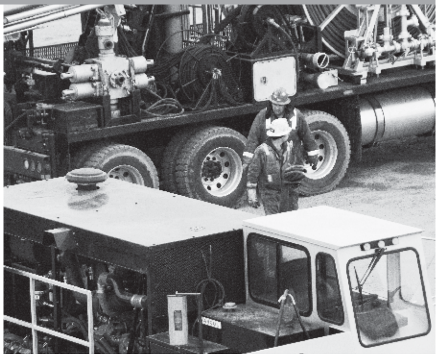

CENTRAL ALBERTA WELL SERVICES CORP.

Management's Discussion and Analysis

Central Alberta Well Services Corp.

The following management's discussion and analysis ("MD&A") of Central Alberta Well Services Corp. ("CWC" or the "Company") contains information concerning the Company's vision, business strategies, capabilities, comparative financial results and an overview of its outlook for the Company and the industry as at November 23, 2009. The message to shareholders, operations review and financial results for the year ended December 31, 2008, together with the accompanying note disclosures, also contain information that supplements this discussion. This MD&A should be read in conjunction with the Company's audited financial statements as at December 31, 2008 and 2007 and for the years then ended. Additional information on the Company, including the Annual Information Form ("AIF"), can be found on the Company's website at www.cawsc.com or on SEDAR at www.sedar.com

This MD&A contains certain forward-looking information and statements, including statements relating to the Company's utilization rates of equipment, anticipated length of the current economic downturn, future operating costs and the increase or decrease relating thereto, capital expenditures, the projected growth of the asset base of the Company and other statements relating to matters that are not historical facts and statements of the Company's beliefs, expectations about developments, results and events which will or may occur in the future, which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation. Certain statements contained in this MD&A, including statements which may contain such words as "anticipate", "could", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", and similar expressions suggest future outcomes or statements regarding an outlook.

Forward-looking information and statements are included thoughout this MD&A, including under the headings "Corporate Development", "Overview", "Liquidity and Capital Resources", "Outlook" and "Risk Management". In particular, forward-looking information and statements include, but are not limited to the following, each of which is subject to significant risks and uncertainties and is based on a number of assumptions which may prove to be incorrect:

- Anticipated length of the current economic downturn;
- The success of the multi-service marketing plan will partially insulate the Company from the effects of the current economic downturn;
- Ability of capital expenditures to be funded through operating cash flows;
- Refinancing of long-term debt by January 2010 when it is due;
- Performance of the oil and natural gas industry;
- Demand for and status of service equipment;
- Costs and financial trends for companies operating in the oil and natural gas industry;
- Capital expenditures, including the amount and nature thereof;

- Demand for products and services;
- Expected cash provided by continuing operations;
- The Company's business strategy and outlook for business segments;
- Expansion and growth of the Company's business and operations;
- The maintenance of existing customer, supplier and partner relationships;
- Supply channels;
- Accounting policies and tax liabilities; most significantly being the entity's ability to refinance the debt before its maturity date and continue as a going concern;
- Expected payments pursuant to contractual obligations;
- The prospective impact of recent or anticipated regulatory changes;
- Credit and liquidity risks; and
- Other such matters.

Management has made certain assumptions and analyses which reflect their experience and knowledge in the industry. These assumptions and analyses are believed to be accurate and truthful at the time but the Company cannot assure readers that actual results will be consistent with these forward-looking statements. However, whether actual results, performance, or achievements will conform to the Company's expectations and predictions is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations. Further information regarding these risks and uncertainties may be found under the heading "Risk Management" in this MD&A, "Risk Factors" in the Company's Annual Information Form and in the Company's most recent financial statements, information circular and quarterly reports.

Corporate Development

CWC is an oilfield services company which offers a complete range of oil and gas services throughout the Western Canadian Sedimentary Basin ("WCSB"). The Company has two reporting segments, Well Servicing and Other Oilfield Services. The Well Servicing Segment includes Service Rigs and Coil Tubing. The Other Oilfield Services Segment includes Snubbing, Nitrogen, Testing and Rental activities.

The Company's corporate office is located in Calgary, Alberta and the main operating center is located in Red Deer, Alberta, with branch offices in Provost, Brooks, Grande Prairie as well as a newly established office in Weyburn, Saskatchewan. The Company provides well services to oil and gas exploration and development companies operating in Western Canada.

The Company commenced the 2009 year with 41 service rigs, eight (8) snubbing units, eight (8) coil tubing units, 14 nitrogen units and 12 testing packages. Delays occurred in the capital build program, originally anticipated to be completed prior to the end of 2008, and now scheduled to be completed throughout 2009. During the first quarter of 2009, three (3) service rigs were delivered under the build program. Two additional rigs were delivered early in the third quarter and the final two were sold early in the third quarter. Two complete rig packages were sold to a Canadian drilling contractor with international operations who relocated the equipment outside of Canada. The proceeds from the sale were used to fund the remaining capital commitments under the build program.

Expansion, particularly within the service rig fleet is a cornerstone of the Company's marketing plan and the strategic direction of the Company. The Company has been spending considerable efforts in marketing and streamlining processes to be able to offer a "full suite" of services to each customer to better meet their demands. This results in a more efficient project and provides cost savings to the customer while increasing utilization rates among all divisions. The Company believes that the ancillary services offered to its customers directly support the core division of service rigs which continues to grow. The Company anticipates that this combined marketing effort will minimize the impact of the global economic downturn on the Company. The goal is that a job granted in one division will evolve into a project involving as many of the divisions of the Company as is possible based on the customer's needs.

As a result of this expansion, the Company now operates the following fleet of equipment within the WCSB:

UNITS OPERATING AT END OF PERIOD	2009 SEPTEMBER 30	2009 JUNE 30	2009 MARCH 31	2008 DECEMBER 31	2008 SEPTEMBER 30	2008 JUNE 30	2008 MARCH 31
Service rigs	44	44	44	41	41	41	37
Coil units	8	8	8	8	8	8	8
Snubbing units	8	8	8	8	8	7	7
Nitrogen tankers & pumpers	14	14	14	14	14	14	14
Pressure tanks	12	12	12	12	12	12	12

The Company's commitment to building a modern fleet with leading edge technology continues to stand out in an industry characterized by an ageing equipment infrastructure. As a result, used equipment acquired will undergo the necessary rework to bring the rigs up to the Company's standards. Originally, the Company anticipated that the rework would be complete so the units would be available in the first quarter, but current economic conditions have led to a postponement of the rework of these units. Once economic conditions improve, utilizations return to normal levels and cash flows permit, the rework will be rescheduled.

During the second quarter the Company was in discussions to sell two complete service rigs and related support equipment to a Canadian based drilling contractor with international operations. On August 4, 2009 the sale was completed and a condition of the agreement was that the purchaser would relocate the equipment outside of Canada and would not operate the equipment within Canada for a period of four years. The $5.4 million in proceeds were used to satisfy outstanding capital commitments remaining from the previously announced build program.

Overview

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008 *(Restated)*	2009	2008 *(Restated)*
Revenues	$ 10,259,024	$ 23,021,857	$ 35,692,918	$ 60,363,519
Operating costs	7,450,646	14,519,105	25,360,881	38,155,032
Gross profit	2,808,378	8,502,752	10,332,037	22,208,487
Gross profit %	27.4%	36.9%	28.9%	36.8%
General and administrative expenses	3,191,336	2,876,908	9,211,175	7,991,748
EBITDAS (1)	(382,958)	5,625,844	1,120,862	14,216,739
EBITDAS (1) per share:				
Basic and diluted	(0.01)	0.20	0.04	0.51
Stock based compensation	260,162	266,307	774,495	658,937
Interest	1,839,017	1,367,807	4,536,547	3,859,860
Depreciation and amortization	2,753,176	3,031,323	8,024,679	9,642,682
Net income (loss) before tax	(5,235,313)	960,407	(12,214,859)	55,260
Cash flows (deficiency) from operating activities	(1,473,407)	(83,843)	1,442,328	401,117
Less: Change in non-cash working capital	93,174	(4,866,282)	3,177,937	(11,067,232)
Funds from operations (2)	(1,566,581)	4,782,439	(1,735,609)	11,468,349
Funds from operations per share (2):				
Basic and diluted	$ (0.06)	$ 0.17	$ (0.06)	$ 0.41
Income (loss) per share: Basic and diluted	$ (0.19)	$ 0.03	$ (0.43)	$ (0.01)
Purchase of property, plant and equipment	$ (5,016,593)	$ (6,817,504)	$ (13,401,842)	$ (26,717,899)

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

(2) Funds from operations is defined as cash from operating activities before changes in non-cash working capital. Funds from operations and funds from operations per share are measures that provide investors additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Funds from operations and Funds from operations per share do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

Revenues for the third quarter of 2009 were $10.3 million, a 55% decrease from the record revenues seen in the third quarter of 2008. Year to date, the decrease in revenues was $24.7 million or 40.9%. The decrease was directly attributable to decreased utilization rates as a result of the current economic downturn, particularly within the Well Services Segment. Of the $12.7 million year over year decrease for the quarter, $8.9 million or 70.1% is attributable to decreases in the Well Servicing Segment and $3.8 million or 29.9% is attributable to decreases in the Other Oilfield Services Segment. Of the $24.7 million year to date year over year decrease, $17.9 million is attributable to decreases in the Well Servicing Segment and $6.8 million is attributable to decreases in the Other Oilfield Services Segment.

Gross Profit is mainly impacted by costs of direct labour, costs of running supplies for the fleet and the rates charged for the services provided. In the third quarter of 2009, gross profit as a percentage of revenues decreased by 9.5%. The decrease was consistent with a decrease in rates charged to customers as lower commodity prices have led companies to more aggressively seek out cost savings. The Company anticipates lower fuel costs to continue throughout most of 2009, consistent with the anticipated length in the current economic downturn being experienced. The Company also anticipates continued pressure on rates for services will occur throughout 2009 as market competition remains tight. The Company continues to manage its costs through evaluating the costs of its running supplies and renegotiating pricing of these supplies with vendors. The Company also effectively manages the coordination of personnel to maximize efficiencies.

General and administrative expenses, as detailed in the table shown below, increased year over year by $0.3 million for the three months ended September 30.

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008	2009	2008
Wages and benefits	$ 1,650,619	$ 1,717,738	$ 5,111,722	$ 4,531,520
Bad debts (recoveries)	395,270	(4,699)	583,158	118,764
Office	263,999	162,017	781,436	486,967
Facility	423,879	361,448	1,321,250	1,058,185
Professional fees	175,940	174,338	581,334	542,768
Other administration	281,629	466,066	832,275	1,253,544
	$ 3,191,336	$ 2,876,908	$ 9,211,175	$ 7,991,748
General and administrative costs as a % of revenues	31.1%	12.5%	25.8%	13.2%

Wages and benefits has remained virtually constant year over year.

Bad debts have increased year over year as the economic downturn has impacted customers of the Company through reduced access to financial and equity markets. The Company continues to actively manage accounts over 60 days to reduce the impact throughout the downturn.

The increase in facilities and office expenses are a result of additional facilities being established in Grande Prairie and the larger space leased for the Calgary corporate head office during the first quarter.

The slight increase in professional fees on both an interim and annual basis is due to increase costs with the proposed takeover that expired in the quarter.

Other administration costs decreased year over year due to a decrease in most discretionary costs in this category such as advertising, fuel, and shop supplies.

General and administrative costs expressed as a percentage of revenues is 18.6% higher year over year as a result of the lower than expected revenues seen in the third quarter of 2009 as well as increased bad debt expenditures.

Stock based compensation increased year over year by $115,558 for the nine months ended September 30. The increase is a result of the stock options issued in the second quarter of 2008.

Interest expense is incurred from the Company's term facility as well as the short term revolving operating facility and accretion expenses relating to the transaction costs and warrants arising from the refinancing that occurred in 2007. These costs are detailed in the table that follows. Interest is calculated on a floating basis above CIBC prime rate dependent on the amount of the facility drawn upon. The increase in interest year over year is a reflection of the default interest penalty incurred beginning in August of 2009 on the term debt facility. The default interest penalty interest is an additional 5% of interest in addition to the floating rate incurred and remains in effect until the covenant violations are corrected. Currently, this amount is being accrued in the financial statements and it is expected it will be paid upon the closing of the rights offering. The effective interest rate for the third quarter was 12.5%.

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008 *(Restated)*	2009	2008 *(Restated)*
Interest on debt	$ 1,273,536	$ 846,687	$ 2,884,808	$ 2,641,635
Interest income	(1,577)	(5,340)	(9,045)	(29,045)
Accretion on finance charges	312,967	231,113	918,678	678,175
Accretion on warrants	254,091	295,348	742,106	569,095
	$ 1,839,017	$ 1,367,807	$ 4,536,547	$ 3,859,860

Depreciation decreased by $1.6 million year over year for the nine months ended September 30, as a result of the lower utilization rates.

Cash flows from operating activities decreased by $1.4 million as a result of a $6.3 million decrease in funds from operations partially offset by a $4.9 million decrease in non-cash working capital.

Capital expenditures for the third quarter of 2009 consist mainly of $5.06 million in final payments relating to the last two rigs and related support equipment relating to the capital build program initiated in 2008. In the prior year, capital expenditures of $6.8 million consisted mainly of the acquisition of an additional snubbing unit and deposits made on the recently completed capital build program.

Quarterly Review

(IN 000'S, EXCEPT PER SHARE DATA)	2009			2008			
THREE MONTHS ENDING	Q3	Q2	Q1	Q4	Q3 (Restated)	Q2 (Restated)	Q1 (Restated)
REVENUES							
Revenues							
Well Servicing	$ 7,794	$ 4,467	$ 12,979	$ 12,789	$ 16,732	$ 9,165	$ 17,206
Other Oilfield Services	$ 2,465	$ 1,930	$ 6,058	$ 5,658	$ 6,290	$ 3,591	$ 7,379
	$ 10,259	$ 6,397	$ 19,037	$ 18,447	$ 23,022	$ 12,756	$ 24,585
Net income (loss)	(5,235)	(5,554)	(1,240)	(1,938)	901	(2,769)	1,748
EPS: Basic and diluted	(0.19)	(0.19)	(0.05)	(0.07)	0.03	(0.10)	0.06
Weighted average Common shares	27,187	–	–	–	–	–	–
Weighted average Class A common shares	–	20,234	20,503	20,810	21,451	21,502	21,532
Weighted average Class B common shares	–	6,953	6,701	6,604	6,373	6,373	6,343
Total weighted average common shares	–	27,187	27,204	27,414	27,824	27,875	27,875
Total assets	133,999	135,998	146,412	144,194	144,407	134,120	140,868
Debt	59,182	58,647	60,298	55,419	52,070	45,615	49,172
Purchase of property, plant and equipment	$ 5,017	$ 1,456	$ 6,929	$ 5,454	$ 6,818	$ 4,358	$ 15,543

(IN 000'S, EXCEPT PER SHARE DATA)	2007			
THREE MONTHS ENDING	Q4 (Restated)	Q3 (Restated)	Q2 (Restated)	Q1 (Restated)
REVENUES				
Revenues				
Well Servicing	$ 8,855	$ 7,270	$ 3,968	$ 10,137
Other Oilfield Services	$ 3,719	$ 4,643	$ 1,998	$ 6,761
	$ 12,574	$ 11,913	$ 5,966	$ 16,898
Net income (loss)	(134)	272	(3,744)	(454)
EPS: Basic and diluted	(0.01)	0.01	(0.13)	(0.04)
Weighted average Common shares	–	– –	–	
Weighted average Class A common shares	22,533	22,663	14,427	10,468
Weighted average Class B common shares	5,748	5,654	6,772	–
Total weighted average common shares	28,281	28,317	21,199	10,468
Total assets	118,465	110,762	107,107	106,675
Debt	29,242	20,138	15,239	57,852
Purchase of property, plant and equipment	$ 12,154	$ 5,551	$ 6,770	$ 12,577

Revenues for the third quarter were $10.3 million, a year over year decrease of $12.7 million or 55%. The majority of the decrease relates to the Well Servicing Segment where reduced utilizations and rates decreased revenues by $8.9 million year over year. Reduced utilization rates within the Other Oilfield Services Segment decreased revenues $3.8 million year over year. Accordingly, utilization rates for both the Well Servicing and Other Oilfield Services segments were down year over year by 37% and 34%, respectively.

Net loss declined in the third quarter as a result of lower than expected utilization rates and one time charges for bad debts. The third quarter ended with a net loss of ($5.2) million, a decline of $6.1 million from the third quarter of 2008.

Weighted average common shares are consistent with the second quarter of 2009. At the Company's Annual and Special Meeting on August 28, 2009, shareholders approved the conversion of all Class B shares to Class A shares, the elimination of the A/B share structure and the subsequent amendments to the Articles of the Company to Voting Common shares and Preferred shares. As a result, the Company's trading symbol was changed to "CWC". The consolidation of the A and B share structure simplifies the corporate structure of the Company, improving its marketability to potential investors.

Term debt increased by $0.5 million as a result of the Company's bank indebtedness position at September 30. As well, term debt has increased by $7.1 million from the third quarter of 2008 as result of funds advanced to finance the capital build program announced in the third quarter of 2008. The increased debt has been used to fund expansion of the fleet, critical to the long-term viability of the Company. Capital expenditures for the third quarter of 2009 totalled $5.0 million, all of which were funded from the sale of two service rigs and related support equipment earlier in the quarter.

Well Servicing Segment

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008 *(Restated)*	2009	2008 *(Restated)*
WELL SERVICING				
Revenues	$ 7,793,810	$ 16,732,287	$ 25,239,802	$ 43,103,966
Income (loss) before taxes	(759,072)	2,781,347	(1,349,001)	5,136,607
Depreciation and amortization	1,872,608	2,319,387	5,441,407	7,331,277
EBITDAS (1)	1,113,536	5,100,734	4,092,406	12,467,884

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

The Well Servicing Segment consists of a fleet of 44 service rigs and related support equipment and eight (8) coil tubing units. The fleet operates from facilities in Red Deer, Provost, Brooks, Grande Prairie and a newly established satellite office in Weyburn, Saskatchewan. The Company's fleet of service rigs consists mainly of rigs that have been built since the inception of the Company.

Revenues for the third quarter of 2009 were $7.8 million, a decrease of $8.9 million year over year. The reduction in revenues is consistent with the 37% year over year decrease in utilization consistent with the downturn currently being experienced in the industry and the additional negative pressures on rates. Year to date, the 27% reduction in utilization rates resulted in a $17.9 million reduction in revenues.

Gross profit expressed as a percentage of revenues was 32% for the first nine months of 2009, versus 39% in 2008. This decline is a result of downward pressure on rates and low utilization and is partially offset by cost saving measures including renegotiating with vendors on the supply of products.

Income (loss) before taxes of ($0.8) million declined $3.6 million from the third quarter of 2008, again as a result of the decreased utilizations and lower rates resulting in a lower profit margin to cover fixed overhead costs. Year to date, decreased utilizations as a result of the current economic downturn resulted in a $6.4 million reduction in income year over year.

Depreciation decreased by $1.9 million year over year for the nine months ended September 30 as a result of the lower utilization rates. Service rigs are depreciated on a unit of production basis so as utilization declines, the depreciation for these units declines at a corresponding rate.

EBITDAS decreased by $4.0 million year over year for the three months ended September 30, 2009 and $8.4 million for the nine months ended September 30, 2009, largely due to the decrease in rates charged and the decline in utilizations in the quarter.

Other Oilfield Services Segment

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008 (Restated)	2009	2008 (Restated)
OTHER OILFIELD SERVICES				
Revenues	2,465,214	6,289,570	10,453,116	17,259,553
Income (loss) before taxes	(666,646)	827,647	(1,146,189)	2,257,357
Depreciation and amortization	634,522	599,558	1,854,775	2,103,244
EBITDAS [1]	(32,124)	1,427,205	708,586	4,360,601

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

The Other Oilfield Services Segment consists of eight (8) snubbing units, 14 nitrogen tankers and pumpers, 12 well testing units and rental equipment. The nitrogen pumping units are a heat recovery nitrogen system used in many applications of the services provided by the Company. Nitrogen is used in place of air whenever a risk hazard assessment dictates. Nitrogen is an inert gas that is non-corrosive and non-explosive. It is ideal for industrial type applications for purging pipelines, pressure testing vessels and facilitating withdrawing stored liquids from vessels. The nitrogen pumpers also work in conjunction with the Company's coil tubing, well servicing and snubbing divisions and provide a synergized service for the Company's clientele. Snubbing and stripping operations are designed to enhance efficiency and performance in completion and workovers, wireline operations and underbalanced drilling. Snubbing units have the ability to operate in a continuous, pressure-controlled environment such as fluid-sensitive formations, under-pressured reservoirs, naturally fractured reservoirs and low-permeability sandstone reservoirs.

Revenues for the third quarter were $2.5 million, a decrease of $3.8 million. Year to date, revenues declined by $6.8 million on a year over year basis. The decrease in revenues is attributable to utilization rates for this segment decreasing by 34% to 20% in the third quarter of 2009 from 54% in the third quarter of 2008.

Gross profit expressed as a percentage of revenues was 19% for the third quarter, versus 35% in 2008, a decrease of 16% on a 34% decrease in utilizations. Year to date, gross profit expressed as a percentage of revenues decreased by 11% to 22%. The gross profit percentage was impacted negatively as more employees in the nitrogen division are on a fixed salary, rather than an hourly rate. As a result, as utilization rates decrease, the margin is decreased significantly as less hours of work are obtained from the same fixed salary cost.

Income (loss) before taxes of ($0.7) million for the three months ended September 30, 2009 has declined $1.5 million from the prior year, as a result of the decreased utilization rates for this segment and lower rates charged to customers compounded by the effect of having to cover the fixed salary costs remaining in this division. Year to date, income (loss) before taxes declined $3.4 million year over year.

Depreciation is consistent year over year for the quarter and has decreased $0.2 million year to date as a result of the implementation of a change in estimate on production equipment in the third quarter of 2008, which lowered depreciation. Production equipment used in the Other Oilfield Services Segment is amortized on a straight-line basis versus the units of production method used by service rigs in the Well Servicing Segment. As a result, depreciation does not fluctuate with changes in utilization rates.

EBITDAS year over year, decreased by $0.7 million for the quarter and $3.7 million year to date largely due to the decline in utilization rates and the impact of the fixed salary costs in the nitrogen division.

Liquidity and Capital Resources

	2009			2008		
FOR THE QUARTER ENDED	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30 *(Restated)*	JUNE 30 *(Restated)*
Working capital net of term debt	4,537,190	5,918,992	9,747,219	12,238,602	12,742,370	9,354,114
Working capital (deficiency)	(54,619,939)	(52,703,846)	(48,454,896)	12,238,602	12,762,370	9,374,114
Working capital (deficiency) net of restricted cash	(54,619,939)	(52,703,846)	(48,454,896)	12,238,602	12,742,370	9,354,114
Debt	59,869,999	58,647,338	60,298,124	55,419,098	52,069,935	45,615,061
Shareholders' equity	67,921,370	72,896,522	77,864,744	78,878,772	80,777,345	80,116,784
Debt to equity	0.88	0.80	0.77	0.70	0.64	0.57

	2008		2007		
FOR THE QUARTER ENDED	MARCH 31 *(Restated)*	DECEMBER 31 *(Restated)*	SEPTEMBER 30 *(Restated)*	JUNE 30 *(Restated)*	MARCH 31 *(Restated)*
Working capital net of term debt	16,968,484	6,472,749	9,123,833	6,957,666	8,278,451
Working capital (deficiency)	16,988,484	6,887,749	9,538,833	7,372,666	8,693,451
Working capital (deficiency) net of restricted cash	16,968,484	6,472,749	9,123,833	6,957,666	8,278,451
Debt	49,172,360	29,241,812	20,138,422	15,238,728	57,851,746
Shareholders' equity	82,690,368	80,785,259	81,040,920	80,854,625	34,535,554
Debt to equity	0.59	0.36	0.25	0.19	1.56

For the third quarter of 2009, working capital was a deficiency of $54.6 million, a further decrease of $1.9 million from the second quarter of 2009. The decrease is a result of the term debt, which is due in January 2010, becoming current in the first quarter of 2009. Excluding this debt, working capital was $4.5 million as at September 30, 2009, a decline of $1.4 from the second quarter of 2009.

The increase in debt of $1.3 million from the second quarter is mainly a result of an operating line increase of $0.7 million.

Shareholders' equity is $67.9 million at September 30, 2009, a reduction of $5.0 million from the June 30, 2009. The reduction in equity is a result of the loss incurred in the third quarter of 2009. At the Company's Annual and Special Meeting on August 28, 2009, shareholders approved the conversion of all Class B shares to Class A shares, the elimination of the A/B share structure and the subsequent amendments to the Articles of the Company to Voting Common shares and Preferred shares. As at September 30, 2009, the Company had 27,187,361 Common Shares issued and outstanding.

Debt to equity is 0.88 at September 30, 2009, 0.24 higher than as at September 30, 2008. This is mainly a result of increased debt being incurred to fund the expansion plans of the Company and losses throughout 2009 decreasing equity. The Company has a debt facility to a maximum of $59.9 million, which is due in January, 2010. All of the funds available under this facility have been drawn. It is the Company's intention to reduce the amount of the debt to $29.9 million and refinance that amount prior to its due date. A rights offering was approved by the Company on August 24, 2009, which will result in proceeds of $33 million to reduce the loan amount prior to refinancing. This Offering is being supported by the Company's largest shareholder, Tricap Partners II L.P. ("Tricap"), by agreeing to backstop the Offering. Tricap has agreed to acquire any Common Shares not issued under the basic subscription rights of other shareholders. This provides assurance to the Company that it will receive the full required $33 million offering. Should the Company be unable to find suitable refinancing prior to the due date, the Company will evaluate all options available to it, including the possible sale of certain assets sufficient to reduce the amount of the debt outstanding to an amount that would make refinancing possible. The Company is currently in default of covenants under this facility and the Company has received a waiver for the remainder of the term of the loan. As a result of the default the lender has elected to exercise the right to charge the default interest rate which is an increase of five percent (5%) over the current prime plus 2.75%.

On August 24, 2009, the Company approved a rights offering for proceeds of $33 million. These funds will be used to reduce the term debt to $29.9 million, an amount at which refinancing is likely. The rights offering will close November 30, 2009 and the Company is moving ahead with refinancing the remaining debt amount.

On August 4, 2009 the Company completed the sale of two complete service rigs and related support equipment to a third party for proceeds of $5.4 million. The purchaser will be relocating the equipment outside of Canada and the agreement states they can not operate the equipment within Canada for four years from the date of sale. The $5.4 million in proceeds from the sale was used to satisfy the outstanding capital commitments and complete the capital build program.

In addition to term debt, the Company has an operating line available to a maximum of $15 million, marginalized for trade receivables to fund operations. As at September 30, 2009, $0.7 million was outstanding on this line and a maximum of $4.05 million is available after marginalizing for accounts receivable. The operating line is committed until December 31, 2009, after which, it is anticipated the Company will secure a replacement facility or continue to work with the current lender.

Changes in cash are outlined as follows:

THREE AND NINE MONTHS ENDED SEPTEMBER 30	2009	2008 *(Restated)*	2009	2008 *(Restated)*
Cash flow from operating activities	$ (1,473,407)	$ (83,843)	$ 1,442,328	$401,117
Less: Change in non-cash working capital	93,174	(4,866,282)	3,177,937	(11,067,232)
Funds from operations	(1,566,581)	4,782,439	(1,735,609)	11,468,349
Cash invested in acquisition of equipment	(5,016,593)	(6,817,504)	(13,401,842)	(26,717,899)
Proceeds on sale of assets	5,233,609	–	5,360,609	14,095
Decrease in restricted cash	–	–	–	395,000
Repurchase of common shares	–	(507,153)	(29,037)	(547,070)
Transaction costs	–	–	–	(306)
Repayment of debt	–	–	(100,000)	(4,000,000)
Issuance of debt	688,370	7,408,499	2,988,370	28,585,029
Increase (decrease) in cash	$ (568,021)	$ –	$ (3,739,572)	$ (1,870,034)

Significant Agreements

During the third quarter of 2008, a new capital build program was initiated that will result in seven (7) additional service rigs being added to the Company’s fleet through 2009. As at September 30, 2009, the Company has satisfied all commitments under this build program.

Contractual Obligations and Commitments

The Company is committed to the repayment of its long-term debt in January, 2010, including principal and interest. The Company is currently evaluating all options to refinance the term debt.

The Company is also committed to pay $0.40 per outstanding warrant, which warrants expire on January 25, 2010. The maximum cost to the Company relating to the commitment to pay out the warrants is $1.2 million. The discounted value of this obligation has been reflected as a liability in the financial statements.

Outlook

The outlook for the fourth quarter of 2009 and into 2010 shows a promise with the new operations and facilities up in Grande Prairie, Alberta and Weyburn, Saskatchewan which have been added to increase utilization of the Company’s equipment in those areas. The Company continues to relocate equipment within its’ operating locations in order to best service its customer base and provide for increased activities. While the Company does not anticipate a return to the record utilization levels experienced in 2008, management is confident that 2010 will see a reasonable increase in activity.

The Company mailed the Rights Offering Short Form Prospectus to all shareholders on November 5, 2009 closing date of November 30, 2009. The $33 million in proceeds from the Offering will be used to reduce credit facilities with Brookfield Bridge Lending Fund Inc. facility, the Alberta Treasury Branches and for general corporate purposes. The Company has assurance that the Offering will be fully subscribed as Tricap Partners II Ltd. (“Tricap”) have provided a Stand By Agreement, in which Tricap has agreed to purchase any remaining shares not taken up under the Primary and Secondary right privledges of the Offering. Following the close of the Offering the Company plans on refinancing the remaining estimated $30 million credit facility prior to expiry on January 26, 2010.

The Company has no future obligations in relation to expansion of capital and has made the commitment of continuing with its current fleet until the market improves. The Company believes that it has the appropriate size fleet to maximize opportunities as they arise in the various geographic areas it operates.

Critical Accounting Estimates

This MD&A of the Company’s financial condition and results of operations is based on the financial statements which are prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”). The presentation of these financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. These estimates are based on experience and assumptions that are believed to be reasonable under the circumstances. Although care has been taken, anticipating future events can not be done with certainty, therefore actual results may vary from these estimates over time as more accurate information is available and as the Company’s operating environment changes.

Future Operations: The Company currently has a debt facility to a maximum of $59.9 million due on January 26, 2010. As at September 30, 2009, $59.9 million was drawn on the facility. Recent market events, including disruptions in credit markets and the deterioration of global economic conditions resulted in significant declines in commodity prices. This impacted the Company through lower than anticipated utilizations, which impaired the Company's ability to generate cash flows from operations sufficient to settle the obligation or reduce it to a lower amount more likely to be re-financed. In addition, the operating line the Company entered into ceases to be committed in November of 2009. As at September 30, 2009, $688,370 is outstanding on the line. The Company anticipates that it will be in breach of covenants on both facilities throughout 2009. As a result, a waiver was obtained from the lender of the term facility for the remainder of the term. The lender of the operating line of credit provided a waiver for the period ended September 30, 2009. Given the reduced access to credit and equity markets in the current economic environment there can be no assurance that these facilities will be re-negotiated or replaced with alternate facilities on terms suitable to the Company. On October 21, 2009, the Company filed a short-form prospectus relating to a rights offering announced August 26, 2009. The terms of the rights offering include the issuance of $33 million of common shares, proceeds from which will be used to reduce the outstanding facility below $30 million, an amount that is more likely to be refinanced prior to the due date. Concurrent with the approval of the rights offering, the Company's major shareholder agreed to acquire any common shares not issued under the basic subscription rights of other shareholders. Further declines in commodity prices could adversely affect management's ability to refinance or re-negotiate the remaining facilities and settle the Company's obligations.

The Company's continuation as a going concern is ultimately dependent upon its future financial performance, which will be affected by general economic conditions, availability of debt and/or equity to finance operations, commodity prices, industry activity and other factors, many of which are beyond the Company's control.

Impairment of Long-Lived Assets: Long-lived assets, including property and equipment and intangible assets, comprise a majority of the Company's assets. Management reviews the carrying values of these assets for impairment periodically or whenever events or changes in circumstance indicate that their carrying value may not be recoverable. When this occurs, management performs various tests to see if the net carrying value differs from fair value, and if the fair value is less than the carrying value the asset would be considered to be impaired and an impairment loss would be recognized to reduce the asset's carrying value to its estimated fair value. The downturn seen in the latter part of 2008 was seen as such a circumstance and as a result a test for impairment of intangible assets was conducted at that time and no write down was required. Management will continue to closely monitor the possibility of impairment throughout the downturn.

Depreciation and Amortization: The Company's property, plant, equipment and intangibles are depreciated and amortized over estimated useful life using both straight line and unit-of-production methods.

The estimates may change over time as more useful information becomes available, market conditions shift or other factors change the estimated useful life of the assets.

Stock Based Compensation: Stock based compensation expense associated with the stock-option rights granted to directors and employees is calculated based on assumptions using the Black-Scholes option pricing model to produce an estimate of compensation. This estimate may vary due to changes in the Black-Scholes variables, which include the risk free rate of return, the share price volatility and the rates of forfeiture.

Risk Management

Business Risk: 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 seeks 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 is reviewed annually and revised as changes in circumstances warrant.

Credit Risk: The Company's policy is to enter into agreements with customers that are well-established and well-financed within the oil and gas industry. There is always a risk relating to the financial stability of customers and their ability to pay. Management will continue to periodically asses the credit worthiness of all its customers and views the credit risk on its accounts receivable as normal for its industry.

During the three months and nine months ended September 30, 2009, in the opinion of management, decreased liquidity left five customers with potentially insufficient funds to settle obligations. As a result, bad debt expense of $395,270 and $583,158 was provided for in the three months and nine months ended September 30, 2009, respectively.

It is anticipated that the current economic downturn will continue throughout most of 2009 and as a result, there is a potential for increased credit risk as companies struggle to meet obligations as access to capital markets and debt financing becomes increasingly difficult. To mitigate this risk in light of current circumstances, management has focused their marketing efforts with larger companies that have strong balance sheets and positive cash flows.

Liquidity Risk: Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The credit facilities available consist of a term facility to a maximum of $59.9 million maturing on January 26, 2010, and a short-term operating line of credit to a maximum of $15 million. Term facilities are used to fund capital acquisitions and the short-term line of credit is used to settle current obligations such as accounts payable. As a result of the long term debt facility expiring in January 2010, the Company must refinance this facility through a replacement facility, an issuance of equity or a combination of the two as the projected cash flow in 2009 will not be sufficient to retire the facility.

The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner, which could in turn impact the Company's long-term ability to meet commitments under its current facilities. In order to manage this liquidity risk, the Company actively monitors all accounts receivable to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at September 30, 2009, the balance of trade accounts receivable in excess of 90 days was $613,356, representing approximately eight percent of the trade accounts receivable balance. Of this amount $475,445 has been provided for as an allowance for bad debts. A structure is maintained that focuses on growth of the Company while ensuring viability for stakeholders.

Market Risk: Market risk is comprised of foreign currency risk and interest rate risk.

Foreign Currency Risk: Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company is not significantly exposed to foreign currency risk.

Interest Rate Risk: The Company manages its exposure to interest rate fluctuations through the issuance of a combination of variable and fixed rate borrowings. During 2008, with declining interest rates occurring and being expected to continue throughout 2009, the decision was made to enter all debt into variable rate terms. This policy is expected to continue throughout 2009 and will be evaluated regularly based on changing market conditions and it is anticipated that a fixed rate contract will be entered into when refinancing of the term debt occurs. For the three and nine months ended September 30, 2009, a one percent change in the prime lending rate would have impacted the net loss by $150,981 and $447,938, respectively.

Supplier Risk: In the past, the Company had a large portion of its service rigs and associated equipment manufactured by a single provider. In order to mitigate the risk of short-term vulnerability should the supplier experience unusual production disruptions or labour disputes, the Company commenced utilizing several suppliers to provide various components of a total package. Suppliers are selected for various components based on their reputation in their respected industry, and the price and quality of the product produced.

Seasonal Risk: The level of activity in the oilfield service industry is influenced by seasonal weather patterns. During the spring months, wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of service equipment, which reduces activity levels and places an increased level of importance on the location of the Company's equipment prior to imposition of road bans. The timing and length of road bans is dependent on the weather conditions leading to the spring thaw and weather conditions during the thaw period. The Company's business results depend, at least in part, upon the severity and duration of the Canadian winter and the spring thaw, which may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's service equipment during those times.

Competitive Conditions: The operating climate within the Western Canadian Sedimentary Basin is very competitive, resulting in fluctuations of price and utilization rates. The Company attempts to mitigate these risks by creating a good working relationship with its customers and focusing on longer term contracts.

Changes in Accounting Policies

In February 2008, the Canadian Institute of Chartered Accountants issued Section 3064 "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and other intangible assets". The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard was applicable to the Company on January 1, 2009. The new standard did not have a material impact on the Company's financial statements as at September 30, 2009.

In June 2009, the CICA issued amendments to Section 3862, Financial Instruments – Disclosures. The amendments include enhanced disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. The amendments will be effective for annual financial statements with fiscal year ends ending after September 30, 2009. The amendments are consistent with recent amendments to financial instrument disclosure standards in International Financial Reporting Standards ("IFRS"). The Company will include these additional disclosures in its annual financial statements for the year ending December 31, 2009.

With the Canadian Accounting Standards Board's recent announcement that January 1, 2011 as the date International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, the Company, has been carefully evaluating its own implementation plan and assessing the impact the various accounting changes will have on the organization. As the final implementation date approaches, the Company will continue to monitor developments.

To date, management has created a changeover plan for IFRS conversion that has been presented to, reviewed and authorized by the Audit Committee of the Board of Directors. Hallmarks of the change over plan include, definition of the discrete tasks required for conversion, a timeline for the completion of the discrete tasks, an estimate of the effort and duration associated with the conversion, prioritization of tasks, the assignment of key personnel within the organization and an analysis of key interdependencies relating to the conversion steps. The conversion began in February, 2009. Completion of the conversion has experienced some delays, however, have revised the plan and will be compliant with our reporting for the first quarter of 2010 as required.

During the first six months of 2009, the Company evaluated the effects of IFRS on its treatment of revenues, expenses, current assets and current liabilities and determined that no material changes would result as a result of the transition from Canadian GAAP to IFRS in these areas. Currently, the Company continues to work on the componentization of the equipment as well as an evaluation of the intangibles.

As the Company remains in the Phase Two of the conversion plan which involves identification and evaluation of the significant accounting policies that relate to each major conversion area, and has not yet finalized its accounting policy choices, the Company has not yet quantified the impact of IFRS on its' financial statements.