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 six months ended June 30, 2019.

This MD&A should be read in conjunction with Essential's June 30, 2019 unaudited condensed consolidated interim financial statements and the audited annual consolidated financial statements and MD&A included in Essential's 2018 Financial Report for the financial year ended December 31, 2018. 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 sections 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 August 7, 2019 and was approved and authorized for issuance by the Board of Directors of the Company on August 7, 2019.

Essential was incorporated under the *Business Corporations Act* (Alberta). The common shares of the Company trade on the Toronto Stock Exchange ("TSX") under the symbol ESN. Additional information regarding Essential, including the Company's Annual Information Form ("AIF"), 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, hours and fleet data)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Revenue	$ **27,086**	$ 37,938	$ **74,532**	$ 98,072
Gross margin(i)	**3,607**	4,838	**14,166**	17,308
Gross margin %	**13%**	13%	**19%**	18%
EBITDAS(1)(i)	**1,408**	1,837	**8,952**	10,982
Net (loss) income(i)	**(1,357)**	(2,405)	**50**	2,648
Per share – basic and diluted	**(0.01)**	(0.02)	**0.00**	0.02
Operating hours				
Coil tubing rigs	**7,126**	9,311	**20,544**	25,481
Pumpers	**9,348**	13,236	**25,430**	33,675

	As at June 30, **2019**	2018
Working capital	$ **47,662**	$ 54,062
Total assets	**195,532**	221,935
Long-term debt	**7,451**	19,087
Equipment fleet(ii)		
Coil tubing rigs	**29**	30
Pumpers	**27**	27

(i) Effective January 1, 2019, Essential adopted IFRS 16 – Leases ("IFRS 16"). Comparative information has not been restated and therefore may not be comparable. This change in accounting policy increased gross margin, EBITDAS(1) and net income for the three months ended June 30, 2019 by $0.9 million, $1.3 million and $0.1 million, respectively, compared to the prior year period. For the six months ended June 30, 2019, gross margin, EBITDAS(1) and net income increased by $1.8 million, $2.5 million and $0.2 million, respectively, compared to the prior year period. For further information see the section titled "Change in Accounting Policy – IFRS 16 – Leases".

(ii) Fleet data represents the number of units at the end of the period.

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

INDUSTRY OVERVIEW

Second quarter 2019 activity in the Canadian oil and natural gas industry was significantly below the same prior year period. Political, regulatory and market access issues continued to result in reduced capital spending by Canadian exploration and production ("E&P") companies during the quarter. Well completions, a key indicator of industry activity in the Western Canadian Sedimentary Basin ("WCSB") declined 26%[a] compared to the three months ended June 30, 2018 and 25%[a] compared to the six months ended June 30, 2018.

HIGHLIGHTS

Revenue for the three months ended June 30, 2019 was $27.1 million, a 29% decrease from the second quarter 2018, due to lower activity. EBITDAS[1] was $1.4 million, only $0.4 million lower than the same prior year period, despite the $10.9 million decrease in revenue. This was as a result of proactive cost management and the impact of IFRS 16.

Key operating highlights included:

- Essential Coil Well Service ("ECWS") revenue was $16.0 million, 23% lower than the second quarter 2018. Management was pleased with demand for the Generation III and Generation IV coil tubing rigs during the seasonally slow second quarter, as these rigs worked on long-reach horizontal wells.

- Tryton revenue was $11.1 million, 35% lower than the second quarter 2018. Second quarter revenue for Tryton's conventional downhole tool operation increased compared to the same prior year period as customers continued to spend on production and decommissioning activities. Tryton's multi-stage fracturing system ("MSFS®") operation experienced a sharp decrease in revenue as customers reduced or deferred their completion programs. Historically, Tryton has experienced quarterly shifts in activity depending on specific customer spending plans.

For the six months ended June 30, 2019, Essential reported revenue of $74.5 million, $23.5 million lower than the prior year period. EBITDAS[1] was $9.0 million, a $2.0 million decrease from the six months ended June 30, 2018.

At June 30, 2019, Essential was in a strong financial position with long-term debt of $7.5 million and funded debt[1] to bank EBITDA[1] of 0.4x. Long-term debt decreased $5.4 million from March 31, 2019 primarily from collection of customer receivables. Working capital[1] was $47.7 million on June 30, 2019, exceeding long-term debt by $40.2 million. On August 7, 2019, Essential had $10.8 million of long-term debt outstanding.

CHANGE IN ACCOUNTING POLICY – IFRS 16 – LEASES

On January 1, 2019, Essential adopted the IFRS 16 – Leases standard ("IFRS 16"). Comparative information, including non-GAAP measures, has not been restated and therefore may not be comparable. Where the impact was material, the amounts have been quantified for comparative analysis purposes in the respective sections of this document. The implications for the six months ended June 30, 2019 were:

- On January 1, 2019, Essential recognized a right-of-use asset of $14.1 million, and a lease liability of $18.4 million for its office and shop premises. Leases are capitalized at the commencement of each lease at the present value of the future lease payments;

- Lease payments, which were previously expensed as either an operating or general and administrative expense, are no longer expensed. There is now a depreciation charge for the right-of-use asset on a straight-line basis over the lease term; and

- As lease payments are made, the lease liability is reduced by the discounted value of each lease payment, with the difference between the amount of the lease payment and the discounted value of the lease payment recognized as a finance cost over the term of the lease.

(a) Source: Daily Oil Bulletin

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

This change in accounting policy increased gross margin, EBITDAS(1) and net income for the three months ended June 30, 2019 by $0.9 million, $1.3 million and $0.1 million, respectively, compared to the prior year period. Depreciation expense and finance costs related to the right-of-use asset and lease liability increased by $0.8 million and $0.3 million, respectively, compared to the prior year.

For the six months ended June 30, 2019, gross margin, EBITDAS(1) and net income increased by $1.8 million, $2.5 million and $0.2 million, respectively, compared to the prior year period. Depreciation expense and finance costs related to the right-of-use asset and lease liability increased by $1.7 million and $0.5 million, respectively, compared to the prior year.

OVERVIEW OF ESSENTIAL

Essential safely provides completion, production and decommissioning services to E&P companies primarily in western Canada. Services are offered through coil tubing, fluid and nitrogen pumping, and the sale and rental of downhole tools and equipment.

<u>Essential Coil Well Service</u>

Coil Tubing Rigs – Essential operates one of the largest coil tubing fleets in Canada. Coil tubing rigs provide completion, stimulation and work-over services on long-reach horizontal and vertical wells. Essential's coil tubing rigs are equipped to work with coil tubing ranging from 1 ½ inches to 2 ⅞ inches in diameter. The rigs have a depth capacity using 2 ⅜ inch coil of up to 7,200 meters when the coil is transported on the rig and up to 9,400 meters if the coil is transported separately. Essential's coil tubing fleet is comprised of Generation I, II, III and IV coil tubing rigs, which are differentiated by capability to service wells with varying depths and well pressures. The varied limit, capacity and coil diameter of Essential's coil tubing fleet make this equipment ideally suited to work in all facets of a customer's horizontal well completion and work-over program.

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.

Pumpers – Coil tubing rigs are packaged with and 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 chemicals into the wellbore. Fluid pumpers also perform stand-alone pump-down work independent of the coil tubing fleet. Nitrogen pumpers are used to pump inert nitrogen gas into the wellbore for stimulation or work-over operations and to purge the coil tubing of fluids once the coil tubing work has been completed.

Tryton

Essential's Tryton segment provides a wide range of downhole tools and rental services across the WCSB and in the U.S. for completion, production and decommissioning 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. Tryton offers a variety of MSFS® tools that provide customers with a choice of completion technologies to use on their horizontal well completion program. The completion technology selected will vary based on wellbore characteristics and client preference. Revenue and cost parameters of each completion technology vary depending on the nature of the tools used and the services provided:
  - Ball & Seat – Tryton's Ball & Seat system uses open hole packers and sleeves, which are opened in sequential order by dropping progressively larger balls through a liner, to isolate and fracture each zone along the non-cased horizontal leg of a well. The number of zones, or "stages", that can be fractured using a Ball & Seat system is limited by the size specifications of the balls and seats used.
  - V-Sleeve – The Tryton V-Sleeve is a cemented-in-liner system that involves cementing a tool string into the wellbore with sliding sleeves set at specified intervals and using a coil-actuated sleeve shifting tool to sequentially open each sliding sleeve. The Tryton V-Sleeve system enables customers to fracture an unlimited number of stages in the horizontal leg.
  - Composite Bridge Plug – Tryton's Composite Bridge Plug provides customers the ability to fracture an unlimited number of stages in the horizontal leg. These plugs are relatively quick to mill-out post-fracturing.
  - Hybrid MSFS® – Tryton's Hybrid MSFS® combines Tryton's Ball & Seat system, installed closer to the "toe" of the horizontal leg of a well, with Tryton's Composite Bridge Plug, installed towards the "heel" of the well. The Hybrid MSFS® enables customers to fracture an unlimited number of stages in the horizontal leg.
- Conventional Tools – These include conventional packers, tubing anchors, bridge plugs, cement retainers and related accessories that are used in completion, production and decommissioning operations.
- Rentals – The rental business offers a broad range of oilfield equipment, including specialty drill pipe, blowout preventers and various other tools and handling equipment.

Patent Litigation

Essential continues to successfully defend itself against a patent litigation initiated by Packers Plus Energy Services Inc. ("Packers Plus"). The following provides a brief summary of the litigation with Packers Plus. Based on the strength of both the Trial Decision and the Appeal Decision, as described below, Essential continues to believe that Packers Plus' claims are without merit.

Application for Leave to Appeal the Appeal Decision – On June 24, 2019, Packers Plus filed an application seeking leave from the Supreme Court of Canada (the "Supreme Court") to hear an appeal of the Appeal Decision, as described below. Filing an application for leave to appeal to the Supreme Court does not guarantee the Supreme Court will agree to hear the matter. In recent years, the Supreme Court has agreed to hear only approximately 10% of the appeals where leave to appeal was sought.

The Supreme Court's ruling on whether it will grant leave to hear the appeal may not be known until late 2019 or early 2020.

Appeal Decision – On April 25, 2019, the Federal Court of Appeal (the "Appeal Court") released its decision (the "Appeal Decision"), dismissing the appeal filed by Packers Plus in January 2018 (the "Appeal") with costs in favour of Essential and the other respondents. In its reasons, the Appeal Court upheld the portion of the trial decision that was released on December 6, 2017, that the asserted patent was invalid for obviousness and, as a result, it was not necessary for the Appeal Court to consider the other two findings of the Federal Court of Canada (the "Trial Court") of invalidity due to prior disclosure and non-infringement.

Trial Decision – Essential successfully defended itself against the patent litigation initiated by Packers Plus in October 2013. On December 6, 2017, the trial judgment in the Trial Court was released. The trial judge held that the asserted Packers Plus patent was invalid on two, independent grounds (either of which would have been sufficient to invalidate the patent) and that Essential did not, in any event, infringe the patent and therefore Packers Plus' action was dismissed with costs in favour of Essential and the other defendants (the "Trial Decision").

Cost Recovery – As noted above, in both the Trial Decision and the Appeal Decision, Essential was awarded costs related to this litigation.

Since October 2013, Essential has incurred approximately $5 million in costs. In calculating the cost awards, the Trial Court and the Appeal Court will separately consider costs incurred by Essential related to the following three aspects of this litigation:

1. Trial Costs – Costs incurred between October 2013 and March 2017 to prepare for and participate in the trial ("Trial Costs").
2. Post-Trial Costs – Costs incurred between the end of the trial in March 2017 up to December 2017 when the Trial Decision was released.
3. Appeal Costs – Costs incurred between December 2017 and April 2019 related to the Appeal.

In setting Essential's cost awards, the Trial Court and Appeal Court will separately consider the nature and quantum of the costs incurred for each aspect of the litigation over which each presided. The successful party is generally awarded a portion of the actual legal fees and disbursements that it incurred rather than obtaining full cost recovery.

On May 10, 2019, the Trial Court held a hearing on Essential's submission related to quantification of its Trial Costs. The timing of the release of the Trial Court's decision with respect to Essential's Trial Costs is unknown.

Cost recovery submissions related to the other two aspects of Essential's litigation costs will be prepared and submitted after the Trial Court has released its decision on Essential's cost award related to its Trial Costs.

RESULTS OF OPERATIONS

(in thousands of dollars, except per share amounts)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Revenue	**$ 27,086**	$ 37,938	**$ 74,532**	$ 98,072
Operating expenses[(i)]	**23,479**	33,100	**60,366**	80,764
Gross margin[(i)]	**3,607**	4,838	**14,166**	17,308
General and administrative expenses[(i)]	**2,199**	3,001	**5,214**	6,326
EBITDAS[(1)(i)]	**1,408**	1,837	**8,952**	10,982
Depreciation and amortization[(i)]	**3,890**	3,708	**8,192**	7,560
Share-based compensation expense	**438**	982	**884**	134
Other expense (income)	**197**	45	**585**	(893)
Finance costs[(i)]	**430**	374	**926**	655
(Loss) income before income tax[(i)]	**(3,547)**	(3,272)	**(1,635)**	3,526
Current income tax expense	**35**	-	**67**	8
Deferred income tax (recovery) expense	**(2,225)**	(867)	**(1,752)**	870
Income tax (recovery) expense	**(2,190)**	(867)	**(1,685)**	878
Net (loss) income[(i)]	**$ (1,357)**	$ (2,405)	**$ 50**	$ 2,648
Net (loss) income per share Basic and diluted	**$ (0.01)**	$ (0.02)	**$ 0.00**	$ 0.02

(i) Effective January 1, 2019, Essential adopted IFRS 16. Comparative information has not been restated and therefore may not be comparable. For further information see the section titled “Change in Accounting Policy – IFRS 16 – Leases”.

<u>SEGMENT RESULTS – *ESSENTIAL COIL WELL SERVICE*</u>

(in thousands of dollars, except percentages, hours and fleet data)	For the three months ended June 30, 2019	2018	For the six months ended June 30, 2019	2018
Revenue	**$ 16,006**	$ 20,774	**$ 42,075**	$ 53,348
Operating expenses(i)	**13,517**	18,768	**33,074**	45,119
Gross margin	**$ 2,489**	$ 2,006	**$ 9,001**	$ 8,229
Gross margin %	**16%**	10%	**21%**	15%
<u>Operating hours</u>				
Coil tubing rigs	**7,126**	9,311	**20,544**	25,481
Pumpers	**9,348**	13,236	**25,430**	33,675
<u>Equipment fleet</u>(ii)				
Coil tubing rigs	**29**	30	**29**	30
Fluid pumpers	**19**	20	**19**	20
Nitrogen pumpers	**8**	7	**8**	7

(i) Effective January 1, 2019, Essential adopted IFRS 16. Comparative information has not been restated and therefore may not be comparable. This change in accounting policy increased ECWS gross margin for the three and six months ended June 30, 2019 by $0.5 million and $1.0 million, respectively, compared to the prior year. For further information see the section titled "Change in Accounting Policy – IFRS 16 – Leases".

(ii) Fleet data represents the number of units at the end of the period.

ECWS revenue for the three months ended June 30, 2019 was $16.0 million, a 23% decrease compared to the same prior year period, consistent with the 26% decrease in industry well completions. Following a seasonally slow start to the second quarter, ECWS activity increased in June and was not overly impacted by wet weather. Pricing was consistent with the second quarter 2018 and the first quarter 2019, but revenue per hour was higher due to the mix of work.

Essential's Generation III and IV coil tubing rigs and quintuplex pumpers continued to be in demand during the second quarter as this equipment was purpose-built to work on long-reach, deep horizontal wells. Given the decline in industry activity, management is encouraged by the steady demand that its Generation IV coil tubing rigs have enjoyed.

ECWS gross margin was $2.5 million or 16% of revenue for the three months ended June 30, 2019. Effective cost management, including wage reductions and a stronger focus on variable operating costs, resulted in improvement from the same prior year period, despite lower activity and flat pricing.

On a year-to-date basis, ECWS revenue was $42.1 million, 21% lower than the six months ended June 30, 2018, consistent with the decrease in industry completion activity. Despite the decline in revenue, ECWS gross margin improved to 21% of revenue, compared to 15% in the prior year period, reflecting proactive and effective cost management practices.

SEGMENT RESULTS – *TRYTON*

(in thousands of dollars, except percentages)		For the three months ended June 30, 2019		2018		For the six months ended June 30, 2019		2018
Revenue	**$**	**11,080**	$	17,164	**$**	**32,457**	$	44,724
Operating expenses(i)		**9,745**		14,023		**26,674**		34,736
Gross margin	**$**	**1,335**	$	3,141	**$**	**5,783**	$	9,988
Gross margin %		**12%**		18%		**18%**		22%
Tryton revenue – % of revenue								
Tryton MSFS®		**14%**		47%		**31%**		47%
Conventional Tools & Rentals		**86%**		53%		**69%**		53%

(i) Effective January 1, 2019, Essential adopted IFRS 16. Comparative information has not been restated and therefore may not be comparable. This change in accounting policy increased Tryton gross margin for the three and six months ended June 30, 2019 by $0.4 million and $0.8 million, respectively, compared to the prior year. For further information see the section titled "Change in Accounting Policy – IFRS 16 – Leases".

Second quarter 2019 Tryton revenue was $11.1 million, a 35% decrease compared to the second quarter 2018, due primarily to lower industry activity. During the quarter, conventional tool sales increased compared to the same prior year period as customers continued to spend on production and decommissioning activities. Tryton's Canadian MSFS® operations experienced a sharp decline in revenue compared to the same prior year period as customers reduced or deferred their completion programs. Historically, Tryton has experienced quarterly shifts in activity depending on specific customer spending plans. Rentals revenue was also lower than the second quarter 2018, due to lower drilling activity.

Gross margin was 12% of revenue for the three months ended June 30, 2019. The decline compared to the same prior year period was due to decreased activity and fixed costs represented a greater portion of revenue. Pricing continued to be very competitive throughout the second quarter for Tryton's Canadian and U.S. operations.

On a year-to-date basis, Tryton revenue was $32.5 million, a 27% decrease compared to the six months ended June 30, 2018. Gross margin was 18%, lower than the same prior year period as fixed costs comprised a greater percentage of revenue.

GENERAL AND ADMINISTRATIVE

(in thousands of dollars)		For the three months ended June 30, 2019		2018		For the six months ended June 30, 2019		2018
General and administrative expenses	**$**	**2,199**	$	3,001	**$**	**5,214**	$	6,326

General and administrative expenses ("G&A") are comprised of wages, professional fees and other corporate and operational administrative costs. G&A for the three and six months ended June 30, 2019 decreased compared to the same prior year periods due to employee wage reductions, lower headcount, reduction of employee incentive plans, lower legal fees related to the Packers Plus litigation and the impact of IFRS 16.

Depreciation and Amortization

(in thousands of dollars)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Depreciation and amortization expense	**$ 3,890**	$ 3,708	**$ 8,192**	$ 7,560

Depreciation and amortization expense for the three and six months ended June 30, 2019 increased compared to the same periods in 2018. The Company recorded additional depreciation expense related to the right-of-use asset recognized under IFRS 16, partially offset by lower depreciation as a result of a reduction in net book value of the Company's equipment following the write-down recognized in the fourth quarter 2018.

Share-based Compensation

(in thousands of dollars)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Share-based compensation expense	**$ 438**	$ 982	**$ 884**	$ 134

Essential's liability for share-based compensation fluctuates based on Essential's share price. When Essential's share price increases (decreases), the estimated amount of future payments also increases (decreases) and results in higher (lower) share-based compensation expense.

Other Expense (Income)

(in thousands of dollars)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
(Gain) loss on disposal of assets	**$ (136)**	$ 377	**$ (281)**	$ (188)
Foreign exchange loss (gain)	**329**	(306)	**640**	(651)
Other expense (income)	**4**	(26)	**226**	(54)
Other expense (income)	**$ 197**	$ 45	**$ 585**	$ (893)

The strengthening of the Canadian dollar in relation to the U.S. dollar during the first three and six months of 2019 resulted in unrealized foreign exchange loss.

Finance Costs

(in thousands of dollars)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Finance costs	**$ 430**	$ 374	**$ 926**	$ 655

Finance costs for the first three and six months of 2019 increased compared to the same prior year periods due to lease liabilities recognized under IFRS 16, partially offset by lower interest paid on the Company's revolving credit facility (the "Credit Facility") as a result of lower average long-term debt outstanding in 2019.

INCOME TAXES

(in thousands of dollars)		For the three months ended June 30, 2019		2018		For the six months ended June 30, 2019		2018
Current income tax expense	**$**	**35**	$	-	**$**	**67**	$	8
Deferred income tax (recovery) expense		**(2,225)**		(867)		**(1,752)**		870
Income tax (recovery) expense	**$**	**(2,190)**	$	(867)	**$**	**(1,685)**	$	878

For the three and six months ended June 30, 2019, current income tax expense was consistent with the same prior year periods.

For the three and six months ended June 30, 2019, deferred income tax recovery increased compared to 2018 due to legislation that was enacted during the second quarter 2019 to decrease the Alberta provincial corporate income tax rate over the next four years from 12% to 8% by 2022. This rate decrease resulted in the revaluation of the deferred income tax liability as at June 30, 2019.

FINANCIAL RESOURCES AND LIQUIDITY

OPERATING CASH FLOW BEFORE CHANGES IN NON-CASH OPERATING WORKING CAPITAL

(in thousands of dollars, except per share amounts)		For the three months ended June 30, 2019		2018		For the six months ended June 30, 2019		2018
Net cash provided by operating activities	**$**	**7,641**	$	17,509	**$**	**20,480**	$	6,275
Decreases (increases) in non-cash working capital(1)		**6,961**		16,262		**13,161**		(5,508)
Operating cash flow before changes in non-cash operating working capital(1)	**$**	**680**	$	1,247	**$**	**7,319**	$	11,783
Per share – basic and diluted	**$**	**0.00**	$	0.01	**$**	**0.05**	$	0.08

WORKING CAPITAL

(in thousands of dollars, except ratios)		As at June 30, 2019		As at December 31, 2018
Current assets	**$**	**64,616**	$	78,614
Current liabilities		**(16,954)**		(17,766)
Working capital(1)	**$**	**47,662**	$	60,848
Working capital ratio		**3.8:1**		4.4:1

Working capital(1) is comprised primarily of accounts receivable and inventory, net of accounts payable. Working capital(1) typically grows through the first, third and fourth quarters of the year when industry activity is stronger. Essential uses its revolving credit facility (the "Credit Facility") to meet the variable nature of its working capital(1) requirements for the cost of carrying customer accounts receivable and inventory. Collection periods for accounts receivable are typically longer than payment cycles to vendors and employees. In periods of higher activity, debt tends to increase and in periods of lower activity, debt tends to decline.

CREDIT FACILITY

Essential's Credit Facility is comprised of a $50 million revolving secured term loan facility with a $20 million accordion feature available at the lender's consent. The Credit Facility matures on June 30, 2021, is renewable at the lender's consent and is secured by a general security agreement over the Company's assets, among other requirements and restrictions. To the extent the Credit Facility is not renewed, the balance becomes immediately due and payable on the maturity date.

The Credit Facility contains a number of terms and conditions, including:

- certain financial covenants, with the covenant thresholds detailed in the table below; and
- an equity cure provision whereby the proceeds from an equity offering may be applied to the calculation of bank EBITDA(1) in the funded debt(1) to bank EBITDA(1) covenant and the fixed charge coverage ratio(1) covenant. An equity cure cannot be used more than two times over the term of the Credit Facility and cannot be used in consecutive quarters.

As at June 30, 2019, Essential had consolidated funded debt(1) of $6.8 million, consisting of long-term debt plus deferred financing fees, net of cash. Essential does not anticipate financial resource or liquidity issues to restrict its future operating, investing or financing activities. On August 7, 2019, Essential had $10.8 million of long-term debt.

Financial Covenants

As at June 30, 2019, the maximum of $50 million under the Credit Facility was available to Essential and all financial debt covenants and banking requirements under the Credit Facility were satisfied.

	Covenant Threshold	**As at June 30, 2019**
Funded debt(1) to capitalization(1)	≤ 50%	**4%**
Funded debt(1) to bank EBITDA(1)	≤ 3.50x	**0.4x**
Fixed charge coverage ratio(1)	≥ 1.25x	**15.8x**
Distributions(i) cannot exceed distributable cash flow(1)		**N/A**

(i) Distributions include dividends and share buybacks.

EQUIPMENT EXPENDITURES

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of dollars)	**2019**	2018	**2019**	2018
ECWS	**$ 804**	$ 4,131	**$ 1,118**	$ 7,755
Tryton	**859**	642	**2,126**	1,299
Corporate	**7**	128	**91**	309
Total equipment expenditures	**1,670**	4,901	**3,335**	9,363
Less proceeds on disposal of property and equipment	**(872)**	(778)	**(1,829)**	(2,594)
Net equipment expenditures(1)	**$ 798**	$ 4,123	**$ 1,506**	$ 6,769

Essential classifies its equipment expenditures as growth capital(1) and maintenance capital(1):

	For the three months ended June 30,		For the six months ended June 30,	
(in thousands of dollars)	**2019**	2018	**2019**	2018
Growth capital(1)	**$ 89**	$ 2,169	**$ 719**	$ 4,098
Maintenance capital(1)	**1,581**	2,732	**2,616**	5,265
Total equipment expenditures	**$ 1,670**	$ 4,901	**$ 3,335**	$ 9,363

During the six months ended June 30, 2019 growth capital included the purchase of Tryton rental pipe and costs to finish upgrading the Generation IV coil tubing reel trailer.

Essential's 2019 capital forecast increased from $6 million to $8 million, for incremental maintenance capital. The $2 million increase is primarily to retrofit another Generation IV coil tubing rig, a decision based on the demand experienced for the first retrofitted rig. This second retrofitted Generation IV coil tubing rig is expected to be in service in late 2019, so it is available for the first quarter of 2020.

SHARE CAPITAL

As at August 7, 2019, there were 141,856,813 common shares and 4,458,583 share options ("Share Options") outstanding. Of the 4,458,583 Share Options, 3,666,248 were exercisable of which nil were "in-the-money".

COMMITMENTS

Leases

Essential has entered into leases for office and shop premises that provide for contractual undiscounted lease payments as follows:

(in thousands of dollars)		Amount
Less than one year	$	5,099
One to five years		13,570
More than five years		2,120
As at June 30, 2019	$	20,789

DISCLOSURE CONTROLS AND PROCEDURES

The Company'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 the Company is made known to the Company's CEO and CFO, particularly during the period in which annual, interim or other reports are being prepared; and (ii) information required to be disclosed by the Company 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 disclosure controls and procedures as part of its 2018 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2018, 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 the Company's 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 the Company's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's CEO and CFO are responsible for designing, or causing to be designed under their supervision, ICFR related to the Company, including its consolidated subsidiaries.

Essential reported on ICFR as part of its 2018 annual disclosure requirements (please refer to the MD&A for the year-ended December 31, 2018, 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 ICFR in the current period that have materially affected, or are reasonably likely to affect, the Company's ICFR.

OUTLOOK

The Canadian oil and natural gas industry continues to be challenged by political, regulatory and market access issues. These issues, along with production curtailments and commodity price uncertainty resulted in lower E&P capital spending, and lower oilfield service activity, for the first half of 2019, compared to 2018. Industry activity for the second half of 2019 is expected to continue to be below the prior year. While there is some longer-term optimism with the recent approval of the Trans Mountain Pipeline and an LNG export terminal project, the industry is lacking short-term solutions to expand take-away capacity.

For Essential, activity in the third quarter is expected to reflect a seasonal recovery, but within the confines of reduced industry activity. Visibility into the fourth quarter is unclear as E&P activity may be hampered if customers exhaust their capital spending budgets earlier in the year.

Essential continues to be focused on what it can control in this environment: cost management, capital discipline, ensuring its service offerings meet customer demand and allocating free cash flow to reduce debt.

The Company's financial position is strong with long-term debt outstanding at August 7, 2019 of $10.8 million. At June 30, 2019, funded debt(1) to bank EBITDA(1) was 0.4x. Essential believes it is financially well-positioned to meet its working capital and capital spending requirements and continue to withstand the industry volatility.

SUMMARY OF QUARTERLY DATA

Essential operates primarily in western Canada, where activity is 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 and thawing ground frost renders many roadways incapable of supporting heavy equipment. In addition, certain areas in Canada are typically only accessible during the winter months.

The industry downturn has disrupted typical historic oilfield services seasonal and quarterly patterns in western Canada as E&P companies' spending decisions are driven by constrained cash flow in addition to weather and access issues.

The following table provides the Company's quarterly information for the past eight quarters:

(in thousands of dollars, except per share amounts, percentages, hours and fleet data)	**June 30, 2019**	Mar 31, 2019	Dec 31, 2018	Sept 30, 2018	**June 30, 2018**	Mar 31, 2018	Dec 31, 2017	Sept 30, 2017
Essential Coil Well Service	**16,006**	26,069	18,334	27,831	**20,774**	32,574	22,002	28,606
Tryton	**11,080**	21,377	22,852	22,805	**17,164**	27,560	21,260	20,145
Total revenue	**27,086**	47,446	41,186	50,636	**37,938**	60,134	43,262	48,751
Gross margin(i)	**3,607**	10,559	5,261	10,112	**4,838**	12,470	4,522	11,524
Gross margin %	**13%**	22%	13%	20%	**13%**	21%	10%	24%
EBITDAS(1)(i)(ii)	**1,408**	7,544	1,690	7,047	**1,837**	9,145	1,153	8,541
Bank EBITDA(1)	**135**	6,378	2,170	7,264	**1,871**	9,150	1,220	8,624
Net (loss) income(i)(ii)(iii)	**(1,357)**	1,407	(13,654)	2,228	**(2,405)**	5,053	(3,843)	2,344
Per share – basic and diluted	**(0.01)**	0.01	(0.10)	0.02	**(0.02)**	0.04	(0.03)	0.02
Total assets	**195,532**	207,704	201,270	229,358	**221,935**	241,472	219,448	223,695
Long-term debt	**7,451**	12,827	21,388	23,667	**19,087**	31,943	17,975	20,606
Operating hours								
Coil tubing rigs	**7,126**	13,418	8,262	13,236	**9,311**	16,170	11,215	13,751
Pumpers	**9,348**	16,082	12,146	17,237	**13,236**	20,439	14,581	18,094
Total equipment fleet(iv)								
Coil tubing rigs	**29**	29	29	28	**30**	30	30	31
Fluid pumpers	**19**	19	19	19	**20**	19	18	18
Nitrogen pumpers	**8**	8	8	7	**7**	7	8	11
Tryton - % of revenue								
Tryton MSFS®	**14%**	40%	43%	41%	**47%**	47%	44%	48%
Conventional Tools & Rentals	**86%**	60%	57%	59%	**53%**	53%	56%	52%

(i) Effective January 1, 2019, Essential adopted IFRS 16. Comparative information has not been restated and therefore may not be comparable. For further information see the section titled "Change in Accounting Policy – IFRS 16 – Leases".

(ii) The quarter ended December 31, 2018 includes an onerous lease contract expense of $0.5 million.

(iii) The quarter ended December 31, 2018 includes an asset write-down of $17.9 million.

(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 referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of material factors, assumptions, risks and uncertainties, many of which are beyond the control of the Company.

Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "continues", "forecasts", "potential", "budget" and similar expressions, or are events or conditions that "will", "would", "may", "likely", "could", "should", "can", "typically" or "tends to" occur or be achieved. This MD&A contains forward-looking statements, pertaining to, among other things, the following: Essential's belief that Packers Plus' claims are without merit and the cost recovery process in connection therewith; the impact of Essential's financial resources or liquidity on its future operating, investing and financing activities; Essential's capital forecast and timing; oil and natural gas industry activity and outlook; political and regulatory uncertainty; Essential's activity levels; Essential's operational focus and outlook; and Essential's financial position, cash flows and ability to meet its working capital and capital spending requirements and withstand industry volatility.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements are made, undue reliance should not be placed on the forward-looking statements because the Company can give no assurances that such statements and information will prove to be correct and such statements are not guarantees of future performance. 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 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, including 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, market 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; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive and should refer to "Risk Factors" set out in the AIF.

Statements, including forward-looking statements, contained in this MD&A are made as of the date they are given and the Company disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement.

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 under Essential's profile on SEDAR at www.sedar.com.

[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 (loss) income and net (loss) income 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 and capital programs. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net (loss) income and net (loss) income per share as calculated in accordance with IFRS.

Bank EBITDA – Bank EBITDA is generally defined in Essential's Credit Facility as EBITDAS, including the equity cure, excluding onerous lease contract expense and severance costs ("Permitted Adjustments") and excluding the impact of IFRS 16.

Capitalization – Capitalization is defined in Essential's Credit Facility as the aggregate of its funded debt and equity.

Distributable cash flow – This measure is generally defined in Essential's Credit Facility as net (loss) income excluding share-based compensation expense, depreciation and amortization, deferred income tax expense, provision for accounts receivable impairment, gains/losses on disposal, write-down of assets, onerous lease contract expense and severance costs, less required principal repayments for the most recent trailing twelve months. The impact of IFRS 16 is excluded from the calculation.

EBITDAS (Earnings before finance costs, income taxes, depreciation, amortization, transaction costs, losses or gains on disposal, write-down of assets, impairment loss, foreign exchange gains or losses, 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 results from its principal business activities.

The following table reconciles Bank EBITDA, EBITDAS and EBITDA, to the IFRS measure, net (loss) income:

(in thousands of dollars)	For the three months ended June 30, 2019	2018	For the six months ended June 30, 2019	2018
Bank EBITDA	**$ 135**	$ 1,871	**$ 6,513**	$ 11,021
Impact of IFRS 16	**(1,282)**	-	**(2,528)**	-
Deduct Permitted Adjustments	**9**	34	**89**	39
EBITDAS(i)	**$ 1,408**	$ 1,837	**$ 8,952**	$ 10,982
Share-based compensation expense	**438**	982	**884**	134
Other expense (income)	**197**	45	**585**	(893)
EBITDA(i)	**$ 773**	$ 810	**$ 7,483**	$ 11,741
Depreciation and amortization	**3,890**	3,708	**8,192**	7,560
Finance costs	**430**	374	**926**	655
(Loss) income before income tax(i)	**$ (3,547)**	$ (3,272)	**$ (1,635)**	$ 3,526
Total income tax (recovery) expense	**(2,190)**	(867)	**(1,685)**	878
Net (loss) income(i)	**$ (1,357)**	$ (2,405)	**$ 50**	$ 2,648

(i) Effective January 1, 2019, Essential adopted IFRS 16. Comparative information has not been restated and therefore may not be comparable. This change in accounting policy increased EBITDAS, EBITDA, income before income tax and net income for the three months ended June 30, 2019 by $1.3 million, $1.3 million, $0.2 million and $0.1 million, respectively, compared to the prior year. For the six months ended June 30, 2019, EBITDAS, EBITDA, income before income tax and net income increased by $2.5 million, $2.5 million, $0.3 million and $0.2 million respectively, compared to the prior year. For further information see the section titled "Change in Accounting Policy – IFRS 16 – Leases".

Fixed charge coverage ratio – This measure is generally defined in Essential's Credit Facility as the ratio of Bank EBITDA less cash tax expense to the sum of distributions, scheduled principal repayments and interest expense.

(in thousands of dollars, except ratios)	Trailing 12 months ended June 30, 2019
Bank EBITDA	$ **15,947**
Less current income tax expense	**(122)**
	$ **15,825**
Finance costs[i]	$ **999**
Fixed charge coverage ratio	**15.8x**

(i) Finance costs in the Credit Facility exclude finance costs related to IFRS 16.

Funded debt – Funded debt is generally defined in Essential's Credit Facility as long-term debt, including current portion of long-term debt plus deferred financing costs and bank indebtedness, net of cash. It does not include the lease liability related to IFRS 16.

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

Maintenance capital – Equipment additions that are incurred in order to refurbish, replace or extend the life of previously acquired equipment. Such additions do not provide incremental revenue.

Net equipment expenditures[i] – This measure is equipment expenditures less proceeds on the disposal of equipment. Essential uses net equipment expenditures to describe net cash outflows related to the cost of Essential's capital program.

Working capital – Working capital is calculated as current assets less current liabilities.

(i) 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".

Unaudited Condensed Consolidated Interim Financial Statements

Essential Energy Services Ltd.

June 30, 2019

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

(in thousands of dollars)		**As at June 30, 2019**		As at December 31, 2018
Assets				
Current				
Cash	**$**	**899**	$	410
Trade and other accounts receivable *(note 5)*		**23,431**		35,775
Inventory *(note 6)*		**37,458**		40,255
Prepayments and deposits		**2,828**		2,174
		64,616		78,614
Non-current				
Property and equipment *(note 7)*		**113,169**		118,249
Right-of-use lease asset *(note 4)*		**13,787**		-
Intangible assets		**368**		662
Goodwill		**3,592**		3,745
		130,916		122,656
Total assets	**$**	**195,532**	$	201,270
Liabilities				
Current				
Trade and other accounts payable *(note 8)*	**$**	**12,109**	$	16,092
Share-based compensation *(note 12)*		**648**		657
Income taxes payable		**35**		-
Current portion of lease liability *(note 4)*		**4,162**		-
Current portion of onerous lease contracts		**-**		1,017
		16,954		17,766
Non-current				
Share-based compensation *(note 12)*		**2,067**		2,093
Long-term debt *(note 9)*		**7,451**		21,388
Deferred tax liability		**3,253**		5,025
Long-term lease liability *(note 4)*		**13,586**		-
Long-term onerous lease contracts		**-**		2,816
		26,357		31,322
Total liabilities		**43,311**		49,088
Contingencies *(note 14)*				
Equity				
Share capital *(note 10)*		**272,732**		272,732
Deficit		**(126,794)**		(126,734)
Other reserves *(note 11)*		**6,283**		6,184
Total equity		**152,221**		152,182
Total liabilities and equity	**$**	**195,532**	$	201,270

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

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

(in thousands of dollars, except per share amounts)	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Revenue	**$ 27,086**	$ 37,938	**$ 74,532**	$ 98,072
Operating expenses	**23,479**	33,100	**60,366**	80,764
Gross margin	**3,607**	4,838	**14,166**	17,308
General and administrative expenses	**2,199**	3,001	**5,214**	6,326
Depreciation and amortization *(notes 4 & 7)*	**3,890**	3,708	**8,192**	7,560
Share-based compensation expense *(note 12)*	**438**	982	**884**	134
Other expense (income)	**197**	45	**585**	(893)
Operating (loss) income	**(3,117)**	(2,898)	**(709)**	4,181
Finance costs	**430**	374	**926**	655
(Loss) income before taxes	**(3,547)**	(3,272)	**(1,635)**	3,526
Current income tax expense	**35**	-	**67**	8
Deferred income tax (recovery) expense	**(2,225)**	(867)	**(1,752)**	870
Income tax (recovery) expense	**(2,190)**	(867)	**(1,685)**	878
Net (loss) income	**(1,357)**	(2,405)	**50**	2,648
Unrealized foreign exchange gain (loss)	**32**	(12)	**65**	(53)
Comprehensive (loss) income	**$ (1,325)**	$ (2,417)	**$ 115**	$ 2,595
Net (loss) income per share *(note 13)*				
Basic and diluted	**$ (0.01)**	$ (0.02)	**$ 0.00**	$ 0.02
Comprehensive (loss) income per share *(note 13)*				
Basic and diluted	**$ (0.01)**	$ (0.02)	**$ 0.00**	$ 0.02

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

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

(in thousands of dollars)		For the six months ended June 30, **2019**		2018
Equity:				
Share capital				
Balance, January 1 and June 30 *(note 10)*	**$**	**272,732**	$	272,732
Deficit				
Balance, January 1	**$**	**(126,734)**	$	(117,956)
Adjustment on adoption of IFRS 16 (net of tax) *(note 3)*		**(110)**		-
Net income		**50**		2,648
Balance, June 30	**$**	**(126,794)**	$	(115,308)
Other reserves				
Balance, January 1	**$**	**6,184**	$	6,027
Other comprehensive gain (loss)		**65**		(53)
Share-based compensation *(note 12)*		**34**		138
Balance, June 30	**$**	**6,283**	$	6,112
Total equity	**$**	**152,221**	$	163,536

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

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

(in thousands of dollars)	For the six months ended June 30, **2019**	2018
Operating activities:		
Net income	**$ 50**	$ 2,648
Non-cash adjustments to reconcile net income to operating cash flow:		
Depreciation and amortization *(notes 4 & 7)*	**8,192**	7,560
Deferred income tax (recovery) expense	**(1,752)**	870
Share-based compensation *(note 12)*	**34**	138
Provision for impairment of trade accounts receivable *(note 5)*	**150**	100
Finance costs	**926**	655
Gain on disposal of assets	**(281)**	(188)
Operating cash flow before changes in non-cash operating working capital	**7,319**	11,783
Changes in non-cash operating working capital:		
Trade and other accounts receivable before provision	**12,436**	1,244
Inventory	**3,398**	(3,909)
Income taxes payable	**35**	268
Prepayments and deposits	**(654)**	(668)
Trade and other accounts payable	**(2,019)**	(501)
Onerous lease contract	**-**	(454)
Share-based compensation	**(35)**	(1,488)
Net cash provided by operating activities	**20,480**	6,275
Investing activities:		
Purchase of property, equipment and intangible assets *(note 7)*	**(3,335)**	(9,363)
Non-cash investing working capital in trade and other accounts payable	**(1,631)**	183
Proceeds on disposal of equipment	**1,829**	2,594
Net cash used in investing activities	**(3,137)**	(6,586)
Financing activities:		
(Decrease) increase in long-term debt *(note 9)*	**(14,000)**	1,350
Net finance costs paid	**(333)**	(862)
Payments of lease liability *(note 4)*	**(2,528)**	-
Net cash (used in) provided by financing activities	**(16,861)**	488
Foreign exchange gain on cash held in a foreign currency	**7**	28
Net increase in cash	**489**	205
Cash, beginning of period	**410**	46
Cash, end of period	**$ 899**	$ 251
Supplemental cash flow information		
Cash taxes paid (received)	**$ 29**	$ (260)
Cash interest and standby fees paid	**$ 308**	$ 435

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

1. AUTHORIZATION OF FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements ("Financial Statements") of Essential Energy Services Ltd. and its subsidiaries ("Essential" or the "Company") for the three and six months ended June 30, 2019 and 2018 were approved by the Board of Directors of Essential ("Board of Directors") on August 7, 2019.

Based in Calgary, Alberta, Essential provides oilfield services to oil and natural gas exploration and production companies primarily in western Canada. Essential is publicly traded, was incorporated under the *Business Corporations Act* (Alberta) and is listed under the symbol ESN on the Toronto Stock Exchange. The address of the registered office is 3400, 350 – 7 Avenue S.W., Calgary, Alberta, Canada, T2P 3N9.

2. SUMMARY OF COMPLIANCE AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements as at and for the three and six months ended June 30, 2019 were prepared in accordance with IAS 34 *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Except for the accounting standard adopted during the period as described in note 3, the same accounting policies and methods of computation were followed in the preparation of these Financial Statements as were followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2018. Accordingly, these Financial Statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2018. The Company adopted IFRS 16 on January 1, 2019. Changes to significant accounting policies are described in note 3.

3. CHANGE IN ACCOUNTING POLICY

NEW ACCOUNTING STANDARD

Except as noted below, the Company has consistently applied the accounting policies to all periods presented in these Financial Statements.

IFRS 16 Leases

IFRS 16 *Leases* ("IFRS 16") introduced a single, on-balance sheet lease accounting model for lessees, where a lessee recognizes a right-of-use asset representing the rights to the use of the underlying assets and a lease liability representing its obligation to make lease payments.

Effective January 1, 2019, Essential adopted IFRS 16 using a modified retrospective approach without restatement of comparative information. The cumulative effect of the adoption of IFRS 16 is recognized in retained earnings on January 1, 2019. Under this approach, the comparative information presented for 2018 has not been restated and continues to be reported under IAS 17.

The table below shows the adjustments recorded on transition to IFRS 16 on January 1, 2019.

Interim consolidated statement of financial position

(in thousands of dollars)	December 31, 2018	Adjustments on adoption	January 1, 2019
Right-of-use asset	$ -	$ 14,102	$ 14,102
Current portion of onerous lease contracts	1,017	(1,017)	-
Trade and other accounts payable	16,092	(330)	15,762
Long-term onerous lease contracts	2,816	(2,816)	-
Deferred tax liability	5,025	(22)	5,003
Lease liability	-	18,398	18,398
Deficit	$ (126,734)	$ (110)	$ (126,844)

When measuring its lease liability, the Company discounted the value of future lease payments using its incremental borrowing rate at January 1, 2019. The weighted average rate applied was 5.95%. Essential's lease liability as at January 1, 2019 was $18.4 million and its undiscounted lease commitment as at January 1, 2019 was $21.4 million.

4. LEASES

The Company applied IFRS 16 using the modified retrospective approach. The impact of this change is disclosed in note 3.

Significant accounting policy

Essential's leases are primarily related to office and shop premises.

At inception, a contract is assessed to determine whether it is, or contains, a lease. A lease conveys the right to control the use of the leased item for a period of time in exchange for payment. Leases are capitalized at the commencement of the lease at the present value of the future lease payments. Obligations recorded under leases are reduced by the lease payments made, net of imputed interest. Leased assets are depreciated using the straight-line method over the lease term.

Essential has applied judgment to determine the lease term of some lease contracts in which it is a lessee that include renewal options and discount rates.

Transition

Previously, Essential classified property leases as operating leases under IAS 17. These include office and shop premises.

At transition, for leases classified as operating leases under IAS 17, the lease liability was measured at the present value of the remaining lease payments, discounted at the incremental borrowing rate as at January 1, 2019.

Essential used the following practical expedients when applying IFRS 16 to the leases previously classified as operating leases under IAS 17:

- Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term and for low-value leases; and
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Information about the Company's office and shop premise leases are as follows:

Right-of-use lease asset

(in thousands of dollars)		**For the six months ended June 30, 2019**
Beginning of period	**$**	**14,102**
Leases added in period		**1,369**
Depreciation		**(1,665)**
Foreign exchange loss		**(19)**
End of period	**$**	**13,787**

Lease Liability

(in thousands of dollars)		**As at June 30, 2019**
Maturity analysis – contractual undiscounted cash flow		
Less than one year	**$**	**5,099**
One to five years		**13,570**
More than five years		**2,120**
Total undiscounted lease liability, end of period	**$**	**20,789**
Discounted value of future lease payments		
Current portion of lease liability	**$**	**4,162**
Long-term portion of lease liability		**13,586**
Lease liability included in the statement of financial position	**$**	**17,748**

For the three and six months ended June 30, 2019, Essential recognized $0.2 million and $0.5 million, respectively, of finance costs related to the lease liability in its consolidated interim statements of net (loss) income and comprehensive (loss) income. For the six months ended June 30, 2019, Essential recognized $2.5 million of total cash outflow for leases in the consolidated interim statement of cash flows.

5. TRADE AND OTHER ACCOUNTS RECEIVABLE

		As at June 30, 2019		As at December 31, 2018
Trade accounts receivable, net of provision	**$**	**23,321**	$	35,298
Other receivables		**110**		477
	$	**23,431**	$	35,775

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

Trade accounts receivable includes accrued receivables which primarily relate to Essential's rights to consideration for work completed but not invoiced at the reporting date.

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

The aging analysis of trade accounts receivable is as follows:

	As at June 30, 2019	As at December 31, 2018
< 31 days	**$ 14,304**	$ 9,674
31-60 days	**5,719**	13,286
61-90 days	**1,775**	9,762
> 90 days	**1,523**	2,576
	$ 23,321	$ 35,298

Essential considers a trade accounts receivable balance past due when it exceeds normal customer payment terms, which can range from 30 days to greater than 90 days. The provision for impairment of trade accounts receivable is included in the amounts over 90 days and has been included in operating expenses in the consolidated interim statements of net (loss) income and comprehensive (loss) income. Uncollectable amounts included in the provision are written off against the provision when there is no expectation of recovery. The movements in the provision during the period were as follows:

	For the six months ended June 30, 2019	For the twelve months ended December 31, 2018
Balance, beginning of period	**$ 715**	$ 671
Provision for receivables impairment	**150**	100
Receivables written off against the provision	**-**	(56)
Balance, end of period	**$ 865**	$ 715

6. INVENTORY

	As at June 30, 2019	As at December 31, 2018
Tryton tools	**$ 25,433**	$ 27,441
Coil tubing and supplies	**12,025**	12,814
	$ 37,458	$ 40,255

Inventory charged through operating expenses in the consolidated interim statements of net (loss) income and comprehensive (loss) income for the three and six months ended June 30, 2019 was $7.2 million and $19.6 million (2018 – $10.9 million and $26.7 million), respectively.

7. PROPERTY AND EQUIPMENT

As at June 30, 2019	**Cost**	**Accumulated Depreciation**	**Net Book Value**
Coil rigs, pumpers and equipment	**$ 156,622**	**$ 85,997**	**$ 70,625**
Other oilfield equipment	**60,548**	**34,364**	**26,184**
Vehicles	**33,451**	**18,872**	**14,579**
Office and computer equipment	**4,056**	**3,539**	**517**
Other	**4,793**	**3,529**	**1,264**
	$ 259,470	**$ 146,301**	**$ 113,169**

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

As at December 31, 2018	Cost	Accumulated Depreciation	Net Book Value
Coil rigs, pumpers and equipment	$ 159,087	$ 86,047	$ 73,040
Other oilfield equipment	60,408	32,495	27,913
Vehicles	34,259	18,595	15,664
Office and computer equipment	4,044	3,439	605
Other	4,467	3,440	1,027
	$ 262,265	$ 144,016	$ 118,249

Included in property and equipment is $1.0 million (December 31, 2018 – $2.7 million) of assets under construction which will not be depreciated until put into use.

	For the three months ended June 30, **2019**	2018	For the six months ended June 30, **2019**	2018
Net book value, beginning of period	**$ 115,795**	$ 139,322	**$ 118,249**	$ 139,734
Additions	**1,662**	4,881	**3,316**	9,333
Disposals	**(1,349)**	(1,163)	**(2,161)**	(2,414)
Depreciation	**(2,930)**	(3,510)	**(6,219)**	(7,133)
Currency translation adjustment	**(9)**	8	**(16)**	18
Net book value, end of period	**$ 113,169**	$ 139,538	**$ 113,169**	$ 139,538

8. TRADE AND OTHER ACCOUNTS PAYABLE

	As at June 30, 2019	As at December 31, 2018
Trade accounts payable	**$ 4,994**	$ 6,882
Accrued payables	**3,673**	4,100
Accrued payroll	**2,548**	3,888
Other	**894**	1,222
	$ 12,109	$ 16,092

9. LONG-TERM DEBT

	As at June 30, 2019	As at December 31, 2018
Term loan	**$ 7,700**	$ 21,700
Deferred financing costs	**(249)**	(312)
Non-current portion of long-term debt	**$ 7,451**	$ 21,388

Essential's credit facility is comprised of a $50 million revolving term loan facility with a $20 million accordion feature available at the lender's consent (the "Credit Facility"). The Credit Facility matures on June 30, 2021, 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 June 30, 2019, the maximum of $50 million was available to Essential and all financial debt covenants and banking requirements under the Credit Facility were satisfied.

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

The following table reconciles the change in long-term debt to cash flow arising from financing activities:

	For the three months ended June 30,	
	2019	2018
Balance, beginning of period	**$ 21,388**	$ 17,975
Cash changes:		
(Decrease) increase in long-term debt	**(14,000)**	1,350
Non cash changes:		
Deferred financing costs for Credit Facility renewal	**-**	(363)
Amortization of deferred financing costs	**63**	125
Balance, end of period	**$ 7,451**	$ 19,087

10. 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 shares. 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 June 30, 2019, December 31, 2018 and January 1, 2018	**141,857**	**$ 272,732**

11. OTHER RESERVES

	Contributed Surplus	Accumulated Other Comprehensive Income	Total
As at January 1, 2018	$ 5,548	$ 479	$ 6,027
Share-based compensation	239	-	239
Unrealized foreign exchange loss	-	(82)	(82)
As at December 31, 2018	$ 5,787	$ 397	$ 6,184
Share-based compensation	**34**	**-**	**34**
Unrealized foreign exchange gain	**-**	**65**	**65**
As at June 30, 2019	**$ 5,821**	**$ 462**	**$ 6,283**

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

12. SHARE-BASED COMPENSATION

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

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

	For the three months ended June 30,		For the six months ended June 30,	
	2019	2018	**2019**	2018
Share options	**$ 28**	$ 60	**$ 34**	$ 138
Restricted share units	**283**	550	**656**	587
Deferred share units	**127**	372	**194**	(591)
Share-based compensation expense	**$ 438**	$ 982	**$ 884**	$ 134

a) Share Option Plan

Under the Company's Share Option Plan, participants receive options to acquire 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 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.

At June 30, 2019 the maximum number of share options issuable under the Share Option Plan may not exceed 6% (2018 – 9%) of the Company's outstanding Common Shares. As at June 30, 2019, the maximum number of share options allowed for issuance was 8,511,409 (2018 – 12,767,114).

	For the six months ended June 30, 2019		For the six months ended June 30, 2018	
	Number of Options (000's)	**Weighted Average Exercise Price**	Number of Options (000's)	Weighted Average Exercise Price
Outstanding, beginning of period	**5,821**	**$ 0.99**	6,398	$ 1.11
Issued	**532**	**0.32**	-	-
Expired	**(465)**	**2.90**	(457)	2.21
Forfeited	**(1,430)**	**0.80**	-	-
Outstanding, end of period	**4,458**	**$ 0.77**	5,941	$ 1.02
Exercisable, end of period	**3,666**	**$ 0.82**	4,384	$ 1.13

The fair value of the share options issued during the period was $0.15 (2018 – nil). Fair value is estimated using the Black-Scholes Option Pricing Model using the following underlying assumptions:

	2019	2018
Risk-free interest rate	**1.88%**	**n/a**
Expected volatility	**56.3 – 58.7%**	**n/a**
Expected term	**3.9 – 4.6 years**	**n/a**
Expected forfeiture rate	**7.6 - 13.7%**	**n/a**
Dividend yield	**nil**	**n/a**

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

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:

Exercise Prices	**Options Outstanding (000's)**	**Weighted Average Remaining Contractual Life (years)**		**Weighted Average Exercise Price (per option)**	**Number of Options Exercisable (000's)**
As at June 30, 2019					
$0.32 – $1.00	**3,263**	**2.36**	**$**	**0.62**	**2,471**
$1.01 – $1.46	**1,195**	**0.87**	**$**	**1.19**	**1,195**
	4,458	**1.96**	**$**	**0.77**	**3,666**
As at June 30, 2018					
$0.55 – $1.00	3,726	3.00	$	0.66	2,169
$1.01 – $2.00	1,630	1.86	$	1.19	1,630
$2.01 – $2.90	585	0.44	$	2.84	585
	5,941	2.44	$	1.02	4,384

b) Restricted Share Units

The Board of Directors is authorized to grant RSUs to participants under the RSU Plan. An RSU gives the participant the right to receive a cash payment at the time of vesting. The grants vest in three equal instalments and contain time vesting and/or performance vesting feature(s). The performance based criteria vest conditionally. Essential's liability as at June 30, 2019 was $0.9 million (December 31, 2018 – $1.0 million) of which $0.6 million is due within one year (December 31, 2018 – $0.7 million).

The following table summarizes information with respect to RSUs outstanding:

	For the six months ended June 30,	
Number of RSUs (000's)	**2019**	2018
Outstanding, beginning of period	**4,930**	4,833
Issued	**5,976**	2,814
Vested	**(2,147)**	(2,278)
Forfeited	**(848)**	(69)
Outstanding, end of period	**7,911**	5,300

c) Deferred Share Units

The Board of Directors is authorized to grant DSUs to participants under the DSU Plan. A DSU gives the participant a right of redemption in the form of a lump sum cash payment when the participant ceases to be a director or employee of the Company. Essential's liability at June 30, 2019 was $1.8 million (December 31, 2018 – $1.8 million) of which nil is due within one year (December 31, 2018 – nil).

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

The following table summarizes information with respect to DSUs outstanding:

	For the six months ended June 30,	
Number of DSUs (000's)	**2019**	2018
Outstanding, beginning of period	**6,231**	5,509
Issued	**601**	320
Redeemed	**(646)**	-
Forfeited	**(94)**	-
Outstanding, end of period	**6,092**	5,829

13. EARNINGS PER SHARE

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

	For the three months ended June 30,		For the six months ended June 30,	
(000's)	**2019**	2018	**2019**	2018
Basic	**141,857**	141,857	**141,857**	141,857
Dilutive effect on Common Shares from share options	**-**	-	**-**	995
Total diluted	**141,857**	141,857	**141,857**	142,852

14. CONTINGENCIES

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 are not determinable at this time.

On October 23, 2013, Packers Plus Energy Services Inc. ("Packers Plus") filed a Statement of Claim in the Federal Court of Canada (the "Trial Court") against Essential alleging that certain products and methods associated with the Tryton Multi-Stage Fracturing System® infringe a patent issued to Packers Plus.

On November 3, 2017, the Trial Court rendered a decision in Essential's favour, ruling that the asserted patent was not valid and that Essential did not infringe the patent (the "Decision").

On January 5, 2018, Packers Plus filed an appeal of the trial judge's rulings on validity and infringement (the "Appeal"). To have any claim of damages against Essential, Packers Plus needed to successfully overturn all of the following elements of the Decision:

1. The asserted patent is invalid due to prior disclosure;
2. The asserted patent is invalid due to prior art/obviousness; and
3. Essential did not infringe the patent.

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On April 25, 2019, the Federal Court of Appeal (the “Appeal Court”) released its decision (the “Appeal Decision”) dismissing the Appeal with costs in favour of Essential. In its reasons, the Appeal Court upheld the portion of the Decision that the asserted patent was invalid for obviousness and, as a result, it was not necessary for the Appeal Court to consider the Trial Court’s findings of invalidity and non-infringement.

On June 24, 2019, Packers Plus filed an application seeking leave from the Supreme Court of Canada (the “Supreme Court”) to hear an appeal of the Appeal Decision. Filing an application for leave to appeal to the Supreme Court does not guarantee the Supreme Court will agree to hear the matter. In recent years, the Supreme Court has agreed to hear only approximately 10% of the appeals where leave to appeal was sought. The Supreme Court’s ruling on whether it will grant leave to hear the appeal may not be known until late 2019 or early 2020.

15. FINANCIAL INSTRUMENTS

Fair value hierarchy

The fair value hierarchy establishes three levels to classify the inputs for valuation techniques used to measure fair value as follows:

i. Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
ii. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data or other means; and
iii. Level 3 inputs are unobservable (supported by little or no market activity).

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company does not use any Level 3 inputs.

16. 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.

17. SEGMENTED INFORMATION

Essential has two operating segments, Essential Coil Well Service (“ECWS”) and Tryton, and a non-operating segment, corporate (“Corporate”).

Essential’s reportable segments are based on services offered. The basis of accounting for transactions between reportable segments is done at fair market value.

a) Essential Coil Well Service

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

b) Tryton

The Tryton segment provides downhole tools and rental services in Canada and the U.S.

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

c) Corporate

The Corporate segment is comprised of corporate office and certain operational costs, which are managed on a group basis and are not allocated to the operating segments. Net (loss) income before income taxes for the three and six months ended June 30, 2019 for the Corporate segment includes corporate office and certain operational costs of $2.1 million and $5.2 million (June 30, 2018 - $2.8 million and $6.5 million), respectively, and foreign exchange loss/gain due to the movement of the Canadian dollar in relation to the U.S. dollar.

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

As at and for the three months ended June 30, 2019	**ECWS**	**Tryton**	**Corporate**	**Consolidated**
Revenue	**$ 16,006**	**$ 11,080**	**$ -**	**$ 27,086**
(Loss) income before income taxes	**$ 227**	**$ (225)**	**$ (3,549)**	**$ (3,547)**
Depreciation and amortization	**$ 2,326**	**$ 1,244**	**$ 320**	**$ 3,890**
Total assets	**$ 123,165**	**$ 68,337**	**$ 4,030**	**$ 195,532**
Total liabilities	**$ 17,574**	**$ 11,858**	**$ 13,879**	**$ 43,311**
Property, equipment and intangible asset expenditures	**$ 804**	**$ 859**	**$ 7**	**$ 1,670**

As at and for the three months ended June 30, 2018	ECWS	Tryton	Corporate	Consolidated
Revenue	$ 20,774	$ 17,164	$ -	$ 37,938
(Loss) income before income taxes	$ (1,321)	$ 1,885	$ (3,836)	$ (3,272)
Depreciation and amortization	$ 2,496	$ 1,020	$ 192	$ 3,708
Total assets	$ 148,924	$ 71,783	$ 1,228	$ 221,935
Total liabilities	$ 23,865	$ 7,738	$ 26,796	$ 58,399
Property, equipment and intangible asset expenditures	$ 4,131	$ 642	$ 128	$ 4,901

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

As at and for the six months ended June 30, 2019		**ECWS**		**Tryton**		**Corporate**		**Consolidated**
Revenue	**$**	**42,075**	**$**	**32,457**	**$**	**-**	**$**	**74,532**
(Loss) income before income taxes	**$**	**3,819**	**$**	**2,681**	**$**	**(8,135)**	**$**	**(1,635)**
Depreciation and amortization	**$**	**4,992**	**$**	**2,543**	**$**	**657**	**$**	**8,192**
Property, equipment and intangible asset expenditures	**$**	**1,118**	**$**	**2,126**	**$**	**91**	**$**	**3,335**

As at and for the six months ended June 30, 2018		ECWS		Tryton		Corporate		Consolidated
Revenue	$	53,348	$	44,724	$	-	$	98,072
Income (loss) before income taxes	$	2,518	$	7,488	$	(6,480)	$	3,526
Depreciation and amortization	$	5,074	$	2,080	$	406	$	7,560
Property, equipment and intangible asset expenditures	$	7,755	$	1,299	$	309	$	9,363

CORPORATE INFORMATION

Directors

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Garnet K. Amundson[3]

Michael J. Black[3]

Robert T. German[1,3]

Nicholas G. Kirton[1,2]

Robert B. Michaleski[1, 2]

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

Auditors

KPMG LLP

Bankers

National Bank of Canada

ATB Financial

Canadian Western Bank

Legal Counsel

Fasken Martineau DuMoulin LLP

Transfer Agent

Computershare Trust Company of Canada

Management

Garnet K. Amundson
President and Chief Executive Officer

Jeff B. Newman
Chief Financial Officer

Eldon Heck
Vice President, Downhole Tools & Rentals

Karen Perasalo
Vice President, Finance and Corporate Secretary

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