the operating advantages of reduced maintenance costs, and lower parts and replacement inventories. The Company's commitment to incorporating leading edge technology stands out in an industry characterized by an ageing equipment infrastructure. The fleet has been designed to be lighter and more mobile for higher utilization and enhanced well site access when road access and other seasonal issues become inhibiting factors for older and heavier equipment.

The oil and gas service industry is operating at record activity levels and is faced with increasing shortages of skilled trade people. In its early stages, the Company has been successful in recruiting experienced crews but going forward it will have to introduce innovative employee retention programs to attract and retain skilled staff. The Company also believes its fleet of new equipment with will be a catalyst for attracting qualified operating teams.

Capital Structure	**For the Quarter Ended**				
	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005	Jun. 30, 2005	Mar. 31, 2005 [1 month]
Total assets	81,371,149	27,173,800	20,338,246	19,785,195	4,122,583
Total liabilities	35,742,653	8,578,656	14,684,198	14,226,881	3,927,818
Long term debt	14,040,639	4,950,000	13,595,425	13,845,574	-
Future income tax	3,913,000	-	-	-	-
Shareholders' equity	45,628,496	18,595,144	5,654,048	5,558,314	194,765
Long term debt to equity	0.31	0.27	2.40	2.49	0.00
Shares outstanding					
At end of period	41,716,565	27,080,138	7,235,138	3,775,008	1,275,000
Weighted average	28,457,574	20,282,878	4,553,474	3,005,775	1,275,000

The large increase in capital employed reflects the addition of three subsidiaries at March 31, 2006 with the SSI, Precise and Vertical acquisitions. Long term debt to equity remained at a comparative levels to the prior quarter. During the Q4 2006, the Company added four new service rigs to the fleet to finish the quarter with three coil tubing units, eight service rigs, eight nitrogen units, five snubbing packages and nine pressure systems. The company also has a fleet of specialized oilfield rental equipment including well site trailers, light towers and flare stacks.

The future tax liability of $3.9 million results primarily from differences between book value and tax balances on acquisitions.

In addition to the $21.4 million of equity issued for the acquisitions, the Company also completed a private placement of 2.9 million shares during February 2006 for net proceeds of $4.9 million. During the second quarter of 2005, the Company issued 20,561 10% convertible debentures for gross proceeds of $18.5 million. These debentures were fully converted into 20.6 million shares of the Company by December 2005.

Significant Agreements

On April 1, 2005, the Company signed a Master Supply Agreement for the procurement of service rig packages through to the end of 2007. Four service rigs and one coil tubing unit were acquired pursuant to this agreement during 2005 and four service rigs during Q1 2006. During Q1 2006 the exclusivity condition of this contract was removed enabling the Company to acquire equipment from other suppliers. This amendment was designed to overcome potential issues with equipment lead times for certain key components and the resulting production back logs.

The president of this company is a director of the Central Alberta Well Services and all transactions with this company have been disclosed as related party transactions. The pricing for all equipment purchased under this agreement does not exceed their fair market value.

The other capital equipment used in the snubbing, nitrogen, well testing and rental operations are all provided by arms length parties as required and are not subject to any long term supply agreements.

Selected Financial Information

	For the Quarter Ended				
	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005	Jun. 30, 2005	Mar. 31, 2005 [1 month]
Revenues	4,931,474	1,946,699	552,068	398,237	80,156
Net income (loss)	103,090	(633,742)	(1,187,566)	(938,533)	(108,431)
EPS: basic and diluted	0.00	(0.03)	(0.26)	(0.31)	(0.09)
Weighted average common shares	28,457,574	20,282,878	4,553,474	3,005,775	1,275,000
Total Assets	81,371,149	27,173,800	20,338,246	19,785,195	4,122,583
Long Term Debt	14,040,639	4,950,000	13,595,425	13,845,574	-
Capital Expenditures	9,262,272	8,754,760	2,780,272	6,585,654	293,910
Units operating at end of period					
Service rigs	8	4	1	-	-
Coil units	3	3	3	2	2
Snubbing units	5	-	-	-	-
Nitrogen tankers & pumpers	8	-	-	-	-
Pressure tanks	9	-	-	-	-

Q1 2006 revenues increased by 153% from Q4 2005, reflecting the expanded equipment fleet and seasonal weather patterns. After sustaining net losses during the first ten months of its formative operations, the Company generated positive income in January 2006 and posted net income of $103,090 for Q1 2006. Included in this result is stock based compensation expense of $572,200 pursuant to the Company’s stock option plan. The Q1 results also include a number of costs related to setting up the administrative and operational infrastructures that are required to manage the Company’s operations and growth on a go forward basis.

Capital expenditures include assets under construction at the end of each of the quarters presented. These assets are not depreciated until they are available for use. Capital expenditures during Q1 2006, net of assets under construction, consist primarily of the purchase of four service rig packages.

Q1 2006 Quarterly Review

	Three months ended March 31, 2006	Three months ended March 31, 2005
(unaudited)		
Revenues	4,931,474	80,156
Operating costs	2,689,745	86,142
	54.5%	107.5%
General and administrative	704,863	86,120
Stock based compensation	572,220	-
Interest	119,595	(1,456)
Depreciation and amortization	741,961	17,781
Net Income (Loss)	103,090	(108,431)
EBITDA [(1)]	845,051	(90,650)
Capital expenditures	9,262,272	293,910

[(1)] EBITDA is calculated from the statement of loss as revenue less operating costs and general and administrative expenses and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDA is a non-GAAP earnings measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

The financial information provided include the consolidated accounts of the Company as at March 31, 2006 and the results of operations for the three months then ended. The comparative financial results are for the one month period from the date of incorporation to March 31, 2005.

Revenues increased by 153% in Q1 2006 from the previous quarter as more well service equipment was added to the operation, increasing from seven to eleven units. Average billing rates on service rigs tend to be higher than those charged on coil tubing units and were more impactful during the fourth quarter as the number of service rigs exceeded the coil tubing units. The average rates on the service rigs increased by approximately 18% during the quarter and the coil tubing rates finished about 6% lower on average.

Operating costs include fixed and variable components. Operating costs as a percentage of revenues decreased during Q1 2006 as start-up issues were resolved, crews became fully functional on the new equipment and activity levels increased.

General and administrative expenditures for Q1 2006 increased marginally by 4.5% from Q4 2005 to 14.7% of revenues and remain above the levels warranted for the amount of quarterly activity. Wages and benefits include the additions of new employees to the management and operational teams. These positions are integral to the growth plans of the Company and salary costs are expected to increase over the coming quarters as the Company continues its planned growth. Professional fees include a considerable amount of legal fees related to various corporate developments and exclude the amounts that were recorded as acquisition costs and deferred financing fees. Professional fees are expected to diminish over the next few quarters as the Company integrates its recent acquisitions and focuses on internal growth. Facility costs include rent and utility costs and will increase going forward as the Company relocated into a larger premises in Red Deer and added two additional locations as a result of the SSI acquisition.

General and administrative	**Three months ended**	**Three months ended**
	March 31, 2006	December 31 , 2005
(unaudited)		
Wages and benefits	277,195	243,345
Office	140,567	183,755
Facility	91,060	71,503
Professional fees	92,244	79,098
Other administration	103,798	96,552
	704,863	674,253

Stock based compensation expense increased to $572,220 during Q1 2006 from $410,517 in Q4 2005 as the number of options issued to employees increased. One of the Company’s retention strategies is to widely distribute its stock options. Options are not treated as an executive perquisite but are provided to every employee of the organization. The resulting non-cash expense is recorded on a quarterly basis.

Interest expense includes the interest expense on the term $8.8 million of advances on the $13 million term debt facility advanced as of March 31, 2006. This amount will increase in Q2 with the bridge facility funding, further draws on the above term debt and the interest expense incurred on debts assumed through the acquisitions.

Capital expenditures for the period consisted largely of four new service rigs. The continuing addition of production equipment will continue throughout 2006 as the Company moves towards critical mass. The Company moved into a new facility in Red Deer during the second quarter of 2006 and incurred costs for leasehold improvements.

Related party transactions reflect equipment purchases from a key supplier during the course of normal business activities. The supplier is controlled by one of the Company’s directors. The prices paid for equipment received do not exceed fair market value. Transactions to the end of March totaled $8.0 million, as outlined below.

	As At March 31, 2006	As At December 31, 2005
Purchases of capital equipment	$ 8,692,693	$ 12,576,797
Assets under construction	(658,996)	658,996
	$ 8,033,697	$ 13,235,793
Amounts in accounts payable	$ 129,109	$ 2,246,018

Net income and EBITDA improved considerably as the Company reported its first quarterly profit and generated EBITDA of $0.8 million for Q1 2006 compared with a loss of $2.9 million and negative EBITDA OF $1.3 million for the ten months ended December 31, 2005.

Liquidity and Capital Resources

	For the Quarter Ended				
	Mar. 31, 2006	Dec. 31, 2005	Sep. 30, 2005	Jun. 30, 2005	Mar. 31, 2005 [1 month]
Working capital	(194,130)	2,813,640	6,745,091	8,636,777	(2,884,985)
Long Term Debt	14,040,639	4,950,000	13,595,425	13,845,574	-
Shareholders' Equity	45,628,496	18,595,144	5,654,048	5,558,314	194,765
Long Term Debt to Equty	0.3	0.3	2.4	2.5	-

Working capital, inclusive of the current portion of long term debt, ended the quarter at negative $0.2 million, a reduction of $3.0 million from December 2005, as the Company drew down $11 million of a $21 million dollar bridge facility and used these short-term borrowings to fund the cash component of the SSI acquisition and ongoing capital procurement.

During Q4 2005 the Company entered into a $13 million term loan facility. At March 31, 2006, it has drawn down $8.8 million of this funding. The remaining long term debt additions during the Q1 2006 represent the consolidation of debt balances assumed on the SSI and Precise acquisitions.

During February 2006, the Company completed a private placement of 2.9 million shares for consideration of $4.8 million, net of issuance costs. These funds were used for the continuing acquisition of service rig packages. Additional equity of $21.4 million was also issued on closing of the SSI, Precise and Vertical Rental acquisitions.

During Q1 2006, the Company entered into a bridge loan agreement for up to $21 million which matures no later than September 30, 2006. Additional debt and equity financing will be required to refinance this facility and continue the 2006 capital expenditure program. The Company’s management and directors are reviewing various financing alternatives.

As at March 31, 2006, 41,716,565 were shares issued and outstanding, of which 11.4 million (27%) are held by management and directors.

Acquisitions

At March 31, 2006, the Company completed three strategic acquisitions for a total cost of $26.4 million. Note 2 of the interim consolidated financial statements outlines the assets and liabilities acquired and the consideration paid.

Outlook

Despite a softening of natural gas prices during Q1 2006 and volatile oil pricing, the company did not experience any meaningful change in the demand for its oilfield services. The Company expects to continue to benefit from strong industry fundamentals and significant expenditure levels by oil and gas producers on exploration and development activities in Western Canada. Management anticipates the demand for oilfield services will continue unabated throughout 2006 and that the ability of oilfield services companies to satisfy this increased demand will be impacted by equipment capacity constraints and access to experienced manpower resources. The Company will continue its capital construction programs to position itself to respond to these industry dynamics. While management acknowledges that commodity pricing is subject a range of external factors that can materially impact service activity levels, they remain optimistic about resource industry demand for its well services over the coming quarters.

The recent additions of snubbing, nitrogen, well testing and rentals are expected to provide a broader based growth strategy to the Company during the balance of 2006. These services are all quite complimentary and provide significant cross-selling opportunities to the expanded customer base attributed to the combined operations.

SSI has been providing snubbing and nitrogen services to oil and gas companies operating across Western Canada since 1997. These services are a natural extension to the Company's existing service lines and as the two companies had previously co-ventured on a number of projects. SSI has a fleet of snubbing units and nitrogen delivery equipment and employs approximately fifty people that have been retained.

Precise provides well testing services throughout the Western Canadian sedimentary basin and has been in operation for about three years. It employs about twenty five individuals whose employment has been continued.

Vertical is a relatively new oilfield rental company that leases out specialized equipment within the drilling industry segment. This acquisition has accelerated the Company's plans to establish a rental division for certain of its drilling and well site support equipment.

Risk Management

Business risks: Activity in the oil and gas industry is subject to a range of external factors that are difficult to actively manage, including resource demand, commodity pricing and climate. The Company plans to mitigate these risks by maintaining a strong balance sheet and remaining responsive to changes in industry dynamics. The Company has a comprehensive insurance policy to help safeguard its assets, operations and employees. This will be reviewed annually and revised as changes in circumstances warrant.

Credit risks: The Company currently transacts with a small number of oil and gas exploration companies and is exposed to the associated credit risk. Management periodically assesses the credit worthiness of these customers and monitors all outstanding balances. Management views the credit risk of its accounts receivables as normal for its industry.

Financing risk: The ability of the Company to complete its budgeted capital acquisition program and meet its payment obligations as they become due will be dependent on its ability to secure sufficient funds through additional debt and equity financing, and to generate positive cash flow from operations.

Supplier Risk: The Company has chosen to use a sole-source supplier for the majority of its well service equipment and maintenance programs. While this arrangement provides certain market advantages, it also exposes the Company to potential short-term vulnerability if this supplier experiences unusual production disruptions or labour disputes.

Seasonal and weather risk: Seasonal factors and unexpected weather patterns may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's services during various times of the year.

Critical Accounting Policies and Estimates

The preparation of the financial statements require that certain estimates and judgments be made with regard to the reported amount of revenue and expenses and the carrying values of assets and liabilities. The Company's accounting policies are fully described in note 2 to the annual financial statements.