ESSENTIAL
ENERGY SERVICES

Quarterly Report | Q1 2010

Q1
First Quarter Report
Three Months Ended March 31, 2010

The following Management's Discussion and Analysis ("MD&A") of Essential Energy Services Trust is for the three months ended March 31, 2010. Effective April 29, 2010, Essential Energy Services Trust completed it's previously announced conversion to a corporation called Essential Energy Services Ltd. References herein to "Essential" refer to Essential Energy Services Trust prior to the conversion and to Essential Energy Services Ltd. after the conversion as applicable.

This MD&A is an update to, and should be read in conjunction with Essential's audited consolidated financial statements and MD&A included in Essential's 2009 Annual Report to Unitholders for the financial year ended December 31, 2009 and the unaudited interim consolidated financial statements as at and for the three months ended March 31, 2010 to which readers are referred. No update is provided where an item is not material or where there has been no material change from the discussion in the aforementioned annual MD&A. This MD&A was prepared effective May 11, 2010.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this MD&A contains forward-looking statements including expectations as to the benefits and the conversion to a corporation (the "Conversion") called Essential Energy Services Ltd. (the "Corporation"), plans of the Corporation on completion of the Conversion and the effect thereof, expectations regarding the implementation of legislation, expectations regarding capital spending and cost saving measures, expectations regarding payment of income taxes, expectations regarding the conversion to IFRS, the sources of capital and uses of such capital, the services offered by the Corporation and the relocation of these services to different geographic areas, expectations of future cash flow and earnings, expectations regarding the Corporation's ability to access credit from its lenders, expectations with respect to the demand for and price of oil and natural gas including natural gas storage levels, expectations regarding the level and type of drilling and production activity in the Western Canadian Sedimentary Basin and expectations regarding the business, operations and revenues of the Corporation in addition to general economic conditions. Although the Corporation believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Corporation can give no assurance that they will prove to be correct. Since forward-looking statements and information 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 (e.g. 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, failure to realize the benefits of the Conversion, 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 Corporation's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) for each of Essential Energy Services Trust and the Corporation. The forward-looking statements and information contained in this MD&A are made as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

OVERVIEW OF ESSENTIAL

Based in Calgary, Essential was an open-end unincorporated, limited purpose investment trust. Effective April 29, 2010, Essential completed it's previously announced conversion to a corporation.

Essential provides oilfield services to oil and gas producers in western Canada related to the ongoing servicing of producing wells and new drilling activity. Essential's services are offered through two operating segments: Well Servicing and Downhole Services & Rentals. The Well Servicing segment provides production and completion services through its fleet of service rigs, coil tubing rigs and nitrogen pumpers and rod rigs. The Downhole Services & Rentals segment provides downhole tool sales and services, equipment rentals and wireline services.

A third non-operating segment, Corporate, includes general and administrative costs and interest.

BASIS OF PRESENTATION

The following MD&A and the consolidated financial statements as at and for the three months ended March 31, 2010 have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("GAAP") except where otherwise indicated.

SELECTED FINANCIAL INFORMATION

($ Thousands, except per unit amounts)	Three months ended March 31, **2010**	2009
Revenue	**46,220**	42,198
Gross margin(1)	**13,253**	10,762
Gross margin as a percentage of revenue(1)	**29%**	26%
EBITDAS(1)	**10,323**	8,027
EBITDAS as a percentage of revenue(1)	**22%**	19%
Net earnings	**3,605**	5,562
Per unit – basic	**$ 0.06**	$ 0.09
Per unit – diluted	**$ 0.06**	$ 0.09
Funds flow from operations (1)	**10,103**	7,785
Per unit – basic	**$ 0.17**	$ 0.13
Per unit – diluted	**$ 0.17**	$ 0.13
Distributions to Unitholders	-	1,994
Per unit	**$ 0.00**	$ 0.03
Total assets	**175,447**	189,998
Total long term debt	**-**	18,928
Unitholders' equity	**161,368**	158,780

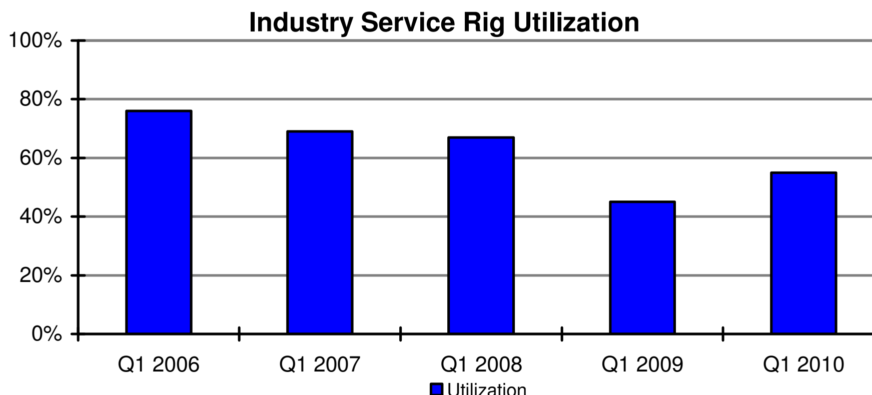
Additional Information

Additional information regarding Essential, including the 2009 Annual Report and the Annual Information Form for the year ended December 31, 2009, can be found under Essential's profile on SEDAR at www.sedar.com.

[1] Refer to "Non-GAAP Measures" section for further information.

OVERVIEW OF SECTOR ACTIVITY

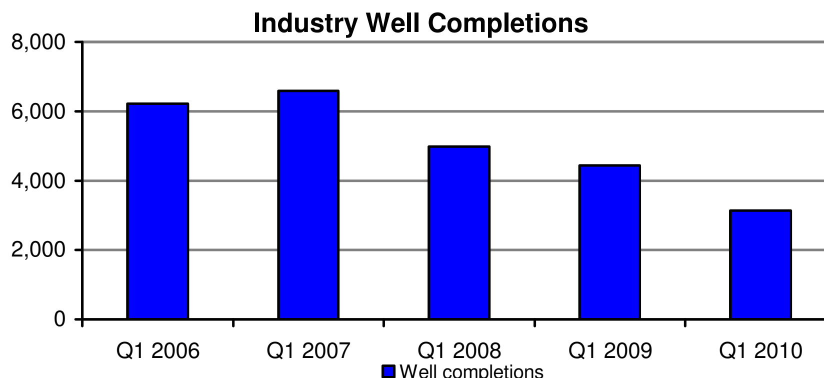
Positive momentum at the end of 2009 carried into the first quarter of 2010 resulting in improved utilization in the Canadian oilfield services sector. Access to capital allowed exploration and production companies to reinstate programs, particularly maintenance and abandonment programs, that were suspended in 2009. This additional capital, combined with the relatively high price of oil, stimulated activity throughout the Western Canada Sedimentary Basin ("WCSB"). While activity levels have improved, the persistent low price of natural gas hampered natural gas related activity in the WCSB. Service rig utilization improved on a year over year basis however it continues to be below historical levels.



Source: Canadian Association of Oilwell Drilling Contractors

Demand for production and workover services during the quarter was driven by the relative strength of oil prices. A backlog for these services was created in 2009 when exploration and production companies curtailed maintenance programs due to low commodity prices, cash flow constraints and restricted access to capital.

The number of well completions in the WCSB remained at historically low levels due to the price of natural gas, an overall reduction of wells drilled in the WCSB and an increase in the number of horizontal wells being drilled. The time required to drill a horizontal well is substantially greater than the time required to drill a vertical well due to the increased depth and complexity of horizontal wells. This results in additional lead time before completion work is performed and may create an additional backlog of completion work in future periods.



Source: Canadian Association of Oilwell Drilling Contractors

The stabilization of well servicing pricing towards the end of 2009 carried into the first quarter of 2010 as activity levels continued to improve. In spite of this stability, the rates for the first quarter of 2010 were significantly below 2009 levels.

OVERVIEW OF RESULTS

With a quarter over quarter increase in EBITDAS[1], Essential is pleased with its performance in the first quarter of 2010. Amidst industry uncertainty with respect to natural gas pricing and storage levels, Essential posted one of its best financial quarters in recent history. Service rig utilization was up over prior quarters and pricing levels stabilized as customers were willing to pay a fair price to secure quality personnel and equipment to complete their service requirements in a safe and efficient manner.

Essential's operations shifted from a natural gas to an oil focus in response to customer demand. The quality and versatility of Essential's operations resulted in improved operating results across all segments during the first quarter of 2010. Essential's service rig operations benefited from exploration and production companies increasing activity in maintenance and abandonment work. The deep coil tubing rig and multi-stage fracturing service offerings introduced in 2009 also continued to be successful due to their focus on horizontal wells. Additionally, the effectiveness of cost reduction initiatives implemented by management over the past year enabled Essential to increase gross margin as a percentage of revenue[1] in comparison to the prior year despite lower revenue rates in 2010 compared to 2009.

Financial Highlights

- Revenue from continuing operations for the three months ended March 31, 2010 was $46.2 million, compared to $42.2 million for the three months ended March 31, 2009.

- Gross margin[1] and gross margin as a percentage of revenue[1] for the three months ended March 31, 2010 were $13.3 million and 29% respectively, compared to $10.8 million and 26% for the same period ended March 31, 2009.

- EBITDAS[1] for the three months ended March 31, 2010 was $10.3 million, compared to $8.0 million for the three months ended March 31, 2009.

- As at March 31, 2010, Essential had $nil total long-term debt compared to total long-term debt of $18.9 million as at March 31, 2009.

- Essential's working capital in excess of long-term debt[1], as at March 31, 2010 was $31.9 million compared to $14.2 million as at March 31, 2009.

RESULTS OF OPERATIONS

(Thousands, except per unit amounts)	Three months ended March 31, **2010**	2009
Revenue	**$ 46,220**	$ 42,198
Operating expenses	**32,967**	31,436
Gross margin[1]	**13,253**	10,762
Gross margin as a percentage of revenue[1]	**29%**	26%
General and administrative expenses	**2,930**	2,735
EBITDAS[1]	**10,323**	8,027
EBITDAS as a percentage of revenue[1]	**22%**	19%
Unit-based compensation	**352**	388
Depreciation and amortization	**4,432**	4,903
Interest on long-term debt	**220**	242
(Gain) loss on disposal of assets	**(138)**	47
Earnings before income taxes	**5,457**	2,447
Future income tax expense (recovery)	**1,852**	(3,115)
Net earnings	**$ 3,605**	$ 5,562
Net earnings per unit		
– basic	**$ 0.06**	$ 0.09
– diluted	**$ 0.06**	$ 0.09

Revenue

(Thousands)	Three months ended March 31, **2010**	2009
Revenue		
Well Servicing	**$ 30,642**	$ 27,986
Downhole Services & Rentals	**15,578**	14,212
	$ 46,220	$ 42,198

Revenue for the three months ended March 31, 2010 was $46.2 million, compared to $42.2 million for the same period in 2009.

Comparative fleet information is as follows:

	As at March 31, **2010**	2009
Well Servicing Equipment*:		
Service Rigs	**51**	55
Rod Rigs	**23**	27
Coil Tubing Rigs	**30**	32
Wireline Equipment:		
E-line Trucks	**14**	14
Slickline Trucks	**6**	7

* In addition to the fleet of service rigs, rod rigs and coil tubing rigs, Essential provides ancillary services through nitrogen pumpers, a cement & acid unit and other specialty equipment.

Well Servicing

Essential provides well completion and production/workover services across western Canada through its fleet of service rigs, rod rigs and coil tubing rigs. Well Servicing generated revenue of $30.6 million for the three months ended March 31, 2010, compared to $28.0 million for the same period in 2009.

Comparative utilization of the well servicing fleet is as follows:

	Three months ended March 31,	
	2010	2009
Essential Utilization		
Service Rigs	**55%**	39%
Rod Rigs	**38%**	36%
Coil Tubing Rigs	**42%**	38%

Utilization for Essential's service rig operations improved over the prior year, primarily due to the increase in oil based activity in the WCSB. Access to capital combined with the improved price of oil has led to reinstatement of maintenance programs by exploration and production companies and increased completion work on oil wells during the quarter. Additionally, exploration and production companies increased abandonment work during the quarter in order to meet regulatory requirements. Even with the improvements in activity, pricing is down due to competitive concessions given to Essential's customers in 2009. Downward pressure on pricing has eased and customers are now more willing to pay for quality equipment and crews.

Essential continued to have success with its intermediate and deep coil tubing rigs. The effectiveness of these rigs to work on horizontal wells in the shale plays of the Bakken, Cardium and Montney regions has benefitted Essential's coil tubing operations in the current quarter. Revenue from the coil tubing operations was further improved in the current quarter from nitrogen and cement & acid services, which Essential offers in conjunction with coil operations.

Downhole Services & Rentals

Essential offers downhole tool and equipment rental operations in addition to electric wireline ("e-line") and slickline services through the Downhole Services & Rentals business segment. This segment generated revenue of $15.6 million for the three months ended March 31, 2010, compared to $14.2 million for the same period in 2009.

The downhole tool operations were a strong contributor to this segment in the first quarter of 2010. The multi-stage fracturing services introduced during the second quarter of 2009 continued to be an area of growth for Essential. This growth offset the revenue declines experienced in both the pipe rental and wireline businesses, both of which continued to be negatively impacted by reduced conventional gas drilling throughout the WCSB and reduced activity in the shallow gas resource plays of southern Alberta. In spite of declining revenues, the pipe rental and wireline businesses were able to maintain, and in the case of e-line improve, profitability in comparison to the prior year, as a result of the cost cutting measures implemented in 2009.

Operating Expenses

(Thousands)	Three months ended March 31, **2010**	2009
Operating expenses	**$ 32,967**	$ 31,436
As a % of revenue	**71%**	74%

Operating expenses were $33.0 million for the three months ended March 31, 2010, compared to $31.4 million for the same period in 2009.

Operating costs, including repairs and maintenance, fuel and certain labour costs, fluctuate in proportion to activity levels. Other operating costs, including costs associated with retaining key personnel, qualified equipment operators, maintaining service locations and insurance, are relatively fixed in nature and must be changed in steps in relation to a longer term industry outlook.

The significant cost reduction measures that were implemented in 2009 enabled Essential to reduce operating expense as a percentage of revenue in comparison to the prior year. The fixed nature of certain operating costs limited Essential's ability to reduce the total amount of operating expenses on a year over year basis.

General and Administrative Expenses

	Three months ended March 31,	
(Thousands)	**2010**	2009
General and administrative expenses	**$ 2,930**	$ 2,735
As a % of revenue	**6%**	7%

General and administrative expenses were $2.9 million for the three months ended March 31, 2010, compared to $2.7 million for the same period in 2009. These costs are comprised of wages, professional fees, office space and other administrative costs incurred at the corporate and business unit level.

The general and administrative costs in the first quarter of 2010 include $0.4 million related to the conversion to a corporation on April 29, 2010 and ongoing costs related to the implementation of International Financial Reporting Standards ("IFRS"), neither of which were incurred in 2009.

Unit-based Compensation Expense

Essential recorded a non-cash expense related to unit-based compensation for the three months ended March 31, 2010 of $0.4 million, compared to $0.4 million for the same period in 2009. The similarity in the year over year expenses is a result of new option grants being issued at lower fair values than the expired and forfeited grants.

Depreciation and Amortization

	Three months ended March 31,	
(Thousands)	**2010**	2009
Depreciation and amortization	**$ 4,432**	$ 4,903

Depreciation and amortization expense was $4.4 million for the three months ended March 31, 2010, compared to $4.9 million for the same period in 2009. The decrease in depreciation is due to the lower carrying value of assets in comparison to the prior year as Essential maintained a conservative capital spending program over the last year.

Interest on Long-term Debt

	Three months ended March 31,	
(Thousands)	**2010**	2009
Interest on long-term debt	**$ 220**	$ 242
Average interest rate	**3.8%**	2.9%

Interest expense was $0.2 million for the three months ended March 31, 2010, compared to $0.2 million for the same period in 2009.

Essential's low debt continues to provide a competitive advantage, not only because of available credit, but also due to reduced interest costs on an ongoing basis. The average long-term debt outstanding for the three months ended March 31, 2010 was $16.1 million in comparison to an average of $19.1 million for the same period ended March 31, 2009. On March 31, 2010, Essential completed a $14.9 million bought deal financing (see Financial Resources and Liquidity) and applied the net proceeds from the financing against its long-term debt. As at March 31, 2010, Essential had no long-term debt outstanding.

Income Taxes

(Thousands)	Three months ended March 31, **2010**	2009
Future income tax expense (recovery)	**$ 1,852**	$ (3,115)

Future income tax expense was $1.9 million for the three months ended March 31, 2010, compared to future income tax recovery of $3.1 million for the same period in 2009.

In June 2007, the Government of Canada enacted legislation imposing additional income taxes on trusts for taxation years commencing January 1, 2011. Essential was subject to income taxes based on the temporary differences expected to be in effect at January 1, 2011. Changes in the current period result from changes in these expectations.

Essential does not anticipate current taxes prior to 2011 as its tax pools should be sufficient to shelter any taxable income during 2010.

In November 2008, the Government of Canada enacted legislation to permit a trust to convert to a corporation. The legislation reduced the administration and compliance associated with a conversion and to allow for the tax deferred conversion of a trust to a corporation. Essential completed the conversion to a growth-oriented corporation pursuant to a Plan of Arrangement under the Business Corporations Act (Alberta) on April 29, 2010.

SUMMARY OF QUARTERLY DATA

($Thousands, except per unit amounts)	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008
Revenue from continuing operations	46,220	30,108	23,442	15,974	42,198	43,842	43,891	25,145
Net earnings (loss)	3,605	(1,409)	(2,661)	(10,972)	5,562	(15,950)	8,400	(14,424)
Per unit – basic and diluted	0.06	(0.02)	(0.04)	(0.18)	0.09	(0.27)	0.14	(0.24)
Funds flow from (used) in Operations(1)	10,103	4,374	615	(3,983)	7,785	6,113	8,122	(5,361)
Per unit – basic and diluted	0.17	0.07	0.01	(0.07)	0.13	0.09	0.13	(0.10)
Distributions per unit	-	-	0.01	0.01	0.03	0.04	0.05	0.12

Net loss for the period ended December 31, 2008 includes a goodwill impairment charge of $17.9 million.

FINANCIAL RESOURCES AND LIQUIDITY

Bought Deal Financing

On March 31, 2010, Essential completed its previously announced bought deal equity financing (the "Offering"). Pursuant to the Offering, Essential issued a total of 11,500,000 trust units (the "Trust Units"), of which 1,500,000 Trust Units were issued pursuant to the exercise in full of the over-allotment option granted to the underwriters. All of the Trust Units were issued at $1.30 per Trust Unit, for gross proceeds of $14,950,000 (net proceeds of $14,043,579 after deducting issuance costs, net of tax, of $906,421). The net proceeds of the Offering were used to reduce long-term debt. Thereafter, Essential anticipates that it will utilize its credit facility to fund capital spending and for general and corporate purposes.

Funds Flow from Operations[1]

(Thousands)	Three months ended March 31, **2010**	2009
Cash flow from operations	**$ 2,322**	$ 4,013
Add:		
Non-cash operating working capital increase	**7,781**	3,772
Funds flow from operations	**$ 10,103**	$ 7,785
Per unit – basic and diluted	**$ 0.17**	$ 0.13

Funds flow from operations[1] was $10.1 million for the three months ended March 31, 2010, compared to $7.8 million for the same period in 2009.

Working Capital [1]

(Thousands)	**March 31, 2010**	March 31, 2009
Current assets	**$ 46,009**	$ 44,863
Current liabilities, excluding current portion of long-term debt	**(14,079)**	(11,781)
Working capital	**$ 31,930**	$ 33,082
Working capital ratio	3.3:1	3.8:1

Working capital at March 31, 2010 was $31.9 million compared to $33.1 million at March 31, 2009.

Working Capital in excess of Long-term Debt [1]

(Thousands)	**March 31, 2010**	March 31, 2009
Working capital	**$ 31,930**	$ 33,082
Long-term debt, including the current portion of long-term debt	-	(18,928)
Working capital in excess of long-term debt	**$ 31,930**	$ 14,154

Working capital in excess of long-term debt at March 31, 2010 was $31.9 million compared to $14.2 million at March 31, 2009. The increase in working capital in excess of long-term debt is a result of the net proceeds from the bought deal financing ($13.8 million) and the proactive cash flow management initiatives implemented during 2009.

Credit Facility

Subsequent to March 31, 2010, Essential renewed its Credit Facility (the “Credit Facility”) with the existing banking syndicate. The $50 million Credit Facility now consists of a $10 million revolving operating loan and a $40 million revolving term loan facility. The $10 million revolving operating loan matures on May 31, 2011, is renewable annually with lenders consent and is limited to 75% of Essential’s accounts receivable less specific items. The $40 million revolving term loan facility matures on May 31, 2011, is renewable annually with lenders consent and is limited to 60% of Essential’s carrying value of property and equipment less certain indebtedness as defined in the Credit Facility agreement. To the extent the revolving term loan facility is not renewed, debt payments would be required over a two year period, based on a three year amortization schedule. The Credit Facility has an accordion feature that allows Essential to increase the revolving term loan by $25 million at a future date, subject to certain terms and conditions, including lenders consent.

Previous to the above noted renewal of the Credit Facility, Essential’s credit agreement with its banking syndicate was comprised of a $50 million extendible revolving loan facility with a $25 million accordion feature. This facility was limited to the lesser of $50 million or the sum of 75% of Essential’s accounts receivables less specific items (the “Borrowing Base”) and 60% of Essential’s carrying value of property and equipment less certain indebtedness as defined in that agreement. At March 31, 2010, a maximum of $50 million was available to Essential.

As at March 31, 2010, all financial debt covenants were satisfied and all banking requirements were up to date. Essential does not anticipate any financial resources or liquidity issues to restrict its future operating, investing or financing activities. On May 11, 2010, Essential had a positive cash balance of $4.8 million.

Equipment Expenditures

(Thousands)	Three months ended March 31, 2010	2009
Equipment expenditures		
Well Servicing	**$ 890**	$ 1,974
Downhole Services & Rentals	**281**	376
Corporate	**167**	270
	1,338	2,620
Less proceeds on disposal of property and equipment	**(339)**	(210)
Net equipment expenditures[1]	**$ 999**	$ 2,410

Net equipment expenditures[1] for the three months ended March 31, 2010 were $1.0 million compared to $2.4 million for the same period ended March 31, 2009.

Essential classifies its equipment expenditures as growth capital and maintenance capital; the latter category includes information systems, operational facilities and leasehold improvements. Comparative equipment expenditures are as follows:

(Thousands)	Three months ended March 31, 2010	2009
Equipment expenditures		
Growth capital	**$ 838**	$ 1,566
Maintenance capital	**500**	1,054
	$ 1,338	$ 2,620

Essential’s growth capital in the first quarter of 2010 was spent primarily for the acquisition of an intermediate coil tubing rig.

Based on the recent improvement in customer activity, Essential announced a $5.8 million increase in capital spending for 2010. This will increase the capital spending budget for 2010 from $6.2 million to $12.0 million. The incremental spending will include $2.8 million for growth capital and $3.0 million for net maintenance capital. The increased growth capital will be used primarily to build an additional deep coil tubing rig.

Share capital

On conversion to a corporation, Essential Unitholders received one common share of Essential Energy Services Ltd. in exchange for every trust unit held on the effective date of the Conversion. As at May 11, 2010, there were 71,352,965 shares and 5,138,498 share options outstanding. Of the 5,138,498 share options, 1,772,156 were exercisable of which 408,824 were "in-the-money".

DISCLOSURE CONTROLS AND PROCEDURES

Essential's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide a reasonable assurance that: (i) material information relating to Essential is made known to Essential's CEO and CFO by others, particularly during the period in which annual filings are being prepared; and (ii) information required to be disclosed by Essential in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation.

Essential reported on these as part of the 2009 reporting (please refer to the management discussion and analysis for the year ended December 31, 2009 available on SEDAR at www.sedar.com and on the Essential's website at www.essentialenergy.ca). There have been no significant changes to disclosure controls in the current period.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of Essential's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. Essential's CEO and CFO are responsible for designing, or causing to be designed under their supervision, internal controls over financial reporting related to Essential, including its consolidated subsidiaries.

Essential reported on these as part of the 2009 reporting (please refer to the management discussion and analysis for the year ended December 31, 2009 available on SEDAR at www.sedar.com and on Essential's website at www.essentialenergy.ca). There have been no significant changes to the design of internal controls over financial reporting in the current period.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Essential will be required to report its results in accordance with IFRS beginning with the three month period ending March 31, 2011. Essential continues to be on schedule with the IFRS transition activities, and expects that the adoption of IFRS in 2011 will not have a significant impact or influence on Essential's business, operations or strategies.

The IFRS accounting policies that Essential expects to use have not changed from those described in Essential's MD&A for the year ended December 31, 2009. Essential continues to monitor any new or amended IFRSs issued by the International Accounting Standards Board that could affect the choices of accounting policies, such as the new joint ventures standard that is expected to be published later in 2010.

Essential is currently preparing its IFRS opening balance sheet and considering the specific optional exemptions within IFRS 1, "First-time Adoption of International Financial Reporting Standards". The most significant exemption that Essential expects to elect will be to have the fair value or revaluation amount as the deemed cost of PP&E at the date of transition.

In terms of education and financial reporting expertise, the transition plan incorporates the tasks that are necessary to establish appropriate IFRS knowledge at all levels of Essential's business. Essential has been working with key finance and operational staff since 2009, and will continue to do so throughout 2010 and 2011. The IFRS education activities have also included an IFRS awareness session with Essential's Board and Audit Committee in 2009, which included the timeline for implementation, the implications of IFRS standards to the business and an overview of the potential impact to the financial statements. Management will continue to provide updates to the Audit Committee each quarter throughout 2010 and 2011.

OUTLOOK

The improvement in first quarter activity has largely been attributable to an increase in oil based activity resulting from the strength of oil prices and increased spending budgets of exploration and production companies. Oil based activity is anticipated to continue after spring break up. The low price of natural gas and continued supply and demand imbalance in North America continues to put a damper on the overall outlook for natural gas activity. The versatility of much of Essential's fleet has allowed it to respond to the general shift toward oil activity in the WCSB so that over 80% of the work in the Well Servicing division and the tools business is now focused on oil related work. Any increase in the natural gas outlook should provide additional opportunity for Essential's businesses.

The Alberta government announced changes to the royalty program in March 2010 that effectively restored the royalty regime to a similar position prior to the overhaul that was announced two years ago. This is very positive news for the oil and gas industry and for the oilfield services sector, even though not effective until 2011.

The shift toward horizontal and directional drilling and interest in the Cardium and Viking resources plays is expected to continue. Essential's service rigs, coil tubing rigs and multi-stage fracturing services are effective working on horizontal and directional wells. Essential expects to continue to benefit from increased interest and customer spending in the Cardium and Viking resource plays in north central Alberta as a large number of Essential's field operations are located in close proximity to these plays. In addition, a recent increase in the amount of abandonment work is expected to continue as customers are required to meet their regulatory requirements.

In response to improving activity levels and business opportunities, Essential has increased its 2010 capital spending program from $6.2 million to $12.0 million. The increase will be directed towards a new deep coil tubing rig, expected to be in service late in the fourth quarter of 2010, and ongoing capital maintenance requirements of the existing fleet.

Essential is taking a strategic and considered approach to assessing business opportunities in Colombia and Mexico. Management believes there are opportunities to introduce more efficient well servicing processes in these regions with a portion of Essential's current equipment. It is anticipated that expansion will be undertaken with a joint venture arrangement with a strategic local partner. Essential hopes to be working in Colombia before the end of 2010.

While the outlook for the oilfield services sector and for Essential has continually been improving over the last few months, there continues to be a very real concern with natural gas prices. However, with the recent equity offering, Essential has no debt outstanding, which positions it well to deal with any industry uncertainties and allows it to respond quickly to growth opportunities.

[1]Non-GAAP Measures

Throughout this MD&A, certain terms that are not specifically defined in Canadian Generally Accepted Accounting Principles ("GAAP") are used to analyze the operations. In addition to the primary measures of net earnings and net earnings per unit in accordance with GAAP, Essential believes that certain measures not recognized under GAAP assist both Essential and the reader in assessing performance and understanding Essential's results. Each of these measures provides the reader with additional insight into Essential's ability to fund principal debt repayments and capital programs. These non-GAAP measures are not recognized measures under GAAP. As a result, the method of calculation may not be comparable with other companies or Trusts. These measures should not be considered alternatives to net earnings and net earnings per unit as calculated in accordance with GAAP.

Gross margin[2] – This measure is considered a primary indicator of operating performance as calculated by revenue less operating expenses.

Gross margin as a percentage of revenue[2] – This measure is considered a primary indicator of operating performance as calculated by gross margin divided by revenue.

EBITDAS[3] (Earnings before interest, income taxes, depreciation, amortization, non-controlling interest earnings, losses or gains on disposal of equipment, results of discontinued operations, impairment of goodwill and unit based compensation) – This measure is considered an indicator of Essential's ability to generate funds flow in order to fund required working capital, service debt, pay current income taxes and fund capital programs.

EBITDAS as a percentage of revenue[3] – This measure is considered an indicator of Essential's ability to generate funds flow as calculated by EBITDAS[3] divided by revenue.

Funds flow or funds flow from (used in) operations[4] – This measure is an indicator of Essential's ability to generate funds flow[4] in order to fund working capital, principal debt repayments and capital programs. Funds flow or funds flow from operations is defined as cash flow from operations before changes in non-cash operating working capital. This measure is useful in assessing Essential's operational cash flow as it provides cash generated in the period excluding the timing of non-cash operating working capital. This reflects the ability of the operations of Essential to meet the above noted funding requirements.

Working capital in excess of long-term debt – This measure is considered an indicator of the financial strength of Essential.

Growth capital – Growth capital is capital spending which is intended to result in incremental increases in revenue. Growth capital is considered to be a key measure as it represents the total expenditures on equipment expected to add incremental revenues and funds flow to Essential.

Net maintenance capital – Equipment additions that are incurred in order to refurbish or replace previously acquired equipment less proceeds on the disposal of retired equipment. Such additions do not provide incremental increases in revenue. Net maintenance capital is a key component in understanding the sustainability of Essential's business as cash resources retained within Essential must be sufficient to meet net maintenance capital needs to replenish the assets for future cash generation.

Net equipment expenditures[5] – This measure is equipment expenditures less proceeds on the disposal of equipment. Essential uses net equipment expenditures to assess net cash flows related to the financing of the Essential's oilfield services equipment.

---

2 Gross margin and gross margin as a percentage of revenue are reconciled to the GAAP measures, revenue and operating costs, in the table "Results of Operations".

3 EBITDAS and EBITDAS as a percentage of revenue are reconciled to the GAAP measure, loss from continuing operations before income taxes, in the table "Results of Operations".

4 Funds flow is reconciled to the GAAP measure, cash flow from operations, in the table "Funds Flow from Operations".

5 Net equipment expenditures is calculated from the GAAP measures, equipment expenditures and proceeds on disposal of equipment, in the table "Equipment Expenditures"

Consolidated Financial Statements

Essential Energy Services Trust

March 31, 2010

ESSENTIAL ENERGY SERVICES TRUST
CONSOLIDATED BALANCE SHEETS
(unaudited)

(Thousands)		**As at March 31, 2010**		As at December 31, 2009
Assets *(note 6)*				
Current assets				
Cash	**$**	**-**	$	1,080
Accounts receivable		**36,019**		22,855
Inventory *(note 3)*		**8,427**		9,194
Prepaid expenses and deposits		**1,563**		1,897
		46,009		35,026
Property and equipment *(note 4)*		**122,619**		125,704
Assets held for sale		**1,185**		1,215
Intangible assets *(note 5)*		**3,673**		3,853
Future income tax asset *(note 10)*		**1,961**		3,582
	$	**175,447**	$	169,380
Liabilities				
Current liabilities				
Bank indebtedness	**$**	**209**	$	-
Accounts payable and accrued liabilities		**13,870**		9,413
Current portion of long-term debt *(note 6)*		**-**		3,228
		14,079		12,641
Long-term debt *(note 6)*		**-**		13,372
		14,079		26,013
Commitments *(note 12)*				
Unitholders' Equity				
Unitholders' capital *(note 7)*		**279,617**		265,573
Contributed surplus *(note 8)*		**7,074**		6,722
Accumulated deficit		**(125,323)**		(128,928)
		161,368		143,367
	$	**175,447**	$	169,380

See accompanying notes to unaudited interim consolidated financial statements

ESSENTIAL ENERGY SERVICES TRUST
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE EARNINGS AND ACCUMULATED DEFICIT
(unaudited)

(Thousands, except per unit amounts)	For the three months ended March 31, **2010**	2009
Revenue	**$ 46,220**	$ 42,198
Operating expenses	**32,967**	31,436
	13,253	10,762
Expenses		
General and administrative	**2,930**	2,735
Unit-based compensation *(note 9)*	**352**	388
Depreciation and amortization	**4,432**	4,903
Interest on long-term debt *(note 6)*	**220**	242
(Gain) loss on disposal of assets	**(138)**	47
Earnings before income taxes	**5,457**	2,447
Income tax expense (recovery)		
Future *(note 10)*	**1,852**	(3,115)
Net earnings and comprehensive earnings	**3,605**	5,562
Accumulated deficit, beginning of period	**(128,928)**	(116,257)
Distributions to unitholders	**-**	(1,994)
Accumulated deficit, end of period	**$ (125,323)**	$ (112,689)
Net earnings per unit *(note 11)*		
Basic	**$ 0.06**	$ 0.09
Diluted	**$ 0.06**	$ 0.09

See accompanying notes to unaudited interim consolidated financial statements

ESSENTIAL ENERGY SERVICES TRUST
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

(Thousands)	For the three months ended March 31, **2010**	2009
Operating activities:		
Net earnings	**$ 3,605**	$ 5,562
Items not affecting cash:		
Depreciation and amortization	**4,432**	4,903
Future income tax expense (recovery)	**1,852**	(3,115)
Unit-based compensation	**352**	388
(Gain) loss on disposal of assets	**(138)**	47
Funds flow from operations	**10,103**	7,785
Changes in non-cash working capital	**(7,781)**	(3,772)
	2,322	4,013
Financing activities:		
Issuance of Trust units, net of costs *(note 7)*	**13,813**	-
Increase (decrease) in long-term debt	**(16,391)**	1,553
Distributions paid	**-**	(2,694)
Changes in non-cash working capital	**175**	-
	(2,403)	(1,141)
Investing activities:		
Property and equipment	**(1,338)**	(2,620)
Proceeds on disposal of equipment	**339**	210
Changes in non-cash working capital	-	(462)
	(999)	(2,872)
Change in cash	**(1,080)**	-
Cash, beginning of the period	**1,080**	-
Cash, end of the period	**$ -**	$ -
Supplementary cash flow information:		
Interest paid	**$ 225**	$ 262

See accompanying notes to unaudited interim consolidated financial statements

1. NATURE OF THE ORGANIZATION

Essential Energy Services Trust ("Essential" or the "Trust") is a publicly traded open-ended unincorporated investment trust governed by the laws of the province of Alberta. Essential is listed on the Toronto Stock Exchange and trades under the symbol ESN.UN.

Effective April 29, 2010, the Trust completed its previously announced conversion to a corporation, the particulars of which are disclosed in Note 18 – Subsequent Events. Subsequent to the conversion the entity trades on the Toronto Stock Exchange under the symbol ESN.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of the Trust have been prepared by management in accordance with Canadian generally accepted accounting principles and in a manner consistent with the accounting policies in the audited consolidated financial statements of the Trust for the year ended December 31, 2009. These unaudited interim consolidated financial statements do not include all disclosures provided in the December 31, 2009 financial statements and should be read in conjunction with the Trust's annual consolidated financial statements for the year ended December 31, 2009. Certain information has been condensed or omitted although the Trust believes that the disclosures are adequate to make the information presented not misleading.

3. INVENTORY

	As at March 31, 2010	As at December 31, 2009
Downhole service tools	**$ 6,891**	$ 7,848
Coil tubing and wireline products	**1,536**	1,346
	$ 8,427	$ 9,194

For the three months ended March 31, 2010 and March 31, 2009 inventory expensed through operating expenses was $4.3 million and $1.9 million, respectively.

4. PROPERTY AND EQUIPMENT

As at March 31, 2010	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Well servicing rigs and equipment	**$ 133,595**	**$ 40,159**	**$ 93,436**
Oilfield equipment	**30,337**	**9,464**	**20,873**
Vehicles	**6,118**	**2,770**	**3,348**
Other	**7,272**	**2,310**	**4,962**
	$ 177,322	**$ 54,703**	**$ 122,619**

As at December 31, 2009	Cost	Accumulated Depreciation	Net Book Value
Well servicing rigs and equipment	$ 132,873	$ 37,543	$ 95,330
Oilfield equipment	30,414	8,518	21,896
Vehicles	5,866	2,547	3,319
Other	7,113	1,954	5,159
	$ 176,266	$ 50,562	$ 125,704

5. INTANGIBLE ASSETS

As at March 31, 2010	**Cost**	**Accumulated Amortization**	**Net Book Value**
Customer relationships	**$ 5,464**	**$ 2,233**	**$ 3,231**
Favourable leases	**576**	**261**	**315**
Trade names	**382**	**255**	**127**
	$ 6,422	**$ 2,749**	**$ 3,673**

As at December 31, 2009	Cost	Accumulated Amortization	Net Book Value
Customer relationships	$ 5,464	$ 2,118	$ 3,346
Favourable leases	576	228	348
Trade names	382	223	159
	$ 6,422	$ 2,569	$ 3,853

6. LONG-TERM DEBT

	As at March 31, 2010	As at December 31, 2009
Term loan	**$ -**	$ 16,600
Less: current portion of long-term debt	**-**	(3,228)
	$ -	$ 13,372

At March 31, 2010, the Trust's credit agreement with its banking syndicate was comprised of an extendible revolving loan facility (the "Facility") limited to the lesser of $50.0 million or the sum of 75% of the Trust's accounts receivables less specific items (the "Borrowing Base") and 60% of the Trust's carrying value of property and equipment less specific items. The Borrowing Base had to be at least 20% of the Facility; otherwise the Facility was reduced by the amount of any shortfall. In addition, the Facility included a $25 million accordion feature that may be exercised at a future date, subject to certain terms and conditions. The Facility had no required principal repayments until expiry and bears interest that fluctuates with the bank's prime rate or bankers' acceptance rate plus a margin based on financial covenants.

As at March 31, 2010, all financial debt covenants were satisfied and all banking requirements were up to date. A maximum of $50 million was available to the Trust as at March 31, 2010.

The average effective interest rate on borrowings under the Facility for the three months ended March 31, 2010 was 3.8% (2009 – 2.9%).

Subsequent to March 31, 2010, Essential renewed its Credit Facility (the "Credit Facility") with the existing banking syndicate. The $50 million Credit Facility now consists of a $10 million revolving operating loan and a $40 million revolving term loan facility. The $10 million revolving operating loan matures on May 31, 2011, is renewable annually with lenders consent and is limited to 75% of Essential's accounts receivable less specific items. The $40 million revolving term loan facility matures on May 31, 2011, is renewable annually with lenders consent and is limited to 60% of Essential's carrying value of property and equipment less certain indebtedness as defined in the Credit Facility agreement. To the extent the revolving term loan facility is not renewed, debt payments would be required over a two year period, based on a three year amortization schedule. The Credit Facility has an accordion feature that allows Essential to increase the revolving term loan by $25 million at a future date, subject to certain terms and conditions, including lenders consent.

7. UNITHOLDERS' CAPITAL

Authorized

Authorized capital consists of an unlimited number of Trust units, without par value, and an unlimited number of Special Voting Units, without par value. No Special Voting Units have been issued to date. Each unit is transferable and represents an equal and undivided beneficial interest in any distributions from the Trust whether of earnings, net capital gains or other amounts, and in the net assets of the Trust in the event of termination or wind-up. All units are redeemable at the demand of the unitholder.

Essential Energy Services Trust completed the conversion of the Trust to a growth-oriented Corporation (the "Conversion") effective April 29, 2010. Under the Plan of Arrangement, Essential Unitholders received one common share of Essential Energy Services Ltd. in exchange for every trust unit held on the effective date of the Conversion.

Issued

	Number of Units	Amount
Balance, December 31, 2009	59,853	$ 265,573
Units issued on bought deal equity financing	11,500	14,044
Balance, March 31, 2010	71,353	$ 279,617

On March 31, 2010, the Trust completed a bought deal equity financing (the "Offering"). Pursuant to the Offering, the Trust issued a total of 11,500,000 trust units (the "Trust Units"), of which 1,500,000 Trust Units were issued pursuant to the exercise in full of the over-allotment option granted to the underwriters. All of the Trust Units were issued at $1.30 per Trust Unit, for gross proceeds of $14,950,000 (net proceeds of $14,043,579 after deducting issuance costs, net of tax, of $906,421).

8. CONTRIBUTED SURPLUS

	As at March 31, 2010	As at December 31, 2009
Balance, beginning of period	**$ 6,722**	$ 5,508
Unit-based compensation	**352**	1,214
Balance, end of period	**$ 7,074**	$ 6,722

9. TRUST UNIT OPTIONS AND UNIT-BASED COMPENSATION

	Trust Unit Options	Weighted Average Exercise Price
Outstanding, beginning of period	4,737	$ 3.49
Issued	1,002	1.15
Expired	(399)	10.00
Forfeited	(114)	1.94
Outstanding, end of period	5,226	$ 3.06
Exercisable, end of period	1,800	$ 5.58

The Trust recorded unit-based compensation expense in respect of the Option Plan of $0.4 million for the three months ended March 31, 2010 (2009 - $0.4 million) with a corresponding increase to contributed surplus.

The fair value of Trust unit options issued during the period was estimated using the Black-Scholes option pricing model using the following underlying assumptions:

Risk-free interest rate	2.7%
Expected volatility	72.6%
Expected term	5 years
Distribution yield	nil

10. INCOME TAXES

The Trust is subject to income taxes for Specified Investment Flow-Through Trusts ("SIFT") based on the temporary differences expected to exist at January 1, 2011. Changes in the current period result from changes in these expectations.

Income tax expense differs from the amount computed by applying the Canadian statutory rates on income before income taxes as follows:

	For the three months ended March 31,	
	2010	2009
Earnings before income taxes	**$ 5,457**	$ 2,447
Effective tax rate	**0%**	0%
Expected income tax expense	**$ -**	$ -
Increase (decrease) resulting from:		
Changes in temporary differences	**1,852**	(3,115)
Future income tax expense (recovery)	**$ 1,852**	$ (3,115)

The future income tax asset consists of temporary differences between the carrying values for accounting versus tax:

	As at March 31, 2010	As at December 31, 2009
Tangible assets	**$ (2,442)**	$ (657)
Net operating losses	**2,903**	3,008
Goodwill/ Intangible assets	**2,695**	2,657
Trust unit issuance costs	**702**	471
Valuation allowance	**(953)**	(953)
Other	**(944)**	(944)
Future income tax asset (liability)	**$ 1,961**	$ 3,582

11. PER UNIT AMOUNTS

The weighted average number of units outstanding for the three months ended March 31, 2010 was 59,980,743 (2009 – 59,852,965). The diluted number of units outstanding for the three months ended March 31, 2010 was 60,355,125 (2009 – 59,852,965).

12. COMMITMENTS

The Trust has entered into operating leases for office and shop premises and equipment that provide for minimum annual lease payments as follows:

		Amount
For the year ended:		
2010	$	3,386
2011		3,432
2012		2,365
2013		1,443
2014		687
Thereafter		1,178
	$	12,491

13. CAPITAL DISCLOSURE

The Trust considers its capital structure to include unitholders' equity, long-term debt and working capital. The Trust makes adjustments to its capital structure based on changes in economic conditions and the Trust's planned requirements. The Trust has the ability to adjust its capital structure by issuing new equity or debt, selling assets to reduce debt, controlling the amount it distributes to unitholders, and making adjustments to its capital expenditure program. The Trust is subject to externally imposed capital requirements associated with its debt facility, including financial covenants that incorporate funded debt, EBITDA (as defined by the Facility agreement) and total capitalization. As at March 31, 2010, the Trust is in good standing with respect to these covenants.

14. FINANCIAL INSTRUMENTS

a) Designation and valuation of financial instruments

Essential has classified its accounts receivable as loans and receivables. Bank indebtedness, accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities.

The fair value of a financial instrument is the amount that would be agreed to in an arm's length transaction between knowledgeable, willing parties who are under no obligation to act. Fair value can be determined by reference to prices in active markets to which the Trust has access. In the absence of active markets, the Trust determines fair value based on market or by reference to other similar products.

The carrying values of accounts receivable, bank indebtedness and accounts payable and accrued liabilities approximate their estimated fair values due to their short terms to maturity. The fair-value of long-term debt is estimated to equal the carrying value, as the interest rate attached to the debt is a floating rate which fluctuates with market interest rates and due to the relative short term to maturity.

b) Risks

Exposure to credit risk and interest rate risk arises in the normal course of the Trust's business. The Trust currently does not use derivative financial instruments to reduce exposure to fluctuations in any of the risks impacting the Trust's operations.

(i) Credit risk

As at March 31, 2010, accounts receivable are aged as follows: 45% - current; 38% - 31-60 days; 11% - 61-90 days; and 6% - over 90 days (2009 - 39% - current; 45% - 31-60 days; 9% - 61-90 days; and 7% - over 90 days). The Trust utilizes an allowance for doubtful accounts, based on specific receivables, to record potential credit losses associated with its trade receivables. As at March 31, 2010, the Trust's allowance for doubtful accounts is $0.8 million (2009 - $0.7 million) and for the three month period then ended had a bad debt expense of $0.2 million (2009 - $0.2 million). As at March 31, 2010, approximately 21% of the total accounts receivable balance was due from five companies (2009 – 33%).

(ii) Interest rate risk

The Trust is exposed to interest rate risk with respect to its loan facility that bears interest at floating market rates. Assuming all other variables remain the same, each one percent change in interest rates on the average balance of the loan facility would change annual net earnings by $0.2 million (2009 - $0.2 million). As at March 31, 2010, interest rate risk was further reduced as a result of a nil balance on the Trust's loan facility.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Trust manages liquidity risk by forecasting cash flows to identify financing requirements, by maintaining committed credit facilities, and by maintaining access to additional financing at competitive rates through capital markets and highly rated financial institutions. The Trust believes that it has access to sufficient capital through internally generated cash flows and to undrawn committed borrowing facilities to meet current spending forecasts.

15. SEASONALITY OF OPERATIONS

The Trust's operations are carried out in western Canada. The oilfield service industry's ability to move heavy equipment in exploration and production areas is dependent on weather conditions. With the onset of spring, melting snow together with frost coming out of the ground renders many roadways incapable of supporting heavy equipment until sufficient time has passed for them to dry out. In addition, certain areas in Canada are typically only accessible during winter months, when the surface is frozen enough to support the heavy equipment. As a result, the activity levels of the Trust are directly impacted by this seasonality, whereby activity is traditionally higher in the first and fourth quarters of the year and lower in the second and third quarters.

16. SEGMENTED INFORMATION

The Trust has two operating segments, Well Servicing and Tools, Rentals & Wireline, and a non-operating segment, Corporate.

a) Well Servicing

The Well Servicing segment provides well completion and production/workover services in northeastern British Columbia, southeastern Saskatchewan and throughout Alberta. The Well Servicing segment is comprised of a fleet of service rigs, coil tubing rigs and nitrogen pumpers and rod rigs.

b) Downhole Services & Rentals

The Downhole Services & Rentals segment is comprised of downhole tools, equipment rentals and wireline services. The Downhole Services & Rentals segment provides a variety of products and services including downhole tools, drilling-related rental equipment and wireline services, including electric line and slickline.

Selected financial information by operating segment and Corporate is as follows:

	As at and for the period ended March 31, 2010			
	Well Servicing	Downhole Services & Rentals	Corporate	Consolidated
Revenue	$ 30,642	$ 15,578	$ -	$ 46,220
Earnings (loss) before income taxes	$ 5,966	$ 3,617	$ (4,126)	$ 5,457
Depreciation and amortization	$ 2,916	$ 1,253	$ 263	$ 4,432
Total assets	$ 125,117	$ 45,882	$ 4,448	$ 175,447
Assets held for sale	$ 1,185	$ -	$ -	$ 1,185
Equipment expenditures	$ 890	$ 281	$ 167	$ 1,338

	As at and for the period ended March 31, 2009			
	Well Servicing	Downhole Services & Rentals	Corporate	Consolidated
Revenue	$ 27,986	$ 14,212	$ -	$ 42,198
Earnings (loss) before income taxes	$ 2,916	$ 2,631	$ (3,100)	$ 2,447
Depreciation and amortization	$ 3,346	$ 1,400	$ 157	$ 4,903
Total assets	$ 135,657	$ 48,883	$ 5,458	$ 189,998
Equipment expenditures	$ 1,974	$ 376	$ 270	$ 2,620

17. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform to the current period's presentation.

18. SUBSEQUENT EVENTS

Essential Energy Services Trust completed the conversion of the Trust to a Corporation (the "Conversion") effective April 29, 2010. The new corporation is called Essential Energy Services Ltd. ("Essential") and its common shares are listed on the TSX under the symbol ESN.

On April 28, 2010, unitholders of the Trust voted 91.8% in favor of the Conversion at the annual general and special meeting of unitholders. On April 29, 2010, the Court of Queen's Bench of Alberta approved the Final Order. Pursuant to the Conversion, unitholders of the Trust will receive one common share of Essential for each trust unit held.

Essential completed the renewal of its credit facility with its banking syndicate on April 30, 2010 (see note 6) as part of the conversion of the Trust to a Corporation.

CORPORATE INFORMATION

Directors

James A. Banister[2,3], Chairman

Garnet K. Amundson

Michael J. Black[2]

William T. Lynch[1,3]

Nicholas G. Kirton[1,2]

Jeffrey J. Scott[1,3]

1. Audit Committee
2. Compensation & Governance Committee
3. Health, Safety & Environment Committee

Auditors

Ernst & Young LLP

Bankers

National Bank of Canada

Toronto Dominion Bank

Bank of Montreal

Canadian Western Bank

Legal Counsel

Heenan Blaikie LLP

Transfer Agent

Olympia Trust Company

Management

Garnet K. Amundson
President & Chief Executive Officer

Jeff B. Newman
Chief Financial Officer & VP, Finance

Kevin W. Job
VP, Operations

Don A. K. Webster
VP, Operations

Stock Exchange Listing

TSX: ESN

Calgary Office

Livingston Place West

1100, 250 2nd Street SW

Calgary, Alberta T2P 0C1

Phone: (403) 263-6778

Fax: (403) 263-6737

Email: service@essentialenergy.ca

Website: www.essentialenergy.ca