Nine Months Ended September 30, 2014 Q3

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of Essential Energy Services Ltd. ("Essential" or the "Company") is for the three and nine months ended September 30, 2014.

This MD&A should be read in conjunction with Essential's September 30, 2014 unaudited condensed interim consolidated financial statements, March 31, 2014 and June 30, 2014 unaudited condensed interim consolidated financial statements and MD&A, and the audited annual consolidated financial statements and MD&A included in Essential's 2013 Financial Report to Shareholders for the financial year-ended December 31, 2013. 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. Readers should carefully read the section regarding "Forward-Looking Statements and Information" and "Non-IFRS Measures" in this report. All references to dollar amounts are to Canadian dollars, except where otherwise indicated. This MD&A was prepared effective November 5, 2014 and was approved and authorized for issuance by the Board of Directors of the Company on November 5, 2014.

Essential was incorporated under the *Business Corporations Act* (Alberta). The common shares trade on the Toronto Stock Exchange ("TSX") under the symbol ESN. Additional information regarding Essential can be found under Essential's profile on SEDAR at www.sedar.com or the Company's website at www.essentialenergy.ca

SELECTED INFORMATION

(in thousands of dollars except per share, percentages and fleet data)	Three months ended, September 30, 2014	2013	Nine months ended, September 30, 2014	2013
Revenue	**$ 96,136**	$ 84,510	**$ 252,618**	$ 243,445
Gross margin	**27,515**	21,414	**60,064**	57,935
Gross margin %	29%	25%	24%	24%
EBITDAS(1)	**22,657**	17,132	**45,604**	45,386
EBITDAS % (1)	**24%**	20%	**18%**	19%
Net income attributable to shareholders of Essential	**10,777**	3,843	**15,501**	10,969
Per share - basic	**0.09**	0.03	**0.12**	0.09
Per share - diluted	**0.08**	0.03	**0.12**	0.09
Utilization				
Masted coil tubing rigs	**105%**	112%	**85%**	93%
Service rigs	**48%**	50%	**49%**	49%
Equipment fleet				
Masted coil tubing rigs	**17**	15	**17**	15
Service rigs	**54**	54	**54**	54

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

THIRD QUARTER 2014 OVERVIEW

Revenue for the third quarter of 2014 was $96.1 million, 14% higher than the third quarter of 2013.

- Coil Well Service – Coil well service revenue increased $6.2 million or 19% from the same quarter in 2013 due to incremental revenue from the two new Generation III masted coil tubing rigs and higher utilization of the fluid and nitrogen pumper fleet.
- Service Rigs – Service rig utilization was 48% for the quarter compared to the Canadian Association of Oil Drilling Contractors ("CAODC") service rig industry utilization of 47%. On October 8, 2014 Essential sold its rod rig assets for $6.1 million. These assets were part of the service rig business and Essential used the proceeds to reduce bank debt.
- Downhole Tools & Rentals – Essential's downhole tools & rentals revenue increased $7.1 million or 25% from the same quarter in 2013 due to increased rental revenue, demand for Tryton Multi-Stage Fracturing System ("MSFS®") products, and revenue from Essential's U.S. downhole tool operations.

EBITDAS for the third quarter of 2014 was $22.7 million, an improvement of 32% from the same quarter in 2013. The increase was driven by higher revenue for coil well service and downhole tools & rentals.

At September 30, 2014, Essential had $65.0 million of debt outstanding, an increase of $26.6 million from June 30, 2014. The increase is due to funding working capital, primarily accounts receivable, as activity increased in the third quarter.

YEAR-TO-DATE 2014 OVERVIEW

Revenue for the nine months ended September 30, 2014 was $252.6 million or 4% higher than the same period in 2013. EBITDAS for nine months ended September 30, 2014 was $45.6 million, consistent with the prior year. Well servicing revenue increased over prior year as Essential generated incremental revenue from the deployment of two new Generation III masted coil tubing rigs in the third quarter 2013 and first quarter 2014, respectively, and increased fluid and nitrogen pumper utilization. This was offset by higher costs in well servicing, primarily in the first quarter. Downhole tools & rentals revenue and margin exceeded prior year results due to growth in conventional downhole tools, greater contributions from Essential's rental operation and higher revenue from Essential's U.S. downhole tool operation.

INDUSTRY OVERVIEW

Well service activity in the Western Canadian Sedimentary Basin ("WCSB") continues to be driven by horizontal drilling and the completion and stimulation of oil and liquids-rich natural gas wells. Horizontal wells typically require more investment capital and increased rig time per well due to their depth and complexity compared to vertical wells.

Compared to 2013, the third quarter of 2014 benefited from improved industry demand for oilfield services as exploration and production ("E&P") companies had better access to capital markets. Canadian E&P companies also benefited from a decrease in the value of the Canadian dollar, relative to the U.S. dollar, which helped to offset the decrease in the price of U.S. dollar denominated West Texas Intermediate crude oil.

With continued customer demand to drill long-reach horizontal wells, drilling rig utilization was 47%[a] for the third quarter 2014 compared to 41% for the same period in 2013. Well completion counts and the total number of wells drilled remained consistent for the third quarter of 2014 compared to the same quarter last year. The higher drilling rig utilization and consistent well count activity reflects a trend in recent years where overall meterage continues to increase as E&P companies drill deeper, longer-reach horizontal wells. These are indicators of overall oilfield activity in the WCSB.

® MSFS is a registered trademark of Essential Energy Services Ltd.

(a) Source: CAODC

OVERVIEW OF ESSENTIAL

Essential is a growth-oriented, dividend paying corporation that provides oilfield services to E&P companies primarily in western Canada. Essential's operations are focused on meeting the well servicing needs of customers through its coil well service, service rigs, and downhole tools & rentals businesses.

<u>Well Servicing</u>

Coil well service

The demand for deep coil tubing has increased in recent years with growth in the number of horizontal wells in western Canada. Deep coil tubing rigs are typically used in the completion and stimulation of a horizontal well in the following areas:

- Pre-Fracturing – Coil tubing is used to complete pre-fracturing confirmation runs and/or place the tools used to isolate a portion of the wellbore during fracture stimulation.
- Fracturing – Dependent on the design of the customer's fracturing program, coil tubing can be used to frac-thru-coil, complete annular fracturing, convey and actuate sliding-sleeve tool assemblies or perform tubing conveyed plug-and-perf operations in the well.
- Post-Fracturing – Once the fracturing has been completed, coil tubing is used to complete post-fracturing confirmation runs, clean-outs and mill-outs/drill-outs of ball & seat systems. Coil tubing can also be used for work-overs and to convey third party instrumentation and evaluation tools to confirm the results of the fracture treatment.

There are three types of equipment used in Essential's coil well service operation:

- Masted Coil Tubing – Essential operates the largest masted coil tubing fleet in Canada. Masted coil tubing rigs provide completion, stimulation and work-over services on long-reach horizontal and vertical wells. Essential's masted coil tubing rigs are equipped to work with coil tubing from 2 inches to 2 7/8 inches in diameter and have a depth capacity in excess of 6,500 meters. Essential's current depth record is 6,311 meters using 2 3/8 inch diameter coil. The increased reel capacity and coil diameter ratings of Essential's masted coil fleet make this equipment ideally suited to work in all facets of a customer's horizontal well completion and work-over program.
- Conventional Coil Tubing – Conventional coil tubing rigs generally work in the depth range of 1,500 meters to 6,000 meters. Conventional coil tubing rigs have a smaller footprint on location and have greater flexibility during transport and rig-up operations. Conventional coil tubing rigs perform primarily post-fracturing mill-out/ drill-out work and complete confirmation runs.
- Pumpers – The coil tubing rigs are supported by a fleet of fluid and nitrogen pumpers. Fluid pumpers are used to maintain downhole circulation, provide ancillary acid/solvent treatments and inject friction reducers and other lubricants into the wellbore. Nitrogen pumpers are used to pump inert nitrogen gas into the wellbore prior to the completion, stimulation or work-over work commencing and to purge the coil of fluids once the coil tubing work has been completed. As the depth of horizontal wells has continued to increase, Essential has seen increased demand for its twin and quintiplex fluid pumpers and high rate nitrogen pumpers.

Service rigs

Essential's mobile service rig fleet provides well servicing from eight facilities offering well completion and production/work-over services in all major resource plays across the WCSB. Service rigs are used primarily on oil wells which are typically more service intensive than natural gas wells. These rigs are deployed to perform work-overs on existing wells and completions on new wells.

Downhole Tools & Rentals

Essential's downhole tools & rentals segment provides production and completion tools, and rentals for horizontal and vertical wells. Operations for this segment are well placed geographically across the WCSB, and in 2013, Essential began expanding its downhole tools business into the U.S.

Essential provides a wide range of downhole tool and rental services for completion and production of oil and natural gas wells, including:

- Tryton MSFS® – Tryton MSFS® tools are used for horizontal well completions, allowing producers to isolate and fracture intervals of the horizontal section of a well separately and continuously. The Tryton MSFS® product line includes:
    - Tryton ball & seat technology using standard or dissolvable balls;
    - Tryton Viking coil-actuated sliding-sleeve cemented-in-liner technology offering unlimited fracture stages without balls or seats providing a consistently large inner diameter sleeve that does not require mill-outs or drill-outs of the inner sleeve; and
    - Tryton MaxFrac® tool using a packer design with a consistently large inner diameter to eliminate the mill-out phase of plug-and-perf completions.
- Conventional Tools – Includes conventional packers, tubing anchors, bridge plugs, cement retainers and related accessories that are used in completion, production and abandonment operations.
- Rentals – The rental business offers a broad range of oilfield equipment including specialty drill pipe, blowout preventers, specialty equipment for steam-assisted gravity drainage ("SAGD") wells, and various other tools and handling equipment.

A statement of claim was filed on October 23, 2013 by Packers Plus Energy Services Inc. against Essential in Canadian Federal Court which alleges certain products and methods associated with the Tryton ball & seat MSFS® infringe a patent issued to Packers Plus Energy Services Inc. Essential believes that the suit is without merit and is defending against the allegations. Proceedings of this nature can take years to resolve through the court process. This lawsuit targets only the Tryton MSFS® ball & seat system, which Essential commenced in 2009. It does not target past or future operations of Essential's conventional tools, other Tryton MSFS® tools or Essential's rentals business.

RESULTS OF OPERATIONS

(in thousands of dollars, except percentages and per share amounts)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Revenue	**$ 96,136**	$ 84,510	**$ 252,618**	$ 243,445
Operating expenses	**68,621**	63,096	**192,554**	185,510
Gross margin	**27,515**	21,414	**60,064**	57,935
General and administrative expenses	**4,858**	4,282	**14,460**	12,549
EBITDAS[(1)]	**22,657**	17,132	**45,604**	45,386
Share-based compensation	**484**	585	**1,813**	1,197
Other expense	**145**	3,493	**998**	3,546
Depreciation and amortization	**6,827**	6,515	**20,188**	19,565
Finance costs	**453**	375	**1,367**	1,153
Income before income tax from continuing operations	**14,748**	6,164	**21,238**	19,925
Current income tax expense	**3,268**	1,396	**4,584**	4,852
Deferred income tax expense	**703**	476	**1,153**	534
Total income tax expense	**3,971**	1,872	**5,737**	5,386
Net income from continuing operations	**$ 10,777**	$ 4,292	**$ 15,501**	$ 14,539
Loss from discontinued operations[(i)], net of tax	**-**	(473)	**-**	(3,758)
Net income	**$ 10,777**	$ 3,819	**$ 15,501**	$ 10,781
Net income per share from continuing operations				
Basic	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.12
Diluted	**$ 0.08**	$ 0.03	**$ 0.12**	$ 0.12
Net income (loss) attributable to:				
Shareholders of Essential	**$ 10,777**	$ 3,843	**$ 15,501**	$ 10,969
Non-controlling interest	**-**	(24)	**-**	(188)
	$ 10,777	$ 3,819	**$ 15,501**	$ 10,781
Net income per share attributable to shareholders of Essential				
Basic	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.09
Diluted	**$ 0.08**	$ 0.03	**$ 0.12**	$ 0.09

[(i)] Relates to Essential's Colombia operations, which were classified as discontinued operations.

SEGMENT RESULTS - *WELL SERVICING*

(in thousands of dollars, except percentages, fleet, and hours)	Three months ended September 30, 2014	2013	Nine months ended September 30, 2014	2013
Revenue				
Coil Well Service (i)	**$ 39,233**	$ 33,037	**$ 98,130**	$ 92,091
Service Rigs	**22,105**	23,870	**71,041**	72,158
Total revenue	**61,338**	56,907	**169,171**	164,249
Operating expenses	**45,309**	42,383	**133,959**	126,723
Gross margin	**$ 16,029**	$ 14,524	**$ 35,212**	$ 37,526
Gross margin %	**26%**	26%	**21%**	23%
Utilization (ii)				
Masted coil tubing rigs				
Utilization	**105%**	112%	**85%**	93%
Operating hours	**15,524**	14,738	**36,930**	35,881
Service rigs				
Utilization	**48%**	50%	**49%**	49%
Operating hours	**23,997**	25,084	**73,520**	73,682
Equipment fleet (iii)				
Masted coil tubing rigs	**17**	15	**17**	15
Service rigs	**54**	54	**54**	54

(i) Includes revenue from coil tubing rigs, nitrogen and fluid pumpers and other ancillary equipment.
(ii) Utilization is calculated using a 10 hour day.
(iii) Fleet data represents the number of units at the end of the period.

Coil well service third quarter revenue increased $6.2 million or 19% from the same quarter in 2013 due to incremental revenue generated from Essential's two new Generation III masted coil tubing rigs. Demand for the remainder of the masted coil tubing fleet continued to be strong. Also contributing to the revenue increase was higher utilization for fluid and nitrogen pumpers, driven by better integration with the masted coil tubing fleet.

Service rig utilization for the third quarter was 48%, consistent with the CAODC utilization of 47%, but slightly lower than 50% for the same quarter in 2013. Essential had two service rigs working on steam-assisted gravity drainage wells. Due to the nature of this work, utilization for these rigs was higher than the rigs doing conventional work.

Gross margin increased over the prior quarter due to higher revenue in coil well service.

On a year-to-date basis, well servicing revenue increased over prior year as Essential generated incremental revenue from the deployment of two new Generation III masted coil tubing rigs in the third quarter of 2013 and first quarter of 2014, respectively, and increased pumper utilization. Gross margin for the nine months ended September 30, 2014 was negatively impacted by higher costs, primarily in the first quarter. Revenue per hour for coil well service and service rigs was consistent with the prior year.

SEGMENT RESULTS - *DOWNHOLE TOOLS & RENTALS*

(in thousands of dollars, except percentages)	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
Revenue	**$ 35,261**	$ 28,185	**$ 85,068**	$ 79,779
Operating expenses	**22,212**	19,524	**56,350**	54,539
Gross margin	**$ 13,049**	$ 8,661	**$ 28,718**	$ 25,240
Gross margin %	**37%**	31%	**34%**	32%
Downhole Tools & Rentals revenue – % of revenue				
Tryton MSFS®	**53%**	55%	**42%**	54%
Conventional Tools & Rentals	**47%**	45%	**58%**	46%

Downhole tools & rentals third quarter revenue increased $7.1 million or 25% from the same period in 2013. Tryton MSFS® revenue increased due to improved demand for both the ball & seat products and new MSFS® tools that were introduced earlier in the year. Customer preference for a particular completion technology is determined by well-bore conditions, economics and customer confidence in a technology. Conventional tools revenue increased due to higher contribution from the U.S. operations. Rental revenue increased largely from specialty drill pipe rentals targeted toward long-reach horizontal wells and pressure control equipment.

Gross margin in the third quarter increased to 37% of revenue due to revenue growth in the Canadian operations, including greater contributions from the higher margin rentals business and improved margins related to Essential's U.S. operations which operated at a loss in 2013.

On a year-to-date basis, downhole tools & rentals revenue and gross margin exceeded prior year due to growth in conventional downhole tools, increased activity from Essential's higher margin rental business and improved performance from the U.S. operations. Compared to prior year, revenue and gross margin in the second and third quarter have more than offset the shortfall experienced in the first quarter of 2014.

On April 30, 2014, Essential acquired all of the issued and outstanding shares of Sam's Packer & Supply LLC, a private downhole tool company that provides tool sales, rentals and services to a diversified customer base in Oklahoma, Kansas and Texas. The purchase price was U.S. $5.6 million**.**

GENERAL AND ADMINISTRATIVE

(in thousands of dollars, except percentages)	Three months ended September 30, 2014	Three months ended September 30, 2013	Nine months ended September 30, 2014	Nine months ended September 30, 2013
General and administrative expenses	**$ 4,858**	$ 4,282	**$ 14,460**	$ 12,549
As a % of revenue	**5%**	5%	**6%**	5%

General and administrative expenses are comprised of wages, professional fees, office space and other administrative costs incurred at corporate and operational levels. General and administrative expense for the three and nine months ended September 30, 2014 increased compared to the same period in 2013 due to employee costs, facility lease costs and legal fees.

DEPRECIATION AND AMORTIZATION

(in thousands of dollars)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Depreciation and amortization expense	**$ 6,827**	$ 6,515	**$ 20,188**	$ 19,565

Depreciation and amortization expense for the three and nine months ended September 30, 2014 increased compared to the same period in 2013 due to net capital asset additions.

SHARE-BASED COMPENSATION

(in thousands of dollars)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Share-based compensation expense	**$ 484**	$ 585	**$ 1,813**	$ 1,197

For the nine months ended September 30, 2014, share-based compensation expense was $1.8 million, a significant increase from prior year due to the introduction of the Restricted Share Unit and Deferred Share Unit Plans in August 2013.

OTHER EXPENSE

(in thousands of dollars)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Loss on sale of assets	**$ 834**	$ 250	**$ 1,683**	$ 314
Foreign exchange gain	**(693)**	(36)	**(753)**	(22)
Forfeited deposits	**-**	3,567	**-**	3,567
Other loss (gain)	**4**	(288)	**68**	(313)
Other expense	**$ 145**	$ 3,493	**$ 998**	$ 3,546

Other expense for the three and nine months ended September 30, 2014 is primarily related to loss on sale of assets in the year, as well as foreign exchange gains on Essential's U.S. operations as the Canadian dollar declined in relation to the U.S. dollar. Forfeited deposits in the prior year relate to the write-off of deposits on two coil tubing rigs as the supplier was placed into receivership in September 2013.

FINANCE COSTS

(in thousands of dollars)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Finance costs	**$ 453**	$ 375	**$ 1,367**	$ 1,153

Finance costs were $0.5 million and $1.4 million for the three and nine months ended September 30, 2014, respectively, an increase in costs compared to the same periods in 2013 due the increase in average long-term debt balance outstanding.

INCOME TAXES

(in thousands of dollars)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Current income tax expense	**$ 3,268**	$ 1,396	**$ 4,584**	$ 4,852
Deferred income tax expense	**703**	476	**1,153**	534
Total income tax expense	**$ 3,971**	$ 1,872	**$ 5,737**	$ 5,386

During the three and nine months ended September 30, 2014, income tax expense increased compared to 2013 due to an increase in income before income tax. The effective income tax rate remains consistent with prior year at 27%.

FINANCIAL RESOURCES AND LIQUIDITY

FUNDS FLOW FROM OPERATIONS[1]

(in thousands of dollars, except per share amounts)	Three months ended September 30, **2014**	2013	Nine months ended September 30, **2014**	2013
Net cash provided by (used in) operating activities	**$ (16,515)**	$ (10,112)	**$ 20,240**	$ 35,102
Add:				
Changes in non-cash working capital	**36,477**	26,276	**20,644**	6,151
Funds flow provided by operations[1]	**$ 19,962**	$ 16,164	**$ 40,884**	$ 41,253
Per share – basic	**$ 0.16**	$ 0.13	**$ 0.33**	$ 0.33
Per share – diluted	**$ 0.16**	$ 0.13	**$ 0.32**	$ 0.33

WORKING CAPITAL

(in thousands of dollars, except ratios)	**As at September 30, 2014**	As at December 31, 2013
Current assets	**$** 128,941	$ 107,945
Current liabilities, excluding current portion of long-term debt	(43,681)	(45,419)
Working capital [1]	**$** 85,260	$ 62,526
Working capital ratio [1]	3.0:1	2.4:1

CREDIT FACILITY

Essential's credit facility with its banking syndicate is comprised of a $100 million revolving term loan facility with a $35 million accordion feature available on the lender's consent (the "Credit Facility"). The Credit Facility matures on May 31, 2017, is renewable at the lender's consent and is secured by a general security agreement over the Company's assets. To the extent the Credit Facility is not renewed, the balance becomes immediately due and payable on the maturity date. At September 30, 2014, the maximum of $100 million under the Credit Facility was available to Essential.

As at September 30, 2014 all financial debt covenants were satisfied and all banking requirements under the Credit Facility were up-to-date. At the end of the third quarter of 2014, Essential had a consolidated funded debt balance of $66.7 million, which consisted of long-term debt of $65.0 million and bank indebtedness of $1.7 million. At September 30, 2014, the Company's funded debt to trailing 12 month EBITDAS[1] was 1.01. Essential does not anticipate financial resource or liquidity issues to restrict its future operating, investing or financing activities. On November 5, 2014, Essential had long-term debt outstanding of $59.6 million.

EQUIPMENT EXPENDITURES AND FLEET ADDITIONS

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2014**	2013	**2014**	2013
Well Servicing	**$ 8,629**	$ 11,180	**$ 21,786**	$ 27,688
Downhole Tools & Rentals	**1,695**	584	**7,011**	2,325
Corporate	**313**	490	**1,012**	945
Total equipment expenditures	**10,637**	12,254	**29,809**	30,958
Less proceeds on disposal of property and equipment	**(1,150)**	(874)	**(3,052)**	(1,601)
Net equipment expenditures[1]	**$ 9,487**	$ 11,380	**$ 26,757**	$ 29,357

Essential classifies its equipment expenditures as growth capital[1] and maintenance capital[1]:

	Three months ended September 30,		Nine months ended September 30,	
(in thousands of dollars)	**2014**	2013	**2014**	2013
Growth capital[1]	**$ 6,538**	$ 8,047	**$ 20,752**	$ 21,399
Maintenance capital[1]	**4,099**	4,207	**9,057**	9,559
Total equipment expenditures	**$ 10,637**	$ 12,254	**$ 29,809**	$ 30,958

Essential's capital forecast for 2014 has been reduced from $53 million to $47 million. The $47 million is expected to be comprised of $33 million of growth capital and $14 million of maintenance capital. The growth capital consists primarily of costs related to the Generation III and Generation IV masted coil tubing rig build program, the purchase of rental equipment and a new quintiplex fluid pumper that is expected in service by the end of 2014.

The $6 million decrease from the most recent capital forecast primarily consists of $2 million of growth capital that will be carried into 2015, recognizing the delay in the masted coil tubing delivery and a $3 million reduction in maintenance capital.

Essential's long-term capital program is intended to increase the depth and coil diameter capability of its masted coil tubing fleet. Customers are requesting coil tubing rigs that can operate beyond 6,000 meters with large diameter coil. Essential expects to spend approximately $63 million through 2016 to build a total of four Generation III and eight Generation IV masted coil tubing rigs. At September 30, 2014, Essential had spent $35 million on this capital program. Essential's first Generation IV and third Generation III masted coil tubing rigs went into service in October 2014 and the Company expects to commence operations with its second Generation IV masted coil tubing rig prior to the end of the year. While the Generation IV rigs are designed as masted rigs, due to a design issue with the mast, Essential removed the mast from the first rig and is operating it as a conventional rig with a crane for the winter drilling season. Essential has received a favorable third party engineering report and confirms that subsequent Generation IV rigs, including the second rig expected prior to the end of 2014, will be completed with the mast intact. The first rig will be retrofitted for the mast in the coming months.

The following table shows the expected in-service dates of the major equipment as at November 5, 2014:

	Total Rigs Capital Program	Total Rigs In-Service	Expected In-Service Dates
Masted coil tubing rigs:			
Generation III	4	3	Q3'15
Generation IV	8	1	Q4'14, Q1'15, Q3'15(2), 2016(3)

SHARE CAPITAL

As at November 5, 2014, there were 125,920,976 common shares and 5,382,868 share options outstanding. Of the 5,382,868 share options, 558,000 were exercisable and "in-the-money".

COMMITMENTS

Operating leases

Essential has entered into operating leases for office and shop premises that provide for minimum annual lease payments, as follows:

(in thousands of dollars)	Amount
2014	$ 1,494
2015	5,882
2016	5,816
2017	4,894
2018	3,321
Thereafter	13,258
As at September 30, 2014	$ 34,665

Other commitments

As part of its long-term capital program, Essential has entered into agreements for $22 million of which approximately $9 million is expected to be paid in 2014 and $13 million is expected to be paid in 2015.

NORMAL COURSE ISSUER BID ("NCIB")

On March 20, 2014, the Company received approval from the TSX to renew its NCIB for Essential's common shares ("Shares"). Any Shares purchased by Essential pursuant to the NCIB will be for cancellation. The renewed NCIB commenced on March 25, 2014 and will terminate on March 24, 2015, or at such earlier date as the NCIB is completed, or terminated, at the option of Essential.

Under the NCIB, Essential may purchase up to 12,311,641 of its issued and outstanding Shares on the open market through the facilities of the TSX and other alternative trading systems. In accordance with the provisions of the TSX Company Manual, the maximum number of Shares that may be purchased on one day may not exceed 81,141 Shares, which is 25 percent of the six month average daily trading volume of Shares on the TSX, at February 28, 2014. The price which Essential will pay for any Shares purchased will be the prevailing market price of such Shares at the time of purchase. Shareholders may obtain a copy of the "Notice of Intention to make a Normal Course Issuer Bid" that was filed by the Company with the TSX, free of charge, by contacting the Company.

For the nine months ended September 30, 2014, 200,000 Shares were acquired and cancelled under the NCIB at an average cost of $2.50 per Share.

DISCLOSURE CONTROLS AND PROCEDURES

Essential's President and Chief Executive Officer ("CEO") and Vice President, Finance and Chief Financial Officer ("CFO") have designed, or caused to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that: (i) material information relating to Essential is made known to Essential's CEO and CFO; 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 are recorded, processed, summarized and reported within the time period specified in securities legislation.

Essential reported on disclosure controls and procedures as part of its 2013 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2013, which is available on SEDAR at www.sedar.com and on Essential's website at www.essentialenergy.ca). There have been no significant changes to disclosure controls and procedures in the current period.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Internal controls over financial reporting ("ICFR") 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 International Financial Reporting Standards ("IFRS"). 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 ICFR as part of its 2013 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2013, which is available on SEDAR at www.sedar.com and on Essential's website at www.essentialenergy.ca). There have been no significant changes to internal controls over financial reporting in the current period that have materially affected, or are reasonably likely to affect, the Company's ICFR.

OUTLOOK

Recent changes in oil and gas supply and demand fundamentals and declining commodity prices have created longer term uncertainty in the Canadian oil and gas industry. To date, drilling rig utilization in the fourth quarter of 2014 is tracking ahead of the same period in 2013. As E&P companies set their 2015 budgets, there should be greater clarity for anticipated oilfield service activity. Essential will monitor industry conditions and customer activity and will react accordingly.

While acknowledging the macro uncertainty, Essential continues to focus on long-reach horizontal wells within its masted coil tubing, pumping and downhole tools and rentals operations. Demand for these services is expected to carry on to the extent customers execute their drilling, fracturing and completion programs.

Essential is progressing on its capital program focused on building Generation III and Generation IV masted coil tubing rigs that are capable of servicing these deep, longer-reach horizontal wells. Essential put its third Generation III masted coil tubing rig into service in October 2014. The first Generation IV masted coil tubing rig went to work in October 2014 and Essential expects to take delivery of its second Generation IV masted coil tubing rig prior to the end of the year.

Essential has a strong balance sheet with $59.6 million of debt at November 5, 2014 and a debt to EBITDAS ratio of 0.9x.

SUMMARY OF QUARTERLY DATA

Essential operates primarily in western Canada, where activity levels of the Company are directly impacted by seasonality. Activity is traditionally higher in the first, third and fourth quarters of the year and lower in the second quarter. With the onset of spring, melting snow renders many roadways incapable of supporting heavy equipment. In addition, certain areas in Canada are typically only accessible during the winter months. The following table provides the Company's quarterly information for the past eight quarters:

(in thousands of dollars, except per share amounts, percentages and fleet data)	**Sept 30, 2014**	Jun 30, 2014	Mar 31, 2014	Dec 31, 2013	**Sept 30, 2013**	Jun 30, 2013	Mar 31, 2013	Dec 31, 2012
Well Servicing:								
Coil Well Service	**39,233**	17,398	41,499	36,150	**33,037**	9,433	49,621	41,228
Service Rigs	**22,105**	16,437	32,499	25,593	**23,870**	14,732	33,556	26,012
Other [(i)]	-	-	-	-	-	-	-	786
Total well servicing	**61,338**	33,835	73,998	61,743	**56,907**	24,165	83,177	68,026
Downhole Tools & Rentals	**35,261**	19,521	30,286	31,560	**28,185**	14,252	37,342	27,989
Inter-segment eliminations	**(463)**	(604)	(554)	(480)	**(582)**	-	-	-
Total revenue	**96,136**	52,752	103,730	92,823	**84,510**	38,417	120,519	96,015
Gross margin	**27,515**	5,222	27,327	25,332	**21,414**	(1,310)	37,832	27,039
Gross margin %	**29%**	10%	26%	27%	**25%**	(3)%	31%	28%
EBITDAS[(1)]	**22,657**	440	22,507	20,705	**17,132**	(5,171)	33,426	22,368
EBITDAS %[(1)]	**24%**	1%	22%	22%	**20%**	(13)%	28%	23%
Net income (loss) attributable to shareholders of Essential	**10,777**	(5,425)	10,149	11,126	**3,843**	(11,501)	18,627	678
Per share – basic	**$0.09**	$(0.04)	$0.08	$0.09	**$0.03**	$(0.09)	$0.15	$0.01
Per share – diluted	**$0.08**	$(0.04)	$0.08	$0.09	**$0.03**	$(0.09)	$0.15	$0.01
Total assets	**454,745**	408,964	439,745	423,963	**409,613**	380,728	436,301	406,853
Long-term debt	**65,043**	38,433	50,821	39,027	**40,484**	14,592	35,603	35,563
Utilization [(ii)]								
Masted coil tubing rigs	**105%**	42%	109%	107%	**112%**	19%	148%	113%
Pumpers [(iii)]	**66%**	34%	69%	55%	**47%**	14%	73%	57%
Service rigs	**48%**	34%	66%	53%	**50%**	28%	69%	54%
Operating Hours								
Masted coil tubing rigs	**15,524**	6,094	15,312	14,699	**14,738**	2,477	18,666	16,557
Pumpers [(iii)]	**19,397**	9,861	19,995	16,612	**14,418**	4,241	20,481	15,328
Conventional coil tubing rigs	**4,426**	2,942	6,959	6,612	**5,002**	2,832	8,609	8,957
Service rigs	**23,997**	16,907	32,616	26,557	**25,08**4	14,234	34,364	27,310
Downhole Tools & Rentals - % of revenue								
Tryton MSFS®	**53%**	25%	39%	55%	**55%**	40%	60%	51%
Conventional Tools & Rentals	**47%**	75%	61%	45%	**45%**	60%	40%	49%
Equipment fleet [(iv)]								
Masted coil tubing rigs	**17**	17	16	15	**15**	14	14	16
Fluid pumpers	**18**	18	18	18	**18**	18	18	18
Nitrogen pumpers	**14**	14	14	14	**15**	15	13	13
Conventional coil tubing rigs	**29**	30	30	30	**30**	30	30	30
Service rigs	**54**	55	55	55	**54**	56	56	55

(i) Other revenue included revenue from Essential's drilling operation until its disposal in November 2012.
(ii) Utilization is calculated using a 10 hour day.
(iii) Pumpers include both fluid and nitrogen pumpers.
(iv) Fleet data represents the number of units at the end of the period.

FORWARD-LOOKING STATEMENTS AND INFORMATION

This MD&A contains forward-looking statements and forward-looking information (collectively the "Forward-Looking Statements") within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "may", "will", "believe", "intends", "budget" and similar expressions are intended to identify Forward-Looking Statements. In particular, this MD&A contains forward-looking statements, including, among other things, expectations regarding: capital spending; in-service timing, the timing of completion and delivery of new equipment, future Generation IV masted coil tubing rigs being completed with a mast intact, and the first Generation IV masted coil tubing rig being retrofitted for a mast in the coming months; customer demands and the demand for new equipment; development of new products and technology; demand for new products and technology; growth opportunities and sources of such growth opportunities; future cash flow and earnings; access to sufficient funding; the level and type of drilling activity; completion activity; work-over activity; production activity and required oilfield services in the WCSB; the impact of general economic conditions; the business, operations and revenues of the Company; Essential's ability to meet the changing needs of the WCSB market; Essential's positioning for the future; the future operations of the coil well service and downhole tools & rentals segments; and the Company's belief that the Packers Plus Energy Services Inc. claim is without merit. In addition, this MD&A contains Forward-Looking Statements, including expectations regarding the Company's future outlook including: customer activity; greater clarity for oilfield service activity as E&P customers set their 2015 budgets; oilfield service activity and demand for Essential's services; Essential's ability to react to changing industry and customer activity; Essential's improved service capacity; the Company's segment growth; Essential's future operating, investing or financing activities; and the impact of financial resources or liquidity thereon.

Although the Company believes that the expectations and assumptions on which such Forward-Looking Statements are reasonable, undue reliance should not be placed on the Forward-Looking Statements because the Company can give no assurance that such statements and information will prove to be correct. Since Forward-Looking Statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Company's annual information form ("AIF") (a copy of which can be found under Essential's profile on SEDAR at www.sedar.com); the risks associated with the oilfield services sector (e.g. demand, pricing and terms for oilfield services; current and expected oil and natural 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, incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; the ability of the Company's subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions; global economic events; changes to Essential's financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; risks and uncertainty related to distribution and pipeline constraints; and other unforeseen conditions which could impact the use of services supplied by the Company. 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 operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website at www.sedar.com for the Company. The forward-looking statements and information 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 Statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

[1]Non-IFRS Measures

Throughout this MD&A, certain terms that are not specifically defined in IFRS are used to analyze Essential's operations. In addition to the primary measures of net earnings and net earnings per share in accordance with IFRS, Essential believes that certain measures not recognized under IFRS 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, capital programs and pay dividends. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net earnings and net earnings per share as calculated in accordance with IFRS.

EBITDAS (Earnings before finance costs, income taxes, depreciation, amortization, transaction costs, non-controlling interest earnings, losses or gains on disposal of equipment, foreign exchange gains or losses, results of discontinued operations and share-based compensation, which includes both equity-settled and cash-settled transactions) – These adjustments are relevant as they provide another measure which is considered an indicator of Essential's ability to generate funds flow in order to fund required working capital, service debt, invest in capital programs and pay dividends.

EBITDAS % – This measure is considered an indicator of Essential's ability to generate funds flow as calculated by EBITDAS divided by revenue.

The following table reconciles EBITDA and EBITDAS to the IFRS measure, net income:

(in thousands of dollars)	Three months ended September 30, 2014	Three months ended September 30, 2013[i]	Nine months ended September 30, 2014	Nine months ended September 30, 2013[i]
EBITDAS	**$ 22,657**	$ 17,132	**$ 45,604**	$ 45,386
Share-based compensation	**484**	585	**1,813**	1,197
Other expense	**145**	3,493	**998**	3,546
EBITDA	**22,028**	13,054	**42,793**	40,643
Depreciation and amortization	**6,827**	6,515	**20,188**	19,565
Finance costs	**453**	375	**1,367**	1,153
Income before income tax	**14,748**	6,164	**21,238**	19,925
Total income tax expense	**3,971**	1,872	**5,737**	5,386
Net income from continuing operations	**$ 10,777**	$ 4,292	**$ 15,501**	$ 14,539

Funds flow or funds flow provided by (used in) operations[ii] – This measure is an indicator of Essential's ability to generate funds flow[ii] in order to fund working capital, principal debt repayments, capital programs and pay dividends. 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 – Working capital is calculated as current assets less current liabilities, excluding the current portion of long-term debt.

(i) Certain comparative amounts have been reclassified to conform to the current year's presentation.

(ii) Funds flow is reconciled to the IFRS measure, net cash flow from operating activities, in the table "Funds Flow from Operations".

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 revenue and funds flow to Essential.

Maintenance capital – Equipment additions that are incurred in order to refurbish or replace previously acquired equipment. Such additions do not provide incremental increases in revenue. 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 maintenance capital needs to replenish the assets for future cash generation.

Net equipment expenditures[iii] – 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 Essential's oilfield services capital program for equipment.

[iii] Net equipment expenditures is calculated from the IFRS measures, total equipment expenditures less proceeds on disposal of property and equipment, in the table "Equipment Expenditures and Fleet Additions".

Unaudited Condensed Consolidated Interim Financial Statements

Essential Energy Services Ltd.

September 30, 2014

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)

(in thousands of dollars)	**As at September 30 2014**	As at December 31 2013
Assets		
Current		
Trade and other accounts receivable *(note 5)*	**$ 86,594**	$ 76,640
Inventories *(note 6)*	**38,975**	27,979
Prepayments	**3,372**	3,326
	128,941	107,945
Non-current		
Property and equipment *(note 7)*	**232,558**	230,292
Intangible assets	**29,056**	30,712
Goodwill	**58,090**	55,014
	319,704	316,018
Assets held for sale *(note 7 and 19)*	**6,100**	-
Total assets	**$ 454,745**	$ 423,963
Liabilities		
Current		
Bank indebtedness	**$ 1,655**	$ 2,112
Trade and other accounts payable *(note 8)*	**38,247**	36,161
Dividends payable *(note 9)*	**3,779**	3,765
Income taxes payable	**-**	3,381
Current portion of long-term debt *(note 10)*	**-**	7,603
	43,681	53,022
Non-current		
Long-term debt *(note 10)*	**65,043**	31,424
Deferred taxes	**27,513**	26,360
	92,556	57,784
Total liabilities	**136,237**	110,806
Commitments and contingencies *(note 16)*		
Equity		
Share capital *(note 11)*	**263,278**	262,177
Retained earnings	**50,802**	46,622
Other reserves *(note 12)*	**4,428**	4,358
Total equity	**318,508**	313,157
Total liabilities and equity	**$ 454,745**	$ 423,963

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENT OF NET INCOME AND COMPREHENSIVE INCOME
(Unaudited)

(in thousands of dollars, except per share amounts)	For the three months ended September 30 **2014**	2013	For the nine months ended September 30 **2014**	2013
Revenue	**$ 96,136**	$ 84,510	**$ 252,618**	$ 243,445
Operating expense	**68,621**	63,096	**192,554**	185,510
Gross margin	**27,515**	21,414	**60,064**	57,935
General and administrative expenses	**4,858**	4,282	**14,460**	12,549
	22,657	17,132	**45,604**	45,386
Depreciation and amortization	**6,827**	6,515	**20,188**	19,565
Share-based compensation *(note 13)*	**484**	585	**1,813**	1,197
Other expense	**145**	3,493	**998**	3,546
Operating profit from continuing operations	**15,201**	6,539	**22,605**	21,078
Finance costs	**453**	375	**1,367**	1,153
Income before income tax from continuing operations	**14,748**	6,164	**21,238**	19,925
Current income tax expense	**3,268**	1,396	**4,584**	4,852
Deferred income tax expense	**703**	476	**1,153**	534
Total income tax expense	**3,971**	1,872	**5,737**	5,386
Net income from continuing operations	**$ 10,777**	$ 4,292	**$ 15,501**	$ 14,539
Loss from discontinued operations, net of tax *(note 14)*	**-**	(473)	**-**	(3,758)
Net income	**$ 10,777**	$ 3,819	**$ 15,501**	$ 10,781
Unrealized foreign exchange gain from continuing operations	**236**	-	**70**	-
Unrealized foreign exchange loss from discontinued operations	**-**	(56)	**-**	(243)
Other comprehensive income (loss)	**236**	(56)	**70**	(243)
Comprehensive income	**$ 11,013**	$ 3,763	**$ 15,571**	$ 10,538
Net income (loss) attributable to:				
Shareholders of Essential	**$ 10,777**	$ 3,843	**$ 15,501**	$ 10,969
Non-controlling interest	**-**	(24)	**-**	(188)
	$ 10,777	$ 3,819	**$ 15,501**	$ 10,781
Comprehensive income (loss) attributable to:				
Shareholders of Essential	**$ 11,013**	$ 3,783	**$ 15,571**	$ 10,730
Non-controlling interest	**-**	(20)	**-**	(192)
	$ 11,013	$ 3,763	**$ 15,571**	$ 10,538
Net income per share from continuing operations *(note 15)*				
Basic, attributable to shareholders of Essential	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.12
Diluted, attributable to shareholders of Essential	**$ 0.08**	$ 0.03	**$ 0.12**	$ 0.12
Net income per share *(note 15)*				
Basic, attributable to shareholders of Essential	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.09
Diluted, attributable to shareholders of Essential	**$ 0.08**	**$** 0.03	**$ 0.12**	$ 0.09
Comprehensive income per share *(note 15)*				
Basic, attributable to shareholders of Essential	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.09
Diluted, attributable to shareholder of Essential	**$ 0.09**	$ 0.03	**$ 0.12**	$ 0.09

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
(Unaudited)

	For the nine months ended September 30	
(in thousands of dollars)	**2014**	2013
Share capital		
Balance, January 1	**$ 262,177**	$ 258,772
Exercise of options *(note 11)*	**1,519**	3,774
Shares repurchased in normal course issuer bid *(note 11)*	**(418)**	(1,086)
Balance, September 30	**$ 263,278**	$ 261,460
Retained earnings		
Balance, January 1	**$ 46,622**	$ 38,276
Net income	**15,501**	10,969
Dividends *(note 9)*	**(11,321)**	(9,983)
Balance, September 30	**$ 50,802**	$ 39,262
Other reserves		
Balance, January 1	**$ 4,358**	$ 5,363
Other comprehensive income (loss) *(note 12)*	**70**	(238)
Equity-settled share-based compensation *(note 12)*	**592**	919
Exercise of options *(note 12)*	**(509)**	(877)
Shares cancelled under normal course issuer bid *(note 12)*	**(83)**	(140)
Balance, September 30	**$ 4,428**	$ 5,027
Total equity attributable to shareholders of Essential	**$ 318,508**	$ 305,749
Equity attributable to non-controlling interest	**$ -**	$ (198)
Total equity	**$ 318,508**	$ 305,551

See accompanying notes to the unaudited condensed consolidated interim financial statements.

ESSENTIAL ENERGY SERVICES LTD.
CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS
(Unaudited)

(in thousands of dollars)	For the nine months ended September 30 **2014**	2013
Operating activities:		
Net income from continuing operations	**$ 15,501**	$ 14,539
Non-cash adjustments to reconcile net income for the period to operating cash flow:		
Depreciation and amortization	**20,188**	19,565
Deferred income tax expense	**1,153**	534
Share-based compensation *(note 13)*	**592**	919
Provision for impairment of trade accounts receivable *(note 5)*	**400**	660
Finance costs	**1,367**	1,153
Loss on disposal and retirement of assets *(note 7)*	**1,683**	3,883
Operating cash flow before changes in non-cash working capital	**40,884**	41,253
Change in non-cash operating working capital:		
Trade and other accounts receivable before provision	**(8,292)**	4,167
Inventories	**(10,448)**	(4,746)
Prepayments	**(47)**	(614)
Trade and other accounts payable	**2,673**	(3,438)
Current income taxes payable	**(4,530)**	(1,520)
Net cash provided by operating activities from continuing operations	**20,240**	35,102
Investing activities:		
Purchase of property, equipment and intangibles *(note 7)*	**(29,809)**	(30,958)
Business acquisition, net of cash acquired *(note 4)*	**(6,043)**	-
Non-cash investing working capital in trade and other accounts payable	**(625)**	(512)
Proceeds on disposal of equipment *(note 7)*	**3,052**	1,601
Net cash used in investing activities from continuing operations	**(33,425)**	(29,869)
Financing activities:		
Issuance of long-term debt	**26,016**	4,921
Proceeds from exercise of share options	**1,011**	2,897
Repurchase of shares	**(500)**	(1,226)
Dividends paid	**(11,307)**	(9,328)
Finance costs	**(1,367)**	(1,153)
Net cash provided by (used in) financing activities from continuing operations	**13,853**	(3,889)
Foreign exchange gain on cash held in a foreign currency	**(211)**	(12)
Net increase in cash	**457**	1,332
Bank indebtedness, beginning of period	**(2,112)**	(1,835)
Bank indebtedness, end of period	**$ (1,655)**	$ (503)
Supplemental cash flow information		
Cash taxes paid	**$ 9,104**	$ 6,370
Cash interest and standby fees paid	**$ 1,229**	$ 970

See accompanying notes to the unaudited condensed consolidated interim financial statements.

1. AUTHORIZATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements ("interim financial statements") of Essential Energy Services Ltd. and its subsidiaries ("Essential or the "Company") for the three and nine months ended September 30, 2014 and 2013 were approved by the Board of Directors of Essential on November 5, 2014. Essential is a publicly traded oilfield services company incorporated under the *Business Corporations Act* (Alberta). Essential is listed on the Toronto Stock Exchange ("TSX") and trades under the symbol ESN.

Based in Calgary, Alberta, Essential provides oilfield services to oil and gas producers primarily in western Canada. The address of the registered office is 3400, 350 – 7 Avenue S.W., Calgary, Alberta, Canada, T2P 3N9.

2. STATEMENT OF COMPLIANCE & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements as at and for the three and nine months ended September 30, 2014 and 2013 were prepared in accordance with IAS 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The same accounting policies and methods of computation were followed in the preparation of these interim financial statements as were followed in the preparation of the Company's annual financial statements for the year ended December 31, 2013, except as disclosed below. Accordingly, these interim financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Changes in Accounting Policies

The following amendments and interpretation standards are effective for annual periods beginning on or after January 1, 2014: ISA 32 *Offsetting Financial Assets and Liabilities*, IAS 36 *Impairment of Assets* and IFRIC 21 *Levies – interpretation of IAS 37 Provisions, contingent liabilities and assets*. There was no material impact to Essential's interim financial statements as a result of adopting the aforementioned amendments.

b) Future Accounting Policies

Financial Instruments

IFRS 9 *Financial Instruments:* IFRS 9 addresses requirements for the classification and measurement of financial instruments, impairment methodology and hedge accounting. The IASB set a mandatory effective date for annual periods beginning on or after January 1, 2018. The Company continues to assess this new standard, but does not expect it to have a significant impact.

Revenue

IFRS 15 *Revenue from Contracts with Customers:* IFRS 15 replaces the existing revenue recognition guidance with a new framework to determine the timing and measurement of revenue, providing users of the financial statements more information and relevant disclosures. IFRS 15 is effective for annual periods beginning on or after January 1, 2017, with early adoption permitted. The Company continues to assess this new standard, but does not expect it to have a significant impact.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

4. BUSINESS ACQUISITION

On April 30, 2014, Essential acquired all of the issued and outstanding shares of Sam's Packer & Supply LLC ("Sam's"), a private downhole tool rental and service company that operates in Norman, Oklahoma and Liberal, Kansas, United States. The purchase price was $6.2 million (U.S. $5.6 million).

This acquisition has been accounted for using the acquisition method. Essential has allocated the purchase price to the net assets acquired based on management's best estimate of fair value, which takes into consideration the condition of the assets acquired as well as the amount expected to settle the outstanding liabilities, with the residual allocated to goodwill. Sam's operating results have been included in Essential's consolidated interim financial statements from the date of acquisition.

The following summarizes the allocation of the aggregate consideration for the acquisition of Sam's:

		Amount
Purchase price	$	6,174
Net assets acquired:		
Cash		131
Net working capital (including accounts receivable of $636)		1,146
Property and equipment		175
Intangible assets		1,677
Goodwill		3,045
	$	6,174

The net assets acquired and liabilities assumed have been included in the Downhole Tools & Rentals segment. Goodwill relates to the following: i) the acquisition of Sam's is complementary to Essential's downhole tool business and a continuation of the Company's strategy to expand into the United States; and ii) an experienced management team and work force has been in place for many years. Intangible assets relate to a customer list and a non-compete agreement. The goodwill and intangible assets recognized are deductible for United States income tax purposes.

5. TRADE AND OTHER ACCOUNTS RECEIVABLE

		As at September 30 2014		As at December 31 2013
Trade receivables, net of provision	**$**	**85,285**	$	76,358
Other receivables		**1,309**		282
	$	**86,594**	$	76,640

Trade receivables are non-interest bearing and are shown net of a provision for impairment. Other receivables are non-interest bearing.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

The carrying amounts of trade receivables are denominated in the following currencies:

	As at September 30 2014	As at December 31 2013
Canadian dollar	**$ 83,588**	$ 74,266
United States dollar	**1,697**	2,092
	$ 85,285	$ 76,358

The aging analysis of trade receivables is as follows:

	As at September 30 2014	As at December 31 2013
< 31 days	**$ 38,573**	$ 31,458
31-60 days	**25,254**	27,146
61-90 days	**15,730**	12,206
>90 days	**5,728**	5,548
	$ 85,285	$ 76,358

The provision for impairment of receivables of $1.2 million (December 31, 2013 - $1.0 million) is included in the amounts over 90 days old. The movements in the provision during the periods were as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	**2014**	2013
Balance, beginning of period	**$ 1,052**	$ 442	**$ 962**	$ 314
Provision for receivables impairment	**175**	380	**400**	660
Receivables written off against the provision	**-**	(10)	**(135)**	(162)
Balance, end of period	**$ 1,227**	$ 812	**$ 1,227**	$ 812

The addition and release of the provision for impairment of receivables has been included in operating expense in the consolidated interim statement of net income and comprehensive income. Amounts included in the provision are generally written off when there is no expectation of recovery.

6. INVENTORIES

	As at September 30 2014	As at December 31 2013
Downhole tools	**$ 28,271**	$ 19,924
Coil well service products	**10,704**	8,055
	$ 38,975	$ 27,979

Inventory charged through operating expenses in the consolidated interim statement of net income and comprehensive income for the three and nine months ended September 30, 2014 was $15.3 million and $38.7 million (2013 - $12.7 million and $36.6 million), respectively.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

7. PROPERTY AND EQUIPMENT

As at September 30, 2014	Cost	Accumulated Depreciation	Net Book Value
Coil well service rigs and equipment	**$ 139,802**	**$ 28,969**	**$ 110,833**
Service rigs and equipment	**89,386**	**22,836**	**66,550**
Oilfield equipment	**49,270**	**19,609**	**29,661**
Vehicles	**29,983**	**8,877**	**21,106**
Office and computer equipment	**4,533**	**2,649**	**1,884**
Land	**482**	**-**	**482**
Other	**4,840**	**2,798**	**2,042**
	$ 318,296	**$ 85,738**	**$ 232,558**

As at December 31, 2013	Cost	Accumulated Depreciation	Net Book Value
Coil well service rigs and equipment	$ 126,847	$ 24,400	$ 102,447
Service rigs and equipment	100,438	23,821	76,617
Oilfield equipment	42,968	16,297	26,671
Vehicles	28,265	7,752	20,513
Office and computer equipment	3,875	2,167	1,708
Land	482	-	482
Other	4,288	2,434	1,854
	$ 307,163	$ 76,871	$ 230,292

Included in coil well service rigs and equipment, service rigs and equipment and oilfield equipment is $30.2 million (December 31, 2013 - $20.5 million) of assets under construction which will not be depreciated until put into use.

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	**2014**	2013
Net book value, beginning of period	**$ 235,566**	$ 219,107	**$ 230,292**	$ 211,304
Assets acquired in business combination	**-**	-	**175**	-
Additions	**10,934**	12,420	**29,779**	30,958
Disposals	**(1,984)**	(4,694)	**(4,735)**	(5,484)
Depreciation	**(5,968)**	(5,222)	**(16,882)**	(15,167)
Reclassified as assets held for sale	**(6,100)**	-	**(6,100)**	-
Currency translation adjustment	**110**	-	**29**	-
Net book value, end of period	**$ 232,558**	$ 221,611	**$ 232,558**	$ 221,611

On October 8, 2014, the Company completed the sale of its rod rig assets for gross proceeds of $6.1 million as disclosed in the subsequent event note 19 to these financial statements.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

8. TRADE AND OTHER ACCOUNTS PAYABLE

	As at September 30 2014	As at December 31 2013
Trade accounts payable	**$ 15,639**	$ 17,151
Accrued payables	**8,402**	7,290
Accrued payroll	**10,292**	9,405
Other	**3,914**	2,315
	$ 38,247	$ 36,161

The carrying amounts of trade accounts payable are denominated in the following currencies:

	As at September 30 2014	As at December 31 2013
Canadian dollar	**$ 14,304**	$ 17,122
United States dollar	**1,335**	29
	$ 15,639	$ 17,151

9. DIVIDENDS PAYABLE

During the period, Essential declared dividends to shareholders in accordance with the following schedule:

Record date	Payment date	Total dividend	Amount per share
March 31, 2014	April 15, 2014	$ 3,768	$ 0.03
June 30, 2014	July 15, 2014	$ 3,774	$ 0.03
September 30, 2014	October 15, 2014	$ 3,779	$ 0.03

10. LONG-TERM DEBT

	As at September 30 2014	As at December 31 2013
Term loan	**$ 65,150**	$ 39,100
Deferred financing costs	**(107)**	(73)
	65,043	39,027
Less: current portion of long-term debt	**-**	7,603
Non-current portion of long-term debt	**$ 65,043**	$ 31,424

Essential's credit facility with its banking syndicate was renewed in May 2014 and is comprised of a $100 million revolving term loan facility with a $35 million accordion feature available on the lender's consent (the "Credit Facility"). The Credit Facility matures on May 31, 2017, is renewable at the lender's consent and is secured by a general security agreement over the Company's assets. To the extent the Credit Facility is not renewed, the balance would be immediately due and payable on the maturity date. As at September 30, 2014, the maximum of $100 million under the Credit Facility was available to Essential.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

As at September 30, 2014, the Company was in compliance with all financial debt covenants and all banking requirements were up to date under the Credit Facility.

11. SHARE CAPITAL

Authorized

The authorized share capital of Essential consists of an unlimited number of common shares ("Common Shares") and preferred shares. Common Shares are without par value and are entitled to any dividend declared on this class of share. Preferred shares may be issued in one or more series, and the rights, privileges, restrictions and conditions of each series will be determined prior to issuance.

	Number of Common Shares (000's)	Amount
As at January 1, 2013	123,991	$ 258,772
Shares issued on exercise of options	2,025	4,491
Shares repurchased under normal course issuer bid	(520)	(1,086)
As at December 31, 2013	125,496	$ 262,177
Shares issued on exercise of options	**624**	**1,519**
Shares repurchased in normal course issuer bid	**(200)**	**(418)**
As at September 30, 2014	**125,920**	**$ 263,278**

On March 20, 2014, the Company received approval from the TSX to renew its Normal Course Issuer Bid ("NCIB") for Essential's Common Shares. Any Common Shares purchased by Essential pursuant to the NCIB will be for cancellation. The NCIB commenced on March 25, 2014 and will terminate on March 24, 2015, or at such earlier date as the NCIB is completed or terminated at the option of Essential. Under the renewed NCIB, Essential may purchase up to 12,311,641 of its issued and outstanding Common Shares on the open market through the facilities of the TSX or other alternative trading systems.

For the nine months ended September 30, 2014, 200,000 Common Shares were acquired and cancelled under the renewed NCIB at an average cost of $2.50 per Common Share. Any excess amount paid for these shares, relative to their carrying amount, was recorded as a reduction of contributed surplus.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

12. OTHER RESERVES

	Contributed Surplus	Accumulated Other Comprehensive Income (Loss)	Total
As at January 1, 2013	$ 4,475	$ 888	$ 5,363
Share-based compensation	1,177	-	1,177
Exercise of options	(1,100)	-	(1,100)
Shares cancelled under normal course issuer bid	(140)	-	(140)
Unrealized foreign exchange loss on foreign operations	-	(54)	(54)
Unrealized foreign exchange loss on discontinued operations	-	(224)	(224)
Reclassification of foreign exchange gain on discontinued operations	-	(664)	(664)
As at December 31, 2013	$ 4,412	$ (54)	$ 4,358
Share-based compensation	**592**	**-**	**592**
Exercise of options	**(509)**	**-**	**(509)**
Shares cancelled under NCIB	**(83)**	**-**	**(83)**
Unrealized foreign exchange loss on foreign operations	**-**	**70**	**70**
As at September 30, 2014	**$ 4,412**	**$ 16**	**$ 4,428**

13. SHARE-BASED COMPENSATION

The Company offers the following share-based compensation plans: a Share Option Plan, a Restricted Share Unit (“RSU”) Plan and a Deferred Share Unit (“DSU”) Plan.

The maximum number of share options issuable under the Share Option Plan and RSU units under the RSU Plan, together may not exceed 9% of the Company’s outstanding Common Shares. As at September 30, 2014, the maximum number of share options and RSU units allowed for issuance was 11,332,888 (2013 – 11,263,719).

Components of the Company’s share-based compensation expense are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	**2014**	2013
Equity-settled share options	**$ 192**	$ 307	**$ 592**	$ 919
Restricted share units	**245**	242	**1,033**	242
Cash-settled deferred share units	**47**	36	**188**	36
Total share-based compensation expense	**$ 484**	$ 585	**$ 1,813**	$ 1,197

a) Share Option Plan

Under the Company’s Share Option Plan, certain key personnel of the Company are eligible to receive options to acquire Essential’s Common Shares, with terms not to exceed five years from the date of the grant. The exercise price is the weighted-average price of the Common Shares for the five trading days immediately prior to the grant date. Under the Share Option Plan, vesting periods are determined by the Board of Directors of the Company at the time of the grant. The options currently outstanding vest over three years with one-third of the options exercisable on each anniversary date from the date of the original grant.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

	For the nine months ended September 30, 2014		For the nine months ended September 30, 2013	
	Number of Options (000's)	**Weighted Average Exercise Price**	Number of Options (000's)	Weighted Average Exercise Price
Outstanding, beginning of period	**5,444**	**$ 1.97**	7,374	$ 1.91
Issued	**655**	**2.90**	819	2.26
Exercised	**(624)**	**1.62**	(1,681)	1.78
Expired	**-**	**-**	(396)	2.66
Forfeited	**(85)**	**2.05**	(219)	2.16
Outstanding, end of period	**5,390**	**$ 2.12**	5,897	$ 1.94
Exercisable, end of period	**3,546**	**$ 1.97**	2,979	$ 1.75

The fair value of the share options issued during the period was between $0.72 - $0.82 per option (2013 - $0.53 - $0.76), estimated using the Black-Scholes option pricing model using the following underlying assumptions:

	2014	2013
Risk-free interest rate	**1.4 – 1.7%**	1.1 – 1.6%
Expected volatility	**43.5 – 46.4%**	45.0 – 58.5%
Expected term	**3.6 – 4.4 years**	2.7 – 4.2 years
Expected forfeiture rate	**7.9 – 17.4%**	7.9 – 18.2%
Dividend yield	**4.12%**	4.30 – 4.60%

The expected term of the grant is determined based on the historical average life of grants issued. The risk-free interest rate is determined using the Canadian bond yield based on the expected term of the grant. The expected volatility is determined based on the change in the share price over the term of the grant. The expected forfeiture rate is calculated based on historical forfeitures of grants issued.

The following table summarizes information with respect to the share options outstanding as at September 30, 2014:

Exercise Prices	Options Outstanding (000's)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price (per option)	Number of Options Exercisable (000's)
$1.00 – $2.00	1,055	1.04	$ 1.55	1,041
$2.00 – $2.90	4,335	2.58	$ 2.26	2,505
	5,390	2.28	$ 2.12	3,546

b) Restricted Share Units

The RSU Plan authorizes the Board of Directors of the Company to grant RSUs to persons who are officers and employees of, or consultants to, the Company. RSUs granted to a participant represent a right to receive a cash payment or its equivalent in Common Shares at the time of vesting. The 2013 grants are time vested and the 2014 grants have both a time and performance-based component. The grants vest in three equal instalments and if a performance criteria is featured, they vest conditionally. The associated liability related to the RSUs as at September 30, 2014 is $1.2 million (December 31, 2013 – $0.8 million) of which $0.8 million is due within one year.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

The following table summarizes information with respect to the RSUs outstanding as at September 30, 2014:

	For the nine months ended September 30	
Number of RSUs (000's)	**2014**	2013
Outstanding, beginning of period	**588**	-
Issued	**778**	588
Vested	**(200)**	-
Forfeited	**(80)**	-
Outstanding, end of period	**1,086**	588

c) Deferred Share Units

Participation in the DSU Plan is restricted to non-employee directors ("Eligible Directors"), officers and employees of the Company. A DSU gives the DSU Plan participant a right of redemption in the form of a lump sum cash payment, less applicable withholding taxes, within fifteen days of the DSU Plan participant ceasing to be an Eligible Director, officer or employee of the Company. The carrying amount of the liability as at September 30, 2014 is $0.3 million (December 31, 2013 – $0.1 million).

The following table summarizes information with respect to the DSUs outstanding as at September 30, 2014:

	For the nine months ended September 30	
Number of DSUs (000's)	**2014**	2013
Outstanding, beginning of period	**100**	-
Issued	**137**	100
Outstanding, end of period	**237**	100

14. DISCONTINUED OPERATIONS

In 2012, Essential committed to a plan to divest of its Colombian operations. As of December 31, 2013, Essential sold all of its Colombian assets and its Colombian legal entity. There are no further activities related to the discontinued operations in 2014.

15. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net income attributable to shareholders of Essential by the weighted average number of shares issued.

In calculating the diluted earnings per share, share options and RSUs outstanding have been taken into account where the impact of these is dilutive. During periods of net loss, the dilutive effect on Common Shares from share options and RSUs are not used in calculating net income per share as their effect is anti-dilutive.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

	For the three months ended September 30		For the nine months ended September 30	
(000's)	**2014**	2013	**2014**	2013
Basic	**125,852**	125,084	**125,726**	124,434
Dilutive common shares from share options and RSUs	**2,147**	1,962	**2,356**	1,488
Total diluted	**127,999**	127,046	**128,082**	125,922

16. COMMITMENTS AND CONTINGENCIES

Operating leases

Essential has entered into operating leases for office and shop premises that provide for minimum annual lease payments, as follows:

	Amount
2014	$ 1,494
2015	5,882
2016	5,816
2017	4,894
2018	3,321
Thereafter	13,258
	$ 34,665

Other commitments

Essential entered into agreements to build certain assets for $22 million of which approximately $9 million is expected to be paid in 2014 and $13 million is to be paid in 2015.

Contingencies

The Company, through the performance of its services and business arrangements, is sometimes named as a defendant in litigation. The outcome of such claims against the Company is not determinable at this time; however, any ultimate resolution is not expected to have a material adverse effect on the Company.

A statement of claim was filed on October 23, 2013 by Packers Plus Energy Services Inc. against Essential in Canadian Federal Court which alleges certain products and methods associated with the Tryton MSFS® infringe a patent issued to Packers Plus Energy Services Inc. Essential believes that the suit is without merit and is defending against the allegations.

17. SEASONALITY OF OPERATIONS

The Company's operations are carried out primarily 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 ground surface is frozen enough to support the heavy equipment. As a result, the activity levels of the Company are directly impacted by this seasonality, whereby activity is traditionally higher in the first, third and fourth quarters of the year and lower in the second quarter.

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

18. SEGMENTED INFORMATION

Essential has two operating segments, Well Servicing and Downhole Tools & Rentals, and a non-operating segment, Corporate and Eliminations.

Essential has chosen to identify its reportable segments based on services offered. The basis of accounting for transactions between reportable segments is done at fair market value.

a) Well Servicing

The Well Servicing segment provides well completion, production and workover services throughout the Western Canadian Sedimentary Basin. The Well Servicing segment is comprised of a fleet of coil tubing rigs, service rigs, fluid and nitrogen pumpers and ancillary equipment.

b) Downhole Tools & Rentals

The Downhole Tools & Rentals segment is comprised of the Canadian and United States downhole tools, and rentals business.

c) Corporate and Eliminations

The Corporate and Eliminations segment is comprised of: i) corporate office costs, which are managed on a group basis and are not allocated to the operating segments; and ii) eliminations, which includes transactions between segments which are eliminated upon consolidation. Net income (loss) before income tax for the three and nine months ended September 30, 2014 for the Corporate and Eliminations segment, substantially represents corporate office costs.

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

As at and for the three months ended September 30, 2014	**Well Servicing**	**Downhole Tools & Rentals**	**Corporate & Eliminations**	**Consolidated**
Revenue	**$ 61,338**	**$ 35,261**	**$ (463)**	**$ 96,136**
Net income (loss) before income tax	**$ 8,678**	**$ 11,815**	**$ (5,745)**	**$ 14,748**
Depreciation and amortization	**$ 5,622**	**$ 912**	**$ 293**	**$ 6,827**
Property, equipment and Intangible expenditures	**$ 8,629**	**$ 1,695**	**$ 313**	**$ 10,637**

As at and for the three months ended September 30, 2013	Well Servicing	Downhole Tools & Rentals	Corporate & Eliminations	Consolidated
Revenue	$ 56,907	$ 28,185	$ (582)	$ 84,510
Net income (loss) before income tax	$ 4,062	$ 7,804	$ (5,702)	$ 6,164
Depreciation and amortization	$ 5,689	$ 644	$ 182	$ 6,515
Property, equipment and Intangible expenditures	$ 11,180	$ 584	$ 490	$ 12,254

(All tabular amounts in thousands of dollars unless otherwise stated, except for per share amounts)

As at and for the nine months ended September 30, 2014	**Well Servicing**	**Downhole Tools & Rentals**	**Corporate & Eliminations**	**Consolidated**
Revenue	**$ 169,171**	**$ 85,068**	**$ (1,621)**	**$ 252,618**
Net income (loss) before income tax	**$ 13,747**	**$ 25,205**	**$ (17,714)**	**$ 21,238**
Depreciation and amortization	**$ 16,865**	**$ 2,509**	**$ 814**	**$ 20,188**
Total assets	**$ 364,307**	**$ 87,284**	**$ 3,154**	**$ 454,745**
Total liabilities	**$ 31,544**	**$ 7,048**	**$ 97,673**	**$ 136,265**
Property, equipment and Intangible expenditures	**$ 21,786**	**$ 7,011**	**$ 1,012**	**$ 29,809**

As at and for the nine months ended September 30, 2013	Well Servicing	Downhole Tools & Rentals	Corporate & Eliminations	Consolidated
Revenue	$ 164,249	$ 79,779	$ (583)	$ 243,445
Net income (loss) before income tax	$ 13,475	$ 22,740	$ (16,290)	$ 19,925
Depreciation and amortization	$ 16,798	$ 2,003	$ 764	$ 19,565
Total assets	$ 340,437	$ 60,244	$ 4,517	$ 405,198
Total liabilities	$ 47,835	$ 5,028	$ 50,377	$ 103,240
Property, equipment and Intangible expenditures	$ 27,688	$ 2,325	$ 945	$ 30,958

19. SUBSEQUENT EVENT

On October 8, 2014, the Company sold all of its rod rigs assets for gross proceeds of $6.1 million. These assets are presented as assets held for sale.

20. COMPARATIVE FIGURES

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

CORPORATE INFORMATION

DIRECTORS

James Banister, Chairman[2]

Garnet Amundson[3]

Michael Black [2]

Robert German [1,3]

Nicholas Kirton [1,2]

Robert Michaleski[1]

Andrew Zaleski [3]

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

MANAGEMENT

Garnet Amundson
PRESIDENT & CHIEF EXECUTIVE OFFICER

Don Webster
CHIEF OPERATING OFFICER

Allan Mowbray
VICE PRESIDENT, FINANCE & CHIEF FINANCIAL OFFICER

Jeff Newman
SENIOR VICE PRESIDENT, CORPORATE

Kevin Job
SENIOR VICE PRESIDENT, OPERATIONS

Karen Perasalo
VICE PRESIDENT, INVESTOR RELATIONS & CORPORATE SECRETARY

AUDITORS

Ernst & Young LLP

BANKERS

National Bank of Canada

Toronto Dominion Bank

HSBC Bank Canada

Canadian Western Bank

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STOCK EXCHANGE LISTING

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