Unaudited Interim Financial Statements of

CWC WELL SERVICES CORP.

For the three and six months ended June 30, 2011 and 2012

STATEMENT OF FINANCIAL POSITION
CWC Well Services Corp.
As at June 30, 2012 and December 31, 2011
(unaudited)

in thousands of Canadian dollars	Note	**June 30, 2012**	December 31, 2011
ASSETS			
Current assets			
Marketable securities		**$ 34**	$ 43
Accounts receivable		**15,812**	28,850
Loans to employees		**162**	-
Inventory		**2,374**	2,441
Prepaid expenses and deposits		**332**	289
		18,714	31,623
Property and equipment		**128,015**	126,919
Loans to employees		**-**	160
Deferred tax asset		**185**	1,072
		$ 146,914	$ 159,774
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Bank indebtedness	6	**$ 4,612**	$ 1,810
Accounts payable and accrued liabilities		**6,659**	7,399
Dividends payable	7	**5,054**	-
Current portion of long-term debt	6	**6,868**	8,377
		23,193	17,586
Long-term debt	6	**25,247**	39,564
		48,440	57,150
SHAREHOLDERS' EQUITY			
Share capital	8	**108,138**	109,143
Contributed surplus		**5,452**	5,236
Deficit		**(15,116)**	(11,755)
		98,474	102,624
		$ 146,914	$ 159,774

See accompanying notes to interim financial statements.

STATEMENT OF COMPREHENSIVE INCOME

CWC Well Services Corp.

For the three and six months ended June 30, 2012 and 2011

(unaudited)

in thousands of Canadian dollars	Note	Three Months Ended June 30, 2012	Three Months Ended June 30, 2011	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011
REVENUE		**$ 17,143**	$ 12,987	$ 56,049	$ 42,290
EXPENSES					
Direct operating expenses		**13,191**	9,205	37,266	26,863
Selling and administrative expenses		**3,368**	2,513	7,134	5,718
Stock based compensation		**218**	316	402	466
Finance costs		**705**	938	1,474	1,585
Depreciation		**3,114**	2,920	6,971	6,279
Loss on disposal of equipment		**61**	41	107	35
Unrealized loss on marketable securities		**9**	10	9	15
		20,666	15,943	53,363	40,961
NET (LOSS) INCOME BEFORE TAXES		**(3,523)**	(2,956)	2,686	1,329
DEFERRED INCOME TAX (RECOVERY) EXPENSE		**(797)**	-	887	-
NET (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME		**(2,726)**	(2,956)	1,799	1,329
NET (LOSS) INCOME PER SHARE					
Basic and diluted (loss) earnings per share	9	**$ (0.02)**	$ (0.02)	**$ 0.01**	$ 0.01

See accompanying notes to interim financial statements.

STATEMENT OF CHANGES IN EQUITY

CWC Well Services Corp.

For the six months ended June 30, 2012 and 2011

(unaudited)

in thousands	Note	**Shares**	**Share Capital**	**Contributed Surplus**	**Deficit**	**Total Equity**
Balance at January 1, 2011		158,739	$ 110,774	$ 3,657	$ (24,445)	$ 89,986
Net income and comprehensive income for the period		-	-	-	1,329	1,329
Transactions with owners, recorded directly in equity						
Stock based compensation		-	-	466	-	466
Shares issued		55	23	(9)		14
Shares redeemed	8	(2,050)	(1,415)	798	-	(617)
Balance at June 30, 2011		156,744	$ 109,382	$ 4,912	$ (23,116)	$ 91,178
Balance at January 1, 2012		156,444	$ 109,143	$ 5,236	$ (11,755)	$ 102,624
Net income and comprehensive income for the period		-	-	-	1,799	1,799
Transactions with owners, recorded directly in equity						
Stock based compensation		-	-	368	-	368
Shares issued	8	93	38	(15)	-	23
Shares redeemed	8	(1,513)	(1,043)	(137)	-	(1,180)
Dividends declared	7	-	-	-	(5,160)	(5,160)
Balance at June 30, 2012		**155,024**	**$ 108,138**	**$ 5,452**	**$ (15,116)**	**$ 98,474**

See accompanying notes to interim financial statements.

STATEMENT OF CASH FLOWS

CWC Well Services Corp.

For the six months ended June 30, 2012 and 2011

(unaudited)

in thousands of Canadian dollars	Note	**2012**	2011
CASH PROVIDED BY (USED IN):			
OPERATING:			
Net income		**$ 1,799**	$ 1,329
Adjustments for:			
Stock based compensation		**402**	466
Interest on employee loans		**(1)**	(2)
Finance costs		**1,474**	1,585
Loss on disposal of equipment		**107**	35
Unrealized loss on marketable securities		**9**	15
Deferred income tax expense		**887**	-
Depreciation		**6,971**	6,279
		11,648	9,707
Change in non-cash working capital	10	**12,182**	6,222
		23,830	15,929
INVESTING:			
Acquisitions		**-**	(38,000)
Purchase of equipment		**(8,587)**	(1,577)
Proceeds on sale of equipment		**450**	26
		(8,137)	(39,551)
FINANCING:			
Issue of long-term debt		**-**	56,500
Repayment of long-term debt		**(15,750)**	(30,000)
Increase (decrease) in bank indebtedness		**2,802**	(954)
Finance costs paid		**(143)**	(420)
Interest paid		**(1,372)**	(1,255)
Finance lease repayments		**(73)**	(65)
Common shares repurchased, net of proceeds on options	8	**(1,157)**	(184)
		(15,693)	23,622
CHANGE IN CASH		**-**	-
CASH, BEGINNING OF PERIOD		**-**	-
CASH, END OF PERIOD		**$ -**	$ -

See accompanying notes to interim financial statements.

1. Reporting entity:

CWC Well Services Corp. ("CWC" or the "Company") is incorporated under the Canada Business Corporations Act. The address of the Company's registered office is Suite 755, 255 – 5th Avenue Southwest, Calgary, Alberta, Canada. The Company is an oilfield services company providing production services to oil and gas exploration and development companies throughout the Western Canadian Sedimentary Basin.

2. Basis of presentation:

(a) **Statement of compliance**

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and do not include all of the information required for full annual financial statements.

These interim financial statements were approved by the Board of Directors on August 13, 2012.

(b) **Use of estimates and judgments**

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended December 31, 2011.

3. Seasonality of operations:

The Company's operations are located in Western Canada. The ability to move heavy equipment safely and efficiently in Western Canadian oil and natural gas fields is dependent on weather conditions. Activity levels during the first quarter are typically the most robust as the frost creates a stable ground mass that allows for easy access to well sites and easier service rig movement. The second quarter is traditionally the slowest due to road bans during spring break-up. When winter's frost leaves the ground, it renders many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. Road bans during this time restrict service rig and support equipment access to well sites. The third quarter has more activity as the summer months are typically drier than the second quarter. The fourth quarter is again quite active as winter temperatures freeze the ground once more maximizing site access. However, there may be temporary halts to operations in extreme cold weather when the temperature falls below -35C.

4. Significant accounting policies:

Except as described below, the accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended December 31, 2011.

(a) Accounting policies for new transactions and events

Dividends

Dividends on shares are recognized in the Company's financial statements in the period in which the dividends are declared and approved by the Board of Directors of the Company.

(Amounts in thousands, except per share amounts)

5. Operating segments:

The Company operates in two primary segments within the service industry in Western Canada: Well Servicing and Other Oilfield Services. The Well Servicing segment provides well services through the use of service rigs and coil tubing units. The Other Oilfield Services segment provides snubbing and production testing, primarily providing support services to the well service business.

The amounts related to each industry segment are as follows:

THREE MONTHS ENDED JUNE 30, 2012	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	16,237	906	-	17,143
Finance costs	-	-	705	705
Net income (loss) before depreciation and taxes	2,227	(456)	(2,180)	(409)
Depreciation	2,678	290	146	3,114
Net loss before tax	(451)	(746)	(2,326)	(3,523)
Income tax recovery	-	-	797	797
Net loss after tax	(451)	(746)	(1,529)	(2,726)
Property and equipment	117,735	9,230	1,050	128,015
Capital expenditures	2,956	278	171	3,405

THREE MONTHS ENDED JUNE 30, 2011	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	11,396	1,591	-	12,987
Finance costs	-	-	938	938
Net income (loss) before depreciation and taxes	2,366	(288)	(2,114)	(36)
Depreciation and amortization	2,222	552	146	2,920
Net income (loss) before taxes	144	(840)	(2,260)	(2,956)
Income taxes	-	-	-	-
Net income (loss)	144	(840)	(2,260)	(2,956)
Property and equipment	120,273	16,134	739	137,146
Acquisitions through business combinations	38,000	-	-	38,000
Capital expenditures	771	31	60	862

SIX MONTHS ENDED JUNE 30, 2012	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	50,751	5,298	-	56,049
Finance costs	-	-	1,474	1,474
Net income (loss) before depreciation and taxes	13,434	671	(4,448)	9,657
Depreciation	6,062	629	280	6,971
Net income (loss) before tax	7,372	42	(4,728)	2,686
Income tax expense	-	-	887	887
Net income (loss)	7,372	42	(5,615)	1,799
Property and equipment	117,735	9,230	1,050	128,015
Capital expenditures	7,850	454	283	8,587

SIX MONTHS ENDED JUNE 30, 2011	Well Servicing	Other Oilfield Services	Corporate	Total
Revenue	34,490	7,800	-	42,290
Finance costs	-	-	1,585	1,585
Net income (loss) before depreciation and taxes	9,590	1,915	(3,897)	7,608
Depreciation	4,872	1,117	290	6,279
Net income (loss)	4,718	798	(4,187)	1,329
Property and equipment	120,273	16,134	739	137,146
Acquisitions through business combinations	38,000	-	-	38,000
Capital expenditures	1,462	34	81	1,577

6. Loans and borrowings:

On March 20, 2012, the Company amended the credit facility from a syndicate of lenders which consists of a $21.75 million non-extendable committed non-revolving facility ($21.75 million outstanding at June 30, 2012 (December 31, 2011: $25.5 million)) and a non-extendable committed revolving facility to a maximum of $46 million ($10.5 million outstanding at June 30, 2012 (December 31, 2011: $22.5 million)) each with a maturity date of April 30, 2014. The $46 million revolving portion of the facility consists of a swing line facility to a maximum of $5 million with the remainder consisting of prime based loans and bankers acceptances. The amendment accommodated the payment of dividends and increased the maximum available under the facility to $70.5 million reducing each quarter by the principal payments required on the non-revolving facility. The facility is subject to covenants which are common to these types of arrangements.

As at June 30, 2012, $4,257 was drawn under the swingline. The Company had funds in trust of $343, offsetting outstanding cheques of $698 resulting in a bank indebtedness position of $4,612 (December 31, 2011: $1,810).

The Company was in compliance with all debt covenants as at June 30, 2012 and December 31, 2011.

7. Dividends:

On March 20, 2012, the Company declared dividends of $0.0325 per common share. The dividend was paid on July 13, 2012 to shareholders of record on June 29, 2012. Dividends payable as at June 30, 2012 is $5,054 (December 31, 2011 $NIL).

The Company intends to pay cash dividends to shareholders at a level that supports the sustainability of the Company. Such dividends are at the sole discretion of the Company and its Board of Directors and are subject to numerous factors including, but not limited to, the financial performance of the Company, debt covenants and obligations including credit availability, and the working capital and future capital requirements of the Company.

8. Share capital:

The Company renewed a Normal Course Issuer Bid (“NCIB”) effective April 1, 2012, to purchase from time to time, as it is 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. Common shares acquired under the NCIB will be subsequently cancelled. During the period ended June 30, 2012, the Company purchased 1,512,500 (June 30, 2011: 377,000) shares under the NCIB for total consideration including commissions of $1,180 (June 30, 2011: $197). The re-purchased shares were returned to treasury and cancelled.

During the year ended December 31, 2011, 1,672,935 shares were repurchased from a former employee with the consideration being the cancellation of a share purchase loan in the amount of $419. This transaction has not been reflected in the statement of cash flows as it was a non-cash transaction.

During the period ended June 30, 2012, stock options were exercised resulting in the issuance of 93,334 shares (June 30, 2011: 54,994).

(Amounts in thousands, except per share amounts)

9. Earnings per share:

THREE MONTHS ENDED JUNE 30,	2012			2011		
	NET LOSS	**WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)**	**PER SHARE AMOUNT**	NET LOSS	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT
Basic and diluted loss per share	$ (2,726)	155,391	$ (0.02)	$ (2,956)	156,817	$ (0.02)
Securities excluded from diluted earnings per share as the effect would be anti-dilutive		9,894			8,477	

SIX MONTHS ENDED JUNE 30,	2012			2011		
	NET INCOME	**WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)**	**PER SHARE AMOUNT**	NET INCOME	WEIGHTED AVERAGE NUMBER OF SHARES (in 000's)	PER SHARE AMOUNT
Basic earnings per share	$ 1,799	155,800	$ 0.01	$ 1,329	157,487	$ 0.01
Diluted earnings (loss) per share	$ 1,799	160,469	$ 0.01	$ 1,329	158,771	$ 0.01
Securities excluded from diluted earnings (loss) per share as the effect would be anti-dilutive		2,262			545	

10. Change in non-cash working capital:

SIX MONTHS ENDED JUNE 30,	**2012**	2011
Accounts receivable	$ 13,038	$ 6,532
Inventory	67	(93)
Prepaid expenses and deposits	(43)	(60)
Loans to employees	2	268
Accounts payable and accrued liabilities	(882)	(425)
	$ 12,182	$ 6,222