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

The following Management's Discussion and Analysis ("MD&A") of CWC Well Services Corp. ("CWC") or the "Company") was prepared and is dated, as of May 14, 2012 and is provided to assist readers in understanding CWC's financial performance for the three months ended March 31, 2012 and significant trends that may affect future performance of the Company. This MD&A should be read in conjunction with CWC's annual audited financial statements for the year ended December 31, 2011, which were prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information on the Company, including the 2011 Annual Information Form ("AIF"), can be found on the Company's website at www.cwcwellservices.com or on SEDAR at www.sedar.com.

Forward-Looking Statements

This MD&A contains certain forward-looking information and statements 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", "continue", "should", "seek", "may", "intend", "likely", "plan", "estimate", "believe", "expect", "will", "objective", "ongoing", "project" and similar expressions are intended to identify forward-looking information or statements. In particular, this MD&A contains forward-looking statements including management's assessment of future plans and operations, expectations as to the increase in activity levels, expectations with respect to oil and natural gas prices, activity levels in various areas, continuing focus on cost saving measures plans, expectations regarding the level and type of drilling and production activity in the Western Canadian Sedimentary Basin ("WCSB"), and expectations regarding the business, operations and revenue of the Company in addition to general economic conditions. Although the Company believes that the expectations and assumptions on which such forward-looking information and statements are based are reasonable, undue reliance should not be placed on the forward-looking information and statements because the Company can give no assurances that they will prove to be correct. Since forward-looking information and statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks associated with the oilfield services sector (ie. demand, pricing and terms for oilfield services; current and expected oil and gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks), integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties and environmental regulations, stock market volatility and the inability to access sufficient capital from external and internal sources and the inability to pay dividends. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through SEDAR at www.sedar.com. The forward-looking information and statements contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

Corporate Overview

CWC is a premier well servicing company operating in the Western Canadian Sedimentary Basin ("WCSB") providing a complementary suite of oilfield services including service rigs, coil tubing, snubbing, and well testing. CWC provides these services through two distinct divisions, Well Servicing and Other Oilfield Services.

CWC's equipment and services can be found throughout the entire WCSB from Northeast BC to Southeast SK and all points in between in Alberta. These services are provided from strategic regional operating locations in Grande Prairie, Red Deer, Provost, Lloydminster and Brooks, AB and Weyburn, SK. CWC's corporate office is located in Calgary, AB. Management is comprised of experienced oilfield service professionals who have successfully executed business plans in the past that focused on creating shareholders' value. The Company's shares trade on the TSX Venture Exchange under the symbol "CWC".

Overview and Highlights for the Three Months Ended March 31, 2012

- CWC achieved record revenue in the first quarter totaling $38.9 million, a year-over-year increase of $9.6 million or 33% and an increase of $2.9 million or 8% from the fourth quarter which includes $2.1 million in revenue from the Company's nitrogen assets which were sold late in the fourth quarter of 2011;

- CWC also achieved record EBITDAS in the first quarter totaling $11.1 million (28% of revenue), a $2.6 million increase or 38% year-over-year. The increase reflects the growth of the rig count to 63 service rigs from 41 service rigs on account of the Trinidad Well Services acquisition in the second quarter of 2011 as well as robust activity and increased revenue per hour on the existing fleet;

- Net income before taxes increased by $1.9 million or 44% to $6.2 million as compared to $4.3 million in the prior year period;

- On March 20, 2012 the Board of Directors declared a cash dividend of $0.0325 per common share. The dividend will be paid on July 13, 2012 to shareholders of record on June 29, 2012. It is the Board's intent, at this time, to pay quarterly dividends of $0.01625 per common share to shareholders of record at the end of September and December 2012 resulting in an annualized dividend of $0.065 per common share. The declaration of dividends reflects CWC's positive view of the sustainability of its cash flows and earnings in the future and the Company's ability to provide a meaningful return on investment for its shareholders without impacting the Company's ability to pursue long-term growth opportunities;

- The Company continues to grow its well servicing fleet with the addition of a new double service rig, a new slant service rig, a new Class III 2" coil tubing unit, and the upgrade and replacement of various support equipment to ensure CWC's fleet remains among the newest and most technologically advanced in the industry;

- On March 28, 2012, the Company renewed the Normal Course Issuer Bid ("NCIB"). The Company can purchase for cancellation up to a maximum of 7,775,196 common shares representing 5% of the outstanding common shares as of March 28, 2012. The NCIB will commence April 1, 2012 and will terminate on March 31, 2013 or such earlier time as the NCIB is completed or terminated at the option of CWC. For the period April 1, 2011 to March 31, 2012, the Company purchased and cancelled 1,737,500 common shares under the NCIB.

Financial Highlights

$ thousands, except per share amounts, margins and ratios	THREE MONTHS ENDED MARCH 31, 2012	2011	% Change
FINANCIAL RESULTS			
Revenue			
Well servicing	$ 34,514	$ 23,091	49%
Other oilfield services	4,393	6,212	(29%)
	38,907	29,303	33%
EBITDAS [1]	11,066	8,439	31%
EBITDAS margin (%) [1]	28%	29%	
Funds from operations [2]	11,065	8,438	31%
Net income	4,525	4,285	6%
Net income margin (%)	12%	15%	
Per share information			
Weighted average number of shares outstanding - basic	156,201	158,163	
Weighted average number of shares outstanding - diluted	160,580	158,475	
EBITDAS [1] per share - basic and diluted	0.07	0.05	
Funds from operations per share - basic and diluted	0.07	0.05	
Net income per share - basic and diluted	0.03	0.03	
	MARCH 31, 2012	**DECEMBER 31, 2011**	
FINANCIAL POSITION AND LIQUIDITY			
Working capital (excluding debt) [3]	18,622	22,414	
Working capital (excluding debt) ratio	2.3:1	3.4:1	
Total assets	160,570	159,774	
Total long-term debt (including current portion)	44,304	47,941	
Shareholders' equity	101,568	102,624	

Notes 1 to 3 - Please refer to the “Reconciliation of Non-IFRS Measures” later in this MD&A.

Operating Highlights

OPERATING HIGHLIGHTS	2012 Quarter 1	2011 Quarter 4	2011 Quarter 3	2011 Quarter 2	2011 Quarter 1
WELL SERVICING					
Service Rigs					
Number of service rigs, end of period	63	63	63	63	41
Hours worked	37,543	34,047	33,595	15,333	26,630
Utilization %	65%	59%	58%	38%	72%
Coil Tubing Units					
Number of units, end of period [1]	8	7	6	6	6
Hours worked	3,956	2,404	1,448	567	2,960
Utilization %	90%	37%	26%	10%	55%
OTHER OILFIELD SERVICES					
Snubbing Units					
Number of units, end of period [2]	7	5	5	5	5
Hours worked	2,065	2,421	1,692	293	1,950
Utilization %	46%	53%	37%	6%	43%
Well Testing Units					
Number of units, end of period	12	12	12	12	12
Number of tickets billed	468	429	421	178	467

Notes 1 – For the purposes of calculating utilization 2 units were omitted from the calculation from Q1 to Q3 2011 and one unit was omitted from the calculation for the fourth quarter of 2011 as they were undergoing retrofit to be converted to Class III 2" coil;

2 – For the purposes of calculating utilization units requiring recertification before being available for use and units undergoing conversion from 3,000 psi to 5,000 psi were omitted from the calculation. For fiscal 2011 this resulted in two units being omitted; an additional unit has been excluded as it is used for training purposes

In the first quarter of 2012, CWC reported another quarter of record revenue, EBITDAS and net earnings. Higher overall activity levels and improved pricing has led to year-over-year improvements, particularly on our service rigs. CWC was able to effectively staff its service rigs with experienced crews and expects to be able to continue to fully crew its service rigs throughout 2012. Utilization in some cases was lower in the first quarter of 2012 compared to the same period in 2011 as unseasonably warm weather conditions and an early spring break up impacted activity levels. This was partially offset by improved pricing leading to period over period improvements. CWC continues to see strong demand for services and equipment provided by our various service lines. Oil-related work, which is more maintenance and service oriented, is where the vast majority of the service rig hours was achieved in 2011 and is expected to continue in 2012. Our customers are indicating higher demand and confidence in the long-term sustainability of oil prices which is likely to lead to continued strong activity levels in 2012. CWC continues to minimize its exposure to depressed natural gas prices through its focus on oil. Slowdowns in drilling activity will result in a lag on completion work; however, CWC is prepared and well positioned to shift to production and work-over services to offset the potential decline in completion work.

Well Servicing

CWC is the 6th largest service rig provider in the WCSB, operating a modern fleet of 65 service rigs and 8 coil tubing units as of the date of this report; two new service rigs came into service in the second quarter of 2012. Rig services include completions, workovers and abandonments with depth ratings from 1,500 to 5,000 metres. Our service rig fleet, with its leading edge technology, continues to stand out in an industry characterized by ageing equipment and infrastructure. During the second quarter of 2011, CWC acquired 22 service rigs from Trinidad Well Servicing ("TWS") increasing CWC's market share in service rigs and increasing the fleet size by 54%. In 2012, the Company has completed the construction of a new slant service rig that was started during 2011 and has been deployed to the field early in the second quarter of 2012. We have also completed a new double service rig and have deployed it to the field for operations in the second quarter of 2012. Both the slant rig and double service rig are already committed to customers to begin work immediately after spring break up. CWC's Class I, II and III coil tubing units have depth ratings from 1,500 to 4,000 metres and are well positioned for the changing demand of our customers for deeper depth capabilities. CWC converted one coil tubing unit to a Class III, 2 inch unit capable of depths of 4,000 meters and was deployed in the field in October 2011, a second unit was deployed to the field before the end of the first quarter of 2012 and a third unit, committed to in the 2012 capital budget, is scheduled to be available late in the fourth quarter of 2012.

Well Servicing division revenue increased by 48% to $34.5 million from $23.1 million for the first quarter of 2011. Of the $11.4 million year-over-year increase, $3.3 million or 29%, was due to the increased fleet from the TWS acquisition; the remaining increase of $8.1 million or 71% was overall increased service rig hours along with an improvement in average hourly rates. Given demand for industry services and higher operating costs, particularly for labour and fuel, rate increases were implemented in Q4 2011 in an effort to maintain margins and remain competitive in attracting quality personnel.

Total service rig hours increased 41% year-over-year. The increase is primarily attributable to the acquisition of TWS, accounting for 42% of the increased hours with the remainder representing increased activity compared to the first quarter of 2011. Utilization of our well service equipment continues to rise from the lows experienced in 2009 driven by increased spending on exploration and development as a result of higher oil prices.

During the first quarter of 2012, $4.9 million was invested in the assets of the Well Servicing segment. The vast majority was due to the completion of the Class III 2" coil units and the slant service rig which were started in 2011 as well as the progress payments on the new double service rig and the new Class III 2" coil tubing unit as well as upgrades and improvements to existing fleet equipment as announced in the 2012 capital budget.

Other Oilfield Services

CWC's Other Oilfield Services division provides a variety of services for the completion and production phases of oil and natural gas wells from its 8 snubbing units and 12 well testing units. The Other Oilfield Services division revenue decreased by 29% to $4.4 million in the first quarter of 2012 from $6.2 million in 2011. The first quarter of 2011 included revenue of $2.3 million from the nitrogen units, which were sold in December 2011; excluding this revenue this segment saw a slight increase in year-over-year revenue of $0.5 million. Though the sale of the nitrogen assets resulted in year-over-year decline in sales with the Other Oilfield services segment, overall the Company saw an increase in revenue on the remaining fleet. The sale was also consistent with the Company's focus on its core service group and shift of assets to the robust oil-related work and away from the soft activity levels in the natural gas market.

It is expected that during the second quarter of 2012, the Company will complete the conversion of two of the snubbing units from 3,000 psi to 5,000 psi to reflect the greater demand for 5,000 psi units and added e-gress safety systems that exceed minimum safety requirements in the industry. In 2012, the Company has committed an additional $0.2 million in maintenance capital expenditures to further maintain and improve the assets in this operating division.

Discussion of Financial Results

$ thousands, except margins	THREE MONTHS ENDED MARCH 31, 2012	2011	% Change
Revenue			
Well servicing	$ 34,514	$ 23,091	49%
Other oilfield services	4,393	6,212	(29%)
	38,907	29,303	33%
Operating expenses			
Well servicing	21,089	14,165	49%
Other oilfield services	2,986	3,494	(15%)
	24,075	17,659	36%
Gross margin [1]	14,832	11,644	27%
Gross margin % [1]	38%	40%	
Selling and administrative expenses	3,766	3,205	18%
EBITDAS [2]	11,066	8,439	31%
EBITDAS margin (%) [2]	28%	29%	
Stock based compensation	184	150	23%
Finance costs	769	647	19%
Depreciation	3,857	3,358	15%
Loss (gain) on sale of equipment	47	(6)	(883%)
Unrealized loss on marketable securities	-	5	(100%)
Net income before taxes	6,209	4,285	45%
Deferred income tax expense	1,684	-	100%
Net income	4,525	4,285	6%

Notes 1 to 2 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Revenue

Total revenue for the three months ended March 31, 2012 increased 33% as compared to the first quarter of 2011 primarily due to the 22 service rigs acquired from TWS in the second quarter of 2011. Taking into account the results of TWS for the prior year period would have resulted in an increase of 21% on a year-over-year basis for the first quarter of 2012. Further increases reflect the general recovery in the oil and gas sector and increased demand for CWC's high quality equipment and services.

CWC continues to focus on quality customers by choosing to provide services to better capitalized and financed senior and intermediate exploration and production ("E&P"). companies. In the first quarter of 2012, over 63% of our revenue was derived from our top ten customers all of whom are large or intermediate E&P companies. The Company also focuses on customers with higher exposure to oil and liquids-rich natural gas opportunities instead of dry natural gas plays given the strong pricing for oil and liquids compared to that of dry natural gas.

Gross Margin and Direct Operating Expenses

Gross margin for the first quarter of 2012 improved by $3.2 million or 27% compared to the first quarter of 2011. Many operating costs are variable in nature and increase or decrease with activity levels such that much of the change in operating costs in the year-over-year periods corresponds to the increase in revenue in the current period compared to the prior period. The Company's gross margin was negatively impacted by fixed costs such as recertification of equipment and labour related thereto and a fixed salary component for labour on coil tubing units consistent with industry practice.

Selling and Administrative Expenses ("S&A")

S&A for the first quarter of 2012 was $3.8 million (10% of revenue) compared to $3.2 million (11% of revenue) in the first quarter of 2011. On a percentage of revenue basis the amounts are showing a downward trend which is in large part a function of the fixed cost component of S&A that does not fluctuate in direct proportion to increased activity levels. The increase in S&A to $3.8 million from $3.2 million is attributable to higher variable compensation consistent with improving financial results as well as increased headcount for operational and support staff and computer system maintenance consistent with the growth of the Company during the latter half of 2011. With the increased activity and changes instituted for various costs saving matters, we expect that S&A as a percentage of revenue going forward to continue to reduce on an annualized basis and in line with industry peers.

EBITDAS

EBITDAS for the first quarter of 2012 was $11.1 million (28% of revenue) compared to $8.4 million (29% of revenue) in the first quarter of 2011, up $2.7 million. Normalizing the first quarter of 2012 EBITDAS for the TWS acquisition that occurred in the second quarter of 2011 and normalizing the first quarter of 2011 EBITDAS for the results of the nitrogen assets that were sold in the fourth quarter of 2011, EBITDAS from existing equipment was exceeded on a year-over-year basis by $0.9 million indicating improved financial performance on the Company's fleet of equipment.

Stock based Compensation ("SBC")

SBC for the first quarter of 2012 was $0.2 million which was consistent on a year-over-year basis. The non-cash expense related to stock based compensation plans related to the approximately 10.2 million options outstanding on March 31, 2012.

Finance Costs

Interest expense for the first quarter of 2012 was $0.8 million compared to $0.6 million in the first quarter of 2011. The majority of the increase is a result of the higher long-term debt levels at March 31, 2012 compared to the first quarter of the prior year period due to the $28 million increase in debt in the second quarter of 2011 to acquire the TWS rigs offset in part by the reduced interest rates incurred on the new credit facility.

Depreciation

Depreciation has increased by 15% year over year; the increase is consistent with the increase in service rigs related to the TWS acquisition and the increased activity as service rigs are depreciated on a unit of production basis.

Loss (Gain) on Sale of Equipment

The loss on the sale of equipment is mainly a result of some key upgrades to significant components of equipment that took place in the quarter.

Income Taxes

Based on the income before taxes of $6.2 million for the three months ended March 31, 2012 and an expected income tax rate of 25%, an income tax expense of $1.6 million would be expected. The Company had various non-cash and non-tax-deductible items included in the computation of net income, including stock-based compensation, resulting in a deferred income tax liability of $1.7 million. The Company has substantial tax pools and non-capital losses available to reduce future taxable income such that no cash taxes are expected to be payable in the next year depending on growth and profitability of the Company.

Net Income

Net income for the first quarter of 2012 was $4.5 million compared to $4.3 million for the first quarter of 2011; an improvement of $0.2 million or 6%, reflecting a 33% increase in revenue offset by a $1.7 million deferred income tax expense recorded in the first quarter of 2012. Management remains focused on driving higher levels of profitability by capitalizing on its young and advanced equipment fleet and high quality labour force as well as cost rationalization initiatives.

Summary of Quarterly Data

$ thousands, except per share amounts	2012	2011				2010		
THREE MONTHS ENDING	March 31,	December 31,	September 30,	June 30,	March 31,	December 31	September 30	June 30
Revenue	$ 38,907	$ 35,988	$ 31,224	$ 12,987	$ 29,303	$ 23,069	$ 16,413	$ 9,254
EBITDAS [1]	11,066	10,630	$ 8,142	1,270	8,439	5,611	3,277	255
Net earnings (loss)	4,525	8,187	3,174	(2,956)	4,285	1,460	(528)	(3,229)
Net earnings (loss) per share: Basic and diluted	0.03	0.05	0.02	(0.02)	0.03	0.01	(0.01)	(0.02)
Total assets	160,570	159,774	162,933	153,382	131,271	127,098	124,712	122,507
Total long-term debt	44,304	47,941	56,827	56,331	29,863	29,860	29,857	29,899
Shareholders' equity	101,568	102,624	94,389	91,178	94,002	89,986	88,546	88,918

Notes 1 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Quarter-over-Quarter Analysis

A comparison of CWC's quarterly results, at any given time, requires consideration of movement in crude oil and natural gas pricing and seasonality over the past two years. Commodity prices affect the level of exploration and development activities carried out by the Company's customers and the associated demand for the oilfield services provided by CWC. Activity began to improve in the first half of 2010 and strengthened significantly in the second half of the year. Revenue levels grew during 2010 due to higher activity brought on by higher oil prices. During the fourth quarter of 2010 pricing in the well servicing division was increased and gross margin percentage increased accordingly, contributing to the record results seen in the first quarter of 2011. The second quarter is always one of decreased revenue and earnings due to the weather and spring thaw conditions during this time not being conducive to permit the movement of heavy equipment. The third and fourth quarters have seen an increase back to normal seasonal levels coupled with the addition of the TWS acquisition resulting in substantially improved results. The first quarter of 2012 saw continued strong utilization of the Company's fleet of equipment. The fourth quarter of 2011 results included $2.1 million of revenue and $1.0 million in EBITDAS from the nitrogen units which were sold late in the fourth quarter. The Company intends to continue to focus its efforts on expanding its fleet size in its core area of well servicing. An additional double service rig and an additional slant service rig were completed early in the second quarter of 2012 and deployed to our field operations.

Seasonality

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 unusually wet weather in Q2 2011 extended into the first two weeks of July negatively impacting the activity levels. 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. The first quarter of 2012 was the fourth warmest winter on record, the complete opposite of the first quarter of 2011 which was subject to an extremely cold and long winter season – ideal for the colder weather equipment the Company utilizes. As a result the first quarter of 2012 saw a shorter work period with road bans being introduced as early as the first and second week of February in some regions. Despite this the Company did achieve record revenue and EBITDAS in the first quarter of 2012. It is anticipated that Q2 2012 will show a return to normal weather patterns enabling the Company to continue to show year-over-year improvements in results.

Revenue

An overview of the quarter-by-quarter analysis shows results continue to improve consistently. Revenue for the first quarter of 2012 was $38.9 million; an increase of $2.9 million from the fourth quarter of 2011 and an increase of $9.6 million from the first quarter of 2011. Excluding the $2.1 million in revenue the nitrogen units contributed to the fourth quarter of 2011, revenue on the existing fleet of equipment increased $5.0 million from the fourth quarter of 2011. In addition, normalizing the first quarter of 2012 for the results of the additional service rigs added with the purchase of TWS in the second quarter of 2011 revenue increased $6.3 million year-over-year.

During the fourth quarter of 2011 CWC was able to further increase rates to its customers in response to the increased activity level and have been able to maintain those increases through the first quarter of 2012. Overall, 2010 was the start of a recovery with year-over-year increases in activity through all the quarters to date. The second quarter is always one of lower activity as a result of the wet spring conditions which prevent the movement of heavy equipment. The third quarter returns to normal higher seasonal levels and the fourth quarter represents the beginning of the period of peak activity that continues through Q1 of the following year.

EBITDAS

EBITDAS for the first quarter of 2012 was $11.1 million compared to $8.4 million in the first quarter of 2011 and $10.6 million in the fourth quarter of 2011. In addition to the positive impact of the TWS acquisition, the year-over-year increase in EBITDAS is a result of strong activity levels sufficient to absorb facility and other fixed costs of the Company as well as cost control measures that were implemented during the second half of 2010. Robust gross margins quarter-over-quarter is evidence of improved utilization and rates which continue to strengthen as customer demand remains strong. EBITDAS was slightly impacted negatively in the first quarter of 2012 due to recertification costs that were incurred in order to maintain the fleet.

Net Earnings (Loss)

The higher activity in the first quarter of 2012 resulted in net income of $4.5 million, a $0.2 million increase from the first quarter of 2011 and decrease of $3.7 million from the fourth quarter of 2011. The fourth quarter of 2011 included the deferred income tax recovery of $1.1 million versus a deferred income tax expense of $1.7 million recognized in the first quarter of 2012. Overall, management expects a continuation of the improvement in results over 2011 where CWC recorded positive earnings. Improvements are also as a result of effective management of discretionary expenditures, and partially offset by increased depreciation on service rigs subject to a unit of production methodology.

Total Assets

The $0.8 million increase in total assets from the fourth quarter is primarily a result of an increase in accounts receivable and property and equipment offset by the deferred tax asset of $1.1 million in the fourth quarter moving to a $0.6 million liability in the first quarter of 2012. The increase in property and equipment is mainly a result of an additional 2" coil tubing unit and an additional double service rig under construction in the first quarter offset by depreciation on active units.

Total Long-Term Debt

Long-term debt decreased by $3.6 million from the fourth quarter and is a function of required payments on the term debt totaling $1.5 million and additional payments of $2.0 million from operating funds being applied to the revolving debt.

Shareholders' Equity

Shareholders' equity has not changed significantly since the rights offering in December of 2009 other than an increase as a result of net income levels achieved in 2011 and continuing through the first quarter of 2012 offset by the dividends declared late in the first quarter of 2012 of $5.1 million.

Financial Position and Liquidity

	2012	2011			
$ thousands, except ratios	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (excluding debt)[1]	18,622	22,414	16,332	10,201	22,578
Working capital (excluding debt) ratio	2.3:1	3.4:1	2.4:1	2.7:1	4.0:1
Long-term debt	44,304	47,941	56,827	56,331	29,863
Shareholders' equity	101,568	102,624	94,389	91,178	94,002
Debt to equity	0.44	0.47	0.60	0.62	0.32

Notes 1 - Please refer to the "Reconciliation of Non-IFRS Measures" later in this MD&A.

Working Capital

Working capital (excluding debt) at March 31, 2012 was $18.6 million (March 31, 2011 - $22.6 million). The working capital (excluding debt) ratio of 2.3:1 (March 31, 2011 – 4.0:1) indicates the Company's liquidity position remains strong. The year-over-year reduction is a result of the dividends declared late in the first quarter of $5.1 million. Excluding the dividends payable, the working capital (excluding debt) would have been $23.7 million, a year-over-year increase of $1.1 million. Management considers the working capital ratio calculated excluding debt borrowings to be a metric that is comparable to its peers in the industry as the nature and structure of debt facility agreements can differ significantly amongst those in the industry.

Long-term Debt and Credit Facility

At March 31, 2012 CWC had a credit facility of $70.5 million consisting of a committed revolving facility of $46 million and a $24.5 million committed term facility with a maturity date of April 30, 2014, both of which replaced prior credit facilities of the Company in 2011. The facility was revised in March of 2012 to permit dividend distributions to shareholders and increase the amount available under the revolving facility to make up for reductions on the non-revolving facility that occurred as required payments were made. Proceeds from the revolving facility will be used for acquisitions, capital expenditures, working capital and other general corporate purposes. Interest on the revolving facility is paid monthly with no scheduled principal repayments during the term with the balance due April 30, 2014. Amounts borrowed under the revolving facility bear interest at the Company's option of the bank prime rate plus 1.25% to 2.75% or the banker's acceptance rate plus 2.25% to 3.75%, depending, in each case, on the ratio of debt to EBITDA. Of the available revolving facility, $28 million was used to pay for the acquisition of TWS. The term facility requires principal payments of $500,000 per month plus interest through April 2012 at which time payments increase to $750,000 per month plus interest until April 2013 and interest payments only during the final year with the balance due April 30, 2014. The term facility bears interest at 7.42%. In the first quarter of 2012, $2.0 million of excess funds from operations were used to repay amounts on the revolving credit facility.

As of March 31, 2012, the Company was in compliance with the financial covenants under its credit facility and does not anticipate any restrictions in its ability to fund its ongoing operating, investing, or financing activities.

Shareholders' Equity

Shareholders' equity on March 31, 2012 was $101.6 million (March 31, 2011 - $94.2 million), an increase of $7.4 million. As of March 31, 2012 the Company had 155,503,910 common shares oustanding. As at May 14, 2012 the number of common shares outstanding increased to 155,590,578 due to various stock option conversions by employees. At March 31, 2012 the total number of stock options outstanding was 10,210,925 and a further 86,668 options were exercised subsequent to March 31, 2012, bringing the number of options to 10,124,257 as at May 14, 2012.

During the first quarter of 2012, the Company purchased 943,500 common shares under its Normal Course Issuer Bid ("NCIB") and all shares purchased were returned to treasury and cancelled. The Company renewned its NCIB effective April 1, 2012, to purchase from time to time, as it considered advisable, up to 7,775,196 of its issued and outstanding common shares on the open market through the facilities of the TSX Venture Exchange ("TSXV"). The price that the Company will pay for any common share under the NCIB will be the prevailing market price on the TSXV at the time of such purchase.

Debt to Equity

Debt to equity at March 31, 2012 was 0.44:1 as compared to 0.47:1 at December 31, 2011 and 0.32:1 as at March 31, 2011. The increase from March 31, 2011 is as a result of the additional debt secured to complete the acquisition of TWS in June 2011 and the dividends declared late in the first quarter of 2012, offset by the proceeds received from the sale of the nitrogen assets in December 2011 and additional debt payments from funds from operations.

Capital Expenditures

Capital expenditures in the first quarter of 2012 consisted mainly of $1.6 million for the construction of a new double service rig, $0.6 million for the construction of a new Class III 2" coil tubing unit, $1.2 million to complete the conversion of one coil tubing unit to Class III 2" capabilities, $0.2 million to complete the construction of a new slant service rig, and $0.2 million for a new Xcelerator unit. The remaining amounts were spent on equipment upgrades and replacements and computer and leasehold upgrades and improvements. The Board of Directors approved a capital budget for 2012 totaling $8.7 million that includes an additional Class III 2” coil tubing unit and related support equipment; an additional double service rig and various upgrades or additions to equipment in the service rig, snubbing and corporate infrastructure support.

Capital Requirements

It is anticipated future cash requirements for capital expenditures will be met through a combination of funds generated from operations and existing bank debt facilities as required. However, additional funds may be raised by additional bank debt, other forms of debt, the sale of assets, or the issue of equity. CWC may require additional financing in the future to implement its strategies and business objectives. It is possible that such financing will not be available, or if available, will not be available on favorable terms. If CWC issues any shares in the future to finance its operations or implement its strategies, the current shareholders of CWC may incur a dilution of their interest.

Commitments and Contractual Obligations

Beginning in April 2011, the Company is committed to monthly principal payments of $500,000, increasing to $750,000 commencing April 2012, in relation to the long-term debt. Management believes that based on anticipated activity levels for its services there will be sufficient cash flows generated from operations to service the debt repayment and finance the growth capital of the Company.

Outlook

The Petroleum Service Association of Canada (“PSAC”) updated its 2012 drilling activity forecast on April 25, 2012 and is now forecasting 13,150 new wells drilled in 2012; a 2% increase over 2011and a decrease of 1.5% from its January 2012 forecast of 13,350 wells. These forecasts are predicated on WTI oil price of US$100/bbl and Cdn$1.90/mcf for natural gas. PSAC revised its’ forecast due to skilled labour shortages, warm weather hampering the use of heavy equipment, weak natural gas prices related to oversupply and the ongoing uncertainty created by the European economic debt crisis, which are all contributing factors restricting capacity.

High natural gas storage levels continue to offset reductions in drilling activity for natural gas leading to ongoing downward pressure on natural gas prices. Exploration and production (“E&P”) companies are continuing to divert spending towards more economical oil focused activities given the relative strength of WTI crude oil prices averaging nearly $103/bbl in the first quarter of 2012, a 9% increase over the same period in 2011. We expect that natural gas prices will remain low for the remainder of 2012 and that the lower natural gas activities will largely be offset by increases in oil-related activities based on the expected strength of crude oil prices.

The increases in oil-related drilling activity over the past couple of years has established a solid foundation for future well service work. CWC is focusing its Well Servicing fleet on oil-related and liquids-rich natural gas activities and has strategically positioned its equipment in the Horn River, Montney, Deep Basin, Pekisko, Beaverhill Lake, Cardium, Viking, Lloydminster heavy oil and Saskatchewan Bakken plays. We expect to see this trend continue through 2012 with an emphasis on production activities compared to completion activities.

As a result of the increased demand for oilfield services and rising operating costs, primarily from labour and fuel, hourly rates for our services were increased in Q4 2011. CWC strives to maintain acceptable profit margins for our shareholders while providing high quality equipment and experienced field crews for our customers. Costs are not expected to trend downward for 2012 and with activity levels remaining robust, management does not anticipate any reductions in pricing for its services in 2012.

Close to 90% of CWC’s revenue and EBITDAS is derived from its core business segment of Well Servicing. We remain focused on what we do well and draw upon these strengths to provide best-in-class services to our customers. We continue to evaluate opportunities to grow the Well Servicing division through a disciplined approach, requiring that any potential acquisition meet strict financial and operational criteria. Supporting this core business are our Other Oilfield Service offerings of snubbing and well testing.

Critical Accounting Estimates and Judgments

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 IFRS. The presentation of these financial statements in conformity with IFRS 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 revenue 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 cannot 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.

Allowance for Doubtful Accounts Receivable:

The Company performs periodic credit evaluations of its customers and grants credit based upon past payment history, financial condition, and anticipated industry conditions. Customer payments are regularly monitored and a provision for doubtful accounts is established based upon specific situations and overall industry conditions. The history of bad debt losses of the Company has been within expectations and is generally limited to specific customer circumstances. However, given the cyclical nature of the energy industry, a customer's ability to fulfill its payment obligations can change suddenly and without notice.

Impairment of Assets:

At the end of each reporting period, the Company assesses whether there is an indication that an asset group may be impaired. If any indication of impairment exists, the Company estimates the recoverable amount of the asset group. External triggering events include, for example, changes in customer or industry conditions, technological advances and economic climate deterioration. Internal triggering events for impairment include lower profitability or utilization.

The Company's impairment tests compare the carrying amount of the asset or cash generating unit ("CGU") to its recoverable amount. The recoverable amount is the higher of fair value less costs to sell ("FVLCS") and value in use ("VIU"). FVLCS is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The determination of VIU requires the estimation and discounting of cash flows which involves key assumptions that consider all information available on the respective testing date. Management exercises judgment, considering past and actual performances as well as expected developments in the respective markets and in the overall macro-economic environment and economic trends to model and discount future cash flows. Discounted cash flow projections contain key assumptions such as discount rates, terminal value growth rates and Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") margins.

Depreciation of Property and Equipment

The estimated useful life, residual value and depreciation methods chosen are the Company's best estimate of such and are based on industry norms, historical experience and other estimates including the period and distribution of future cash inflows.

Deferred Income Taxes

In calculating the income taxes, consideration is given to factors such as non-deductible expenses, recognition of deferred tax assets, changes in tax law and management's expectations of future results. The Company estimates deferred income taxes based on temporary differences between the income and the losses reported in the financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as deferred tax assets or liabilities in the financial statements. The calculation of income taxes requires the use of judgments and estimates. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted.

Changes in Accounting Policies

There have been no changes in accounting policies in the three months ended March 31, 2012.

Reconciliation of Non-IFRS Measures

$ thousands	THREE MONTHS ENDED MARCH 31, 2012	2011
NON-IFRS MEASURES		
[1] EBITDAS:		
Net income before taxes	6,209	4,285
Add:		
Depreciation	3,857	3,358
Finance costs	769	647
Stock based compensation	184	150
Loss (gain) on sale of equipment	47	(6)
Unrealized loss on marketable securities	-	5
EBITDAS	11,066	8,439
[2] Funds from (used in) operations:		
Cash flows from (used in) operating activities	11,354	4,887
Less:		
Change in non-cash working capital	289	(3,551)
Funds from (used in) operations:	11,065	8,438
[3] Gross margin:		
Revenue	38,907	29,303
Less:		
Direct operating expenses	(24,075)	(17,659)
Gross margin	14,832	11,644
	MARCH 31, 2012	**DECEMBER 31, 2011**
[4] Working capital (excluding debt):		
Current Assets	32,708	31,623
Less: Current Liabilities	(23,201)	(17,586)
Add: Current portion of long-term debt	9,115	8,377
Working capital (excluding debt)	18,622	22,414

Notes 1 to 4 - See next page for detailed explanations of Non-IFRS measures

1. *EBITDAS (Earnings before interest, taxes, depreciation, amortization, gain/loss on disposal of asset, unrealized gain/loss on marketable securities, finance costs and stock based compensation) is not a recognized measure under IFRS. Management believes that in addition to net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the Company's ability to generate cash flow in order to fund working capital, service debt, pay current income taxes, and fund capital programs. Investors should be cautioned, however, that EBITDAS should not be construed as an alternative to net income (loss) and comprehensive income (loss) determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating EBITDAS may differ from other entities and accordingly, EBITDAS may not be comparable to measures used by other entities. For a reconciliation of EBITDAS to net income (loss) and comprehensive income (loss).*

2. *Funds from operations and funds from operations per share are not recognized measures under IFRS. Management believes that in addition to cash flow from operations, funds from operations is a useful supplemental measure as it provides an indication of the cash flow generated by the Company's principal business activities prior to consideration of changes in working capital. Investors should be cautioned, however, that funds from operations should not be construed as an alternative to cash flow from operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from operations may differ from other entities and accordingly, funds from operations may not be comparable to measures used by other entities. Funds from operations is equal to cash flow from operations before changes in non-cash working capital items related to operations, interest and income taxes paid, financing costs, and income tax expense.*

3. *Gross margin is calculated from the statement of income (loss) as Revenue less direct operating costs and is used to assist management and investors in assessing the Company's financial results from operations excluding fixed overhead costs. Gross margin is a non-IFRS measure and does not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures provided by other companies.*

4. *Working capital (excluding debt) is calculated based on current assets less current liabilities excluding the current portion of long-term debt. Working capital is used to assist management and investors in assessing the Company's liquidity and its' ability to generated funds. Working capital (excluding debt) does not have any meaning prescribed under IFRS and may not be comparable to similar measures provided by other companies.*

Risk Management

Certain activities of the Company are affected by factors that are beyond its control or influence. Additional risks and uncertainties that management may be unaware of, or that they determine to be immaterial may also become important factors which affect the Company. Along with risks discussed in this MD&A, other business risks faced by the Company may be found under "Risk Factors" in the Company's Annual Information Form dated February 29, 2012 which is available under the Company's profile at www.sedar.com.

Corporate Information

Directors

Jim Reid[2], Chairman

Duncan T. Au[1]

Gary L. Bentham[1,2]

Alexander D. Greene

Wade McGowan[1, 2]

1. Audit Committee

2. Compensation and Corporate Governance Committee

Officers

Duncan T. Au, CA, CFA
President & Chief Executive Officer

Kevin Howell, CA
Chief Financial Officer

Rick Dawson
Vice President, Business Development

Darwin McIntyre
Vice President, Operations (Eastern)

Layne Wilk
Vice President, Operations (Central)

Stock Exchange Listing

TSX Venture: CWC

Corporate Secretary

James L. Kidd
Burnet, Duckworth & Palmer LLP

Corporate Office

Bow Valley Square III
755, 255 – 5th Avenue SW
Calgary, Alberta T2P 3G6
Phone: (403) 264-2177
Fax: (403) 264-2842
Website: www.cwcwellservices.com
Email: info@cwcwellservices.com

Auditors

KPMG LLP

Bankers

ATB Financial
National Bank

Legal Counsel

Burnet, Duckworth & Palmer LLP

Transfer Agent

Olympia Trust Company