

CENTRAL ALBERTA WELL SERVICES RELEASES 2007 SECOND QUARTER RESULTS

CALGARY, ALBERTA, August 28, 2007 – Central Alberta Well Services Corp. (“CWC” or the “Company”) is pleased to report its second quarter results. For the three months ending June 30, 2007, the Company generated \$6.0 million in revenue and a loss of \$4.8 million before tax compared to 2006 revenues of \$7.6 million and a loss of \$1.6 million before tax. The following are the highlights for the quarter compared to the second quarter of 2006.

	Three months ended June 30		Six months ended June 30	
	2007	2006	2007	2006
Revenues	\$ 5,965,572	\$ 7,635,119	\$ 22,863,361	\$ 12,566,593
Operating costs	<u>4,878,916</u>	<u>4,719,546</u>	<u>15,263,831</u>	<u>7,409,291</u>
	<u>1,086,656</u>	<u>2,915,573</u>	<u>7,599,530</u>	<u>5,157,302</u>
	18.2%	38.2%	33.2%	41.0%
General and administrative expenses	<u>1,392,741</u>	1,680,407	<u>3,273,659</u>	2,385,269
EBITDAS ⁽¹⁾	<u>(306,085)</u>	1,235,166	<u>4,325,871</u>	2,772,033
EBITDAS per share ⁽¹⁾				
Basic and diluted	(0.01)	0.12	0.19	0.32
Stock based compensation	893,416	431,915	1,257,117	1,004,135
Interest	1,451,364	635,393	3,764,236	754,989
Depreciation and amortization	2,132,172	1,811,964	4,548,779	2,553,925
Net loss before tax	<u>(4,783,037)</u>	<u>(1,644,106)</u>	<u>(5,244,261)</u>	<u>(1,541,016)</u>
Funds from operations ⁽²⁾	<u>(1,364,245)</u>	780,049	<u>1,186,581</u>	2,193,240
Funds from operations per share ⁽²⁾				
Basic and diluted	\$ (0.06)	\$ 0.07	\$ 0.05	\$ 0.25
Loss per share				
Basic and diluted	\$ (0.19)	\$ (0.07)	\$ (0.20)	\$ (0.08)
Purchase of property and equipment	\$ 6,769,800	\$ 20,075,689	\$ 19,347,005	\$ 29,337,959

⁽¹⁾ **EBITDAS** is calculated from the statement of 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. Number of shares outstanding is post consolidation of common shares described in note 8 of the financial statements.

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

The Company was severely hampered by wet weather and prolonged road bans in the quarter. Also during the quarter, the Company experienced stock based compensation expense resulting from the change of control provision in the stock option plan which resulted in an expense of \$893,000. The equity placement of \$50 million in which one party purchased the majority of the shares issued caused the change of control clause in the stock option plan to be exercised. As a result of the vesting, the Company had to take into expense the full future expense in the current period. From this point forward, there is no stock based compensation expense unless the Company issues more options to employees in which the normal vesting program will begin again.

EBITDAS for the quarter ending June 30, 2007, is a negative \$306,000 compared to a positive \$1.2 million in the same period of 2006. This is a result of the prolonged spring break-up and the costs associated with the growth of the Company through the fabrication of new equipment and deploying it to the field.

Utilization for the second quarter for Well Servicing was 36% (6,221 hours) and 17% for Other Oilfield Services. Utilization for Well Servicing is based on the number of hours worked and in the Other Oilfield Services segment is based on the number of jobs performed in the period.

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

Well Servicing	Three months ended June 30	
	2007	2006
Revenues	3,968,059	3,903,409
Income (loss) before income taxes	(421,917)	461,128
EBITDAS ⁽¹⁾	1,684,652	1,775,107
Other Oilfield Services	Three months ended June 30	
	2007	2006
Revenues	1,997,513	3,731,710
Loss before income taxes	(1,403,486)	(258,571)
EBITDAS ⁽¹⁾	(539,110)	373,987
Corporate	Three months ended June 30	
	2007	2006
Revenues	-	-
Loss before income taxes	(2,957,635)	(1,846,664)
EBITDAS ⁽¹⁾	(1,451,627)	(913,928)

⁽¹⁾ EBITDAS is calculated from the statement of 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 revenue of \$4 million compared to \$3.9 million in the comparative period in 2006. EBITDAS decreased as a percentage of revenue to 42% compared to 49% in 2006. This decrease is a result of having more service rigs, higher fixed costs and lower utilization compared to the same period of 2006. Utilization for quarter two for Well Servicing was 36% or 6,221 hours.

The Company added one additional service rig into production in the quarter. The Company has two service rigs still under construction at the end of the quarter which will be received early in the third quarter. The Company has also committed to the fabrication of eight additional service rigs through to the end of 2007.

OTHER OILFIELD SERVICES

Other Oilfield Services produced revenue of \$2 million compared to \$3.7 million in the comparative period 2006. This segment is comprised of nitrogen delivery and pumping, snubbing, well testing and rentals which were acquired at the end of the first quarter 2006. EBITDAS decreased as a percentage of revenue to a negative position compared to 10% in 2006. This decrease is a result of having higher fixed costs and lower utilization compared to the same period of 2006. Utilization for the second quarter for Other Oilfield Services was 17%.

SELECTED FINANCIAL INFORMATION

For the quarter ended	2007			2006		
	June 30	March 31	December 31	September 30	June 30	March 31
Working capital (deficiency)	9,679,652	11,588,974	(27,256,935)	(23,307,384)	(17,519,991)	(194,130)
Working capital (deficiency) - net of bridge loan and restricted cash	9,264,652	11,173,974	7,330,725	6,120,890	3,074,368	(194,130)
Long-term debt	15,498,793	58,134,623	16,523,834	16,937,611	17,182,610	14,040,639
Shareholders' equity	82,550,545	37,148,201	34,626,065	45,578,780	45,300,850	45,628,496
Long-term debt to equity	0.19	1.56	0.48	0.37	0.38	0.31

For the quarter ended	2005		
	December 31	September 30	June 30
Working capital (deficiency)	2,813,640	6,745,091	8,636,777
Working capital (deficiency) - net of bridge loan and restricted cash	2,813,640	6,745,091	8,636,777
Long-term debt	4,950,000	13,595,425	13,845,574
Shareholders' equity	18,595,144	5,654,048	5,558,314
Long-term debt to equity	0.27	2.40	2.49

Working capital at the end of the quarter was \$9.3 million net of restricted cash, a decrease of \$1.9 million from March 31, 2007.

As at June 30, 2007, the Company had 90,687,720 Class A Common Shares issued and outstanding and 22,614,124 Class B Common Shares outstanding. On July 12, 2007, the Company completed a consolidation of all Common Shares by issuing one Common

Share for each four (1:4) existing Common Shares. Upon completion of the consolidation, the Company has 22,671,930 Class A Common Shares and 5,653,531 Class B Common Shares outstanding. Each Class B Common Share is convertible into a Class A Common Share upon certain circumstances.

OUTLOOK

The first six months of 2007 has been challenging in that activity levels have dropped from prior years. Demand for oilfield services has decreased significantly, and the increased capacity from the capital build programs in the past has come to leave excess capacity in many areas of the service sector. The Company believes that there is still an opportunity to replace older, inefficient service rigs in the industry with new technology. With this in mind, the Company has undertaken to fabricate an additional eight (8) service rigs at an estimated cost of \$20 million that are anticipated to begin working in September with the last rig being delivered by the end of December, 2007. Upon completion of this build program, the Company will operate 29 service rigs, 8 coil tubing units, 7 snubbing units, 13 nitrogen tankers and pumpers, and 12 pressure tanks as well as a small fleet of rental equipment.

The Company has completed the restructuring of the long-term debt and at the end of June had \$20 million drawn on a \$63 million facility. This has positioned the Company to be in a financially stable position and able to react to potential opportunities as they arise.

2007 INTERIM FINANCIAL STATEMENTS

Attached to this release are the Company's Interim Financial Statements for the three months ended June 30, 2007. These Interim Financial Statements should be read in conjunction with the Interim Financial Statement and the Management's Discussion and Analysis as well as the Company's Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2006, all of which are filed on SEDAR at www.SEDAR.com.

BALANCE SHEETS
Central Alberta Well Services Corp.
(unaudited)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash	\$ 5,395,843	\$ 1,688,926
Restricted cash	415,000	415,000
Accounts receivable	7,796,469	13,433,591
Shareholder loans	97,479	-
Inventory	1,915,529	1,729,040
Prepaid expenses and deposits	225,660	270,344
Income tax receivable	730,369	641,663
	16,576,349	18,178,564
Property and equipment	85,587,781	70,524,885
Shareholder loans	70,625	118,000
Deferred financing costs	-	803,194
Intangible assets	4,872,280	5,173,768
	\$ 107,107,035	\$ 94,798,411
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	\$ 6,896,697	\$ 6,079,557
Short-term debt (note 6)	-	35,000,000
Shareholder loans	-	76,855
Current portion of long-term debt (note 7)	-	4,279,087
	6,896,697	45,435,499
Future income taxes	1,810,000	2,492,100
Long-term debt (note 7)	15,498,793	12,244,747
	24,205,490	60,172,346
SHAREHOLDERS' EQUITY		
Share capital (note 8)	81,732,892	47,661,284
Contributed surplus	3,319,855	2,062,738
Warrants (note 8 (e))	2,412,121	-
Deficit	(4,563,323)	(15,097,957)
	82,901,545	34,626,065
	\$ 107,107,035	\$ 94,798,411

See accompanying notes to financial statements.

STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

Central Alberta Well Services Corp.

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
REVENUE	\$ 5,965,572	\$ 7,635,119	\$22,863,361	\$12,566,593
EXPENSES				
Operating expenses	4,878,916	4,719,546	15,263,831	7,409,291
General and administrative	1,392,741	1,680,407	3,273,659	2,385,269
Stock based compensation	893,416	431,915	1,257,117	1,004,135
Interest	1,451,364	635,393	3,764,236	754,989
Depreciation and amortization	2,132,172	1,811,964	4,548,779	2,553,925
	<u>10,748,609</u>	<u>9,279,225</u>	<u>28,107,622</u>	<u>14,107,609</u>
NET LOSS BEFORE TAX	(4,783,037)	(1,644,106)	(5,244,261)	(1,541,016)
INCOME TAXES				
Current (recovery)	-	(159,497)	1,162	(159,497)
Future (recovery)	(473,400)	(723,000)	(682,100)	(723,000)
	<u>(473,400)</u>	<u>(882,497)</u>	<u>(680,938)</u>	<u>(882,497)</u>
NET LOSS AND COMPREHENSIVE LOSS	(4,309,637)	(761,609)	(4,563,323)	(658,519)
DEFICIT, BEGINNING OF PERIOD	(15,351,643)	(3,012,619)	(15,097,957)	(3,115,709)
APPLICATION OF PRIOR YEAR DEFICIT TO SHARE CAPITAL	15,097,957	-	15,097,957	-
DEFICIT, END OF PERIOD	<u>\$ (4,563,323)</u>	<u>\$ (3,774,228)</u>	<u>\$ (4,563,323)</u>	<u>\$ (3,774,228)</u>
NET LOSS PER SHARE (note 8 (d))				
Basic and diluted	\$ (0.19)	\$ (0.07)	\$ (0.20)	\$ (0.08)

STATEMENT OF CASH FLOWS
Central Alberta Well Services Corp.
(unaudited)

	Three Months Ended June 30, 2007	Three Months Ended June 30, 2006	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
CASH PROVIDED BY (USED IN):				
OPERATING:				
Net loss	\$ (4,309,637)	\$ (761,609)	\$ (4,563,323)	\$ (658,519)
Items not affecting cash:				
Stock based compensation	893,416	431,915	1,257,117	1,004,135
Interest on shareholder loans	(2,276)	(3,768)	(5,801)	(7,848)
Accretion of debt financing costs and warrants	364,170	-	600,599	-
Loss on disposal of assets	31,310	24,547	31,310	24,547
Future income tax (reduction)	(473,400)	(723,000)	(682,100)	(723,000)
Depreciation and amortization	2,132,172	1,811,964	4,548,779	2,553,925
	(1,364,245)	780,049	1,186,581	2,193,240
Change in non-cash working capital	6,700,021	2,779,789	6,223,749	(1,822,025)
	5,335,776	3,559,838	7,410,330	371,215
INVESTING:				
Business acquisitions - net of cash (note 5)	-	-	-	(4,664,052)
Purchase of property and equipment	(6,769,800)	(20,075,689)	(19,347,005)	(29,337,959)
Proceeds on sale of assets	5,508	23,004	5,508	23,004
Restricted cash	-	(405,641)	-	(405,641)
	(6,764,292)	(20,458,326)	(19,341,497)	(34,384,648)
FINANCING:				
Issue of long-term debt	-	4,174,640	63,000,000	8,050,000
Retirement of long-term debt	(43,000,000)	(1,032,670)	(59,499,334)	(1,032,670)
Issue of short-term debt	-	10,000,000	-	21,000,000
Restructure of short-term debt	-	-	(35,000,000)	-
Deferred financing costs	-	(358,576)	803,194	(613,631)
Debt financing costs and warrants	-	-	(2,714,184)	-
Issue of common shares	50,000,000	-	50,000,000	5,126,507
Share issue costs	(830,434)	2,048	(830,434)	(277,709)
Increase (repayment) of shareholder loans	67,442	(29,745)	(121,158)	9,005
	6,237,008	12,755,697	15,638,084	32,261,502
INCREASE (DECREASE) IN CASH	4,808,492	(4,142,791)	3,706,917	(1,751,931)
CASH, BEGINNING OF PERIOD	587,351	5,035,687	1,688,926	2,644,827
CASH, END OF PERIOD	\$ 5,395,843	\$ 892,896	\$ 5,395,843	\$ 892,896
Supplementary Information:				
Interest paid	\$ 1,130,301	\$ 655,267	\$ 2,571,837	\$ 783,181
Payout penalties paid on replacement of old loans	-	-	608,071	-
Interest received	55,650	37,660	71,153	41,898
Income taxes paid	-	-	48,824	-

See accompanying notes to financial statements.

ABOUT CENTRAL ALBERTA WELL SERVICES

Central Alberta Well Services is headquartered in Red Deer, Alberta, with additional operating centres in eastern and northern Alberta and a business office in Calgary. 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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