

# Central Alberta Well Services Corp.

# News Release

For Immediate Release  
Calgary, Alberta

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Class A Common Shares (Trading): 21,463,730  
Class B Common Shares (Non-Trading): 6,403,531

## CENTRAL ALBERTA WELL SERVICES RELEASES FIRST QUARTER 2008 RESULTS

CALGARY, ALBERTA May 28, 2008 – Central Alberta Well Services Corp. ("CWC" or the "Company") is pleased to announce its first quarter results. For the three months ending March 31, 2008, the Company generated \$24.6 million in revenues and a net income of \$1.8 million compared to revenues of \$16.9 million and a net loss of \$0.3 million in the same period of 2007. Earnings of \$0.06 per share is indicative of the increased asset base and operational improvements the Company has incorporated over the past 12 months compared to the loss of \$0.02 per share in the same period of 2007. Earnings before income taxes, depreciation, amortization, and stock based compensation expense (EBITDAS) was \$7.1 million for the first quarter of 2008 compared to \$4.6 million for the same period of 2007.

The Company completed its rig build program which began in 2007 and purchased 9 additional service rigs bringing the total fleet of service rigs to 37 at the end of quarter one. There is one slant rig representing the final piece under the rig build program to be operational early in the second quarter.

The following table sets out comparative financial information for the reporting segments:

THREE MONTHS ENDED MARCH 31	2008	2007
<b>WELL SERVICING</b>		
Revenues	\$ 17,206,513	\$ 10,136,751
Income (loss) before income taxes	2,752,040	2,221,572
EBITDAS <sup>(1)</sup>	5,441,958	4,158,471
<b>OTHER OILFIELD SERVICES</b>		
Revenues	7,378,824	6,761,037
Income (loss) before income taxes	1,626,522	762,623
EBITDAS <sup>(1)</sup>	2,385,510	1,553,909
<b>CORPORATE</b>		
Revenues	-	-
Income (loss) before income taxes	(2,293,203)	(3,445,418)
EBITDAS <sup>(1)</sup>	(764,311)	(1,080,424)
<b>Total</b>		
Revenues	24,585,337	16,897,788
Income (loss) before income taxes	2,085,359	(461,223)
EBITDAS <sup>(1)</sup>	7,063,157	4,631,956

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

## WELL SERVICING

The Well Servicing Segment generated revenues of \$17.2 million in the first quarter of 2008, exiting the quarter with a fleet of 37 service rigs and eight coil tubing units compared to \$10.1 million in the comparative period in 2007 with 18 service rigs and eight coil tubing units. EBITDAS increased to \$5.4 million compared to \$4.2 million in the same period 2007. The Well Servicing Segment achieved utilizations of 72% in quarter one, down from 87% in the comparative period of 2007. The decrease is a result of lower coil tubing utilization and decreased hours on the mobile single service rigs in the quarter.

## OTHER OILFIELD SERVICES

Other Oilfield Services produced revenues of \$7.4 million in the first quarter of 2008 compared to \$6.8 million in the comparative period of 2007. This segment is comprised of nitrogen delivery and pumping, snubbing, well testing and rentals. Utilization in the first quarter was 53% compared to 59% in the same period of 2007.

EBITDAS of \$2.4 million is an increase of \$0.8 million from the same quarter of 2007 of \$1.6 million.

## SELECTED FINANCIAL INFORMATION

The following table highlights selected financial information for the first quarter of 2008 as well as comparative information:

FOR THE QUARTER ENDED	2008		2007		
	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (deficiency)	18,332,475	8,230,532	10,766,402	9,679,652	11,588,974
Working capital (deficiency) - net of bridge loan and restricted cash	18,312,475	7,815,532	10,351,402	9,264,652	11,173,974
Long-term debt	49,362,889	29,453,660	20,374,723	15,498,793	58,134,623
Shareholders' equity	83,843,830	81,916,194	82,032,188	82,550,545	37,148,201
Long-term debt to equity	0.59	0.36	0.25	0.19	1.56

FOR THE QUARTER ENDED	2006			
	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital (deficiency)	(27,256,935)	(23,307,384)	(17,519,991)	(194,130)
Working capital (deficiency) - net of bridge loan and restricted cash	7,330,725	6,120,890	3,074,368	(194,130)
Long-term debt	16,523,834	16,937,611	17,182,610	14,040,639
Shareholders' equity	34,626,065	45,578,780	45,300,850	45,628,496
Long-term debt to equity	0.48	0.37	0.38	0.31

Working capital at the end of the first quarter of \$18.3 million is an increase of \$10.1 million from December 31, 2007.

As at March 31, 2008, the Company had 21,463,730 Class A Common Shares issued and outstanding and 6,403,531 Class B Common Shares outstanding. On January 22, 2008, 250,000

Class A Common Shares were converted to Class B Common Shares by a shareholder. Each Class B Common Share is convertible into one Class A Common Share upon certain circumstances by the holder of the Class B Common Shares.

## **OUTLOOK**

The Company has continued to add to the core well servicing segment with the addition of nine service rigs being purchased and the completion of the 2007 capital build program. At this time, the Company continues to evaluate opportunities as they arise, including fabricating new equipment and evaluating combinations with other companies in the industry which offer similar services.

The Company believes that 2008 will continue with strong activity as the prices of natural gas and oil remain high, and the revisions in the government's royalty structure are incorporated. The Company anticipates exiting 2008 with increased revenues and profitability.

## **2008 INTERIM FINANCIAL STATEMENTS**

Attached to this release are the Company's Interim Financial Statements for the quarter ended March 31, 2008. These Unaudited Financial Statements should be read in conjunction with the Unaudited Financial Statements and the Management's Discussion and Analysis for the quarter ended March 31, 2008, and the Audited Financial Statements and the Management's Discussion and Analysis for the year ended December 31, 2007, all of which are filed on SEDAR at [www.SEDAR.com](http://www.SEDAR.com).

## BALANCE SHEETS

### Central Alberta Well Services Corp.

*For the periods ended March 31, 2008 and December 31, 2007*

	2008	2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash	\$ -	\$ 1,870,034
Restricted cash	20,000	415,000
Accounts receivable	23,394,156	10,868,117
Shareholder loans	111,304	128,470
Inventory and work in progress	1,783,530	1,676,610
Prepaid expenses and deposits	254,950	252,028
Income tax receivable	115,736	115,736
	25,679,676	15,325,995
<b>Property and equipment</b>	110,698,071	98,497,905
<b>Shareholder loans</b>	70,625	70,625
<b>Intangible assets</b>	4,420,048	4,570,792
	\$ 140,868,420	\$ 118,465,317
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 458,334	\$ -
Accounts payable and accrued liabilities	6,888,867	7,095,463
	7,347,201	7,095,463
<b>Future income taxes</b>	314,500	-
<b>Long-term debt</b>	49,362,889	29,453,660
	57,024,590	36,549,123
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>	80,651,816	80,710,016
<b>Contributed surplus</b>	4,350,546	4,135,569
<b>Warrants</b>	2,412,121	2,412,121
<b>Deficit</b>	(3,570,653)	(5,341,512)
	83,843,830	81,916,194
	\$ 140,868,420	\$ 118,465,317

**STATEMENTS OF INCOME (LOSS), COMPREHENSIVE INCOME (LOSS) AND DEFICIT****Central Alberta Well Services Corp.***For the three months ended March 31, 2008 and 2007*

	2008	2007
<b>REVENUE</b>	<b>\$ 24,585,337</b>	<b>\$ 16,897,789</b>
<b>EXPENSES</b>		
Operating expenses	14,790,340	10,384,915
General and administrative	2,731,840	1,880,918
Stock based compensation	183,804	363,701
Interest	1,300,828	2,312,871
Depreciation	3,342,422	2,265,863
Amortization	150,744	150,744
	<b>22,499,978</b>	<b>17,359,012</b>
<b>NET INCOME (LOSS) BEFORE TAX</b>	<b>2,085,359</b>	<b>(461,223)</b>
<b>INCOME TAXES</b>		
Current	-	1,163
Future (recovery)	314,500	(208,700)
	<b>314,500</b>	<b>(207,537)</b>
<b>NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)</b>	<b>1,770,859</b>	<b>(253,686)</b>
<b>DEFICIT, BEGINNING OF PERIOD</b>	<b>(5,341,512)</b>	<b>(15,097,957)</b>
<b>DEFICIT, END OF PERIOD</b>	<b>\$ (3,570,653)</b>	<b>\$ (15,351,643)</b>
<b>NET INCOME (LOSS) PER SHARE</b>		
Basic and diluted earnings (loss) per share	<b>\$ 0.06</b>	<b>\$ (0.02)</b>

## STATEMENT OF CASH FLOWS

### Central Alberta Well Services Corp.

*For the periods ended March 31, 2008 and 2007*

	2008	2007
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING:</b>		
Net income (loss)	\$ 1,770,859	\$ (253,686)
Items not affecting cash:		
Stock based compensation	183,804	363,701
Interest on shareholder loans	(2,034)	(3,525)
Accretion of debt financing costs and warrants	409,535	236,429
Loss (gain) on disposal of assets	(14,095)	-
Future income tax (reduction)	314,500	(208,700)
Depreciation and amortization	3,493,166	2,416,607
	<b>6,155,735</b>	<b>2,550,826</b>
Change in non-cash working capital	<b>(12,823,276)</b>	<b>(476,272)</b>
	<b>(6,667,541)</b>	<b>2,074,554</b>
<b>INVESTING:</b>		
Purchase of property and equipment	(15,542,589)	(12,577,205)
Proceeds on sale of assets	14,095	-
Decrease in restricted cash	395,000	-
	<b>(15,133,494)</b>	<b>(12,577,205)</b>
<b>FINANCING:</b>		
Issue of long-term debt	19,500,000	63,000,000
Retirement of long-term debt	-	(16,499,334)
Restructure of short-term debt	-	(35,000,000)
Deferred financing costs	-	803,194
Debt financing costs and warrants	-	(2,714,184)
Transaction costs	(306)	-
Repurchase of common shares	(27,027)	-
Increase (repayment) of shareholder loans	-	(188,600)
	<b>19,472,667</b>	<b>9,401,076</b>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(2,328,368)</b>	<b>(1,101,575)</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>1,870,034</b>	<b>1,688,926</b>
<b>CASH (DEFICIENCY), END OF PERIOD</b>	<b>\$ (458,334)</b>	<b>\$ 587,351</b>
<b>Supplementary Information:</b>		
Interest paid	\$ 907,630	\$ 1,441,536
Payout penalties paid on replacement of old loans	-	608,071
Interest received	14,304	15,503
Income taxes paid	-	48,824

## **ABOUT CENTRAL ALBERTA WELL SERVICES**

Central Alberta Well Services has its corporate office in Calgary, Alberta, with its operational head office in Red Deer, Alberta, and additional operating centres in Provost, Brooks and Whitecourt, Alberta. The Company provides oilfield services, including well servicing, coil tubing, snubbing, nitrogen, well testing and oilfield equipment rentals to oil and gas companies operating in the Western Canadian Sedimentary Basin.

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