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 August 13, 2012 and is provided to assist readers in understanding CWC's financial performance for the three and six months ended June 30, 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 Q2 2012 and YTD 2012

- Revenue for the six month period of 2012 was $56.0 million, an increase of 33% over the same period of 2011. The second quarter of 2012 revenue increased 32% to $17.1 million compared to the same quarter of 2011;

- EBITDAS for the six month period of 2012 was $11.6 million, an increase of 20% compared to the same period of 2011. The increase reflects the growth of the rig count to 65 service rigs from 41 service rigs primarily due to the Trinidad Well Servicing ("TWS") acquisition in the second quarter of 2011 in addition to robust activity and increased revenue per hour on the existing fleet. EBITDAS for the second quarter of 2012 was $0.6 million decreasing from $1.3 million in the same period of 2011. The decrease in the second quarter of 2012 is a result of above average rainfall in May and June 2012 when activity would normally be returning to higher levels, fixed salary costs in coil tubing for the field employees and repair and maintenance costs;

- Net income for the six months ended June 30, 2012 was $1.8 million, an increase of 35% compared to the same period of 2011;

- On March 20, 2012 the Board of Directors declared a cash dividend of $0.0325 per common share. The dividend was 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 and a new slant service rig which were both put into service in Q2 2012. Recertification of an existing single service rig is anticipated to be complete in early Q4 2012 and the Board has approved a $5.0 million increase to the 2012 capital expenditure budget to build 2 more service rigs increasing the active service rig count to 68 service rigs by year end. In addition, a new Class III, 2" coil tubing unit is scheduled to be put into service in Q1 2013 increasing the fleet to 9 coil tubing units. CWC continues to upgrade and replace various support equipment to ensure CWC's fleet remains among the newest and most technologically advanced in the industry.

Financial Highlights

$ thousands, except per share amounts, margins and ratios	THREE MONTHS ENDED JUNE 30, 2012	2011	% Change	SIX MONTHS ENDED JUNE 30, 2012	2011	% Change
FINANCIAL RESULTS						
Revenue						
Well servicing	$ 16,237	$ 11,396	42%	$ 50,751	$ 34,490	47%
Other oilfield services	906	1,591	(43%)	5,298	7,800	(32%)
	17,143	12,987	32%	56,049	42,290	33%
EBITDAS [1]	584	1,269	(54%)	11,649	9,709	20%
EBITDAS margin (%) [1]	3%	10%		21%	23%	
Funds from (used in) operations [2]	(63)	619	(110%)	11,648	9,707	20%
Net income (loss)	(2,726)	(2,956)	8%	1,799	1,329	35%
Net income (loss) margin (%)	(16%)	(23%)		3%	3%	
Dividends declared	$ -	$ -		$ 5,054	$ -	
Per share information						
Weighted average number of shares outstanding - basic	155,391	156,817		155,800	157,487	
Weighted average number of shares outstanding - diluted	155,391	156,817		160,469	158,771	
EBITDAS [1] per share - basic and diluted	0.00	0.01		0.07	0.06	
Funds from operations per share - basic and diluted	(0.00)	0.00		0.07	0.06	
Net income (loss) per share - basic and diluted	(0.02)	(0.02)		0.01	0.01	

	JUNE 30, 2012	DECEMBER 31, 2011
FINANCIAL POSITION AND LIQUIDITY		
Working capital (excluding debt) [3]	2,389	22,414
Working capital (excluding debt) ratio	1.15:1	3.4:1
Total assets	146,914	159,774
Total long-term debt (including current portion)	32,115	47,941
Shareholders' equity	98,474	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 2	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	65	63	63	63	63	41
Hours worked	21,186	37,543	34,047	33,595	15,333	26,630
Utilization %	36%	65%	59%	58%	38%	72%
Coil Tubing Units						
Number of units, end of period [1]	8	8	7	6	6	6
Hours worked	417	3,956	2,404	1,448	567	2,960
Utilization %	9%	90%	37%	26%	10%	55%
OTHER OILFIELD SERVICES						
Snubbing Units						
Number of units, end of period [2]	7	7	5	5	5	5
Hours worked	241	2,065	2,421	1,692	293	1,950
Utilization %	5%	46%	53%	37%	6%	43%
Well Testing Units						
Number of units, end of period	11	12	12	12	12	12
Number of tickets billed	238	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

Seasonality combined with above average rainfall in May and June 2012 negatively impacted revenue and EBITDAS. Costs incurred to recertify and repair equipment done during this slower period is expected to benefit the Company throughout the latter half of the year when downtime is reduced in the busier winter months. CWC continues to see 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 and is expected to continue in 2012. Our customers are indicating continued demand and confidence in the long-term sustainability of oil prices which is likely to lead to good activity levels in 2012 comparable to that of 2011. CWC continues to minimize its exposure to depressed natural gas prices through its focus on oil. An anticipated slowdown in drilling activity for the second half of 2012 will inevitably result in a lag on completion work, however, CWC has positioned itself throughout Q2 2012 to shift to production maintenance and workover services to offset the anticipated decline in completion work for its service rigs.

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, maintenance, 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 at that time by 54%. In 2012, the Company has completed the construction of a new slant service rig and was deployed to the field early in the second quarter of 2012. We have also completed a new double service rig which was deployed to the field for operations in the second quarter of 2012. Both the slant rig and double service rig are committed to customers and began 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 in the first quarter of 2013.

Well Servicing division revenue in Q2 2012 increased by 43% to $16.2 million from $11.4 million in the second quarter of 2011. Year to date revenue has increased by 47%. Of the $16.3 million year-over-year increase, $14.2 million or 87%, was due to the increased fleet from the TWS acquisition; the remaining increase of $2.1 million or 13% 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 38% year-over-year. The increase is primarily attributable to the acquisition of TWS. Utilization of our well service equipment has risen from the lows experienced in 2009 driven by increased spending on exploration and development as a result of higher oil prices and an increase in the number of wells producing oil compared to that of natural gas.

During the second quarter of 2012, a further $3.0 million was invested in the assets of the Well Servicing segment bringing the year to date capital investment to $7.9 million. The vast majority was due to the completion of the Class III, 2" coil unit, the slant service rig, the double service rig, progress payments on the third new Class III, 2" coil tubing unit, as well as upgrades and improvements to existing fleet equipment as announced in the 2012 capital expenditure 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 11 well testing units. The Other Oilfield Services division revenue decreased by 43% to $0.9 million in the second quarter of 2012 from $1.6 million in 2011. The second quarter of 2011 included revenue of $0.6 million from the nitrogen assets which were sold in December 2011. The remaining $0.1 million decrease was from the snubbing division which continues to be affected by depressed natural gas prices.

The Company completed the conversion of one of the snubbing units from 3,000 psi to 5,000 psi to reflect the need for higher pressure units and added e-gress safety systems that exceed minimum safety requirements in the industry. An additional two units are currently undergoing a similar conversion. 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 JUNE 30, 2012	2011	% Change	SIX MONTHS ENDED JUNE 30, 2012	2011	% Change
Revenue						
Well servicing	$ 16,237	$ 11,396	42%	$ 50,751	$ 34,490	47%
Other oilfield services	906	1,591	(43%)	5,298	7,800	(32%)
	17,143	12,987	32%	56,049	42,290	33%
Operating expenses						
Well servicing	12,023	7,623	58%	33,112	21,788	52%
Other oilfield services	1,168	1,582	(26%)	4,154	5,075	(18%)
	13,191	9,205	43%	37,266	26,863	39%
Gross margin [1]	3,952	3,782	4%	18,783	15,427	22%
Gross margin % [1]	23%	29%		34%	36%	
Selling and administrative expenses	3,368	2,513	34%	7,134	5,718	25%
EBITDAS [2]	584	1,269	(54%)	11,649	9,709	20%
EBITDAS margin (%) [2]	3%	10%		21%	23%	
Stock based compensation	218	316	(34%)	402	466	(14%)
Finance costs	705	938	(25%)	1,474	1,585	(7%)
Depreciation	3,114	2,920	7%	6,971	6,279	11%
Loss on sale of equipment	61	41	49%	107	35	206%
Unrealized loss on marketable securities	9	10	(10%)	9	15	(40%)
Net income (loss) before taxes	(3,523)	(2,956)	19%	2,686	1,329	102%
Deferred income tax expense (recovery)	(797)	-		887	-	0%
Net income (loss)	(2,726)	(2,956)	8%	1,799	1,329	35%

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

Revenue

Total revenue for the three and six months ended June 30, 2012 increased 32% and 33% year-over-year respectively 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 3% on a year-over-year basis for the three months ended June 30, 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 providing services to better capitalized and financed senior and intermediate exploration and production ("E&P") companies. In the second quarter of 2012, over 66% of our revenue was derived from our top ten customers all of whom are large or intermediate E&P companies and year to date the figure is approximately 61% of our revenue. The Company also focuses on customers with higher exposure to oil opportunities instead of dry natural gas plays given the strong pricing for oil compared to that of dry natural gas.

Gross Margin and Direct Operating Expenses

Gross margin for the second quarter of 2012 improved by $0.2 million or 4% compared to the second quarter of 2011. Year to date, gross margin has increased by 22% to $18.8 million from $15.4 million. As a percentage of revenue, gross margin has declined to 23% for the three months ended June 30, 2012 and 34% for the six months ended June 30, 2012 from 29% and 36% for the comparable periods in 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 planned recertification of equipment and labour costs related thereto and a fixed salary component for field labour on coil tubing units consistent with industry practice. During the second quarter of 2012 the spring breakup period was extended by rain and wet weather conditions in May and June 2012 when normally activity would be returning to higher levels and as such this negatively impacted net income.

Selling and Administrative Expenses ("S&A")

S&A for the second quarter of 2012 was $3.4 million (20% of revenue) compared to $2.5 million (19% of revenue) in the second quarter of 2011. Year to date, S&A has declined to 13% of revenues compared to 14% of revenue in 2011. The increase in S&A to $3.4 million from $2.5 million on a three months basis and $7.1 million from $5.7 million on a year to date basis is attributable to higher variable compensation consistent with improving financial results, 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 be in line with industry peers.

EBITDAS

EBITDAS for the second quarter of 2012 was $0.6 million (3% of revenue) compared to $1.3 million (10% of revenue) in the second quarter of 2011, a decline of $0.7 million or 54%. Year to date, EBITDAS was $11.6 million (21% of revenue) versus $9.7 million (23% of revenue). EBITDAS was impacted by fixed salary costs for field employees in the coil tubing division, recertification costs being incurred in the second quarter ahead of planned timing, and the higher than normal wet weather in May and June 2012 which reduced utilizations when activity levels would normally return to higher levels.

Stock based Compensation ("SBC")

SBC for the second 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 9.9 million options outstanding on June 30, 2012.

Finance Costs

Interest expense for the second quarter of 2012 was $0.7 million compared to $0.9 million in the second quarter of 2011. Year to date, interest expense was $1.5 million versus $1.6 million for six months ended June 30, 2011. The majority of the decrease is a result of $12.0 million in principal repayments made to lower the revolving portion of the debt outstanding as well as reduced interest rates that were secured with the current credit facility. This debt was secured in the second quarter of 2011 to acquire the TWS rigs.

Depreciation

Depreciation has increased by 7% year-over-year on a three month basis and 11% year-over-year on a six month basis; the increase is consistent with the increase in the service rigs fleet 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 $2.7 million for the six months ended June 30, 2012 and an expected income tax rate of 25%, an income tax expense of $0.7 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 asset of $0.2 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 2012 and 2013 depending on growth and profitability of the Company.

Net Income (Loss)

Net loss for the three months ended June 30, 2012 was ($2.7) million compared to a net loss of ($3.0) million for the second quarter of 2011; an improvement of $0.3 million or 8%, reflecting a 32% increase in revenue offset by a $0.9 million or 34% increase in S&A expenses and a reduction in gross margin of 6%. Year to date, net income increased by 35% to $1.8 million from $1.3 million largely the result of a 33% increase in revenue partially offset by increasing cost of sales and S&A costs. Management remains focused on driving higher levels of profitability by capitalizing on its young and technologically advanced equipment fleet and high quality labour force.

Summary of Quarterly Data

$ thousands, except per share amounts	2012		2011				2010	
THREE MONTHS ENDING	June 30,	March 31,	December 31,	September 30,	June 30,	March 31,	December 31	September 30
Revenue	$ 17,143	$ 38,907	$ 35,988	$ 31,224	$ 12,987	$ 29,303	$ 23,069	$ 16,413
EBITDAS [1]	584	11,066	10,630	$ 8,142	1,270	8,439	5,611	3,277
Net income (loss)	(2,726)	4,525	8,187	3,174	(2,956)	4,285	1,460	(528)
Net income (loss) per share: Basic and diluted	(0.02)	0.03	0.05	0.02	(0.02)	0.03	0.01	(0.01)
Total assets	146,914	160,570	159,774	162,933	153,382	131,271	127,098	124,712
Total long-term debt	32,115	44,304	47,941	56,827	56,331	29,863	29,860	29,857
Shareholders' equity	98,474	101,568	102,624	94,389	91,178	94,002	89,986	88,546

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 of 2011 saw an increase back to normal seasonal levels coupled with the addition of the TWS acquisition resulting in substantially improved results. 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 first quarter of 2012 saw continued strong utilization of the Company's fleet of equipment. The second quarter of 2012 had above average rainfall levels in May and June 2012 resulting in a slower than expected recovery after spring breakup. 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 before, during and after the spring 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. 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 ancillary equipment, such as boilers, the Company utilizes in cold temperatures. 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 the weather conditions, the Company did achieve record revenue and EBITDAS in the first quarter of 2012. Q2 2012 saw unseasonably rainy and wet conditions in May and June 2012 resulting in a longer than anticipated spring breakup period, slowing the return to normal utilization levels.

Revenue

An overview of the quarter-by-quarter analysis shows results continue to improve consistently. Revenue for the second quarter of 2012 was $17.1 million. Normalizing the second quarter of 2011 revenues for the acquisition of TWS and the sale of the Nitrogen division revenue and comparing the result to the revenue for the second quarter of 2012, revenue increased by 7%, an indication of the accretive value of the TWS acquisition.

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 second quarter of 2012 was $0.6 million compared to $1.3 million in the second quarter of 2011 and $11.1 million in the first quarter of 2012. The prolonged wet weather in the second quarter of 2012 hampered utilization and recertification and increased repairs and maintenance were incurred on equipment to ready the fleet for the upcoming busy season. This work negatively impacted EBITDAS for the quarter but is expected to provide increased EBITDAS in the busy winter months as a result of less downtime during the busy quarters.

Net Income (Loss)

The reduced activity in the second quarter of 2012 resulted in net loss of ($2.7) million, a $0.3 million improvement from the second quarter of 2011 and decrease of $7.2 million from the first quarter of 2012. On a full year basis, management anticipates a continuation of the improvement in 2012 financial results over 2011 where CWC recorded positive net income. Improvements are also as a result of effective management of discretionary expenditures which is partially offset by increased depreciation on service rigs subject to a unit of production methodology.

Total Assets

The $13.7 million decrease in total assets from the first quarter of 2012 is primarily a result of a decrease in accounts receivable and deferred tax asset offset by an increase in property plant and equipment. 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 $12.2 million from the first quarter of 2012, a function of required payments on the term debt totaling $2.3 million and additional payments of $10.0 million from operating funds being applied to the revolving debt offset by additional finance leases being secured in the quarter.

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 throughout the first six months of 2012 offset by the dividends declared late in the first quarter of 2012 of $5.1 million.

Financial Position and Liquidity

$ thousands, except ratios	2012 JUNE 30	2012 MARCH 31	2011 DECEMBER 31	2011 SEPTEMBER 30	2011 JUNE 30
Working capital (excluding debt)[1]	2,389	18,622	22,414	16,332	10,201
Working capital (excluding debt) ratio	1.15:1	2.3:1	3.4:1	2.4:1	2.7:1
Long-term debt	32,115	44,304	47,941	56,827	56,331
Shareholders' equity	98,474	101,568	102,624	94,389	91,178
Debt to equity	0.33	0.44	0.47	0.60	0.62

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

Working Capital

Working capital (excluding debt) at June 30, 2012 was $2.4 million (June 30, 2011 - $10.2 million). The year-over-year reduction is a result of $10.0 million in repayments made from operating funds to the revolving portion of the debt and the dividends declared late in the first quarter of $5.1 million. The Company utilizes its revolving debt facilities to assist in funding ongoing operations and working capital. Management ventures to utilize all available cash on hand to reduce its borrowings in an effort to minimize overall interest costs and draws upon its available revolving debt facilities on an as needed basis to manage cash flow requirements. As such the working capital of the Company will fluctuate from period to period depending on cash flow requirements and there continues to be sufficient debt capacity on the balance sheet to be able to support these needs. 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 June 30, 2012, CWC had a credit facility of $68.25 million consisting of a committed revolving facility of $46 million and a $21.75 million committed term facility with a maturity date of April 30, 2014. The facility was revised in March 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. The term portion of the facility required principal payments of $500,000 per month plus interest through April 2012, at which time payments increased to $750,000 per month plus interest until April 2013 and interest only payments during the final year with the balance due

April 30, 2014. The term facility bears interest at 7.42%. In the second quarter of 2012, $10.0 million of excess funds from operations were used to repay amounts on the revolving credit facility.

As of June 30, 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 June 30, 2012 was $98.5 million (June 30, 2011 - $91.2 million), an increase of $7.3 million. As of June 30, 2012 and August 13, 2012 the Company had 155,024,911 common shares oustanding. At June 30, 2012 and August 13, 2012 the total number of stock options outstanding was 9,893,670.

During the second quarter of 2012, the Company purchased 569,000 common shares under its Normal Course Issuer Bid ("NCIB") and all shares purchased were returned to treasury and cancelled. Year to date, 1,512,500 shares have been purchased and returned to treasury and cancelled under the NCIB. 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 June 30, 2012 was 0.33:1 as compared to 0.44:1 at March 31, 2012 and 0.62:1 as at June 30, 2011. The decrease from June 30, 2011 is as a result of payments made against the additional debt secured to complete the acquisition of TWS in June 2011 offset by dividends declared in the first quarter of 2012.

Capital Expenditures

Capital expenditures in the second quarter of 2012 consisted mainly of $0.8 million to complete the construction of a new double service rig, $0.7 million progress payment for the construction of a new Class III, 2" coil tubing unit, and $0.2 million to freestand two double service rigs. The remaining amounts were spent on equipment upgrades and replacements, and computer and leasehold upgrades and improvements. In January 2012, the Board of Directors approved a 2012 capital expenditure budget of $8.7 million. In August 2012, the Board of Directors have approved a $5.0 million increase to the 2012 capital expenditure budget to construct the building of two new service rigs in the second half of 2012 to be deployed in the field in Q4 2012 in time for the busy winter season. CWC has identified opportunities to expand into additional geographic regions in the WCSB, particularly in the north central regions of Alberta, and is committing additional capital to support this. Given the financial strength of our balance sheet to fund this growth and continued demand for high quality service rigs in the market, CWC believes this conservative increase in capital expenditures will contribute positively to the growth and cash flows of the company in the 2013.

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 convertible debentures or 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 common 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 2012, the Company is committed to monthly principal payments of $750,000, 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, finance the growth capital of the Company and maintain a dividend payment to its shareholders.

Outlook

Following a weak second quarter due primarily to an extended spring breakup and relentless rainy conditions in southern and eastern Alberta throughout May and June prohibiting the Company from getting its equipment out in the field, CWC is currently experiencing a return to more normal and reasonable activity levels in July and August 2012. Oil prices have been volatile due to concerns over a global economic slowdown in the United States, Europe and China which has resulted in cautionary, and in some cases, reduced capital expenditures by exploration & production ("E&P") customers in the WCSB. CWC shifted its sales and operations focus towards maintenance, workover and abandonment activity as opposed to completions oriented work in its service rig division in Q2 2012 resulting in better activity levels in Q3 2012. Unlike other service providers in the oilfield services sector, CWC is not currently experiencing any pricing pressure in its service rigs division from its E&P customers nor do we expect to incur any material reductions to our hourly rates in the second half of 2012.

Natural gas prices appear to have found a bottom and have been rising over the last two months due to hot and dry weather conditions in much of North America. These hot conditions have resulted in an increase in the demand for natural gas electricity generation, which has helped reduce the record high levels of natural gas in storage. However, North American natural gas storage remain at oversupplied levels, therefore, CWC does not anticipate a significant shift towards natural gas activities for the remainder of 2012. Approximately 90% of CWC's work is currently derived from oil-related activities.

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 business segment through a disciplined approach as evidenced by our increase to the capital expenditure budget with the addition of two rig builds to service new geographical regions in the WCSB. CWC continues to evaluate new markets for our Other Oilfield Service offerings where an increase in the utilization of these assets can be materially increased. Despite a potential slowdown in global economic activity, we remain optimistic that the second half of 2012 will experience good utilization and activity levels for CWC's Well Servicing business segment which accounts for approximately 90% of our revenue and EBITDAS.

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 for the three and six months ended June 30, 2012 other than the following:

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.

Reconciliation of Non-IFRS Measures

$ thousands	THREE MONTHS ENDED JUNE 30, 2012	2011	SIX MONTHS ENDED JUNE 30, 2012	2011
NON-IFRS MEASURES				
[1] EBITDAS:				
Net income (loss) before taxes	(3,523)	(2,956)	1,799	1,329
Add:				
Depreciation	3,114	2,920	6,971	6,279
Finance costs	705	938	1,474	1,585
Stock based compensation	218	316	402	466
Loss on sale of equipment	61	41	107	35
Unrealized loss on marketable securities	9	10	9	15
EBITDAS	584	1,269	10,762	9,709
[2] Funds from (used in) operations:				
Cash flows from (used in) operating activities	11,830	10,391	23,830	15,929
Less:				
Change in non-cash working capital	11,893	9,772	12,182	6,222
Funds from (used in) operations:	(63)	619	11,648	9,707
[3] Gross margin:				
Revenue	17,143	12,987	56,049	42,290
Less:				
Direct operating expenses	(13,191)	(9,205)	(37,266)	(26,863)
Gross margin	3,952	3,782	18,783	15,427

	JUNE 30, 2012	DECEMBER 31, 2011
[4] Working capital (excluding debt):		
Current Assets	18,714	31,623
Less: Current Liabilities	(23,193)	(17,586)
Add: Current portion of long-term debt	6,868	8,377
Working capital (excluding debt)	2,389	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 (used in) operations and funds from (used in) operations per share are not recognized measures under IFRS. Management believes that in addition to cash flow from operations, funds from (used in) 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 (used in) operations should not be construed as an alternative to cash flow from (used in) operations determined in accordance with IFRS as an indicator of the Company's performance. CWC's method of calculating funds from (used in) operations may differ from other entities and accordingly, funds from (used in) operations may not be comparable to measures used by other entities. Funds from (used in) operations is equal to cash flow from (used in) 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 comprehensive income (loss) as revenue less direct operating expenses 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