

2014 ANNUAL REPORT

THIS IS ENSIGN

Ensign Energy Services Inc. is an industry leader in the delivery of oilfield services in Canada, the United States and internationally.

We are one of the world's leading land-based drillers and well servicing providers for crude oil, natural gas and geothermal wells and are highly skilled in directional drilling.

Since Ensign's inception in 1987, we have accumulated an extensive equipment fleet characterized by flexibility and mobility for meeting the challenging demands of our customers.

We have also contributed to advancements in drilling and well servicing through the innovative use of technology, and have an established reputation for the highest safety standards and environmental stewardship.

With headquarters in Calgary, Alberta, Canada, Ensign's shares are listed on the Toronto Stock Exchange under the trading symbol "ESI".

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CONTRACT DRILLING

2014 Rig Count by Horse Power Class

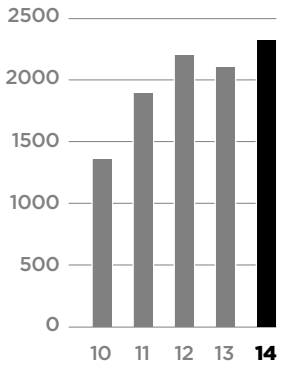
	Total	500	750	1,000	1,500	2,000+
Canada:						
Conventional	50	19	24	7	–	–
ADR®	38	5	8	19	5	1
United States:						
Conventional	37	7	10	9	7	4
ADR®	58	2	8	12	30	6
International:						
Conventional [(1)]	33	5	10	7	6	5
ADR®	23	1	8	8	4	2
Total Drilling Rigs	239	39	68	62	52	18
Coring Rigs	26	22	4	–	–	–
Total	265	61	72	62	52	18

(1) Includes workover rigs.

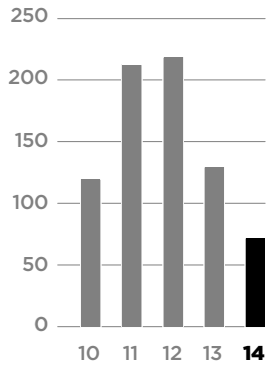
SERVICE RIG CLASSIFICATION

	Total	Slant Single	Single	Mobile Single	Mobile Double	Medium and Heavy Double
Canada	71	22	–	34	11	4
United States	45	–	2	–	–	43
Total	116	22	2	34	11	47

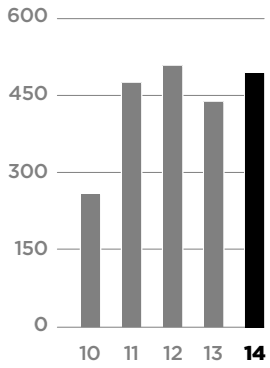
Revenue
($ millions)



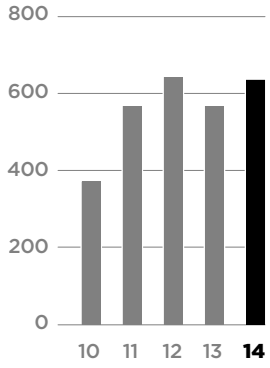
Net Income
($ millions)



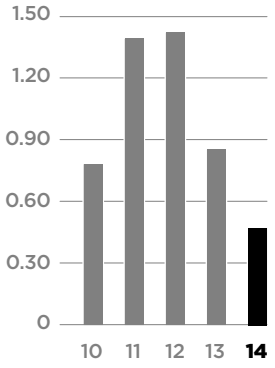
Funds From Operations
($ millions)



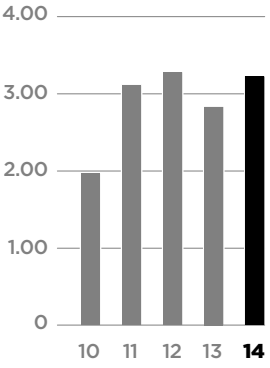
Gross Margin
($ millions)



Net Income Per Share
($)



Funds From Operations Per Share
($)

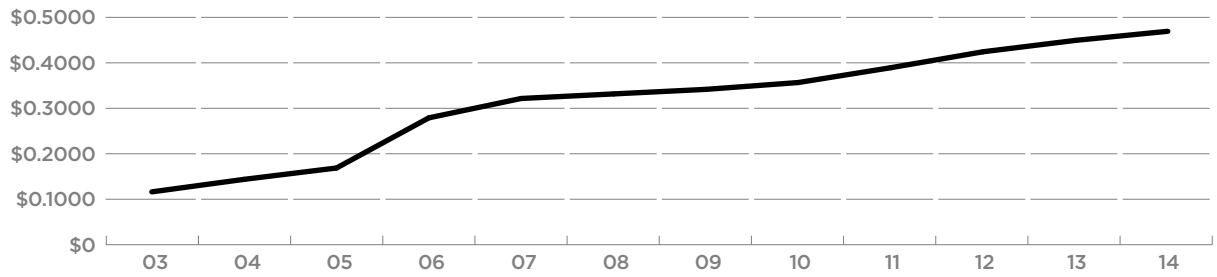


FINANCIAL HIGHLIGHTS

For the years ended December 31 ($ thousands, except per share data)	**2014**	2013	Change	% Change
Revenue	**2,321,765**	2,098,011	223,754	11
Adjusted EBITDA [(1)]	**537,513**	485,712	51,801	11
Adjusted EBITDA per share [(1)]				
Basic	**$3.52**	$3.18	$0.34	11
Diluted	**$3.51**	$3.16	$0.35	11
Adjusted net income [(1)]	**148,567**	143,909	4,658	3
Adjusted net income per share [(1)]				
Basic	**$0.97**	$0.94	$0.03	3
Diluted	**$0.97**	$0.94	$0.03	3
Net Income	**71,120**	128,865	(57,745)	(45)
Net income per share				
Basic	**$0.47**	$0.84	($0.37)	(44)
Diluted	**$0.46**	$0.84	($0.38)	(45)
Funds from operations [(1)]	**491,886**	435,611	56,275	13
Funds from operations per share [(1)]				
Basic	**$3.22**	$2.85	$0.37	13
Diluted	**$3.21**	$2.84	$0.37	13
Weighted average shares – basic *(000s)*	**152,711**	152,693	18	–
Weighted average shares – diluted *(000s)*	**153,158**	153,620	(462)	–

(1) Adjusted EBITDA, Adjusted EBITDA per share, Adjusted net income, Adjusted net income per share, Funds from operations and Funds from operations per share are not measures that have a standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and, accordingly, may not be comparable to similar measures used by other companies. Non-GAAP measures are defined on page 23.

Annual Dividend Per Share

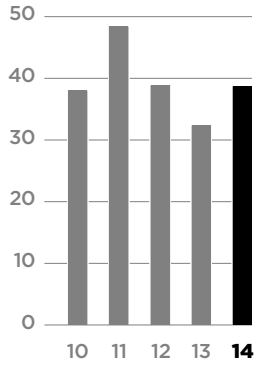


OPERATING HIGHLIGHTS

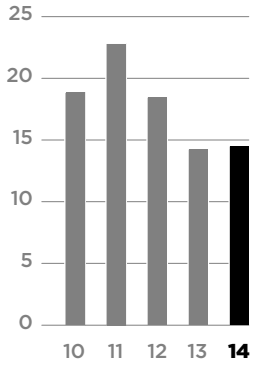
	2014	2013	Change	% Change
Drilling				
Number of marketed rigs				
Canada [1]	**88**	121	(33)	(27)
United States	**95**	117	(22)	(19)
International [2]	**56**	54	2	4
Operating days				
Canada [1]	**14,440**	14,183	257	2
United States	**23,577**	22,955	622	3
International [2]	**11,339**	11,384	(45)	–
Drilling rig utilization rate *(%)*				
Canada [1]	**38.7**	32.3	6.4	20
United States	**59.3**	54.0	5.3	10
International [2]	**53.6**	58.4	(4.8)	(8)
Well Servicing				
Number of marketed rigs				
Canada	**71**	95	(24)	(25)
United States	**45**	45	–	–
Operating hours				
Canada	**125,022**	121,159	3,863	3
United States	**120,939**	105,260	15,679	15
Well servicing utilization rate *(%)*				
Canada	**38.2**	35.8	2.4	7
United States	**73.8**	64.2	9.6	15

(1) Excludes coring rigs.
(2) Includes workover rigs.

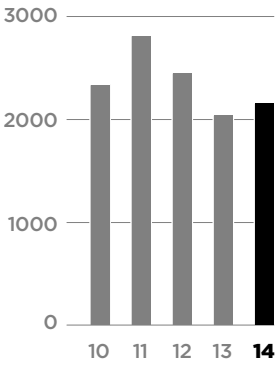
Canadian Drilling Utilization
(percent)



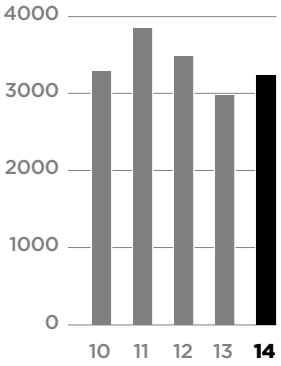
Canadian Drilling Operating Days
(thousands)



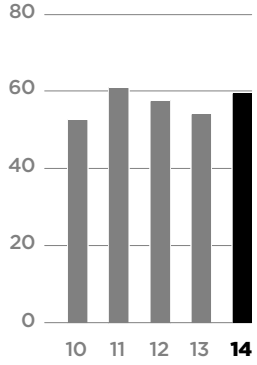
Wells Drilled Canada



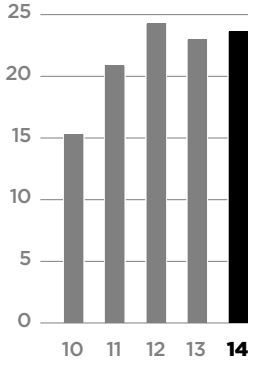
Metres Drilled Canada
(thousands)



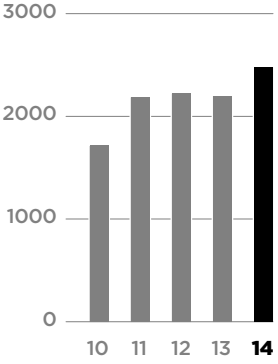
United States Drilling Utilization
(percent)



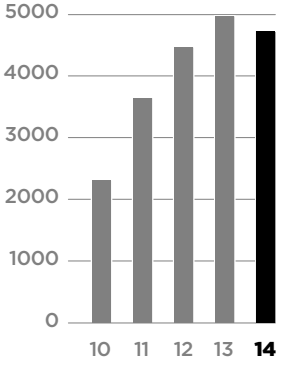
United States Drilling Operating Days
(thousands)



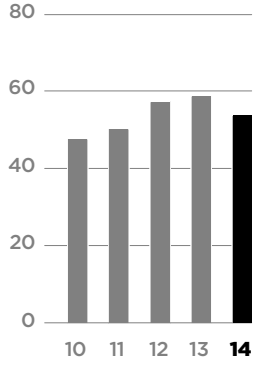
Wells Drilled United States



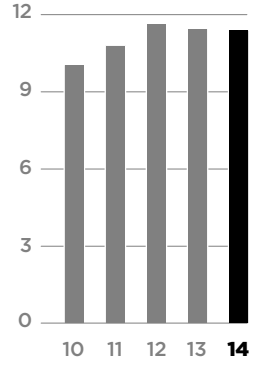
Metres Drilled United States
(thousands)



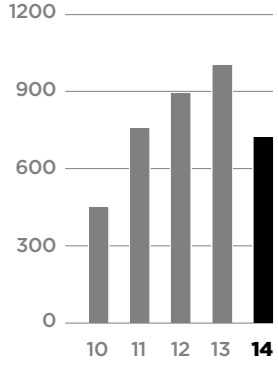
International Drilling Utilization
(percent)



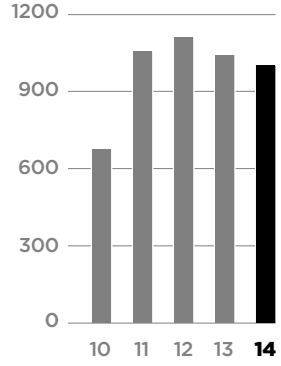
International Drilling Operating Days
(thousands)



Wells Drilled International



Metres Drilled International
(thousands)



LETTER TO SHAREHOLDERS

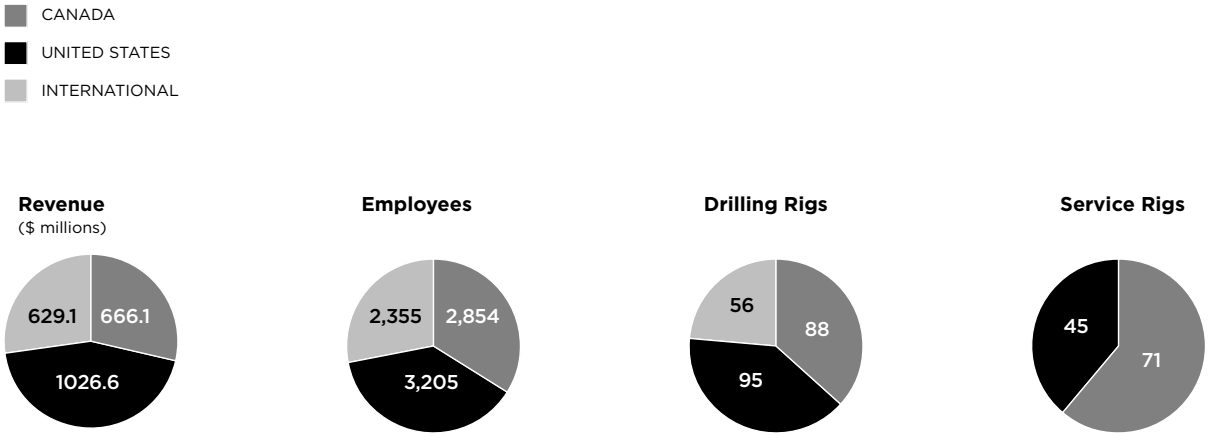
Dear Fellow Shareholders: The fiscal year ending December 31, 2014 was a year of evolution for Ensign as we continued to transition our drilling rig fleet to a deeper depth profile to meet expanding customer demands, particularly with respect to resource plays in North America. However, plunging crude oil prices in the second half of the year have created numerous challenges for our customers and by extension the oilfield services industry as a whole as the growth in global supply of crude oil has outpaced the growth in global demand for crude oil. Absent a rebalancing of supply and demand fundamentals for crude oil, the oilfield services industry is entering a down cycle of unknown length.

We have always believed that the oilfield services industry will be cyclical and, accordingly, we have built Ensign to perform successfully in all market cycles. Whether the oil and natural gas sector is in an up or a down cycle, we aim to always protect and preserve the Company's balance sheet, carefully manage our cash and control our costs, adapt quickly to changes in customer activity levels and through it all be the 'contractor of choice' by providing our customers leading-edge technology, as well as the safest, most efficient and most cost-effective range of services available in the world's oilfields today.

Although every new market downturn is different from the last, Ensign is always prepared to respond proactively and this time was no different. When we saw the impact falling oil and natural gas commodity prices were having on demand for our services, we were one of the first oilfield service providers to move and we moved aggressively to reduce capital expenditures, lower our cost structure and increase efficiencies. The most notable action taken to date has been to scale back on the rig build program. In consultation with our customers, we reduced the drilling rig build program from 34 drilling rigs to be delivered in 2015 and 2016 to eight drilling rigs, the last of which will be delivered to the market in the third quarter of 2015.

At the same time, we are working to ensure that Ensign is positioned strongly for the next market upturn. One way we will do that is by maintaining our position as an oilfield technology leader. Our Automated Drill Rig ("ADR®") is already one of the most advanced automated drilling rigs in the industry. Close to half of Ensign's current global fleet is made up of ADRs. In both the United States and Canada, we continue to believe that customers will continue to shift into multiple-well, pad-drilling projects in resource plays where our deeper, longer reach, self-moving ADRs meet stringent customer demands for horizontal and directional drilling.

In 2014, we again demonstrated our commitment to leading-edge technology with the roll out of our new, state-of-the-art ADR® 1500S pad drilling rigs, and signed contracts for five ADR® 1500S rigs with major oil and natural gas operators in the Montney area of northeast British Columbia and northwest Alberta. The ADR® 1500S is our most powerful next generation of automated full-sized walking rigs. Compared to conventional drilling rigs, the ADR® 1500S is safer to operate and offers enhanced controls intelligence, reduced environmental footprint, quick mobility and advanced communications between field and office. We are currently planning to deliver seven ADR® 1500S rigs in 2015 for deployment in North America, as well as one ADR® 850 rig for the Canadian market.



In January 2015, we deployed our first Automated Service Rig ("ASR™") under a term contract with a major customer in Canada. Based on our ADR® drilling rig design, the ASR™ is the first of its kind, designed specifically to service well bores under pressure. The ASR™ has considerably more capabilities than a standard service rig, and in time we hope to see growing demand for ASRs from customers that appreciate the efficiency and flexibility of this new design.

We are also moving up the technology ladder by integrating more technology into our drilling rigs and expanding our directional drilling capabilities. Our Automated Controls Engineering ("ACE") team is focused on augmenting our ADRs with some of the services that are currently being provided on wellsites by third-party vendors. This will allow us to capture more revenue at the wellsite. We continue to perform more directional drilling in-house, rather than relying on third-party contractors. Our acquisition in 2013 of Departure Energy Services Inc. ("Departure") in Canada has put us on a par with our largest competitors in the directional drilling field. This is important for Ensign – both now and in the future – because horizontal and directional wells are expected to be the predominant form of drilling in the North American oil and natural gas resource plays. In fact, the majority of the wells we drill around the world today are horizontal/directional wells and we fully expect to grow this revenue stream over time because demand for these types of wells is expected to increase as the industry ultimately recovers from its current trough.

The hallmarks of Ensign's strategy have long been and continue to be financial discipline, opportunistic growth, diverse operations, customer focus and commitment to safety. These, in addition to our focus on providing the best technology in the oilfield, support the Company's financial strength, which in turn supports Ensign's dividend program. Ensign declared dividends for the 2014 fiscal year of $0.4725 per common share, up 5.6 percent compared with dividends of $0.4475 per common share declared in 2013. In December 2014, Ensign's Board of Directors raised the quarterly dividend rate by 2.1 percent to $0.12 per common share. We are proud of our track record of consistently delivering annual dividend increases to our shareholders since the Company began paying dividends 20 years ago in September 1995.

2014 FINANCIAL PERFORMANCE

The first half of 2014 was generally strong overall, with most of our business segments performing well. However, the steep decline in crude oil prices during the second half of the year started to take its toll on the demand for oilfield services, particularly in North America.

The year ended December 31, 2014 still turned out to be a record year for the Company in terms of revenue, which increased 11 percent to $2,322 million, compared with $2,098 million in 2013. This increase was mainly due to the positive impact of our equipment fleet additions and upgrades, combined with steady demand in our United States and international operations. Our United States division was again – for the third year running – the largest contributor to revenue at 44 percent (2013 – 42 percent), while Canada accounted for 29 percent (2013 – 32 percent) and international operations for 27 percent (2013 – 26 percent). United States and international financial results were improved on translation to Canadian dollars by a seven percent increase in the average United States exchange rate against the Canadian dollar for the year ended December 31, 2014, compared with 2013. Adjusted EBITDA (defined as income before interest, income taxes, depreciation, asset decommissioning and write-downs, share-based compensation and foreign exchange and other) rose 11 percent to $537.5 million ($3.52 per common share), compared with $485.7 million ($3.18 per common share) in 2013. Net income decreased to $71.1 million ($0.47 per common share), compared with $128.9 million ($0.84 per common share) in the prior year. Net income for the 2014 fiscal year was negatively impacted by an $89.5 million non-cash charge taken for asset decommissioning and write-downs at year-end after a detailed review of certain assets in the current market environment. Funds from operations increased 13 percent to $491.9 million ($3.22 per common share) in 2014, compared with $435.6 million ($2.85 per common share) in 2013.

Net capital expenditures totaled $583.0 million in 2014, compared with $342.2 million in 2013. We commissioned one new ADR® drilling rig in Canada, two new ADRs in the United States, two new ADRs in Australia, retrofitted two drilling rigs for deployment in Canada and four drilling rigs for the international market, and added three new well servicing rigs – one in Canada and two in the United States during the 2014 fiscal year. Going into the fourth quarter of 2014, we were planning to build 24 ADR®-1500S's and 10 ADR®-850s in 2015 and 2016, but as the decline in crude oil prices accelerated in November and December and our customers began to reduce their capital budgets, we scaled back our build plans in stages to the point where we are currently planning to deliver seven ADR®-1500S's and one ADR®-850 in 2015.

As at December 31, 2014, Ensign had positive working capital of $189.7 million, compared with a working capital deficit of $71.1 million at the end of 2013. In the second quarter of 2014, Ensign amended its existing global credit facility, increasing the amount available to $600.0 million from $400.0 million and extending the term for three years. During 2014, we drew on Ensign's working capital resources primarily to fund the Company's new build and major retrofit program and to support international operations.

GEOGRAPHICAL PERFORMANCE

CANADA

Although the operating and financial performance of our Canadian segment was steady in the first nine months of 2014, the growth prospects for the Canadian market became increasingly uncertain during the fourth quarter due to the negative effects of a lower oil and natural gas commodity price environment.

Ensign's Canadian drilling days increased two percent in 2014 over 2013, while well servicing hours increased three percent compared with the prior year.

We continue to focus on strengthening Ensign's position in Canada for long-term growth. For example, we have been transitioning from shallow drilling to deeper drilling, building new ADRs and upgrading existing drilling rigs for deployment in deeper, long-reach oil and liquids-rich resource plays in the Western Canada Sedimentary Basin. On a depth-capacity basis, our Canadian fleet is on average almost 50 percent

deeper than it was five years ago. Both our aforementioned ADR® 1500S pad drilling rigs and Automated Service Rig are first being deployed in Canada, which speaks to the value our Canadian customers place on Ensign's technology leadership. In addition, we are strengthening our presence in directional drilling, most recently with the aforementioned Departure acquisition in 2013. We are also encouraged by opportunities with respect to the future of proposed LNG export facilities on the west coast of Canada. The Company expects to benefit from the increased demand for oilfield services that will be required for the efficient development of western Canadian resource plays associated with such future LNG projects.

During 2014, our Canadian operations added one new ADR® drilling rig; retrofitted two drilling rigs transferred from the United States fleet and one ADR® drilling rig transferred from Gabon; added one new well servicing rig; decommissioned 32 inactive drilling rigs and 25 inactive well servicing rigs; and transferred two drilling rigs to the oil sands coring fleet and three retrofitted drilling rigs to Australia. At December 31, 2014, our re-imagined Canadian drilling rig fleet was comprised of 88 drilling rigs, including 38 ADRs, as well as 47 directional drilling kits and 26 coring rigs. We also now operate 71 well servicing rigs in Canada. In 2015, we currently expect to add one ADR® 850 drilling rig and four ADR® 1500S drilling rigs, two of which have already been delivered, to our Canadian fleet.

UNITED STATES

For most of 2014, we saw growth in demand for oilfield services in the United States, as well as improved revenue rates as a result of adding new equipment to our United States fleet. However, in the latter part of the year, deteriorating oil and natural gas commodity prices resulted in a review of specific basin economics by the exploration and production companies we serve.

Ensign's United States drilling days increased three percent in 2014 over 2013, while well servicing hours increased 15 percent compared with the prior year.

In the United States, we build new ADRs for specific resource plays and we have been upgrading our existing drilling rigs for pad drilling operations. Setting aside the current downturn, the longer-term trend in the United States drilling industry is a further shift into multiple-well, pad-drilling projects in certain large resource plays, for which Ensign's ADR® drilling rigs are ideally suited. Consequently, the majority of our new ADRs constructed over the last several years ended up in our United States fleet to service the demand of our growing customer base.

In 2014, we commissioned two new ADR® drilling rigs and two new well servicing rigs in the United States. We also decommissioned or disposed of 21 inactive drilling rigs and two well servicing rigs, and transferred two drilling rigs to Canada and one drilling rig to Argentina. At December 31, 2014, our United States drilling rig fleet was comprised of 95 drilling rigs, including 58 ADRs, as well as 31 directional drilling kits. We also now operate 45 well servicing rigs in the United States. In 2015, we currently expect to add three ADR® 1500S rigs to our United States fleet.

INTERNATIONAL

Our international operations saw steady operating and financial performance in 2014, mainly as a result of contributions from the new-build and retrofitted drilling rigs that we added to the international fleet during the year. There were, however, some geopolitical challenges, most notably in Libya, where we had to suspend operations in the third quarter due to an escalation of civil unrest within the country.

Total drilling days of our international fleet remained relatively unchanged in 2014 compared to 2013. We added two new-build ADRs in Australia; transferred three retrofitted drilling rigs from our Canadian fleet to Australia and one drilling rig from the United States to Argentina; transferred one drilling from Gabon to Canada; and decommissioned three workover rigs during the year. By the end of 2014, we had 56 drilling and workover rigs deployed in the international market.

Looking longer term, we believe Ensign's well-established geographic diversification in the international market will continue to be advantageous for the Company. For one, it means we are not fully dependent on the North American market and its attendant regional issues. Also, the international market generally takes a longer-term approach to resource development and the demand for oilfield services does not react as quickly to changes in oil and natural gas commodity prices, positive or negative. Accordingly, over the long term the Company expects that its international operations will continue with its upward trend in operating and financial results in a steady and measured manner. Certainly there will continue to be challenges unique to particular regions, but the Company's operating experience makes it well equipped to manage through such challenges.

FOCUS ON EFFICIENCY AND SAFETY

Because the oilfield services industry is cyclical, we always keep an eye on Ensign's costs and work hard to constantly improve our efficiencies at every level of the Company. During the current downturn, we will continue to look for efficiencies in operations and systems, including in rig construction and through standardization of equipment.

We will also continue to build on our many ongoing enterprise-wide efficiency initiatives, including: the Ensign Asset Management System, a database of all of our assets that is helping us to reduce operating costs and manage preventive maintenance routines around the world; the Ensign Global Network, our new worldwide communication and data transmission network that is enabling us to manage our rigs and equipment more efficiently; and our Global Skills Standard, through which we are ensuring that all of our rig crews everywhere in world share the same high standard of competency, efficiency and safety consciousness.

Safety is and always will be our number one priority. We are extremely proud of the fact that rig crews in several of our regions have gone a whole year without a recordable injury and that the majority of our rigs run injury free. However, we will never be complacent about our safety performance and are continuously looking for ways to improve it. We are doing this at every level of the Company through multiple initiatives – everything from the engineering of our equipment to the training of our crews.

Ensign is a global business, and increasingly we are serving large international customers with worldwide operations who expect us to provide the same high standards of service, efficiency and safety everywhere in the world that we operate. Through our Health, Safety and Environmental ("HSE") Management System, which is modelled after internationally accepted standards, we are simultaneously bringing our safety programs under one Company-wide umbrella and establishing a worldwide standard for the way we manage, practice and monitor our HSE programs.

OUTLOOK

Your Board of Directors and Ensign's management team have successfully guided the Company through previous market downturns. During the current one, our focus is and will continue to be: protecting the balance sheet by carefully managing our cash and controlling our costs; improving the quality of our services as well as our efficiencies and safety performance; and strengthening our customer base so that when the market does turn around, as it inevitably will, Ensign will be positioned strongly for growth. Our goal is always to find a way to drill wells more cost effectively and safely for our customers, so we will continue to invest in the technology and crew training that will allow us to achieve that. In addition to our market-leading ADR® drilling rigs and growing expertise in directional drilling, we are offering our customers the wide range of integrated oilfield services they need to improve drilling efficiency and economics in all types of resource plays. Today, we are drilling wells in almost half the time that it took only a few short years ago and we will continue to search out technology in a meaningful way that will improve our effectiveness for our customers. We are also very well positioned geographically to take full advantage of growth opportunities anywhere in the world.

ACKNOWLEDGEMENTS

In 2014, we were pleased to welcome Cary A. Moomjian, Jr. to Ensign's Board of Directors. Cary has over 35 years of experience in the contract drilling industry in the United States and internationally and we know that the Company will benefit greatly from his insights as the Company grows in these geographical areas.

We also welcomed Brage Johannessen as Executive Vice President International Operations, with responsibility for Ensign's growing international operations in Australia, the Middle East and North Africa. Brage has extensive oil and natural gas industry experience in Europe, the Middle East and the Asia-Pacific region.

In addition, we appointed Robert Raimondo as Vice President Global Health, Safety and Environment. He will be focused on ensuring that Ensign meets the rising expectations of our customers in the area of HSE by, among other things, continuing our development of company-wide standards and the evolution of our safety management system as a whole.

In closing, it goes without saying that difficult times require strong leadership. We wish to thank our team of 8,400 employees, as well as our fellow Board members, for their outstanding contribution to the Company's many successes in 2014. We already know that 2015 will be a challenging year for our customers and for the oilfield services industry. However, we are confident that through our focus on providing the best technology, the best range of services and the safest operations everywhere we operate in the world, the Company will continue to move forward and deliver valued and valuable results for our customers, our shareholders and all of our stakeholders.



N. Murray Edwards
Chairman



Robert H. Geddes
President and Chief Operating Officer

March 13, 2015

OPERATING DIVISIONS SUMMARY

DIVISION	GEOGRAPHIC COVERAGE	Fleet Size 2014	2013
Ensign Drilling Partnership			
Drilling	Western Canada	88	115
Coring [1] [2]	Western Canada and the Yukon	26	35
Directional Drilling	Western Canada	47	48
Ensign Well Servicing Partnership			
Well Servicing	Western Canada	71	95
Enhanced Petroleum Services Partnership			
Managed Pressure / Underbalanced Drilling	Western Canada	16	16
Ensign Testing Services Inc.			
Wireline	Western Canada	9	22
Production Testing	Western Canada	48	46
Ensign United States Drilling Inc.			
Drilling	U.S. Rocky Mountain region, North Dakota, South Dakota, Nebraska, Pennsylvania, Michigan	33	51
Directional Drilling	U.S. Rocky Mountain region	31	29
Well Servicing	U.S. Rocky Mountain region	21	17
Ensign United States Drilling (California) Inc.			
Drilling	California	29	27
Well Servicing	California	24	28
Ensign US Southern Drilling LLC			
Drilling	Texas, Louisiana, Mississippi, Arkansas, Alabama, Oklahoma	33	39
Ensign Testing Services (U.S.A.) Inc.			
Wireline	U.S. Rocky Mountain region	3	2
Production Testing	U.S. Rocky Mountain region, Pennsylvania, Texas	49	50
Ensign Energy Services International Limited			
Drilling	Australia, New Zealand, Southeast Asia, Africa, Argentina, the Middle East	48	46
Ensign de Venezuela C.A.			
Drilling	Venezuela	8	8

(1) Includes coring and drilling rigs.
(2) Excludes coring rig operating days.

In addition to the divisions noted above, the Company has four equipment rental divisions (Chandel Equipment Rentals, Chandel Equipment Rentals (U.S.A.) Inc., Rocky Mountain Oilfield Rentals and West Coast Oilfield Rentals).

Wells Drilled		Metres Drilled		Operating Days/Hours		Utilization %	
2014	2013	2014	2013	2014	2013	2014	2013
1,909	1,924	3,085,028	2,914,808	14,439	13,719	38.7	32.8
240	109	140,679	57,581	NA	464	NA	21.2
NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	125,022	121,159	38.2	35.8
NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA
666	698	2,563,292	2,665,874	9,569	10,561	60.2	55.7
NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	42,059	29,625	56.8	58.0
1,371	1,172	1,143,179	1,035,013	6,771	6,130	66.6	67.4
NA	NA	NA	NA	78,880	75,636	87.7	67.0
441	325	1,275,366	1,011,714	7,237	6,264	52.9	43.4
NA	NA	NA	NA	NA	NA	NA	NA
NA	NA	NA	NA	NA	NA	NA	NA
678	945	915,842	966,580	8,998	8,735	51.9	52.7
45	57	82,796	73,943	2,341	2,649	80.2	90.7

OUR SUSTAINABILITY PRIORITY

We aim to ensure that Ensign will be a sustainable company that will benefit all of our stakeholders, including our shareholders, customers, employees and the communities in which we operate around the world.

VISION. MISSION. VALUES.

Our vision, mission and core values form the foundation of our Company-wide corporate social responsibility practices.

Our Vision: To grow through collaborative learning, exploring the potential of our people and technology, and creating excellence in who we are, second to none.

Our Mission: To strive for global excellence in providing services to the energy industry worldwide; to distinguish ourselves through listening, learning and understanding industry challenges; to capitalize on strategic and opportunistic possibilities; to provide services that are attractive and fair to our customers and earn their loyalty while also providing value to our shareholders; and to create a workplace that protects worker health and safety with due respect for the environment, and promote an atmosphere to grow employee learning and opportunity in a way that is fulfilling, recognized and fairly rewarded.

Our Values: Our non-negotiable and timeless core values are "integrity, teamwork and learning".

Our motto – *"Performance Excellence – Second to None"* – sums up our vision, mission and core values. We strive to achieve excellence – second to none – through our economic, environmental and social performance, which includes workplace health and safety.

CODE OF INTEGRITY, BUSINESS ETHICS AND CONDUCT

A formal Code of Integrity, Business Ethics and Conduct ("Code of Conduct") has been developed by the Company and adopted by the Board of Directors of Ensign Energy Services Inc. to ensure that the Company worldwide adheres to ethical standards, obeys all applicable laws and that its directors, officers, employees, contractors and consultants clearly understand what is required of them in that regard. The full text of the Code of Conduct is available on our website at: http://www.ensignenergy.com/Documents/Code_of_Conduct.pdf

Ensign and all of its domestic and foreign subsidiaries are committed to conducting their businesses in accordance with all applicable laws, rules and regulations and the highest ethical standards. As a global oilfield services provider, Ensign has implemented comprehensive anti-bribery and anti-corruption policies, controls and training programs that reiterate our commitment to full compliance with applicable laws by the Company and all of our personnel and third parties. Enhanced foreign agent due diligence and additional employee training programs are some recent initiatives, as part of Ensign's ongoing commitment to continuous improvement in all aspects of our business.

HEALTH, SAFETY AND ENVIRONMENT: NO COMPROMISE

In our industry, there is no compromise on health and safety. Period. And environmental challenges must be addressed long before a rig moves onsite.

Effectively managing health, safety and the environment ("HSE") is essential to our business – every day, everywhere in the world. We are continuously looking for ways to improve our performance. That might be in the engineering of equipment, training of our crews or how we track our safety programs worldwide. At Ensign, it is simply good business.

Health, Safety and Environment Policy

Our HSE Policy is as follows:

Our goal is to protect our people, the public, our property and the environment in which we work and live. That goal is in the best interests of our customers, our employees and all other stakeholders.

It is possible to run all operations without injuries or damage to equipment or the environment:

- *We comply with all applicable laws and relevant industry standards of practice.*
- *We continuously evaluate the HSE aspects of our equipment and services.*
- *We believe that effective HSE management is good business and we are committed to the continuous improvement of HSE management practices.*
- *From top management through to entry level, everyone is responsible and accountable for HSE.*

We are committed to the integration of HSE objectives into our management systems at all levels, to enhance our business success by reducing risk and adding value to our services.

Our *"Driving to Zero – Injuries and Incidents"* vision encapsulates our belief that together we can continuously improve safety and environmental performance in the workplace.

HSE Management System

Ensign's HSE Management System ("MS") is consistent with international standards and is an integral and essential part of the way we do business.

Through effective and transparent HSE management, we strive to protect our employees, to be the preferred contractor for customers and the favoured employer in the oilfield services sector, and to lower our worker compensation costs.

Our HSE MS is modeled after Occupational Health and Safety Assessment Specification ("OHSAS") 18001 and International Organization for Standardization ("ISO") 14001 standards. This approach helps us realize the HSE aspects of our vision, mission and values. Its purpose is two-fold:

1. Establish an international standard for the way we manage, practice, and monitor our HSE programs; and
2. Bring our global safety programs under one, company-wide umbrella.

Our Framework

Our integrated HSE MS is comprised of a four-step process that supports Ensign's vision and leadership direction. The four steps are as follows:

Planning: The systematic planning, integrated execution and evaluation of hazards/aspects and risks, emerging issues and objectives and targets.

Doing – Implementation and Operation: Developing and maintaining programs and procedures, conducting training and establishing operational controls to mitigate or control risks and other elements.

Checking and Corrective Action: Conduct periodic evaluations of how the MS is functioning, as well as monitor the HSE performance of the organization and ensure the implementation of corrective actions when required.

Management Review: Conduct periodic assessments to determine how the MS is functioning with respect to how suitable, adequate and effective it is for the nature of the organization.

Each division must communicate these expectations to all employees, customers and third parties associated with our business. These steps are essential in helping drive continuous performance improvement.

Our Promise

Our promise to our employees, shareholders and the wider public is that we will strive for continuous improvement in every area of our HSE efforts. This means continuous improvement of our standards, systems, programs, safety performance, management leadership, and employees' awareness, knowledge, commitment, and involvement.

Monitoring

Ensign's HSE staff monitors the Company's HSE compliance and performance on an ongoing basis. The status of any HSE issue is an agenda item on every divisional monthly review and is a standing item for all meetings of the Health, Safety & Environment Committee ("HSE Committee") of the Company's Board of Directors. Each Ensign division conducts a formal HSE audit every three years using an external third-party auditor.

HSE Governance

Ensign's Board of Directors exercises overall responsibility for the stewardship of the Company. The Board's HSE Committee, which is comprised of three independent directors, is responsible for oversight and supervision of our policies, standards and practices with respect to HSE issues and initiatives. The HSE Committee's mandate includes: (i) reviewing, reporting and recommending to the Board for approval the development and implementation of fundamental policies, standards and practices pertaining to HSE; (ii) reviewing our internal control systems regarding HSE; (iii) reviewing and reporting to the Board on our performance with respect to HSE compliance and the results or findings of any report or reviews pertaining to us; (iv) monitoring emerging trends with respect to HSE issues; and (v) ensuring that we carry out our legal, industry and community obligations in the area of HSE.

ECONOMIC PERFORMANCE

The five pillars of our strategy are: financial discipline; opportunistic growth; diverse operations; customer focus; and commitment to safety. Ensign believes these five pillars will help to sustain our economic strength well into the future.

Financial Discipline: The oilfield services industry, like the oil and natural gas industry we serve, is cyclical and financial discipline is essential to ensure the sustainability of the Company. Ensign has a stable capital structure and continually focuses on managing its costs. We will continue to look for ways to optimize our margins.

Opportunistic Growth: Ensign's growth is a result of both organic growth and opportunistic growth through acquisitions. When it comes to making acquisitions, Ensign's strategy is based on patience and "thinking outside the box". We do not look for growth for growth's sake and we try to be leaders rather than followers. We believe that taking this approach is in the best interests of our shareholders.

Diverse Operations: Ensign's well-established global geographic footprint is an asset for several reasons. First, our revenues are not dependent on just one geographic area. Second, diverse operations create opportunities for technology transfer such as the transfer of our highly sophisticated, market-leading Automated Drill Rig ("ADR®") technology from Canada to the United States, Australia and the Middle East. We believe this substantially benefits our customers and shareholders. Third, diverse operations benefit our employees, creating greater opportunities for them, as well as stimulating knowledge sharing in areas such as safety and operational efficiency.

Customer Focus: We strive for Ensign to be the contractor of choice in all segments of our business. We work closely with our customers in developing oilfield services to meet their continually changing technical requirements and to improve performance.

Commitment to Safety: Our HSE Management System forms the foundation of our safety culture along with our long-standing "Driving to Zero – Injuries and Incidents" vision. We believe that a consistent approach will help achieve our goal of continuously improving our health, safety and environmental performance across the Company and in every jurisdiction where we operate. This benefits all our stakeholders. We back up this

commitment with Ensign's Health, Safety and Environment Policy, which is available on the Company's website at http://www.ensignenergy.com/hse/Pages/default.aspx.

ENVIRONMENTAL PERFORMANCE

Environmental stewardship plays an important role in our business. We view it as a serious responsibility to current and future generations. Overall, there are some fundamental initiatives we follow:

- We actively work to reduce, reuse, recycle and reclaim materials used in our operations.
- As we innovate and develop new technologies, we strive to use environmentally friendly procedures and materials.
- All incidents that could affect the environment are dealt with on a timely basis to ensure that they are properly contained.
- Our divisions have comprehensive emergency response plans that address environmental issues.

Reducing our environmental footprint

Ensign strives to use fewer material resources to reduce both our environmental footprint and input costs.

Our impacts

Our potential impacts occur in the manufacture, transport and operation of our drilling rigs and other oilfield services equipment, as well as in the manufacture of customized crude oil and natural gas production equipment.

While on a well site, the environmental responsibility generally falls on the operating oil and gas company. Ensign is typically one of many subcontractors on such sites.

Ensign's crews are trained in well control that meets and often exceeds the well-control equipment requirements and practices required by regulation or the industry.

Our performance

We are proud to report that there have not been any serious environmental incidents in Ensign's history.

Reducing engine emissions

For several years, Ensign has pursued a program of replacing older, less-efficient engines used on our equipment with newer engines. The engines we now purchase represent the latest technology for achieving fuel efficiency and reduced emissions.

Wherever possible, we select engines that consume less fuel for a given power output level.

We are committed to purchasing new engines that meet the current North American emissions standards and meet or exceed the emissions standards in various other host countries.

Increasing drilling efficiency

Our new drilling rigs have complex and flexible designs, which result in a smaller drilling rig that accomplishes more work. One example is our proprietary Automated Drill Rig ("ADR®") that we design and assemble ourselves.

These more compact drilling rigs move and rig up in a fraction of the time of older designs.

Our newer rigs also incorporate drilling systems that reduce the overall time and energy needed to drill and complete a well.

Reducing Emissions

A smaller rig design means that we use less construction material, which reduces the emissions and CO2 produced during the manufacturing process.

Whenever practical, we use low-VOCs (volatile organic compounds) and lead-free paints to reduce emissions and minimize pollutants.

Our testing division uses production testing equipment designed to recycle production testing emissions back into the production line and reduce or eliminate the flaring of hydrocarbons.

Reducing Surface Impacts

We are also focused on reducing our impact on the physical environments in which we operate. The layout and smaller size of our new drilling rigs means our customers' wellsites require a smaller footprint, resulting in less impact on the terrain and vegetation.

We also construct our equipment and train our people to conduct directional drilling and multi-bore wells, which significantly decrease surface impacts by reducing the number of wellsites.

Most of our drilling operations incorporate closed drilling fluid systems that reduce and, in some cases, eliminate site preparation and clean up.

Reducing Fuel Consumption

We work with customers to experiment with the use of alternative fuels. In several drilling projects in the United States, we are using natural gas or LNG sourced from the field to power our equipment. We believe this reduces harmful emissions from the overall operation, especially when factoring in the added benefit of a reduction in fossil fuel emissions from not transporting fuel to the rig site.

Our global drilling rig fleet includes a number of "electric" drilling rigs that allow the "pooling of demand", which means dedicated engines are no longer required and engines can be shut down when power demand declines.

While the industry as a whole still operates a large number of older-style mechanical drilling rigs, most newly built drilling rig designs incorporate technology that allows for the more efficient generation and delivery of power at the rig site, resulting in lower fuel consumption and consequently, lower emissions.

Recycling

Recycling is another priority for us. We recycle at all of our locations and, wherever possible, our shops recycle oils and scrap steel.

Work in environmentally sensitive areas

Ensign occasionally works in environmentally sensitive areas. In such instances, we work closely with our customer to ensure that any potential negative impacts of the planned operation are minimized or eliminated where possible. As a subcontractor to oil and natural gas companies, we fall under their overall plans and reporting.

We train our crews to follow good environmental and waste management practices and this is monitored on an ongoing basis by senior supervisors and safety staff.

Diesel fuel

Ensign's shops and yards have various quantities of diesel fuel stored in equipment tanks. We monitor and check these sites on an ongoing basis, and equipment is strategically located with environmental and safety concerns in mind.

Water and handling waste

Water supply and quality issues on wellsites typically are the responsibility of the operating company. However, Ensign manages waste to ensure that any products in use during the drilling or servicing of a well are monitored and any spills are addressed quickly and contained on site.

SOCIAL PERFORMANCE

Ensign is engaged in numerous initiatives to build and reinforce our health and safety culture and contribute positively to the communities in which we work.

HEALTH AND SAFETY

Ensign is committed to building and maintaining a best-in-class safety culture through safety and training programs designed to improve safety performance, raise awareness of the importance of safety in our operations and minimize the impact of our operations on the environment. In addition, incentives tied to safety performance are in place at virtually all levels of the Company in order to ensure that each employee takes responsibility for adhering to and promoting the culture of safety we have developed.

DRIVING TO ZERO – INJURIES AND INCIDENTS

We have numerous initiatives to build and reinforce our health and safety culture, and we expect our employees to achieve year-over-year improvement in safety performance. One of the most prominent is *Driving to Zero*®.

We are driving to a destination called "zero" – zero safety incidents, zero injuries and zero days off work due to injury. In other words, we are driving to a perfect HSE record. Our *Driving to Zero*® vision means accepting that every incident is preventable, which is an idea that has helped us improve our safety performance.

To support our vision, Ensign expects its divisions to meet or exceed the injury rate trends of their industry peers. Our long-term objective is to see continued safety improvement and have our operating divisions achieve injury rates recognized as best in class by major operators.

In 2014, the majority of our operating rigs met our *Driving to Zero*® target and the Ensign team as a whole achieved one of their lowest-ever rates of recordable incidents (TRI) and lost-time injuries (LTI). During the past ten years, the entire Company has achieved significant improvement in safety performance with a 75 percent reduction in total recordable incidents and a 65 percent reduction in injuries that resulted in workers losing time from work.

AWARDS AND RECOGNITION

In 2014, Ensign's Rig 953 in Oman achieved the significant safety milestone of four years of LTI-free operations. This achievement shows us what is possible and represents a great effort by all involved, including past and present employees.

Also, Ensign United States Drilling (California) Inc. ("Ensign California") received the 2014 Award for Excellence in Health & Safety from the West Coast Oil and Gas Association.

One of our major customers also presented Ensign California's rigs 535 and 536 with its prestigious Zero Recordable Incidents Award. Rig 535 achieved three years without a recordable incident and Rig 536 achieved one year without a recordable incident.

TRAINING OUR EMPLOYEES

As a global drilling and oilfield services company, we train our workers to make safety a part of all their activities every day, both on and off the job.

Training starts on the first day of employment and is reinforced continuously and daily through: job safety analysis programs; personal injury prevention training; safety coaching; daily pre-job safety meetings; and daily work observation practices.

To help train new drillers and derrick hands and address rig crew competency and rig safety, we have developed a state-of-the-art ADR® simulator. Operating much like a flight simulator, our ADR® simulators replicate the actual experience of operating one of our ADRs, complete with actual ADR® control panels and interactive video simulation of multiple drilling scenarios.

Driver safety continues to be a key area of focus for Ensign. With over 2,000 vehicles globally, our divisions are working diligently on their fleet programs to reduce collision and ticketing rates from inspections, and thereby protect our employees and the public.

In 2014 we piloted "Alert Driving", an on-line defensive driving course that was provided to close to 400 employees across North America. This course was also made available to employee spouses and families. We will evaluate the results of this pilot project to see if there are benefits to rolling out the course further across the Company. In the meantime we will continue to look for other ways to improve driver safety.

GLOBAL SKILLS STANDARDS

Our enterprise-wide Global Skills Standard ("GSS") system initiated in 2012 captures data about training, performance and experience of rig-crew members around the world to ensure they receive equivalent levels of technical and behavioral training. This creates a global, high standard of competency in Ensign employees that is applicable in any jurisdiction in the world.

LIFE SAVING RULES

While our industry is getting better at preventing safety incidents that are more frequent but less serious, we are still concerned by the less frequent but more serious incidents. After-action reviews and analysis remain an important tool for learning and taking steps to prevent similar high-potential events from re-occurring in the future.

It remains our belief that all incidents are preventable. To further our *Driving to Zero*® vision in this regard, in 2014 we launched Ensign's nine Life Saving Rules to employees worldwide:

1. Follow safe driving rules and your journey management plan. No hand-held devices. No speeding.
2. Ensure you are in a safe zone when working around moving, lifting or energized equipment. Respect no-go zones.
3. Protect yourself against a fall when working at heights.
4. Review a valid work permit or job safety analysis before starting a critical or high-risk task.
5. Isolate the energy source of equipment, machinery or systems before performing maintenance or making repairs. Use any specified life protecting equipment.
6. Arrive rested and stay fit for duty. No alcohol or drugs while working or driving.
7. Obtain authorization before entering a confined space.
8. Follow a prescribed lift plan. Do not walk under suspended loads.
9. Maintain containment. No short cuts or bypassing process safety barriers.

SAFETY STAND DOWN

Ensign's Safety Stand Down is an enterprise-wide initiative designed to reinforce our commitment to workers' safety.

During Safety Stand Down, which is held twice a year Company-wide, Ensign's senior executives visit job sites in the field to raise awareness about safety issues with our frontline workers, customers and subcontractors.

Our frontline workers – the crews who work on our rigs and employees who interact regularly with our customers – form the largest group in our workforce. Most of our recordable incidents and injuries occur within this group, particularly among crews working together for the first time or those who are new to their job.

We change the theme for Safety Stand Down each year in order to focus attention on specific policies and practices. In 2014, we held meetings worldwide under the common theme "I'm Responsible. Period." where we emphasized the importance of every employee stepping up and taking personal responsibility for safety. The sessions focused on no-go zones, hand injuries and Ensign's newly introduced Life Saving Rules.

GLOBAL RISK MANAGEMENT SYSTEM

Ensign's Global Risk Management System ("GRMS") is a fit-for-purpose software platform that automates our HSE reporting. GRMS is able to capture data from all operations so that performance metrics can be trended and analyzed, right down to the rig level.

GRMS provides a complete suite of HSE reporting tools to ensure that every rig, field worker, office employee and office in Ensign's global workplace is engaged and actively supports a high-performance safety culture.

From rig to boardroom, GRMS accelerates our HSE communication, employee participation and global information sharing in, among other things:

- Risk Registry
- Job Safety Analysis
- Incident and Investigation
- Safety Alerts
- Correction and Preventive Actions
- Reports

Through GRMS, we are enhancing Ensign's hazard awareness and risk control – everywhere we operate.

COMMITMENT TO COMMUNITIES

We encourage our employees around the world to support local charities and participate in the communities where they live and work.

Being a good corporate citizen means actively contributing in a number of ways. We support many different charities and not-for-profit organizations in our communities worldwide. We look for charities that are committed to positive change.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Ensign Energy Services Inc. and all of its subsidiaries and partnerships (the "Company") should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2014, which are available on SEDAR at www.sedar.com.

This MD&A and the consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial measures presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. This MD&A is dated March 13, 2015. Additional information, including the Company's Annual Information Form for the year ended December 31, 2013, is available on SEDAR at www.sedar.com. The Company's Annual Information Form for the year ended December 31, 2014 is expected to be filed on SEDAR prior to March 31, 2015.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook. Disclosure related to expected future energy commodity pricing, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other future guidance provided throughout this MD&A, information provided in the "Funds from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "Financing Activities" section regarding the anticipated payment of a dividend in April 2015, information provided in the "New Builds and Major Retrofits" sections regarding the new build program for 2015, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "International Oilfield Services" section regarding Libya, constitutes forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks and the reader should not place undue reliance on these forward-looking statements as there can be no assurance that the plans, initiatives or expectations upon which they are based will occur.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding crude oil and natural gas prices; fluctuations in currency and interest rates; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; ability of the Company to implement its business strategy; impact of competition; the Company's defense of lawsuits; availability and cost of labor and other equipment, supplies and services; ability of the Company and its subsidiaries to complete their capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing; timing and success of integrating the business and operations of acquired companies; actions by governmental authorities; government regulations and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); the adequacy of the Company's provision for taxes; and other circumstances affecting revenues and expenses.

The Company's operations and levels of demand for its services have been, and at times in the future may be, affected by political developments and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies and environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available.

For additional information refer to the "Risks and Uncertainties" section of this MD&A. Readers are cautioned that the foregoing list of important factors is not exhaustive. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

NON-GAAP MEASURES

This MD&A contains references to Adjusted EBITDA, Adjusted EBITDA per share, Adjusted net income, Adjusted net income per share, Funds from operations and Funds from operations per share. These measures do not have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies. The non-GAAP measures included in this MD&A should not be considered as an alternative to, or more meaningful than, the IFRS measure from which they are derived or to which they are compared. The definition and method of calculation of the non-GAAP measures included in this MD&A are included below.

Prior to the second quarter of 2013 the Company included foreign exchange and other in the calculation of EBITDA and Adjusted net income. Management believes that excluding foreign exchange and other from Adjusted EBITDA and Adjusted net income will increase comparability with the industry and provide a more useful measure of the results from the Company's principal business activities.

OVERVIEW AND SELECTED ANNUAL INFORMATION

($ thousands, except per share data)

	2014	2013	Change	% change	2012	Change	% change
Revenue	**2,321,765**	2,098,011	223,754	11	2,197,321	(99,310)	(5)
Adjusted EBITDA [1]	**537,513**	485,712	51,801	11	560,975	(75,263)	(13)
Adjusted EBITDA per share [1]							
Basic	**$3.52**	$3.18	$0.34	11	$3.67	$(0.49)	(13)
Diluted	**$3.51**	$3.16	$0.35	11	$3.67	$(0.51)	(14)
Adjusted net income [2]	**148,567**	143,909	4,658	3	219,504	(75,595)	(34)
Adjusted net income per share [2]							
Basic	**$0.97**	$0.94	$0.03	3	$1.44	$(0.50)	(35)
Diluted	**$0.97**	$0.94	$0.03	3	$1.43	$(0.49)	(34)
Net income	**71,120**	128,865	(57,745)	(45)	217,522	(88,657)	(41)
Net income per share							
Basic	**$0.47**	$0.84	($0.37)	(44)	$1.42	$(0.58)	(41)
Diluted	**$0.46**	$0.84	($0.38)	(45)	$1.42	$(0.58)	(41)
Funds from operations [3]	**491,886**	435,611	56,275	13	506,355	(70,744)	(14)
Funds from operations per share [3]							
Basic	**$3.22**	$2.85	$0.37	13	$3.32	$(0.47)	(14)
Diluted	**$3.21**	$2.84	$0.37	13	$3.31	$(0.47)	(14)
Total assets	**3,723,445**	3,387,678	335,767	10	3,070,977	316,701	10
Long-term financial liabilities	**786,327**	317,407	468,920	148	296,589	20,818	7
Cash dividends per share	**$0.4725**	$0.4475	$0.03	6	$0.4250	$0.02	5

Certain prior year amounts have been restated to reflect current year presentation.

1 *Adjusted EBITDA is defined as "income before interest, income taxes, depreciation, asset decommissioning and write-downs, share-based compensation and foreign exchange and other". Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how these activities are financed, how the results are taxed in various jurisdictions, how the results are impacted by foreign exchange or how the results are impacted by the accounting standards associated with the Company's share-based compensation plans.*

($ thousands)	**2014**	2013	2012
Income before income taxes	**111,214**	197,067	319,537
Interest expense	**21,546**	18,795	18,666
Interest income	**(859)**	(1,320)	(504)
Depreciation	**298,854**	248,026	220,227
Asset decommissioning and write-downs	**89,495**	–	–
Share-based compensation	**(13,573)**	2,049	(3,397)
Foreign exchange and other	**30,836**	21,095	6,446
Adjusted EBITDA	**537,513**	485,712	560,975

2 *Adjusted net income is defined as "net income before asset decommissioning and write-downs, share-based compensation and foreign exchange and other, tax-effected using the expected income tax rate for each item or an estimate of 35 percent". Management believes that, in addition to net income, adjusted net income is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how the results are impacted by non-cash charges for equipment write-downs, how the results are impacted by foreign exchange and how the results are impacted by the accounting standards associated with the Company's share-based compensation plans, net of income taxes.*

($ thousands)	**2014**	2013	2012
Net income	**71,120**	128,865	217,522
Asset decommissioning and write-downs, net of income taxes	**66,226**	–	–
Share-based compensation, net of income taxes	**(8,822)**	1,332	(2,208)
Foreign exchange and other, net of income taxes	**20,043**	13,712	4,190
Adjusted net income	**148,567**	143,909	219,504

3 *Funds from operations is defined as "cash provided by operating activities before the change in non-cash working capital". Management believes that in addition to net income, funds from operations is a measure that provides additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Company's ability to finance operating activities and capital expenditures.*

($ thousands)	**2014**	2013	2012
Net income	**71,120**	128,865	217,522
Non-cash items:			
Depreciation	**298,854**	248,026	220,227
Asset decommissioning and write-downs	**89,495**	–	–
Share-based compensation, net of cash paid	**(10,657)**	6,492	4,363
Unrealized foreign exchange and other	**27,648**	26,869	5,838
Accretion on long-term debt	**352**	328	1,579
Deferred income tax	**15,074**	25,031	56,826
Funds from operations	**491,886**	435,611	506,355

NATURE OF OPERATIONS

The Company is in the business of providing oilfield services to the oil and gas industry in Canada, the United States and internationally. Oilfield services provided by the Company include drilling and well servicing, oil sands coring, directional drilling, underbalanced and managed pressure drilling, equipment rentals, transportation, wireline services and production testing services.

The Company's Canadian operations span the four western provinces of British Columbia, Alberta, Saskatchewan and Manitoba and include the Northwest Territories and the Yukon. In the United States, the Company operates predominantly in the Rocky Mountain and southern regions as well as the states of California, Nevada, New Mexico, North Dakota, South Dakota, Nebraska, Pennsylvania and Michigan. Internationally, the Company currently operates in Australia, Argentina, Kurdistan, Libya, Oman and Venezuela. In addition to these international locations, the Company has operated in several other countries in the past and may relocate equipment to other regions in the future depending on bidding opportunities and anticipated levels of future demand.

2014 COMPARED WITH 2013

The Company's revenue for the year ended December 31, 2014 was $2,321.8 million, the highest in the Company's history, an 11 percent increase over 2013 revenue of $2,098.0 million. Operating earnings, expressed as adjusted EBITDA, for 2014 were $537.5 million ($3.52 per common share), an 11 percent increase from adjusted EBITDA of $485.7 million ($3.18 per common share) for the year ended December 31, 2013. Net income for the year ended December 31, 2014 was $71.1 million ($0.47 per common share), a 45 percent decrease from $128.9 million ($0.84 per common share) recorded in 2013. The reduction in net income in 2014 is due to the asset decommissioning and write-down charge of $89.5 million taken during the fourth quarter of 2014. Excluding the tax-effected impact of asset decommissioning and write-downs, share-based compensation and foreign exchange and other, adjusted net

income for the year ended December 31, 2014 totaled $148.6 million ($0.97 per common share), three percent higher than adjusted net income of $143.9 million ($0.94 per common share) recorded for the year ended December 31, 2013. Funds from operations for 2014 increased 13 percent to $491.9 million ($3.22 per common share) from $435.6 million ($2.85 per common share) in the prior year.

The Company generated strong operating and financial results for the majority of the 2014 fiscal year, even though falling oil prices in the second half of the year began to adversely impact current and future cash flows for the Company's customers and the expected levels of future demand for oilfield services, particularly in North America. The Company's international operations continued to grow with new equipment added during the year. Financial results from the Company's United States and international operations were further improved on translation to Canadian dollars due to the strengthening of the United States dollar relative to the Canadian dollar. For the twelve months ended December 31, 2014 a seven percent increase in the Canadian/United States dollar exchange rate positively impacted revenues and margins generated outside Canada.

The financial results for the twelve months ended December 31, 2014 were negatively impacted by a $89.5 million non-cash charge for asset decommissioning and write-downs. On an after-tax basis, net income for the twelve months ended December 31, 2014 was reduced by $66.2 million ($0.59 per share) due to this asset decommissioning and write-downs charge. Oilfield service equipment has a finite life and, accordingly, asset decommissionings are a normal occurrence for an oilfield service company. The current uncertain market conditions resulting from lower oil and gas commodity prices made it prudent for the Company to take a closer look at its equipment fleet. As a result of this detailed review, the Company has reduced its marketed equipment fleet in the fourth quarter of 2014 by decommissioning 18 drilling rigs and 21 well servicing rigs in Canada, 14 drilling rigs in the United States and three workover rigs in its international fleet. In accordance with its current practice, the Company will retain useful components from the decommissioned rigs for use in its current and future operations. The majority of the non-cash charge associated with the asset decommissioning and write-downs relates to the write-down of certain drilling rigs to their recoverable value as at December 31, 2014.

In 2014 the Company added five new Automated Drill Rigs ("ADR®") to its drilling rig fleet: one in the Canadian market, two in the United States market and two in the international market. All of the newly constructed ADRs are subject to long-term contracts. The new build program also added three new well servicing rigs: one in Canada and two in the United States.

The Company's results for the 2013 fiscal year reflected reduced demand for oilfield services in North America in reaction to uncertain global economic conditions and concerns regarding the economics of oil and gas projects. The reduced operating and financial results from the Company's North American oilfield services operations were somewhat offset by growth in results from the Company's international operations. Canadian oilfield services were also hindered in 2013 by a particularly wet spring break-up that impeded the movement of the Company's equipment. Additions to the Company's global fleet helped to mitigate the overall decrease in activity levels. The Company expanded its existing directional drilling business in Canada through the acquisition of substantially all of the assets of Departure Energy Services Inc. ("Departure") and expanded its existing oilfield rental business in Canada through the acquisition of substantially all of the assets of EGOC Enviro Group of Companies Ltd. ("EGOC"), both in the second quarter of 2013.

In June 2014, the Company amended its existing global revolving credit facility (the "Global Facility"), increasing the amount available from $400.0 million to $600.0 million. The expanded facility has a three-year term and is primarily being used to fund the Company's current new build and major retrofit program and to support international operations.

The Company increased its dividend in the fourth quarter of 2014 to a quarterly dividend rate of $0.1200 per common share, a 2.1 percent increase from the previous quarterly dividend rate of $0.1175 per common share. The Company declared total dividends of $0.4725 per common share in 2014, a 5.6 percent increase from dividends of $0.4475 per common share declared in 2013. The Company first started paying a dividend 20 years ago and has increased its annual dividend at a 16 percent compound annual growth rate from 1995 to the current year.

The Company exited 2014 with working capital of $189.7 million compared to a working capital deficit of $71.1 million at December 31, 2013. The majority of the change in the Company's working capital position is due to the amendment of the Global Facility in June 2014 to a three-year term. The Company's expanded bank credit facilities provide available borrowings of $161.5 million at December 31, 2014 compared to $70.7 million at December 31, 2013.

2013 COMPARED WITH 2012

The Company experienced a decrease in demand for oilfield services during the 2013 fiscal year within the North American market due to the impact of uncertain global economic conditions and concerns regarding the economics of oil and gas projects. Additions to the Company's global equipment fleet helped to mitigate the overall decrease to activity levels. During 2012 the Company generated record levels of revenue and funds from operations to that time, mainly attributable to the first full year of operations from Ensign US Southern Drilling LLC, acquired in September 2011, the growth of the Company's global fleet and stronger activity levels in international operations.

REVENUE AND OILFIELD SERVICES EXPENSE

($ thousands)	**2014**	2013	Change	% change
Revenue				
Canada	**666,095**	661,008	5,087	1
United States	**1,026,605**	890,767	135,838	15
International	**629,065**	546,236	82,829	15
	2,321,765	2,098,011	223,754	11
Oilfield services expense	**1,686,395**	1,524,173	162,222	11
Gross margin	**635,370**	573,838	61,532	11
Gross margin percentage *(%)*	**27.4**	27.4		

Revenue for the year ended December 31, 2014 was the highest in the Company's history totaling $2,321.8 million, an increase of 11 percent from revenue for the year ended December 31, 2013 of $2,098.0 million. This was a direct result of equipment fleet additions and upgrades as well as stronger demand in the United States and international markets. Demand for oilfield services in the latter part of 2014 was hampered by growing uncertainty regarding the impact, particularly in North America, of a lower oil and gas commodity price environment.

Demand for international oilfield services remained steady in many of the areas in which the Company operates, producing generally stronger financial results in 2014 compared to 2013. Revenue generated in the Company's United States and international operations were positively impacted upon translation to Canadian dollars by a seven percent increase in the Canadian/United States dollar exchange rate in 2014 compared to the prior year.

Gross margin as a percentage of revenue remained consistent in 2014 with the prior year at 27.4 percent. Increased costs for labor and higher major maintenance expenditures negatively impacted margins. Several international rigs, which began work early in 2014, incurred start-up costs towards the end of 2013. Such expenditures negatively impacted 2013 gross margins.

CANADIAN OILFIELD SERVICES

	2014	2013	Change	% change
Revenue *($ thousands)*	**666,095**	661,008	5,087	1
Drilling rigs [1]				
Opening balance	**121**	124		
Additions	**1**	2		
Transfers [2]	**(2)**	–		
Decommissions/Disposals	**(32)**	(5)		
Ending balance	**88**	121	(33)	(27)
Drilling operating days [1]	**14,440**	14,183	257	2
Drilling rig utilization *(%)* [1]	**38.7**	32.3	6.4	20
Well servicing rigs				
Opening balance	**95**	99		
Additions	**1**	6		
Decommissions/Disposals	**(25)**	(10)		
Ending balance	**71**	95	(24)	(25)
Well servicing operating hours	**125,022**	121,159	3,863	3
Well servicing utilization *(%)*	**38.2**	35.8	2.4	7

1 Excludes coring rigs.
2 Includes transfers to coring rigs.

The Company recorded revenue of $666.1 million in Canada for the year ended December 31, 2014, a one percent increase from $661.0 million recorded for the year ended December 31, 2013. Canada accounted for 29 percent of the Company's revenue in the year ended December 31, 2014 (2013 – 32 percent). The Company recorded 14,440 operating days in 2014, a two percent increase from 14,183 operating days in the previous year. Canadian well servicing hours increased by three percent in the year ended December 31, 2014 from the prior year.

The 2014 fiscal year ended up relatively strong with respect to operational and financial results for the Company's Canadian operations. However, reductions in the price of crude oil in the second half of 2014 have negatively affected the demand for oilfield services going into the winter drilling season. Utilization and revenue rates for the Company's Canadian oilfield services started to decline towards year-end as the Company's customers began to reduce planned levels of capital expenditures in reaction to the steep decline in crude oil prices. In the prior year, Canadian activity levels had been negatively impacted by unfavorable price differentials for Canadian oil and gas commodities and the impact of a particularly wet spring break-up. These negative impacts were somewhat offset by the positive impact from the expansion of the Company's Canadian oilfield equipment rental and directional drilling equipment fleets in the second quarter of 2013.

The Company continues to transition its Canadian drilling fleet from shallow drilling rigs to deeper drilling rigs in response to changing market dynamics. In Canada, the Company added one new build ADR® drilling rig and one new well servicing rig; transferred in two existing drilling rigs from the United States and one drilling rig from Gabon; transferred out three drilling rigs to Australia; and decommissioned or disposed of 32 inactive drilling rigs and 25 inactive well servicing rigs in 2014.

UNITED STATES OILFIELD SERVICES

	2014	2013	Change	% change
Revenue *($ thousands)*	**1,026,605**	890,767	135,838	15
Drilling rigs				
Opening balance	**117**	121		
Additions	**2**	3		
Transfers	**(3)**	(1)		
Decommissions/Disposals	**(21)**	(6)		
Ending balance	**95**	117	(22)	(19)
Drilling operating days	**23,577**	22,955	622	3
Drilling rig utilization *(%)*	**59.3**	54.0	5.3	10
Well servicing rigs				
Opening balance	**45**	46		
Additions	**2**	1		
Decommissions/Disposals	**(2)**	(2)		
Ending balance	**45**	45	–	–
Well servicing operating hours	**120,939**	105,260	15,679	15
Well servicing utilization *(%)*	**73.8**	64.2	9.6	15

The Company's United States operations recorded revenue of $1,026.6 million for the year ended December 31, 2014, up 15 percent from revenue of $890.8 million for the year ended December 31, 2013. The Company's United States operations accounted for 44 percent of the Company's revenue in 2014 (2013 – 42 percent) and was the largest contributor to the Company's consolidated revenues in 2014, consistent with the prior year. Drilling rig operating days increased by three percent from 22,955 operating days in 2013 to 23,577 operating days in 2014. Well servicing activity expressed in operating hours increased by 15 percent in 2014 compared with 2013.

Overall operating and financial results for the Company's United States operations improved for the year ended December 31, 2014 compared to the prior year. The United States operations enjoyed improved pricing and utilization for the majority of 2014 compared to 2013, when the demand for oilfield services by the Company's customers had been restrained in several regions and did not begin to show signs of recovery until later in the year. After experiencing improved levels of activity and customer demand through the first half of 2014 compared to the prior year, the industry was impacted by uncertain oil and gas commodity prices in the second half of 2014 that caused the demand for oilfield services to decline in certain areas. Offsetting the impact of this decrease were recent additions to the Company's United States fleet as described below and the impact on translation of the strengthening of the United States dollar against the Canadian dollar in the current year compared to 2013. The average United States dollar foreign exchange rate increased approximately seven percent during 2014 compared to 2013.

During 2014, the Company added two new build ADR® and two new well servicing rigs to its United States fleet; transferred one drilling rig to its international equipment fleet; transferred two drilling rigs to the Canadian fleet; and decommissioned or disposed of 21 inactive drilling rigs and two inactive well servicing rigs in the United States.

INTERNATIONAL OILFIELD SERVICES

	2014	2013	Change	% change
Revenue *($ thousands)*	**629,065**	546,236	82,829	15
Drilling and workover rigs				
Opening balance	**54**	54		
Additions	**2**	–		
Transfers	**3**	1		
Decommissions/Disposals	**(3)**	(1)		
Ending balance	**56**	54	2	4
Drilling operating days	**11,339**	11,384	(45)	–
Drilling rig utilization *(%)*	**53.6**	58.4	(4.8)	(8)

International revenue totaled $629.1 million for the year ended December 31, 2014, a 15 percent increase from $546.2 million for the year ended December 31, 2013. The Company's international operations contributed 27 percent of the Company's revenue in the year ended December 31, 2014, up slightly from the 26 percent contributed in the prior year. The Company's international operations recorded 11,339 operating days in 2014, relatively unchanged from the 11,384 operating days recorded in 2013.

The Company's international operations benefited from contributions from the new build and retrofitted drilling rigs added to the international equipment fleet in 2013 and 2014. The Company expanded its operations late in 2013 with the start-up of one drilling rig deployed in Kurdistan. In 2014, the Company added two new build ADRs to the Australian fleet; transferred in three existing drilling rigs to the Australian fleet from Canada; transferred one existing drilling rig to Argentina from the United States; transferred one existing drilling rig from Gabon to Canada; and decommissioned or disposed of three workover rigs. The positive impact of the net increases to the Company's international equipment fleet was somewhat muted by the completion of a contract in Gabon in early 2014, the suspension of operations in Libya due to an escalation of civil unrest in the third quarter and a slowdown in activity in Australia late in the year as the first stage of LNG-related development drilling was completed and operators shifted their focus to the start-up and commissioning of some of the recently completed LNG trains. Generally speaking, the reduction in crude oil prices in the second half of 2014 has not yet had a significant impact on the demand for international oilfield services due to the longer term nature of such projects. However, the lower crude oil price is expected to create challenges for Venezuela due to the heavy economic reliance on energy revenues in the country. The possible impact to the Company of the challenges in Venezuela are discussed further in the "Financial Instruments" section of this MD&A under Credit Risk. See also "Risks and Uncertainties – Foreign Operations".

Consistent with the translation of the financial results from the Company's United States operations, the financial results from the Company's international operations were improved on translation into Canadian dollars by the seven percent strengthening of the United States dollar relative to the Canadian dollar in 2014 when compared to the prior year.

DEPRECIATION

($ thousands)	**2014**	2013	Change	% change
Depreciation	**298,854**	248,026	50,828	20

Depreciation expense increased 20 percent to $298.9 million for the year ended December 31, 2014 compared with $248.0 million for the year ended December 31, 2013. Higher depreciation expense in 2014 over 2013 was attributable to higher-valued equipment being added to the Company's global fleet in recent years through the new build program in addition to the impacts of the Canadian acquisitions of the oilfield rental assets of EGOC and the directional drilling assets of Departure in the second quarter of 2013.

As a result of certain external impairment indicators existing in the market, the Company completed impairment tests in its CGUs. The Company did not note any write-downs for any CGUs based on the following key assumptions: weighted average pre-tax discount rate of 10-13% based on cost of capital and debt, asset and country risk, together with past experience; annual inflationary growth after five years and limited to the assets lives; and cash flow projections consistent with market conditions and estimated rig salvage values of 20%. A five percent change in cash flow projections would not have a material effect on the results of the impairment test.

GENERAL AND ADMINISTRATIVE EXPENSE

($ thousands)	**2014**	2013	Change	% change
General and administrative	**97,857**	88,126	9,731	11
% of revenue	**4.2**	4.2		

General and administrative expense totaled $97.9 million (4.2 percent of revenue) for the year ended December 31, 2014 compared with $88.1 million (4.2 percent of revenue) for the year ended December 31, 2013, an increase of 11 percent. The increase in general and administrative expense reflects the negative translational impact of a stronger United States dollar on United States and international administrative expenses in the current year and increased costs to support growing international operations. Additionally, general and administrative expense in the 2014 fiscal year includes costs relating to improvements made by the Company to its administrative and cost structure to compete more effectively in a lower commodity price environment.

ASSET DECOMMISSIONING AND WRITE-DOWNS

($ thousands)	**2014**	2013	Change	% change
Asset decommissioning and write-downs	**89,495**	–	89,495	n/a

As a result of a detailed review of its equipment fleet in light of current market conditions, the Company has reduced its marketed equipment fleet in the fourth quarter of 2014 by decommissioning 18 drilling rigs and 21 well servicing rigs in Canada, 14 drilling rigs in the United States and three workover rigs in its international fleet. In accordance with its current practice, the Company will retain useful components from the decommissioned rigs for use in its current and future operations. The majority of the non-cash charge recorded during the year relates to the write-down of certain drilling rigs to their estimated recoverable value.

SHARE-BASED COMPENSATION (RECOVERY) EXPENSE

($ thousands)	**2014**	2013	Change	% change
Share-based compensation	**(13,573)**	2,049	(15,622)	(762)

Share-based compensation (recovery) expense arises from the Black-Scholes valuation accounting associated with the Company's share-based compensation plans, whereby the liability associated with share-based compensation is adjusted for the effect of granting and vesting of employee stock options and changes in the underlying market price of the Company's common shares.

For 2014, share-based compensation was a recovery of $13.6 million compared with an expense of $2.0 million for the year ended December 31, 2013. The share-based compensation recovery for the year ended December 31, 2014 arises from the change in the fair value of share-based compensation liability primarily due to a decrease in the market price of the Company's common shares during the year. The closing price of the Company's common shares was $10.20 at December 31, 2014, compared with $16.73 at December 31, 2013.

INTEREST EXPENSE

($ thousands)	2014	2013	Change	% change
Interest expense	**21,546**	18,795	2,751	15
Interest income	**(859)**	(1,320)	461	(35)
	20,687	17,475	3,212	18

Interest is incurred on the Company's bank credit facilities, comprised of the $10.0 million Canadian-based revolving credit facility (the "Canadian Facility") and the expanded and extended $600.0 million Global Facility, and the USD $300.0 million senior unsecured notes (the "Notes") issued in February 2012. The amortization of deferred financing costs associated with the issuance of the Notes is included in interest expense for the years ended December 31, 2014 and 2013.

Interest expense in 2014 increased 15 percent compared to 2013 due to increased draws on the expanded Global Facility and the negative translational impact of a stronger United States dollar on United States and international interest expense in the current year. Interest income was lower in 2014 compared to 2013 as a result of lower average balances of interest-earning cash and cash equivalents in 2014 compared to the prior year.

During the second quarter of 2014, the Company amended its existing Global Facility, increasing the amount available to $600.0 million from $400.0 million. The amended Global Facility has a term of three years.

FOREIGN EXCHANGE AND OTHER

($ thousands)	2014	2013	Change	% change
Foreign exchange and other	**30,836**	21,095	9,741	46

Included in this amount are foreign currency movements, mainly in the Company's subsidiaries that have functional currencies other than Canadian dollars. During the year ended December 31, 2014 the Australian dollar weakened by approximately nine percent against the United States dollar causing a foreign currency loss on translation of the Company's United States dollar denominated debt into Australian dollars. When compared to other world currencies, the United States dollar generally strengthened in 2014 compared to 2013.

INCOME TAXES

($ thousands)	2014	2013	Change	% change
Current income tax	**25,020**	43,171	(18,151)	(42)
Deferred income tax	**15,074**	25,031	(9,957)	(40)
	40,094	68,202	(28,108)	(41)
Effective income tax rate *(%)*	**36.1**	34.6		

For the year ended December 31, 2014, the Company's effective income tax rate was 36.1 percent compared with 34.6 percent for the year ended December 31, 2013. The increase in the overall effective tax rate in 2014 when compared with 2013 is due an increased proportion of taxable income earned in higher rate jurisdictions, including those which assess tax on deemed income as a percentage of gross revenue.

FINANCIAL POSITION

The following chart outlines significant changes in the consolidated statement of financial position from December 31, 2013 to December 31, 2014:

($ thousands)	Change	Explanation
Cash and cash equivalents	(24,861)	See consolidated statements of cash flows.
Accounts receivable	23,028	Increase is due to foreign exchange fluctuations on the consolidation of the Company's foreign subsidiaries and higher average day rates in the United States and international operations in the fourth quarter of 2014 compared to the same quarter of 2013.
Income taxes receivable	7,269	Increase is due to tax instalments, net of the current income tax provision for the year.
Inventories and other	(1,985)	Decrease is due to normal course use of consumables, offset by additional inventory.
Property and equipment	336,596	Increase is due to additions to fixed assets from the current new build construction program and a strengthening of the United States dollar year-end foreign exchange rate on the consolidation of the Company's foreign subsidiaries, offset by depreciation and a fourth quarter charge for asset decommissioning and write-downs.
Note receivable	(4,280)	Decrease is due to the reclassification to accounts receivable as the remaining balance is due on December 4, 2015.
Accounts payable and accruals	81,411	Increase is due to foreign exchange fluctuations on the consolidation of the Company's foreign subsidiaries and timing of payments to external vendors during the year.
Operating lines of credit	(326,525)	Decrease is due to the renewal of the Global Facility which now has a three-year term.
Share-based compensation	(14,943)	Decrease is primarily due to a decrease in the price of the Company's common shares as at December 31, 2014 compared with December 31, 2013.
Dividends payable	348	Increase is due to a two percent increase in the quarterly dividend rate in the fourth quarter of 2014 compared to the dividend rate in the fourth quarter of 2013.
Long-term debt	468,920	Increase is due to the renewal of the expanded Global Facility which matures in 2017 and foreign exchange fluctuations on the United States dollar-denominated long-term debt.
Deferred income taxes	43,888	Increase is primarily due to accelerated tax depreciation of assets added during the current year as well as utilization of non-capital losses.
Shareholders' equity	82,668	Increase is due to net income for the year and the impact of foreign exchange rate fluctuations on net assets of foreign subsidiaries, offset by the amount of dividends declared in the year.

FUNDS FROM OPERATIONS AND WORKING CAPITAL

($ thousands)	**2014**	2013	Change	% change
Funds from operations	**491,886**	435,611	56,275	13
Funds from operations per share	**$3.22**	$2.85	$0.37	13
Working capital (deficit)	**189,698**	(71,146)	260,844	(366)

Funds from operations totaled $491.9 million ($3.22 per common share) for 2014, an increase of 13 percent compared to $435.6 million ($2.85 per common share) generated in 2013. The increase in funds from operations in 2014 compared to 2013 is due to increased demand for both North American and international oilfield services and contributions from the additions and upgrades to the Company's global equipment fleet through the new build and major retrofit program. The significant factors that may impact the Company's ability to generate funds from operations in future periods are outlined in the "Risks and Uncertainties" section of this MD&A.

At December 31, 2014, the Company's working capital was $189.7 million compared to a working capital deficit of $71.1 million at December 31, 2013. The Company's working capital resources fund the new build and major retrofits construction programs that as at December 31, 2014 are anticipated to deliver an additional eight new build ADR® drilling rigs and two major retrofits to existing drilling rigs in 2015. The Company expects funds generated by operations, combined with current and future credit facilities, to fully support current operating and capital requirements. The newly expanded bank credit facilities provide for total borrowing of up to $610.0 million, of which $161.5 million was available at December 31, 2014.

INVESTING ACTIVITIES

($ thousands)	**2014**	2013	Change	% change
Purchase of property and equipment	**(582,999)**	(342,225)	(240,774)	70
Acquisitions	**–**	(76,408)	76,408	(100)
Net change in non-cash working capital	**32,080**	17,845	14,235	80
Cash used in investing activities	**(550,919)**	(400,788)	(150,131)	37

Purchases of property and equipment for the year ended December 31, 2014 totaled $583.0 million (2013 – $342.2 million). The purchases of property and equipment relate primarily to expenditures made pursuant to the Company's new build and major retrofit program. Significant additions in 2014 as a result of the new build program include:

- Completed one new ADR® drilling rig in Canada; retrofitted two drilling rigs transferred from the United States to Canada; and one new well servicing rig was added to upgrade the existing fleet.
- Completed two new ADR® drilling rigs in the United States; and two new well servicing rigs were added to upgrade the existing fleet.
- Completed two new ADR® drilling rigs in Australia; retrofitted three drilling rigs transferred from Canada to Australia; and retrofitted one drilling rig transferred from the United States to Argentina.

During the second quarter of 2013 the Company acquired the rental assets of EGOC and the directional drilling assets of Departure.

FINANCING ACTIVITIES

($ thousands)	**2014**	2013	Change	% change
Net increase in bank credit facilities	**82,331**	76,285	6,046	8
Issue of capital stock	**–**	2,002	(2,002)	(100)
Repurchase of shares	**(3,579)**	–	(3,579)	nm
Purchase of shares held in trust	**(5,863)**	(6,497)	634	(10)
Dividends	**(72,423)**	(68,614)	(3,809)	6
Net change in non-cash working capital	**1,093**	1,912	(819)	(43)
Cash provided by financing activities	**1,559**	5,088	(3,529)	(69)

The Company's available bank credit facilities consist of an expanded and extended $600.0 million Global Facility and a $10.0 million Canadian Facility. The Global Facility is available to the Company and certain of its wholly owned subsidiaries, and may be drawn in Canadian, United States or Australian dollars, up to the equivalent value of $600.0 million Canadian dollars. The amount available under the Canadian Facility is $10.0 million or the equivalent in United States dollars.

During the second quarter of 2014, the Company amended its existing Global Facility, increasing the amount available from $400.0 million to $600.0 million and extending the term for three years. Net draws of the Global Facility for the year ended December 31, 2014 were mainly used to fund the ongoing new build and major retrofit programs that added five new ADR® drilling rigs to the Company's global fleet in 2014, one in Canada, two in the United States and two in Australia; as well as to complete six major retrofits to existing drilling rigs, two in Canada and four in international operations. As of December 31, 2014, the Global Facility is primarily being used to fund the Company's current new build and major retrofit programs and to support international operations.

During the first quarter of 2014, the Company secured a $20.0 million uncommitted facility, solely for issuing letters of credit, that is used primarily for bidding on contracts in the normal course of business. As at December 31, 2014 $11,901 was drawn on the facility.

On September 25, 2014 the Company received approval from the Toronto Stock Exchange to acquire for cancellation up to three percent of the Company's issued and outstanding common shares under a Normal Course Issuer Bid (the "Bid"). The Company may purchase up to 4,600,477 common shares for cancellation. The Bid commenced on September 29, 2014 and will terminate on September 28, 2015 or such earlier time as the Bid is completed or terminated at the option of the Company. As at December 31, 2014, 289,100 common shares were purchased at an average price of $12.38 and cancelled pursuant to the Bid.

The Company previously had a Normal Course Issuer Bid that commenced on June 25, 2013 and terminated on June 24, 2014, under which no common shares were purchased and cancelled.

The Company declared dividends of $0.4725 per common share in the 2014 fiscal year, an increase of 5.6 percent over dividends of $0.4475 per common share declared in 2013. No employees exercised stock options to acquire common shares in 2014; the Company received $2.0 million from the issuance of common shares in connection with exercises pursuant to the employee stock option program in 2013.

Subsequent to December 31, 2014, the Company declared a dividend for the first quarter of 2015. The dividend of $0.1200 per common share is payable April 2, 2015 to all common shareholders of record as of March 25, 2015. The dividend is pursuant to the quarterly dividend policy adopted by the Company. Pursuant to subsection 89(1) of the Canadian Income Tax Act ("ITA"), the dividend being paid is designated as an eligible dividend, as defined in subsection 89(1) of the ITA.

CONTRACTUAL OBLIGATIONS

In the normal course of business, the Company enters into various commitments that will have an impact on future operations. These commitments relate primarily to credit facilities, senior unsecured notes and other facility leases.

A summary of the Company's total contractual obligations as of December 31, 2014, is as follows:

($ thousands)	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Drawings on bank credit facilities	9,731	451,114	–	–	460,845
Senior unsecured notes	13,852	140,640	132,198	127,743	414,433
Facility leases	3,203	2,312	466	454	6,435
	26,786	594,066	132,664	128,197	881,713

FINANCIAL INSTRUMENTS

The classification and measurement of financial instruments the Company has recognized is presented below:

Cash and cash equivalents and accounts receivable are classified as financial assets at amortized cost.

Accounts payable and accruals, operating lines of credit, dividends payable and long-term debt are classified as financial liabilities at amortized cost.

CREDIT RISK

The Company is subject to credit risk on accounts receivable balances, which at December 31, 2014 totaled $463.8 million, an increase of $23.0 million from $440.8 million as at December 31, 2013.

The Company manages credit risk through dedicated credit resources, ongoing monitoring and follow up of balances owing, well liens and tightening or restriction of credit terms as required. The Company also monitors the amount and age of accounts receivable balances on an ongoing basis. As at December 31, 2014, the Company had trade receivables of $24.7 million (2013 – $33.6 million) with multiple customers that were greater than 90 days old for which an allowance for doubtful accounts of $19.2 million (2013 – $13.1 million) has been recorded to provide for balances which, in management's best estimate, are deemed uncollectible as at December 31, 2014. The Company maintains and regularly reviews its allowance for doubtful accounts, which is an estimate requiring significant judgment and may differ materially from actual results.

As part of the Company's international operations, it provides oilfield services in Venezuela pursuant to contractual arrangements. As at December 31, 2014, the Company had accounts receivable of approximately $35.8 million for work performed in Venezuela, and in recent months a number of payments have been received by the Company. However, due to the recent decline in the price of oil and continuing political unrest within Venezuela there can be no assurance that the Company will be successful in collecting all or any of such outstanding balance.

LIQUIDITY RISK

The Company is subject to liquidity risk on its financial liabilities, which at December 31, 2014 totaled $1,193.3 million, an increase of $224.2 million from $969.1 million as at December 31, 2013.

The Company manages liquidity by forecasting cash flows on an annual basis and secures sufficient credit facilities to meet financing requirements that exceed anticipated internally generated funds. As at December 31, 2014, the remaining contractual maturities of accounts payable and accruals and dividends payable are less than one year. Maturity information regarding the Company's bank credit facilities and long-term debt is described above under Contractual Obligations.

As at December 31, 2014 the Company had available bank credit facilities of $161.5 million (2013 – $70.7 million). The Company is in compliance with debt covenants as of December 31, 2014.

NEW BUILDS AND MAJOR RETROFITS

During the year ended December 31, 2014 the Company commissioned one new ADR® drilling rig in Canada; two new ADRs in the United States; two new ADRs in Australia; retrofitted two drilling rigs transferred from the United States to Canada; retrofitted three drilling rigs transferred from Canada to Australia; and retrofitted one drilling rig transferred from the United States to Argentina. In addition, two new well servicing rigs were added to the United States fleet; and one new well servicing rig was added to the Canadian well servicing fleet.

The Company continues to build new ADR® drilling rigs and upgrade existing rigs to meet the increasing technical demands of its customers. However, the recent decline in oil prices has resulted in the Company proactively and aggressively reducing the current rig build program. The Company's new build program currently consists of plans to construct eight new build ADRs that will be added to its fleet by the third quarter of 2015. A total of two major retrofits are currently planned for the United States market in 2015.

The estimated delivery schedule for new ADRs and major retrofits of existing drilling rigs under construction at December 31, 2014 is as follows:

	Estimated Delivery Date				
	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Total
New Build ADRs	4	4	–	–	8
Major Retrofits	1	1	–	–	2
	5	5	–	–	10

The delivery schedule is monitored continuously and the Company may modify its plans based on industry conditions and the changing demands of its customers.

SUMMARY QUARTERLY RESULTS

		2014		
($ thousands, except per share data)	**Q4-2014**	Q3-2014	Q2-2014	Q1-2014
Revenue	**602,691**	583,299	511,581	624,194
Adjusted EBITDA [1]	**143,012**	137,295	97,137	160,069
Adjusted EBITDA per share [1]				
Basic	**$0.94**	$0.90	$0.64	$1.05
Diluted	**$0.94**	$0.89	$0.63	$1.04
Adjusted net income [1]	**44,181**	36,076	14,352	53,958
Adjusted net income per share [1]				
Basic	**$0.29**	$0.24	$0.09	$0.35
Diluted	**$0.29**	$0.24	$0.09	$0.35
Net (loss) income	**(31,038)**	26,505	15,242	60,411
Net (loss) income per share				
Basic	**$(0.20)**	$0.17	$0.10	$0.40
Diluted	**$(0.20)**	$0.17	$0.10	$0.39
Funds from operations [1]	**132,257**	132,187	90,431	137,011
Funds from operations per share [1]				
Basic	**$0.87**	$0.87	$0.59	$0.90
Diluted	**$0.86**	$0.86	$0.59	$0.89

	2013			
($ thousands, except per share data)	Q4-2013	Q3-2013	Q2-2013	Q1-2013
Revenue	536,044	542,951	437,874	581,142
Adjusted EBITDA [1]	112,461	123,123	85,746	164,382
Adjusted EBITDA per share [1]				
Basic	$0.74	$0.81	$0.56	$1.08
Diluted	$0.73	$0.80	$0.56	$1.07
Adjusted net income [1]	27,947	34,861	14,484	66,617
Adjusted net income per share [1]				
Basic	$0.18	$0.23	$0.09	$0.44
Diluted	$0.18	$0.23	$0.09	$0.43
Net income	26,895	33,699	3,284	64,987
Net income per share				
Basic	$0.18	$0.22	$0.02	$0.43
Diluted	$0.18	$0.22	$0.02	$0.42
Funds from operations [1]	101,209	105,923	88,677	139,802
Funds from operations per share [1]				
Basic	$0.66	$0.69	$0.58	$0.92
Diluted	$0.66	$0.69	$0.58	$0.91

1 See "Non-GAAP Measures" above. Certain prior period amounts have been restated to reflect current year presentation.

The seasonal operating environment in Canada impacts the Company's quarterly results. Financial and operating results for the Company's Canadian oilfield services division are generally strongest during the first and fourth quarters when the Company's customers conduct the majority of their drilling programs. Utilization rates typically decline during the second quarter as spring break-up weather conditions hinder mobility of the Company's equipment. As the Company expands its operations in the United States and internationally, the seasonal effects on results of operating in Canada will be mitigated.

The comparability of the Company's financial results on a quarter-over-quarter basis is impacted by the Black-Scholes valuation accounting associated with the Company's share-based compensation plans, which can fluctuate significantly from quarter to quarter as a result of changes in the valuation inputs, as well as changes in foreign currencies against the functional currencies of the Company's operating entities. Management utilizes Adjusted EBITDA and Adjusted net income to assess results from the Company's principal business activities prior to the impact of share-based compensation and foreign exchange and other.

An assessment or comparison of the Company's quarterly results at any given time requires consideration of oil and gas commodity prices. Commodity prices ultimately drive the level of exploration and development activities carried out by the Company's customers and the resultant demand for the oilfield services provided by the Company.

The Company's quarterly results for the 2014 fiscal year reflect the seasonality referred to above modified by improved levels of activity in the global oilfield services industry through most of 2014 as oil prices rose through the first half of the year and gas commodity prices improved after a relatively colder winter in North America in 2013/14. Improved levels of cash flows for the Company's customers translated to larger capital expenditure levels. The year-over-year improvements in financial results were also aided by contributions from new build and refurbished drilling rigs that attained high levels of utilization at favorable revenue rates upon commencing operations. The sharp drop in oil prices through the second half of the 2014 fiscal year was accompanied by a sharp rise in the value of the United States dollar compared to the Canadian dollar. Accordingly, the Company's United States and international financial results for the third and fourth quarters of 2014 were positively impacted upon translation to Canadian dollars for consolidation purposes.

FOURTH QUARTER ANALYSIS

		Three months ended December 31		
($ thousands, except per share data and operating information)	**2014**	2013	Change	% change
Revenue	**602,691**	536,044	66,647	12
Adjusted EBITDA [1]	**143,012**	112,461	30,551	27
Adjusted EBITDA per share [1]				
Basic	**$0.94**	$0.74	$0.20	27
Diluted	**$0.94**	$0.73	$0.21	29
Adjusted net income [1]	**44,181**	27,947	16,234	58
Adjusted net income per share [1]				
Basic	**$0.29**	$0.18	$0.11	61
Diluted	**$0.29**	$0.18	$0.11	61
Net (loss) income	**(31,038)**	26,895	(57,933)	(215)
Net (loss) income per share				
Basic	**$(0.20)**	$0.18	$(0.38)	(211)
Diluted	**$(0.20)**	$0.18	$(0.38)	(211)
Funds from operations [1]	**132,257**	101,209	31,048	31
Funds from operations per share [1]				
Basic	**$0.87**	$0.66	$0.21	32
Diluted	**$0.86**	$0.66	$0.20	30
Weighted average shares – basic *(000s)*	**152,621**	152,809	(188)	–
Weighted average shares – diluted *(000s)*	**152,932**	153,613	(681)	–
1 See "Non-GAAP Measures" above.				
Drilling				
Number of marketed rigs				
Canada [1]	**88**	121	(33)	(27)
United States	**95**	117	(22)	(19)
International [2]	**56**	54	2	4
Operating days				
Canada [1]	**3,633**	3,457	176	5
United States	**5,860**	5,778	82	1
International [2]	**2,649**	2,888	(239)	(8)
Drilling rig utilization rate *(%)*				
Canada [1]	**40.3**	31.1	9.2	30
United States	**60.9**	53.7	7.2	13
International [2]	**49.4**	58.1	(8.7)	(15)
Well Servicing				
Number of marketed rigs				
Canada	**71**	95	(24)	(25)
United States	**45**	45	–	–
Operating hours				
Canada	**31,286**	30,324	962	3
United States	**29,446**	30,057	(611)	(2)
Well servicing rig utilization rate *(%)*				
Canada	**40.0**	34.7	5.3	15
United States	**71.1**	72.6	(1.5)	(2)

1 Excludes coring rigs.
2 Includes workover rigs.

REVENUE AND OILFIELD SERVICES EXPENSE

		Three months ended December 31		
($ thousands)	**2014**	2013	Change	% change
Revenue				
Canada	**167,210**	158,488	8,722	6
United States	**271,985**	235,829	36,156	15
International	**163,496**	141,727	21,769	15
	602,691	536,044	66,647	12
Oilfield services expense	**433,080**	399,856	33,224	8
Gross margin	**169,611**	136,188	33,423	25
Gross margin percentage *(%)*	**28.1**	25.4		

The Company recorded revenue of $602.7 million for the three months ended December 31, 2014, a 12 percent increase from the $536.0 million recorded in the three months ended December 31, 2013. Drilling operating days for the fourth quarter of 2014 totaled 12,142 days, slightly higher than the 12,123 drilling operating days recorded in the fourth quarter of the previous year. The decline in crude oil prices through the second half of 2014 started to negatively impact the demand for oilfield services late in the fourth quarter of 2014. Reduced North American demand was offset by steady operating performance by the international division and the positive translational impact of the strengthening of the United States dollar versus the Canadian dollar compared to the prior year.

Gross margin for the fourth quarter of 2014 improved to 28.1 percent from 25.4 percent for the fourth quarter of 2013. The improvement in gross margin in the fourth quarter of 2014 compared to the prior year is due to more contribution from higher margin oilfield service work combined with reduced levels of maintenance expenditures in anticipation of reduced levels of demand for oilfield services in a lower commodity price environment. In the fourth quarter of 2013 the Company incurred higher levels of maintenance costs in anticipation of increases in demand for oilfield services.

Depreciation expense totalled $79.3 million for the fourth quarter of 2014 compared with $69.2 million for the fourth quarter of 2013. Increased depreciation reflects higher-valued equipment being added to the Company's global fleet throughout 2014, as well as the impact on the depreciation of United States and international equipment of a seven percent year-over-year increase in the United States dollar exchange rate against the Canadian dollar.

General and administrative expense increased 12 percent to $26.6 million (4.4 percent of revenue) for the fourth quarter of 2014 compared with $23.7 million (4.4 percent of revenue) for the fourth quarter of 2013. The increase in general and administrative expense in the fourth quarter of 2014 compared to the prior year is primarily due to the inclusion of costs relating to improvements made by the Company to its administrative and cost structure to compete more effectively in a lower commodity price environment.

The Company recorded a non-cash charge of $89.5 million in the three months ended December 31, 2014 for asset decommissioning and write-downs. A total of 32 drilling rigs, 21 well servicing rigs and three workover rigs were decommissioned or sold in the fourth quarter of 2014. The majority of the non-cash charge relates to the write-down of certain drilling rigs to their estimated recoverable value as at December 31, 2014.

OUTSTANDING SHARE DATA

The following common shares and stock options were outstanding as of March 13, 2015:

	Number	Amount ($thousands)
Common Shares	152,568,551	171,268
	Outstanding	Exercisable
Stock options	7,525,700	2,698,600

OUTLOOK

The precipitous drop in oil and gas commodity prices through the last half of 2014 has resulted in reduced cash flows for exploration and production companies and, consequently, a reduction in demand for oilfield services, particularly in North America.

In the face of global supply growth for crude oil exceeding global demand growth, the Organization of the Petroleum Exporting Countries ("OPEC"), at its meeting in November 2014, refused to reduce its production quotas in an apparent effort to maintain market share and squeeze higher cost production from non-OPEC countries, such as the United States. The United States Department of Energy (the "DOE") has noted that the impact of increased drilling productivity in the United States could mean that fewer drilling rigs may be needed to maintain and grow production levels in the future. If the DOE is correct, then even with a meaningful reduction in the number of operating drilling rigs it may be some time before United States crude oil production levels begin to fall to levels that allow the rebalancing of global crude oil supply and demand, absent any supply response from OPEC. Until this rebalancing occurs, crude oil prices and associated oilfield service activity levels are likely to remain depressed and volatile. Data sourced from the United States Energy Information Administration (the "EIA") indicates that the current imbalance in supply and demand for crude oil has resulted in the WTI spot price for crude oil reaching lows of USD$44.08 per barrel on January 28, 2015 before moving to a recent price of USD$49.95 per barrel on March 9, 2015. One year ago, on March 7, 2014, the spot price for WTI was USD$102.82 per barrel.

While many of the headlines have focused on the drop in the spot price for crude oil, natural gas has suffered a similar fate in North America. The EIA data shows that the Henry Hub natural gas spot price hit a recent low of USD$2.62 per million Btu on February 9, 2015 before recovering slightly to a recent spot price of USD$2.75 per million Btu on March 9, 2015 as colder weather returned to the natural gas consuming regions of North America. One year ago, on March 7, 2014, the Henry Hub spot price for natural gas was USD$4.78 per million Btu as North America was finishing up a colder than normal winter and natural gas storage approached lower winter season-ending inventory levels.

The lower commodity price environment has placed downward pressure on equipment utilization and rates in the Company's Canadian operations. The Canadian Association of Oilwell Drilling Contractors (the "CAODC") recently lowered its drilling forecast to 76,696 operating days for the 2015 fiscal year. This represents an expected reduction of 41% from the 131,021 operating days recorded by the industry in the 2014 fiscal year. In addition to the reduction in rig and equipment utilization, the Company also expects that revenue rates in Canada may reduce by approximately 20% in the current environment. The Company's activity levels in the first quarter of 2015 are reflective of both the CAODC's bearish outlook for the Canadian industry and the current commodity price environment.

The Baker Hughes Rig Count shows weekly declines in the number of operating drilling rigs in the United States as operators defer, reduce or curtail their programs in light of reduced levels of cash flows and refocus on more profitable areas. The Baker Hughes Rig Count has dropped by 619 drilling rigs in the United States since the start of 2015 to 1,192 operating drilling rigs on March 6, 2015. One year ago, on March 7, 2014, the Baker Hughes Rig Count stood at 1,792 drilling rigs in the United States. The drilling rig count recently peaked at 1,931 drilling rigs on September 19, 2014. Despite the large drop in operating drilling rigs in the United States, the Company's active rig count has remained somewhat resilient everywhere except for California, where operators reacted very quickly to a lower crude oil price environment. There has also been pressure on rig revenue rates similar to the 20% reductions seen in Canada. The Company expects that activity levels in the Rocky Mountain and southern regions of its United States operations will soon begin to fall in line with experience in the industry elsewhere in North America.

The longer term nature of the international oilfield services market means that activity levels are slower to increase or decrease in reaction to changes in oil and gas commodity prices. Accordingly, oilfield service activity levels outside North America have not reduced in reaction to the lower oil and gas commodity price environment to the same extent as in Canada and the United States. Challenges in some of the Company's international operations persist due to geopolitical, civil unrest, economic constraints and other factors inherent in international operations; however, several of the Company's drilling rigs that were either newly built or significantly refurbished for transfer from other markets in the recent past have now commenced operations and this has partially mitigated overall challenges.

Softness in the global economy outside the United States, tensions in Eastern Europe and sectarian violence in the Middle East continue to weigh on global energy demand prospects. There are also numerous views regarding the length of time over which global crude oil supply and demand will eventually rebalance. Until such a rebalancing occurs and oil and gas commodity prices recover, the oilfield services industry will face some challenging times as activity levels and pricing remain depressed. In such a challenging environment, the Company has been proactive in making difficult choices designed to preserve the balance sheet and streamline its operations. The 2015 capital expenditures budget has been reduced since December 2014 and now sits at $220 million, including the costs to complete eight drilling rigs under the Company's reduced new build program. The Company has also initiated plans to address its administrative and supervisory structure to ensure that the Company is cost-effective in the new commodity price environment. Additionally, the salaries for the Company's senior executives and fees to its directors have recently been reduced in anticipation of the challenging times ahead for the industry.

Supply and demand fundamentals will ultimately determine when oil and gas commodity prices will recover and consequently improve demand for oilfield services. The Company is preparing for what may be a slow recovery and is monitoring what may become a new "normal" for the industry. Accordingly, the Company has intensified its focus on costs and efficiencies to lower its overall cost structure and maintain its competitiveness. The Company believes its proactive response to market conditions, coupled with recent additions and improvements to its equipment fleet resulting from its new build and major refurbishment program, have positioned it to respond to customers' desires for premium oilfield services equipment and services around the world in the challenging prevailing market environment.

CRITICAL ACCOUNTING ESTIMATES

Management is required to make judgments, assumptions and estimates in applying its accounting policies and practices, which have a significant impact on the financial results of the Company. These significant accounting policies involve critical accounting estimates due to complex judgments and assumptions. These estimates, judgments and assumptions are based on the circumstances that exist at the reporting date and may affect the reported amounts of income and expenses during the reporting periods and the carrying amounts of assets, liabilities, accruals, provisions, contingent liabilities, other financial obligations, as well as the determination of fair values.

PROPERTY AND EQUIPMENT

The estimated useful life, residual value and depreciation methods selected are the Company's best estimate of such and are based on industry practice, historical experience and other applicable factors. These assumptions and estimates are subject to change as more experience is obtained or as general market conditions change, both of which could impact the operations of the Company's property and equipment.

IMPAIRMENTS

For impairment testing, the assessment of facts and circumstances is a subjective process that often involves a number of estimates and is subject to interpretation. An impairment is recognized if the carrying value exceeds the recoverable amount for a cash-generating unit ("CGU"). Property and equipment are aggregated into CGUs based on their ability to generate separately identifiable and largely independent cash flows. The testing of assets or CGUs for impairment, as well as the assessment of potential impairment reversals, requires that the Company estimate an asset's or CGU's recoverable amount. The estimate of a recoverable amount requires a number of assumptions and estimates, including expected market prices, market supply and demand, margins and discount rates. These assumptions and estimates are subject to change as new information becomes available and changes in any of the assumptions could result in an impairment of an asset's or CGU's carrying value.

SHARE-BASED COMPENSATION

Measurement inputs include share price on measurement date, exercise price, expected volatility, expected life, expected dividends and the risk-free interest rate. Significant estimates and assumptions are used in determining the expected volatility based on weighted average historic volatility adjusted for changes expected due to publicly available information, weighted average expected life and expected forfeitures, based on historical experience and general option holder behavior. Changes to the input assumptions could have a significant impact on the share-based compensation liability and expense.

INCOME TAXES

The Company follows the liability method of accounting for income taxes. Under this method, deferred income taxes are recorded for the effect of any temporary difference between the accounting and income tax basis of an asset or liability, using the substantively enacted income tax rates. Current income taxes for the current and prior periods are measured at the amount expected to be recoverable from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period. The deferred income tax assets and liabilities are adjusted to reflect changes in enacted or substantively enacted income tax rates that are expected to apply, with the corresponding adjustment recognized in net income or in shareholders' equity depending on the item to which the adjustment relates.

Tax interpretations, regulations and legislation in the various jurisdictions in which the Company and its subsidiaries operate are subject to change. As such, income taxes are subject to measurement uncertainty and the interpretations can impact net income through the income tax expense arising from the changes in deferred income tax assets or liabilities.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Company is subject to credit risk on accounts receivable balances and assesses the recoverability of accounts receivable balances on an ongoing basis. The Company establishes an allowance for estimated losses for uncollectible accounts as circumstances warrant. The allowance is determined based on customer credit-worthiness, current economic trends and past experience. Assessing accounts receivable balances for recoverability involves significant judgment and uncertainty, including estimates of future events. Changes in circumstances underlying these estimates may result in adjustments to the allowance for doubtful accounts in future periods.

FUNCTIONAL CURRENCY

The Company determines functional currency based on the primary economic environment in which the entity operates. This includes a number of factors that must be considered by the Company in using its judgment to determine the appropriate functional currency for each entity.

CONSOLIDATED FOREIGN SUBSIDIARIES

The Company makes assessments to determine whether it has control over operations and cash repatriation for consolidated foreign subsidiaries.

RECENT ACCOUNTING PRONOUNCEMENTS

The IASB issued annual improvements to IFRSs in December 2013. The amendment that may be relevant to the Company, which is effective for annual periods beginning on or after July 1, 2014 and has not yet been adopted by the Company, relates to IFRS 8 – Operating Segments ("IFRS 8"). Amendments to IFRS 8 require the disclosure of judgments made by management in applying the aggregation criteria to operating segments. The Company is currently assessing the disclosure requirements of this amendment in comparison with existing disclosures.

On May 28, 2014 the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which has not yet been adopted by the Company. IFRS 15 replaces all current guidance on revenue recognition and is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. IFRS 15 provides a single comprehensive revenue recognition model for all contracts with customers and is based on the principal that revenue is recognized on the transfer of goods or services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. IFRS 15 also includes new disclosure requirements. The Company has not yet begun the process of assessing the impact that the new standard will have on its financial statements or whether to early adopt.

On July 24, 2014 the IASB issued amendments to IFRS 9 – Financial Instruments ("IFRS 9") which have not yet been adopted by the Company. IFRS 9 amendments are effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Amendments to IFRS 9 introduce an expected credit loss model for the measurement of the impairment of financial assets and a new hedge accounting model. The Company has not yet begun the process of assessing the impact that the amendments will have on its financial statements or whether to early adopt.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management, including the President and Chief Operating Officer, and Executive Vice President Finance and Chief Financial Officer, has reviewed and evaluated the design and operation of both the Company's disclosure controls and procedures and the Company's internal controls over financial reporting (as defined in National Instrument 52-109 issued by the Canadian securities regulators) as of December 31, 2014.

Management has concluded that, as at December 31, 2014, the Company's disclosure controls and procedures were effective and management has also concluded that, as at December 31, 2014, the Company's internal controls over financial reporting were effective.

There have been no changes in the Company's internal controls over financial reporting that occurred during the period beginning on October 1, 2014 and ended on December 31, 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISKS AND UNCERTAINTIES

CRUDE OIL AND NATURAL GAS PRICES

The most significant factors affecting the business of the Company are oil and gas commodity prices. Commodity price levels affect the capital programs of energy exploration and production companies, as the price they receive for the oil and gas they produce has a direct impact on the cash flow available to them and the subsequent demand for oilfield services provided by the Company. Crude oil and natural gas prices have been volatile in recent years and may continue to be so as supply/demand fundamentals, weather conditions, government regulations, political and economic environments, pipeline capacity, storage levels and other factors outside of the Company's control continue to influence commodity prices. Demand for the Company's services in the future will continue to be influenced by commodity prices and the resultant impact on the cash flow of its customers, and may not be reflective of historical activity levels.

COMPETITION AND INDUSTRY CONDITIONS

The oilfield services industry is, and will continue to be, highly competitive. Contract drilling companies compete primarily on a regional basis and competition may vary significantly from region to region at any particular time. Most drilling and workover contracts are awarded on the basis of competitive bids, which result in price competition. Many drilling, workover and well servicing rigs can be moved from one region to another in response to changes in levels of activity, which can result in an oversupply of rigs in an area. In many markets in which the Company operates, the supply of rigs exceeds the demand for rigs, resulting in further price competition. Certain competitors are present in more than one of the regions in which the Company operates, although no one competitor operates in all of these areas. In Canada, the Company competes with several firms of varying size. In the United States there are many competitors with national, regional or local rig operations. Internationally, there are several competitors at each location where the Company operates and some of those international competitors may be better positioned in certain markets, allowing them to compete more effectively. There is no assurance that the Company will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect the Company's margins.

FOREIGN OPERATIONS

The Company provides oilfield services throughout much of North America and internationally in a number of onshore drilling areas. The Canadian and United States regulatory regimes are generally stable and, typically, supportive of energy industry activity. Internationally, the Company's operations are subject to regulations in various jurisdictions and support for the oil and gas industry can vary in these jurisdictions. There are risks inherent in foreign operations such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements. Risks to the Company's operations include, but are not limited to, loss of revenue, expropriation and nationalization, restrictions on repatriation of income or capital, currency exchange restrictions, contract deprivation, force majeure events and the potential for trade and economic sanctions or other restrictions to be imposed by the Canadian government or other governments or organizations. To mitigate these risks, the Company seeks to negotiate long-term service contracts for drilling services that ideally include early termination provisions and other clauses for the Company's protection. However, there is and there can be no assurance that the Company will be fully effective in mitigating foreign operation risks. Such risks could have material adverse impacts on the Company's financial condition and operating results.

OPERATING RISKS AND INSURANCE

The Company's operations are subject to risks inherent in the oilfield services industry. Where available and cost-effective, the Company carries insurance to cover the risk to its equipment and people, and each year the Company reviews the level of insurance for adequacy. Although the Company believes its level of insurance coverage to be adequate, there can be no assurance that the level of insurance carried by the Company will be sufficient to cover all potential liabilities.

FOREIGN EXCHANGE EXPOSURE

The Company's consolidated financial statements are presented in Canadian dollars. Operations in countries outside of Canada result in foreign exchange risk to the Company. The principal foreign exchange risk relates to the conversion of United States dollar denominated activity to Canadian dollars. The Canada/United States dollar exchange rate at December 31, 2014, was approximately 1.16 compared with 1.06 at December 31, 2013 and 0.99 at December 31, 2012.

In addition, the Company has foreign exchange risk in relation to the conversion of United States dollar denominated debt to Australian dollars. The Australia/United States dollar exchange rate at December 31, 2014 was approximately 1.22 compared with 1.12 at December 31, 2013 and 0.96 at December 31, 2012.

Fluctuations in future exchange rates will impact the Canadian dollar equivalent of the results reported by foreign subsidiaries.

CHANGES IN LAWS AND REGULATIONS

The Company and its customers are subject to numerous laws and regulations governing its operations and the exploration and development of oil and gas, including environmental regulations. Existing and expected environmental legislation and regulations may increase the costs associated with providing oilfield services, as the Company may be required to incur additional operating costs or capital expenditures in order to comply with any new regulations. The costs of complying with increased environmental and other regulatory changes in the future, such as royalty regime changes, may also have an adverse effect on the cash flows of the Company's customers and may dampen demand for oilfield services provided by the Company.

LITIGATION AND LEGAL PROCEEDINGS

From time to time, the Company is subject to litigation and legal proceedings that may include employment, tort, commercial and class action suits. Amounts claimed in such suits or actions may be material and accordingly decisions against the Company could have an adverse effect on the Company's financial condition or results of operations.

ACCESS TO CREDIT FACILITIES AND DEBT CAPITAL MARKETS

The Company and its customers require reasonable access to credit facilities and debt capital markets as an important source of liquidity. Global economic events, outside the control of the Company or its customers, may restrict or reduce the access to credit facilities and debt capital markets. Tightening credit markets may reduce the funds available to the Company's customers for paying accounts receivable balances and may also result in reduced levels of demand for the Company's services. Additionally, the Company relies on access to credit facilities, along with its reserves of cash and cash flow from operating activities, to meet its obligations and finance operating activities. The Company believes it has adequate bank credit facilities to provide liquidity.

NEW BUILD AND MAJOR RETROFIT SCHEDULE DELAYS

As customer demand for oilfield service equipment increases, from time to time, the Company may undertake to increase its fleet through upgrades to rigs or through new construction. These projects are subject to risks of delay inherent in any large construction project resulting from numerous factors, including but not limited to shortages of equipment, materials or skilled labor; and unscheduled delays in the delivery of ordered materials and equipment. Project delays may affect the Company's ability to meet contractual commitments as well as the timely commencement of operations of the Company's drilling and well servicing rigs following delivery.

WORKFORCE

The Company's operations are dependent on attracting, developing and maintaining a skilled workforce. During periods of peak activity levels, the Company may be faced with a lack of personnel to operate its equipment. The Company is also faced with the challenge of retaining its most experienced employees during periods of low utilization, while maintaining a cost structure that varies with activity levels. To mitigate these risks, the Company has developed an employee recruitment and training program, and continues to focus on creating a work environment that is safe for its employees.

SEASONALITY AND WEATHER

The Company's Canadian oilfield services operations are impacted by weather conditions that hinder the Company's ability to move heavy equipment. The timing and duration of "spring break-up", during which time the Company is prohibited from moving heavy equipment on secondary roads, restricts movement of equipment in and out of certain areas, thereby negatively impacting equipment utilization levels. Further, the Company's activities in certain areas in northern Canada are restricted to winter months when the ground is frozen solid enough to support the Company's equipment. This seasonality is reflected in the Company's operating results, as rig utilization is normally at its lowest during the second and third quarters of the year. The Company continues to mitigate the impact of Canadian weather conditions through expansion into markets not subject to the same seasonality and by working with customers in planning the timing of their drilling programs. In addition, volatility in the weather across all areas of the Company's operations can create additional risk and unpredictability in equipment utilization rates and operating results.

RELIANCE ON KEY MANAGEMENT PERSONNEL

The success and growth of the Company is dependent upon its key management personnel. The loss of services of such persons could have a material adverse effect on the business and operations of the Company. No assurance can be provided that the Company will be able to retain key management members.

TECHNOLOGY

As a result of growing technical demands of resource plays, the Company's ability to meet customer demands is dependent on continuous improvement to the performance and efficiency of existing oilfield services equipment. There can be no assurance that competitors will not achieve technological advantages over the Company.

CORPORATE GOVERNANCE

The Company's Board of Directors exercises overall responsibility for the management and supervision of the affairs of the Company. This includes the appointment of the Company's President, approval of compensation for senior executives and monitoring of the President's and management's performance.

The Board of Directors has established procedures that prescribe the requirements governing the approval of transactions carried out in the course of the Company's operations, the delegation of authority and the execution of documents on behalf of the Company.

The Board of Directors reviews and approves the Company's annual operating budget, ensuring market conditions, as well as strategic thinking, are properly reflected in the short-term goals of each of the Company's operating divisions.

The Board of Directors is currently composed of ten directors. Mr. N. Murray Edwards, Mr. Selby Porter and Mr. Robert H. Geddes, Ensign's Chairman, Vice Chairman, and President and Chief Operating Officer respectively, are the only Board members who are also members of the Company's management. The Board of Directors annually appoints members to Board committees in the following four areas: Audit; Corporate Governance, Nominations and Risk; Compensation; and Health, Safety and Environment. All of these committees are comprised entirely of independent directors.

AUDIT COMMITTEE

The Audit Committee has been established to assist the Board in fulfilling its responsibility for oversight of Ensign's financial reporting, including oversight of:

1. The preparation, review and disclosure of the Company's financial statements and other required financial disclosure materials;
2. The nature and scope of the Company's annual audit;
3. The independence of the independent auditor;
4. The Company's internal accounting controls, procedures and practices; and
5. The Company's financial reporting and accounting systems and procedures.

The Committee recommends, for Board approval, the audited financial statements and other mandatory disclosure releases containing financial information.

CORPORATE GOVERNANCE, NOMINATIONS AND RISK COMMITTEE

The Corporate Governance, Nominations and Risk Committee is responsible for assisting the Board with the development and monitoring of: (i) Ensign's approach to corporate governance; (ii) the nomination of Directors for appointment to the Board; (iii) the appointment of Directors to committees of the Board; (iv) the recommendation of remuneration for the Directors; (v) the evaluation of Directors; (vi) Director education; (vii) enterprise risk oversight; and (viii) related matters. Specifically this includes:

1. Reviewing Ensign's corporate governance guidelines and policies, including limitations on the number of boards on which Directors may sit and policies with respect to director tenure, retirement and succession and changes in the primary occupation of a Director; and
2. Reviewing and recommending to the Board for approval, reports concerning the Corporation's corporate governance practices as required under applicable securities laws and the rules of any stock exchange on which the Company's securities are listed for trading.

COMPENSATION COMMITTEE

The Compensation Committee is responsible for assisting the Board in discharging its oversight responsibility regarding (i) Ensign's compensation philosophy; and (ii) the retention of key senior management employees with the skills and expertise needed to enable Ensign to achieve its goals and strategies at fair and competitive compensation, including appropriate performance incentives. In particular, the Compensation Committee is mandated to do the following:

1. Review compensation payable to the President and Chief Operating Officer of the Corporation and other executives;
2. Oversee the development, implementation and administration of Ensign's compensation plans;
3. Review Ensign's succession planning and implementation progress; and
4. Review executive and director compensation disclosure to be made in the proxy circular prepared in connection with the Corporation's annual meeting of shareholders.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

The Health, Safety and Environment Committee is responsible for oversight and supervision of the policies, standards and practices of Ensign with respect to health, safety and the environment ("HSE"). Specific responsibilities include:

1. Reviewing, reporting and making recommendations to the Board on the development and implementation of policies, standards and practices in the areas of HSE;
2. Assisting Directors to meet their responsibilities in respect of Ensign in carrying out its legal, industry and community obligations pertaining to the areas of HSE; and
3. Assisting Directors to meet their responsibilities in respect of Ensign maintaining management systems to implement HSE policies and monitor compliance.

Additional details regarding the Company's corporate governance may be found in the "Statement of Corporate Governance Practices" included in the Information Circular for the Company's upcoming Annual Meeting of Shareholders to be held on May 13, 2015.

MANAGEMENT'S REPORT

The consolidated financial statements and other information contained in the annual report are the responsibility of the management of the Company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards consistently applied, using management's best estimates and judgments, where appropriate.

Preparation of financial statements is an integral part of management's broader responsibilities for the ongoing operations of the Company. Management maintains a system of internal accounting controls to ensure that properly approved transactions are accurately recorded on a timely basis and result in reliable financial statements. The Company's external auditors are appointed by the shareholders. They independently perform the necessary tests of the Company's accounting records and procedures to enable them to express an opinion as to the fairness of the consolidated financial statements, in conformity with International Financial Reporting Standards.

The Audit Committee, which is comprised of independent Directors, meets with management and the Company's external auditors to review the consolidated financial statements and reports on them to the Board of Directors. The consolidated financial statements have been approved by the Board of Directors.



Robert H. Geddes
President and Chief Operating Officer



Glenn Dagenais
Executive Vice President Finance
and Chief Financial Officer

March 13, 2015

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Ensign Energy Services Inc.

We have audited the accompanying consolidated financial statements of Ensign Energy Services Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and December 31, 2013 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Ensign Energy Services Inc. and its subsidiaries as at December 31, 2014 and December 31, 2013 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP

Chartered Accountants
March 13, 2015
Calgary, Alberta

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	**December 31 2014**	December 31 2013
(in thousands of Canadian dollars)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents *(Note 18)*	**$ 53,997**	$ 78,858
Accounts receivable	**463,818**	440,790
Inventories and other	**64,862**	66,847
Income taxes receivable	**15,841**	8,572
	598,518	595,067
PROPERTY AND EQUIPMENT *(Note 6)*	**3,124,927**	2,788,331
NOTE RECEIVABLE *(Note 7)*	**–**	4,280
	$ 3,723,445	$ 3,387,678
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals *(Note 8)*	**$ 388,558**	$ 307,147
Operating lines of credit *(Note 9)*	**–**	326,525
Dividends payable	**18,367**	18,019
Share-based compensation *(Note 13)*	**1,895**	14,522
	408,820	666,213
LONG-TERM DEBT (*Note 9)*	**786,327**	317,407
SHARE-BASED COMPENSATION *(Note 13)*	**677**	2,993
DEFERRED INCOME TAXES *(Note 10)*	**482,384**	438,496
	1,678,208	1,425,109
SHAREHOLDERS' EQUITY		
Share capital *(Note 11)*	**169,215**	168,155
Contributed surplus	**1,967**	4,614
Foreign currency translation reserve	**113,880**	25,065
Retained earnings	**1,760,175**	1,764,735
	2,045,237	1,962,569
	$ 3,723,445	$ 3,387,678

Contingencies and commitments *(Note 21)*

See accompanying notes to the consolidated financial statements.

Approved by the Board of Directors



John Schroeder
Chairman of the Audit Committee and Director



James B. Howe
Director

CONSOLIDATED STATEMENTS OF INCOME

For the years ended December 31	2014	2013
(in thousands of Canadian dollars, except per share data)		
REVENUE	**$ 2,321,765**	$ 2,098,011
EXPENSES		
Oilfield services	**1,686,395**	1,524,173
Depreciation	**298,854**	248,026
General and administrative	**97,857**	88,126
Asset decommissioning and write-downs	**89,495**	–
Share-based compensation	**(13,573)**	2,049
Foreign exchange and other	**30,836**	21,095
	2,189,864	1,883,469
INCOME BEFORE INTEREST AND INCOME TAXES	**131,901**	214,542
Interest income	**859**	1,320
Interest expense	**(21,546)**	(18,795)
INCOME BEFORE INCOME TAXES	**111,214**	197,067
INCOME TAXES *(Note 10)*		
Current tax	**25,020**	43,171
Deferred tax	**15,074**	25,031
	40,094	68,202
NET INCOME	**$ 71,120**	$ 128,865
NET INCOME PER SHARE *(Note 12)*		
Basic	**$ 0.47**	$ 0.84
Diluted	**$ 0.46**	$ 0.84

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31		**2014**		2013
(in thousands of Canadian dollars)				
NET INCOME	**$**	**71,120**	$	128,865
OTHER COMPREHENSIVE INCOME				
ITEM THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Foreign currency translation adjustment		**88,815**		41,072
COMPREHENSIVE INCOME	**$**	**159,935**	$	169,937

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31	Share Capital	Contributed Surplus	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
(in thousands of Canadian dollars)					
Balance, January 1, 2014	$ 168,155	$4,614	$ 25,065	$ 1,764,735	$ 1,962,569
Net income	–	–	–	71,120	71,120
Other comprehensive income	–	–	88,815	–	88,185
Total comprehensive income	–	–	88,815	71,120	159,935
Dividends	–	–	–	(72,423)	(72,423)
Share-based compensation	–	4,628	–	–	4,628
Shares vested previously held in trust	7,275	(7,275)	–	–	–
Purchase of shares held in trust	(5,893)	–	–	–	(5,893)
Purchase of common shares under Normal Course Issuer Bid	(322)	–	–	(3,257)	(3,579)
BALANCE DECEMBER 31, 2014	**$ 169,215**	**$1,967**	**$113,880**	**$ 1,760,175**	**$2,045,237**
Balance, January 1, 2013	$164,670	$ 4,811	$(16,007)	$1,704,484	$ 1,857,958
Net income	–	–	–	128,865	128,865
Other comprehensive income	–	–	41,072	–	41,072
Total comprehensive income	–	–	41,072	128,865	169,937
Dividends	–	–	–	(68,614)	(68,614)
Shares issued under employee stock option plan	2,418	–	–	–	2,418
Share-based compensation	–	7,367	–	–	7,367
Shares vested previously held in trust	7,564	(7,564)	–	–	–
Purchase of shares held in trust	(6,497)	–	–	–	(6,497)
Balance December 31, 2013	$ 168,155	$4,614	$ 25,065	$ 1,764,735	$ 1,962,569

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31	2014	2013
(in thousands of Canadian dollars)		
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income	**$ 71,120**	$ 128,865
Items not affecting cash		
Depreciation	**298,854**	248,026
Asset decommissioning and write-downs	**89,495**	–
Share-based compensation, net of cash paid	**(10,657)**	6,492
Unrealized foreign exchange and other	**27,648**	26,869
Accretion on long-term debt	**352**	328
Deferred income tax	**15,074**	25,031
	491,886	435,611
Net change in non-cash working capital *(Note 18)*	**29,246**	17,026
	521,132	452,637
INVESTING ACTIVITIES		
Purchase of property and equipment	**(582,999)**	(342,225)
Acquisitions *(Note 5)*	**–**	(76,408)
Net change in non-cash working capital *(Note 18)*	**32,080**	17,845
	(550,919)	(400,788)
FINANCING ACTIVITIES		
Net increase in bank credit facilities	**82,331**	76,285
Issue of capital stock *(Note 11)*	**–**	2,002
Purchase of shares held in trust *(Note 11)*	**(5,863)**	(6,497)
Repurchase of shares *(Note 11)*	**(3,579)**	–
Dividends *(Note 11)*	**(72,423)**	(68,614)
Net change in non-cash working capital *(Note 18)*	**1,093**	1,912
	1,559	5,088
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(28,228)**	56,937
EFFECTS OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**3,367**	(11,287)
CASH AND CASH EQUIVALENTS		
BEGINNING OF PERIOD	**78,858**	33,208
END OF PERIOD	**$ 53,997**	$ 78,858
SUPPLEMENTAL INFORMATION		
Interest paid	**$ 21,008**	$ 17,452
Income taxes paid	**$ 32,288**	$ 62,940

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2014 and 2013
(in thousands of Canadian dollars, except share and per share data)

1. NATURE OF BUSINESS

Ensign Energy Services Inc. is incorporated under the laws of the Province of Alberta, Canada. The address of its registered office is 1000, 400 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 0L6. Ensign Energy Services Inc. and its subsidiaries and partnerships (the "Company") provide oilfield services to the crude oil and natural gas industry in Canada, the United States and internationally.

2. BASIS OF PRESENTATION

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These consolidated financial statements were approved by the Company's Board of Directors on March 13, 2015, after review by the Company's Audit Committee.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement basis

These consolidated financial statements have been prepared on an historical cost basis, except as discussed in the significant accounting policies below.

(b) Basis of consolidation

These consolidated financial statements include the accounts of Ensign Energy Services Inc. and its subsidiaries and partnerships, substantially all of which are wholly owned, which it controls. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Intercompany balances and transactions, including unrealized gains or losses between subsidiaries and partnerships are eliminated on consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents consists of cash and cash equivalents with maturities of three months or less or convertible to cash on demand without penalty.

(d) Inventories

Inventories, comprised of spare equipment parts and consumables, are recorded at the lower of cost and net realizable value. Cost is determined on a specific item basis.

(e) Property and equipment

Property and equipment is initially recorded at cost. Costs associated with equipment upgrades that result in increased capabilities or performance enhancements of property and equipment are capitalized. Costs incurred to repair or maintain property and equipment are expensed as incurred. Property and equipment is subsequently carried at cost less accumulated depreciation and write-downs and is derecognized on disposal or when there is no future economic benefit expected from its use or disposal. Gains or losses on derecognition of property and equipment are recognized in net income.

Depreciation is based on the estimated useful lives of the assets as follows:

Asset Class	Expected Life	Method	Residual
Oilfield services equipment			
Drilling rigs and related	2,500 – 5,000 operating days	Unit-of-production	20%
Well servicing rigs	24,000 operating hours	Unit-of-production	20%
Oil sands coring rigs	680 – 1,370 operating days	Unit-of-production	20%
Heavy oilfield service equipment	3 – 15 years	Straight-line	Up to 25%
Drill pipe	1,500 operating days	Unit-of-production	-
Buildings	20 years	Straight-line	-
Automotive equipment	3 years	Straight-line	15%
Office furniture and shop equipment	5 – 15 years	Straight-line	-

The calculation of depreciation includes assumptions related to useful lives and residual values. The assumptions are based on experience with similar assets and are subject to change as new information becomes available.

Property and equipment is reviewed for impairment when events or changes in circumstances indicate that its carrying value may not be recoverable. The Company's operations and business environment are routinely monitored, and judgment and assessments are made to determine if an event has occurred that indicates possible impairment.

If indicators of impairment exist, the recoverable amount of the asset or cash-generating unit ("CGU") is estimated. If the carrying value of the asset or CGU exceeds the recoverable amount, the asset or CGU is written down to its recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs to dispose and value-in-use. Value-in-use is determined as the amount of estimated risk-adjusted discounted future cash flows.

(f) Business combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries and businesses by the Company at the date control of the business is obtained. The cost of the business combination is measured as the aggregate of the fair value at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition are recognized at their fair values at the acquisition date.

(g) Revenue recognition

Revenue from oilfield services is generally earned based upon service orders or contracts with a customer that include fixed or determinable prices based upon daily, hourly or job rates. Revenue is recognized when services are performed and only when collectability is reasonably assured. Customer contract terms do not include provisions for significant post-service delivery obligations.

The Company also provides services under turnkey contracts whereby oilfield services are performed for a fixed price, regardless of the time required or the problems encountered performing the service. Revenue from such contracts is recognized using the percentage-of-completion method based upon costs incurred to date and estimated total contract costs. Anticipated losses, if any, on uncompleted contracts are recorded at the time the estimated costs exceed the contract revenue.

For contracts that are terminated prior to the specified term, early termination payments received by the Company are recognized as revenue when all contractual requirements are met.

(h) Foreign currency translation

The consolidated financial statements are presented in Canadian dollars which is the Company's functional currency. Financial statements of the Company's United States and international subsidiaries have a functional currency different from Canadian dollars and are translated to Canadian dollars using the exchange rate in effect at the year-end date for all assets and liabilities, and at average rates of exchange during the year for revenues and expenses. All changes resulting from these translation adjustments are recognized in other comprehensive income.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the consolidated statement of income.

(i) Borrowing costs

Interest and borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets. Qualifying assets are those which take a substantial period of time to prepare for their intended use. Capitalization ceases when substantially all activities necessary to prepare the qualifying asset for its intended use are complete. All other interest is recognized in the consolidated statement of income in the period in which it is incurred.

(j) Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the consolidated financial statements and their respective tax bases, using enacted or substantively enacted income tax rates. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period in which the change is substantively enacted.

Deferred tax assets are recognized to the extent that future taxable income will be available against which temporary differences can be utilized.

(k) Share-based compensation

The Company has an employee share option plan or equivalent that provides all option holders the right to elect to receive either common shares or a direct cash payment in exchange for the options exercised. These options are accounted for as a compound financial instrument, which requires the fair value of the liability component to be determined first and the residual value, if any, allocated to the equity component. The fair value of the settlement option under cash and shares is the same; therefore these options are accounted for as cash-settled awards.

The Company has other cash-settled share-based compensation plans. Cash-settled share-based compensation plans are recognized as compensation expense over the vesting period using fair values with a corresponding increase or decrease in liabilities. The liability is remeasured at each reporting date and at the settlement date. Any changes in the fair value of the liability are recognized as share-based compensation expense in the statement of income. The fair value is determined using the Black-Scholes option pricing model.

The Company has share savings and share bonus plans for employees, as well as a program whereby a portion of the retainer paid to Directors is in the form of common shares of the Company. Contributions to these plans are recorded as general and administrative expense over the vesting period. In all cases, any common shares acquired for such plans are purchased in the open market and administered through trusts until the shares are vested. The share purchase price is considered the fair value.

(l) Financial instruments

Financial assets and liabilities are recognized on the date the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or the Company transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability. Financial liabilities are derecognized when the Company's contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are measured at fair value on initial recognition of the instrument. Measurement in subsequent periods depends on whether the financial assets or liabilities are classified as amortized cost or as fair value through profit or loss ("FVTPL").

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, other than financial assets and financial liabilities at FVTPL, are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in net income.

Financial assets

A financial asset is classified and measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

Financial assets other than those qualifying for amortized cost measurement are classified as FVTPL and measured at fair value with all changes in fair value recognized in net income.

Financial assets that are measured at amortized cost are assessed for impairment on an individual account basis at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected. An allowance account is used when there is uncertainty surrounding the estimated future cash flows. When there is objective evidence the impairment will not be reversed the amount originally charged to the allowance is written off against the carrying amount of the impaired financial asset.

Financial liabilities

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as FVTPL. Financial liabilities classified as FVTPL are measured at fair value with all changes in fair value recognized in net income with the exception of changes in fair value attributable to credit risk which are recorded in other comprehensive income.

Financial liabilities that are not held for trading and are not designated as FVTPL are subsequently measured at amortized cost using the effective interest method. Interest expense that is not capitalized is included in net income.

(m) Critical judgments and accounting estimates

Preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Actual results could differ from those estimates. Estimates, judgments and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the most critical estimates and assumptions used in determining the value of assets and liabilities:

Allowance for doubtful accounts

The Company establishes an allowance for estimated losses for uncollectible accounts. The allowance is determined based on customer credit-worthiness, current economic trends and past experience. Information regarding the allowance for doubtful accounts is included in Note 20.

Property and equipment

The calculation of depreciation includes assumptions related to useful lives and residual values. The assumption is based on experience with similar assets and is subject to change as new information becomes available. In addition, assessing for impairment requires estimates and assumptions.

Assets are grouped into CGUs based on separately identifiable and largely independent cash inflows and are used for impairment testing. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of market prices, market supply and demand, margins, and discount rates. Information regarding property and equipment is included in Note 6.

Share-based compensation

Measurement inputs include share price on measurement date, exercise price, expected volatility, weighted average expected life, expected dividends, and risk-free interest rate. Significant estimates and assumptions are used in determining the expected volatility based on weighted average historic volatility adjusted for changes expected due to publicly available information, weighted average expected life and expected forfeitures, based on historical experience and general option-holder behavior. Changes to input assumptions will impact share-based compensation liability and expense. Information regarding share-based compensation is included in Note 13.

Income taxes

The Company is subject to income taxes in a number of tax jurisdictions. The amount expected to be settled and the actual outcome and tax rates can change over time, depending on the facts and circumstances. Changes to these assumptions will impact income tax and the deferred tax provision. Information regarding income taxes is included in Note 10.

Critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are as follows:

Functional currency

The Company determines functional currency based on the primary economic environment in which the entity operates. This includes a number of factors that must be considered by the Company in using its judgment to determine the appropriate functional currency for each entity.

Impairments

Assessing for indicators of possible impairment requires judgment in the assessment of facts and circumstances and is a subjective process that often involves a number of estimates and is subject to interpretation. Information regarding impairment is included in Note 6.

Deferred income tax assets

The recognition of deferred tax assets is based on judgments about future taxable profits.

Consolidated foreign subsidiaries

The Company makes assessments to determine whether it has control over operations and cash repatriation for consolidated foreign subsidiaries.

(n) Recent accounting pronouncements

The IASB issued annual improvements to IFRSs in December 2013. The amendment that may be relevant to the Company, which is effective for annual periods beginning on or after July 1, 2014 and has not yet been adopted by the Company, relates to IFRS 8 – Operating Segments ("IFRS 8"). Amendments to IFRS 8 require the disclosure of judgments made by management in applying the aggregation criteria to operating segments. The Company is currently assessing the disclosure requirements of this amendment in comparison with existing disclosures.

On May 28, 2014 the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which has not yet been adopted by the Company. IFRS 15 replaces all current guidance on revenue recognition and is effective for annual periods beginning on or after January 1, 2017 with early adoption permitted. IFRS 15 provides a single comprehensive revenue recognition model for all contracts with customers and is based on the principal that revenue is recognized on the transfer of goods or services to customers at an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. IFRS 15 also includes new disclosure requirements. The Company has not yet begun the process of assessing the impact that the new standard will have on its financial statements or whether to early adopt.

On July 24, 2014 the IASB issued amendments to IFRS 9 – Financial Instruments ("IFRS 9") which have not yet been adopted by the Company. IFRS 9 amendments are effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Amendments to IFRS 9 introduce an expected credit loss model for the measurement of the impairment of financial assets and a new hedge accounting model. The Company has not yet begun the process of assessing the impact that the amendments will have on its financial statements or whether to early adopt.

4. FOREIGN OPERATIONS

The Company provides oilfield services throughout much of North America and internationally in a number of onshore drilling areas. The Company's foreign operations, with the general exception of operations in the United States and Australia, are subject to a number of risks and uncertainties such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements.

Operations in Libya were suspended in 2014 due to an escalation of civil unrest within the country and there is uncertainty as to when operations may resume. Accordingly, the Company took a write-down of $29,003, which is included in the asset decommissioning and write-downs charge of $89,495 taken in the fourth quarter of 2014.

The Company's operations in Venezuela and Argentina are subject to certain restrictions with respect to the transfer of funds into or out of such countries; however, such restrictions are not considered significant to the Company at this time due to the relatively small size of the operations and certain contractual provisions that have been put in place designed to protect the Company.

5. ACQUISITIONS

The Company did not complete any significant business acquisitions during the year ended December 31, 2014. On April 30, 2013 the Company acquired substantially all of the assets of EGOC Enviro Group of Companies Ltd. ("EGOC") for cash. EGOC provides rental equipment services in western Canada.

On May 24, 2013 the Company acquired substantially all of the assets of Departure Energy Services Inc. ("Departure") for cash. Departure provides directional drilling services in western Canada.

The allocation of the purchase price of the above acquisitions was determined as follows:

Fair value of net assets at acquisition:	EGOC	Departure	Total
Working capital	$ –	$ 3,502	$ 3,502
Property and equipment	33,976	38,930	72,906
Total cash consideration	$ 33,976	$ 42,432	$ 76,408

6. PROPERTY AND EQUIPMENT

	Rigs and related equipment	Automotive and other equipment	Land and buildings	Total
Cost:				
Balance at December 31, 2012	$ 3,444,699	$ 117,616	$ 44,188	$ 3,606,503
Additions	404,592	18,572	19,164	442,328
Disposals	(17,095)	(18,733)	(8,197)	(44,025)
Effects of foreign exchange	109,123	3,315	940	113,378
Balance at December 31, 2013	3,941,319	120,770	56,095	4,118,184
Additions	608,726	19,046	7,891	635,663
Disposals	(42,841)	(13,140)	(39)	(56,020)
Asset decommissioning and write-downs	(166,302)	–	–	(166,302)
Effects of foreign exchange	184,950	6,315	2,034	193,299
Balance at December 31, 2014	**$ 4,525,852**	**$ 132,991**	**$ 65,981**	**$ 4,724,824**
Accumulated depreciation and write-downs:				
Balance at December 31, 2012	$ (993,913)	$ (66,395)	$ (12,952)	$ (1,073,260)
Depreciation	(227,965)	(13,818)	(1,838)	(243,621)
Disposals	12,402	11,560	2,702	26,664
Effects of foreign exchange	(37,425)	(2,027)	(184)	(39,636)
Balance at December 31, 2013	(1,246,901)	(70,680)	(12,272)	(1,329,853)
Depreciation	(284,266)	(15,736)	(3,035)	(303,037)
Disposals	24,911	9,233	5	34,149
Asset decommissioning and write-downs	76,803	–	–	76,803
Effects of foreign exchange	(72,893)	(4,436)	(630)	(77,959)
Balance at December 31, 2014	**$ (1,502,346)**	**$ (81,619)**	**$ (15,932)**	**$ (1,599,897)**
Net book value:				
At December 31, 2013	$ 2,694,418	$ 50,090	$ 43,823	$ 2,788,331
At December 31, 2014	**$ 3,023,506**	**$ 51,372**	**$ 50,049**	**$ 3,124,927**

The Company regularly decommissions rigs and related equipment as oilfield services equipment has a finite service life and market conditions change. Generally, there are no charges for asset decommissioning and write-downs arising from such decommissionings as the recoverable value exceeds the net book value of the assets being decommissioned. As a result of the dramatic decline in energy commodity prices that began in the second half of 2014, the associated anticipated reduction in future demand for oilfield services and other geopolitical considerations, the Company identified certain assets for write-down to their estimated recoverable value. Accordingly, the Company recorded a charge of $89,495 to asset decommissioning and write-downs expense for the year ended December 31, 2014.

The decline in energy commodity prices in 2014 also led to a reduction in the market value of the Company's common shares, such that the book value of the Company exceeded its market value as at December 31, 2014. This is considered an indicator of possible impairment of the Company's assets and, accordingly, an asset impairment test was performed by management.

The Company completed impairment tests in its CGU's and concluded that no write-downs for any CGU's were required as at December 31, 2014. The impairment tests were based on the following key assumptions:

- a weighted average pre-tax discount rate of 10-13% based on the cost of the Company's capital and debt, asset and country risk, together with past experience;
- annual inflationary growth after five years and limited to the assets lives;
- cash flow projections consistent with market conditions; and
- estimated equipment salvage values of 20%.

A five percent change in cash flow projections would not have a material effect on the results of the impairment test.

7. NOTE RECEIVABLE

In December 2009, the Company disposed of certain camp assets for proceeds of cash and a non-interest bearing promissory note in the amount of $9,850. The note is secured by a first charge on certain of the disposed assets and has minimum repayments of $1,000 per year with the balance due on December 4, 2015. The discounted carrying value of the note as at December 31, 2014 was $4,540 (2013 – $5,280) of which the current portion of $4,540 (2013 – $1,000) is included in accounts receivable.

8. ACCOUNTS PAYABLE AND ACCRUALS

	December 31 2014	December 31 2013
Trade payables	**$ 164,145**	$ 148,075
Accrued liabilities	**125,327**	74,099
Accrued payroll	**65,047**	64,189
Interest payable	**1,154**	1,058
Deferred revenue	**28,634**	8,680
Other liabilities	**4,251**	11,046
	$ 388,558	$ 307,147

9. OPERATING LINES OF CREDIT AND LONG-TERM DEBT

		December 31 2014	December 31 2013
Global Facility	Prime interest rates plus 0.50% or bankers' acceptance rates/LIBOR plus 1.50% (2014 – portion denominated in USD $329,930, 2013 – USD $307,000)	**$ 439,752**	$ 326,525
Canadian Facility	Prime interest rates plus 1.50% or bankers' acceptance rates/LIBOR plus 2.50%	**–**	–
Senior unsecured notes			
Tranche A, due February 22, 2017, 3.43%		**116,010**	106,360
Tranche B, due February 22, 2019, 3.97%		**116,010**	106,360
Tranche C, due February 22, 2022, 4.54%		**116,010**	106,360
Unamortized deferred financing costs		**(1,455)**	(1,673)
		786,327	643,932
Less: Current portion of long term debt		**–**	(326,525)
Long-term debt		**$ 786,327**	$ 317,407

Bank credit facilities:

As at December 31, 2014, the Company's available bank credit facilities consist of a $600,000 (2013 – $400,000) global revolving credit facility (the "Global Facility") and a $10,000 (2013 – $10,000) Canadian-based revolving credit facility (the "Canadian Facility"). In June 2014, the Company amended its existing Global Facility, increasing the amount available from $400,000 to $600,000 and extending the term for three years. The Global Facility is available to the Company and certain of its wholly-owned subsidiaries, and may be drawn in Canadian, United States or Australian dollars, up to the equivalent value of $600,000 Canadian dollars. Interest is incurred on the utilized balance of the Global Facility at prime interest rates

plus 0.50 percent or bankers' acceptance rates/LIBOR plus 1.50 percent. The Global Facility matures June 20, 2017 and is unsecured. The amount available under the $600,000 Global Facility is reduced by any outstanding letters of credit or bank guarantees. At December 31, 2014, the Company had $8,725 outstanding in letters of credit and bank guarantees (2013 – $12,791).

The amount available under the Canadian Facility is $10,000 or the equivalent United States dollars. Interest is incurred on the utilized balance of the Canadian Facility at prime interest rates plus 1.50 percent or bankers' acceptance rates/LIBOR plus 2.50 percent. The Canadian Facility is unsecured.

During the first quarter of 2014, the Company secured a $20,000 uncommitted facility, solely for issuing letters of credit, primarily used for bidding on contracts in the normal course of business. As at December 31, 2014, the company had $11,901 outstanding in letters of credit under the facility.

Senior unsecured notes:

On February 22, 2012, the Company completed the private placement of USD $300.0 million of senior unsecured notes (the "Notes") with the terms noted above. Interest on the Notes is payable semi-annually on May 31st and November 30th each year with final interest payments due on expiry of the Notes. These Notes are unsecured, rank equally with the Company's Global Facility and have been guaranteed by the Parent company and certain of the Company's subsidiaries located in Canada, the United States and Australia.

Interest accrued on the Notes at December 31, 2014 was $1,154 (2013 - $1,058) and has been included in accounts payable and accruals on the consolidated statement of financial position. The Company incurred financing costs associated with the Notes that are being deferred and amortized using the effective interest method.

10. INCOME TAXES

Analysis of deferred tax liability:

	December 31 2014	December 31 2013
Property and equipment	**$ 492,890**	$ 475,487
Partnership timing differences	**15,643**	22,524
Share-based compensation	**(486)**	(4,229)
Non-capital losses	**(8,703)**	(40,339)
Other	**(16,960)**	(14,947)
Net deferred tax liability	**$ 482,384**	$ 438,496
Deferred tax		
Deferred tax asset recovered after 12 months	**$ (26,149)**	$ (142)
Deferred tax liability recovered after 12 months	**508,533**	438,638
Net deferred tax liability	**$ 482,384**	$ 438,496

At December 31, 2014, the Company had deferred tax assets arising from non-capital losses expiring in the following years:

	December 31 2014	December 31 2013
2016	**$ –**	$ 73
2022	**252**	103
2032	**–**	25,235
2033	**8,290**	14,471
No expiry	**161**	457
	$ 8,703	$ 40,339

Earnings retained by subsidiaries and equity-accounted investments amounted to $964,747 at December 31, 2014 (2013 – $833,417). A provision has been made for withholding and other taxes that would become payable on the distribution of these earnings only to the extent that either the Company does not control the relevant entity or it is expected that these earnings will be remitted in the foreseeable future.

The provision for income taxes is different from the expected provision for income taxes using combined Canadian federal and provincial income tax rates for the following reasons:

	December 31 2014	December 31 2013
Income before income taxes	**$ 111,214**	$ 197,067
Income tax rate	**25.5%**	25.4%
Expected income tax expense	**28,359**	50,055
Increase (decrease) from:		
Higher effective tax rate on foreign operations	**11,604**	12,819
Non-deductible expenses	**1,996**	108
Adjustments from prior years	**511**	2,032
Other	**(974)**	2,410
Rate change impact on deferred taxes	**(1,402)**	778
	$ 40,094	$ 68,202

The statutory tax rate is consistent from 2013 to 2014 as expected.

11. SHARE CAPITAL

(a) Authorized

Unlimited common shares, no par value
Unlimited preferred shares, no par value, issuable in series

(b) Issued, fully paid and outstanding

	2014		2013	
	Number of Common Shares	**Amount**	Number of Common Shares	Amount
Opening balance – January 1	**152,772,866**	**$ 168,155**	152,583,441	$ 164,670
Issued under employee stock option plan	**–**	**–**	136,000	2,418
Purchase of common shares under Normal Course Issuer Bid	**(289,100)**	**(322)**	–	–
Changes in unvested shares held in trust	**(51,632)**	**1,382**	53,425	1,067
Closing balance – December 31	**152,432,134**	**$ 169,215**	152,772,866	$ 168,155

The total amount of unvested shares held in trust for share-based compensation plans as at December 31, 2014 was 627,862 (2013 – 576,230).

(c) Dividends

During the year ended December 31, 2014, the Company declared dividends of $72,423 (2013 – $68,614), being $0.4725 per common share (2013 – $0.4475 per common share). Subsequent to December 31, 2014, the Company declared a dividend for the first quarter of 2015 of $0.12 per common share or approximately $18,367. The dividend has not been provided for and is pursuant to the quarterly dividend policy adopted by the Company. Pursuant to subsection 89(1) of the Canadian Income Tax Act ("ITA"), the dividend being paid is designated as an eligible dividend, as defined in subsection 89(1) of the ITA.

(d) Normal Course Issuer Bid

On September 25, 2014 the Company received approval from the Toronto Stock Exchange to acquire for cancellation up to three percent of the Company's issued and outstanding common shares under a Normal Course Issuer Bid (the "Bid"). The Company may purchase up to 4,600,477 common shares for cancellation. The Bid commenced on September 29, 2014 and will terminate on September 28, 2015 or such earlier time as the Bid is completed or terminated at the option of the Company.

During 2014, the Company purchased 289,100 common shares, for a total cost of $3,579. Retained earnings were reduced by $3,257, representing the excess of the purchase price of common shares over their average carrying value.

The Company previously had a Bid that commenced on June 25, 2013 and terminated on June 24, 2014, under which no common shares were purchased and cancelled.

12. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period.

Diluted net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period adjusted for conversion of all potentially dilutive common shares. Diluted net income is calculated using the treasury share method, which assumes that all outstanding share options are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the period.

	December 31 2014	December 31 2013
Net income attributable to common shareholders:		
Basic and diluted	**$ 71,120**	$ 128,865
Weighted average number of common shares outstanding:		
Basic	**152,710,636**	152,693,280
Potentially dilutive share-based compensation plans	**447,694**	927,092
Diluted	**153,158,330**	153,620,372

Share options of 6,394,300 (2013 – 4,296,200) were excluded from the calculation of diluted weighted average number of common shares outstanding as they were anti-dilutive.

13. SHARE-BASED COMPENSATION

	December 31 2014	December 31 2013
Share-based compensation (recovery) expense	**$ (13,573)**	$ 2,049
Share-based compensation expense included within General and administrative	**4,749**	7,676
	$ (8,824)	$ 9,725

Of this total, an expense of $4,628 is related to equity-settled plans (2013 – $7,366) and a recovery of $13,452 is related to cash-settled plans (2013 – expense of $2,359).

The total liability for cash-settled plans at December 31, 2014 was $2,572 (2013 – $17,515). The total intrinsic value of the liability for vested benefits at December 31, 2014 was $1,784 (2013 – $7,569).

Share option plan

The Company has an employee share option plan that provides all option holders the right to elect to receive either common shares or a direct cash payment in exchange for the options exercised. The Company may grant options to its employees for up to 14,885,900 (2013 – 14,885,900) common shares. The options' exercise price equals the market price of the Company's common shares on the date of grant. Share options granted vest evenly over a period of five years.

A summary of the Company's share option plan as at December 31, 2014 and 2013, and the changes during the years then ended, is presented below:

	2014		2013	
	Number of Share Options	**Weighted Average Exercise Price**	Number of Share Options	Weighted Average Exercise Price
Outstanding – January 1	**8,308,700**	**$ 15.65**	9,323,600	$ 16.74
Granted	**2,456,500**	**10.37**	2,279,000	16.13
Exercised for common shares	**–**	**–**	(136,000)	14.72
Exercised for cash	**(485,200)**	**14.82**	(845,000)	14.75
Forfeited	**(682,800)**	**16.11**	(481,200)	17.15
Expired	**(1,653,600)**	**15.09**	(1,831,700)	21.89
Outstanding – December 31	**7,943,600**	**$ 14.14**	8,308,700	$ 15.65
Exercisable – December 31	**2,754,400**	**$ 15.57**	3,355,500	$ 15.28

For options exercised in 2014, the weighted average share price at the date of exercise was $17.07 (2013 – $17.41) per common share.

The following table lists the options outstanding at December 31, 2014:

Exercise Price	Options Outstanding	Average Vesting Remaining (in years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$10.37 to $12.18	2,454,000	5.00	$ 10.37	–	$ –
$12.19 to $15.89	1,817,800	1.18	14.23	1,337,200	14.17
$15.90 to $16.67	1,988,100	4.00	16.13	400,100	16.13
$16.68 to $17.20	1,683,700	2.00	17.20	1,017,100	17.20
	7,943,600	3.24	$ 14.14	2,754,400	$ 15.57

The assumptions used to estimate the fair value of employee share options as at December 31, were:

	2014	2013
Expected life *(years)*	**3.0**	2.6
Volatility *(percent)*	**27.1**	27.3
Forfeiture rate *(percent)*	**5.1**	4.7
Risk-free interest rate *(percent)*	**1.4**	1.3
Expected dividend *(percent)*	**4.7**	2.8

The expected volatility is determined based on weighted average historic prices for the Company's common shares. The forfeiture rate is estimated based on historical experience and general option holder behavior.

Share appreciation rights

The Company has granted share appreciation rights ("SARs") to certain employees that entitle the employees to a cash payment. The amount of the cash payment is determined based on the increase in the share price of the Company between grant date and exercise date. Grants under the plan vest evenly over a period of five years.

A summary of the Company's SARs plan as of December 31, 2014 and 2013, and the changes during the years then ended, is presented below:

	2014		2013	
	Number of SARs	**Weighted Average Exercise Price**	Number of SARs	Weighted Average Exercise Price
Outstanding – January 1	**799,500**	**$ 15.82**	550,500	$ 15.57
Granted	**286,000**	**10.37**	308,000	16.13
Exercised	**(47,400)**	**14.05**	(32,100)	14.50
Forfeited	**(33,000)**	**16.16**	(26,900)	15.88
Expired	**(32,500)**	**15.10**	–	–
Outstanding – December 31	**972,600**	**$ 14.32**	799,500	$ 15.82
Exercisable – December 31	**311,200**	**$ 15.77**	242,800	$ 15.36

For SARs exercised in 2014, the weighted average share price at the date of exercise was $16.97 (2013 – $17.61) per common share.

The following table lists the SARs outstanding at December 31, 2014:

Exercise Price	SARs Outstanding	Average Vesting Remaining (in years)	Weighted Average Exercise Price	SARs Exercisable	Weighted Average Exercise Price
$10.37 to $12.18	286,000	5.00	$ 10.37	–	$ –
$12.19 to $15.82	171,100	1.09	14.07	121,100	14.04
$15.83 to $16.67	296,000	4.00	16.13	59,200	16.13
$16.68 to $17.20	219,500	2.00	17.20	130,900	17.20
	972,600	3.33	$ 14.32	311,200	$ 15.77

14. SEGMENTED INFORMATION

The Company determines its operating segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Company operates in three geographic areas within one operating segment. Oilfield services are provided in Canada, the United States and internationally. The amounts related to each geographic area are as follows:

Revenue	December 31 2014	December 31 2013
Canada	**$ 666,095**	$ 661,008
United States	**1,026,605**	890,767
International	**629,065**	546,236
	$ 2,321,765	$ 2,098,011

Revenues are attributed to geographical areas based on the location in which the services are rendered.

During the year ended December 31, 2014, the Company earned revenue of $269,521 (2013 – $225,117) within the United States and international geographic areas from a single customer.

Property and equipment, net	December 31 2014	December 31 2013
Canada	**$ 1,061,565**	$ 944,188
United States	**1,432,905**	1,355,712
International	**630,457**	488,431
	$ 3,124,927	$ 2,788,331

The segment presentation of property and equipment is based on the geographical location of the assets.

15. EXPENSES BY NATURE

	December 31 2014	December 31 2013
Salaries, wages and benefits	**$ 923,703**	$ 863,444
Share-based compensation	**(8,824)**	9,725
Total employee costs	**914,879**	873,169
Depreciation	**298,854**	248,026
Asset decommissioning and write-downs	**89,495**	–
Purchased materials, supplies and services	**855,800**	741,179
Foreign exchange and other	**30,836**	21,095
Total expenses before interest and income taxes	**$ 2,189,864**	$ 1,883,469

16. KEY MANAGEMENT COMPENSATION

Key management personnel include the Company's directors and named executive officers. Compensation for key management personnel consists of the following:

	December 31 2014	December 31 2013
Short-term compensation	**$ 3,858**	$ 3,870
Share-based compensation	**(1,496)**	5,128
Total management compensation	**$ 2,362**	$ 8,998

17. SIGNIFICANT SUBSIDIARIES AND PARTNERSHIPS

The following table lists the Company's principal operating partnerships and subsidiaries, the jurisdiction of formation, incorporation or continuance of such partnerships and subsidiaries and the percentage of shares owned, directly or indirectly, by the Company as of December 31, 2014:

Name of Subsidiary	Jurisdiction of Formation Incorporation or Continuance	Percentage Ownership of Shares Beneficially Owned or Controlled Directly or Indirectly by the Company
Enhanced Petroleum Services Partnership	Alberta	100
Ensign Argentina S.A.	Argentina	100
Ensign de Venezuela C.A.	Venezuela	100
Ensign Drilling Partnership	Alberta	100
Ensign Energy Services International Limited	Australia	100
Ensign Testing Services Inc.	Alberta	100
Ensign Testing Services (USA) Inc.	Montana	100
Ensign United States Drilling Inc.	Colorado	100
Ensign United States Drilling (California) Inc.	California	100
Ensign US Financial (Delaware) LP	Delaware	100
Ensign US Southern Drilling LLC	Delaware	100
Ensign Well Servicing Partnership	Alberta	100
OFS Canada Inc.	Alberta	100
OFS Global Inc.	Nevada	100

18. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

(a) Non-cash working capital

	December 31 2014	December 31 2013
Net change in non-cash working capital		
Accounts receivable	**$ 3,587**	$ (5,947)
Inventories and other	**4,818**	3,866
Accounts payable and accruals	**56,505**	58,909
Note receivable	**740**	741
Income taxes payable	**(3,579)**	(21,952)
Dividends payable	**348**	1,166
	$ 62,419	$ 36,783
Relating to:		
Operating activities	**$ 29,246**	$ 17,026
Investing activities	**32,080**	17,845
Financing activities	**1,093**	1,912
	$ 62,419	$ 36,783

(b) Cash and cash equivalents

	December 31 2014	December 31 2013
Cash	**$ 31,097**	$ 64,634
Cash equivalents	**22,900**	14,224
	$ 53,997	$ 78,858

19. CAPITAL MANAGEMENT STRATEGY

The Company's objectives when managing capital are to exercise financial discipline, and to deliver positive returns and stable dividend streams to its shareholders. The Company continues to be cognizant of the challenges associated with operating in a cyclical, commodity-based industry and may make future adjustments to its capital management strategy in light of changing economic conditions.

The Company considers its capital structure to include shareholders' equity, bank credit facilities and senior unsecured notes. In order to maintain or adjust its capital structure, the Company may from time to time adjust its capital spending or dividend policy to manage the level of its borrowings, or may revise the terms of its bank credit facilities to support future growth initiatives. The Company may consider additional long-term borrowings or equity financing if deemed necessary. As at December 31, 2014, the bank credit facilities totaled $439,752 (2013 – $326,525), senior unsecured notes totaled $346,575 (2013 – $317,407) and shareholders' equity totaled $2,045,237 (2013 – $1,962,569).

The Company is subject to externally imposed capital requirements associated with its bank credit facilities and senior unsecured notes, including financial covenants that incorporate shareholders' equity, earnings, consolidated interest expense and level of indebtedness. The Company monitors its compliance with these requirements on an ongoing basis and projects future operating cash flows, capital expenditure levels and dividend payments to assess how these activities may impact compliance in future periods. As at December 31, 2014, the Company is in compliance with all debt covenants.

20. FINANCIAL INSTRUMENTS

Categories of financial instruments

The classification and measurement of financial instruments is presented below:

Cash and cash equivalents and accounts receivable are classified as financial assets at amortized cost.

Accounts payable and accruals, dividends payable and long-term debt are classified as financial liabilities at amortized cost.

Fair values

The fair value of cash and cash equivalents, accounts receivable, accounts payable and accruals and dividends payable approximates their carrying value due to the short-term maturity of these financial instruments. The fair value of the drawings on the bank credit facilities approximates its carrying value.

The estimated fair values of the non-interest bearing note receivable and senior unsecured notes have been determined based on available market information and appropriate valuation methods, including the use of discounted future cash flows using current rates for similar instruments with similar risks and maturities. The estimated fair values of the note receivable and senior unsecured notes approximate their carrying values.

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statement of financial position are categorized using a three-level hierarchy that reflects the level of judgment associated with the inputs used to measure their fair value. The fair values of financial assets and liabilities included in Level 1 are determined by reference to unadjusted quoted prices in active markets for identical assets and liabilities. Fair values of financial assets and liabilities in Level 2 are based on inputs other than Level 1 quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). The fair values in Level 3 financial assets and liabilities are not based on observable market data.

The estimated fair value of the non-interest bearing note receivable was based on Level 1 inputs. The estimated fair value of senior unsecured notes was based on Level 2 inputs and was estimated using the risk free interest rates on government debt instruments of similar maturities, adjusted for estimated credit risk and market risk premiums.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's accounts receivable balances owing from customers operating primarily in the oil and natural gas industry in Canada, the United States and internationally. The carrying amount of accounts receivable represents the maximum credit exposure as at December 31, 2014.

The Company assesses the credit worthiness of its customers on an ongoing basis and establishes credit limits for each customer based on external credit reports and other publicly available information, internal analysis and historical experience with the customer. Credit limits are approved by senior management and are reviewed on a regular basis or when changing economic circumstances dictate. The Company manages credit risk through dedicated credit resources, ongoing monitoring and follow up of balances owing, well liens, and tightening or restriction of credit terms as required. The Company also monitors the amount and age of accounts receivable balances on an ongoing basis. As at December 31, 2014, the Company had trade receivables of $24,653 (2013 – $33,610) with multiple customers that were greater than 90 days old for which an allowance for doubtful accounts of $19,239 (2013 – $13,091) has been recorded to provide for balances which, in management's best estimate, are deemed uncollectible as at December 31, 2014. The allowance for doubtful accounts is an estimate requiring significant judgment and may differ materially from actual results.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company manages liquidity by forecasting cash flows on an annual basis and secures sufficient credit facilities to meet financing requirements that exceed anticipated internally generated funds. As at December 31, 2014, the remaining contractual maturities of accounts payable and accruals and dividends payable are less than one year. Maturity information regarding the principal and interest on the Company's long-term debt are as follows:

	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years	Total
Senior unsecured notes	$13,852	140,640	132,198	127,743	$414,433
Bank credit facilities [1]	9,731	451,114	–	–	460,845
Total	$23,583	591,754	132,198	127,743	$875,278

1 Interest on the Bank credit facilities is calculated based on the amount drawn at December 31, 2014 and the applicable bankers' acceptance/LIBOR interest rates outstanding as at December 31, 2014.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's net income or the value of its financial instruments.

Interest rate risk

The Company is exposed to interest rate risk with respect to its bank credit facilities which bear interest at floating market rates. For the year ended December 31, 2014, if interest rates applicable to its bank credit facilities had been 0.25 percent higher or lower, with all other variables held constant, income before income taxes would have been $958 lower or higher.

Foreign currency exchange rate risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar. The principal foreign exchange risk relates to the translation of the Company's foreign subsidiaries from their functional currencies to Canadian dollars. At December 31, 2014, had the Canadian dollar weakened or strengthened by $0.01 against the United States dollar, with all other variables held constant, the Company's foreign currency translation reserve would have been approximately $12,590 higher or lower and income before income taxes would have been $162 higher or lower.

In addition the Company has foreign exchange risk in relation to the conversion of United States dollar denominated debt to Australian dollars. At December 31, 2014, had the Australian dollar weakened or strengthened by $0.01 against the United States dollar, with all other variables held constant, the Company's income before income taxes would have been $2,638 higher or lower.

The above sensitivities are limited to the impact of changes in the specified variable applied to the items noted above and do not represent the impact of a change in the variable on the operating results of the Company taken as a whole.

21. CONTINGENCIES AND COMMITMENTS

The Company has provided insurance bonds to certain government agencies in respect of the temporary importation of equipment into that country. It is not anticipated that any material liabilities will arise from these insurance bonds.

The Company has commitments for facility leases, with future minimum payments as follows:

Not later than 1 year	$	3,203
Later than 1 year not later than 5 years		2,778
Later than 5 years		454

The Company leases a number of facilities under operating leases. The leases typically run for a period of two to ten years, with an option to renew the lease after that date. Lease payments are increased throughout the lease term to reflect market rates.

For the year ended December 31, 2014, lease payments of $5,550 (2013 – $6,490) were recognized as an expense.

The Company is a party to various disputes and lawsuits in the normal course of its business and believes the ultimate liability arising from these matters will have no material impact on its consolidated financial statements.

22. PRIOR YEAR AMOUNTS

Certain prior year amounts in the accounts payable and accruals note and key management compensation note have been reclassified to conform to current year presentation.

SHARE TRADING SUMMARY

for the three months ended	High ($)	Low ($)	Close ($)	Volume	Value ($)
2014					
March 31	**17.87**	**15.90**	**16.34**	**9,288,354**	**154,815,988**
June 30	**17.49**	**15.42**	**16.57**	**11,223,900**	**184,996,711**
September 30	**17.74**	**13.67**	**14.71**	**11,282,101**	**180,066,268**
December 31	**14.78**	**9.59**	**10.20**	**23,124,525**	**277,675,629**
Total				**54,918,880**	**797,554,595**

for the three months ended	High ($)	Low ($)	Close ($)	Volume	Value ($)
2013					
March 31	18.35	15.47	17.32	15,575,333	263,073,063
June 30	17.45	15.19	16.28	14,588,970	242,490,166
September 30	18.44	16.06	17.64	7,821,939	137,954,838
December 31	18.14	15.92	16.73	9,970,761	166,305,776
Total				47,957,003	809,823,843

10 YEAR FINANCIAL INFORMATION

	2014	2013	2012	2011
Revenue	**2,321,765**	2,098,011	2,197,321	1,890,372
Gross margin	**635,370**	573,838	641,812	567,446
Gross margin % of revenue	**27.4%**	27.4%	29.2%	30.0%
Adjusted EBITDA	**537,513**	485,712	560,975	497,188
Depreciation	**298,854**	248,026	220,227	177,927
Net income	**71,120**	128,865	217,522	212,393
Net income per share				
Basic	**$0.47**	$0.84	$1.42	$1.39
Diluted	**$0.46**	$0.84	$1.42	$1.39
Funds from operations	**491,886**	435,611	506,355	473,099
Funds from operations per share				
Basic	**$3.22**	$2.85	$3.32	$3.09
Diluted	**$3.21**	$2.84	$3.31	$3.09
Net capital expenditures, excluding acquisitions	**582,999**	342,225	306,689	386,833
Acquisitions	**–**	76,408	–	497,352
Working capital (deficit)	**189,698**	(71,146)	13,861	(10,233)
Long-term debt, net of current portion	**786,327**	317,407	296,589	405,953
Shareholders' equity	**2,045,237**	1,962,569	1,857,958	1,723,422
Return on average shareholders' equity	**3.5%**	6.7%	12.1%	13.0%
Long-term debt to equity	**0.38:1**	0.16:1	0.16:1	0.24:1
Weighted average common shares outstanding – basic	**152,710,636**	152,693,280	152,664,447	152,865,133
Closing share price – December 31	**$10.20**	$16.73	$15.37	$16.25

**Restated under IFRS*

*** Not restated for IFRS*

All per share data and the weighted average common shares outstanding have been restated to reflect the 3-for-1 stock split effective May 2001 and the 2-for-1 stock split effective May 2006.

Certain prior year amounts have been restated to reflect current year presentation.

2010*	2009**	2008**	2007**	2006**	2005**
1,355,683	1,137,575	1,705,579	1,577,601	1,807,230	1,520,724
370,860	356,554	559,695	523,267	646,017	489,312
27.4%	31.3%	32.8%	33.2%	35.7%	32.2%
310,011	305,670	498,139	472,493	593,550	445,033
132,980	111,015	125,809	92,636	80,921	74,917
119,308	125,436	259,959	249,765	341,284	169,665
$0.78	$0.82	$1.70	$1.64	$2.25	$1.12
$0.78	$0.82	$1.68	$1.62	$2.18	$1.09
288,513	259,239	402,407	297,311	421,713	336,726
$1.89	$1.69	$2.63	$1.95	$2.78	$2.23
$1.88	$1.69	$2.61	$1.93	$2.70	$2.16
255,463	132,573	274,323	271,984	325,483	247,696
–	52,573	–	–	–	79,021
84,516	107,894	107,024	60,272	63,162	(11,878)
–	–	20,000	–	–	–
1,548,155	1,530,797	1,551,151	1,244,206	1,107,605	771,902
7.7%	8.1%	18.6%	21.2%	36.3%	23.9%
NA	NA	0.01:1	NA	NA	NA
152,834,798	153,154,557	153,094,863	152,517,446	151,774,629	151,202,388
$15.03	$15.00	$13.22	$15.25	$18.39	$23.46

CORPORATE INFORMATION

CORPORATE MANAGEMENT

N. MURRAY EDWARDS
Chairman

SELBY PORTER
Vice Chairman

ROBERT H. GEDDES
President and
Chief Operating Officer

ED KAUTZ
President United States
Operations

GLENN DAGENAIS
Executive Vice President Finance
and Chief Financial Officer

BRAGE JOHANNESSEN
Executive Vice President
International Operations

TIMOTHY LEMKE
Vice President Finance

ROBERT RAIMONDO
Vice President Health, Safety
and Environment

CATHY ROBINSON
Vice President,
Global Human Resources

SUZANNE DAVIES
General Counsel
and Corporate Secretary

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BANKERS

HSBC Bank Canada

Royal Bank of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

PricewaterhouseCoopers LLP

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

TRANSFER AGENT

Computershare Trust Company
of Canada

NOTICE OF ANNUAL GENERAL MEETING

Ensign Energy Services Inc.'s Annual Meeting of Shareholders will be held on Wednesday, May 13, 2015, at 3 pm MDT at the Calgary Petroleum Club, 319 – 5th Avenue S.W., Calgary, Alberta. All shareholders are invited to attend, but if unable, we request the form of proxy be signed and returned.

BOARD OF DIRECTORS

N. MURRAY EDWARDS
President,
Edco Financial Holdings Ltd.
Board member since 1989

ROBERT H. GEDDES
President and COO,
Ensign Energy Services Inc.
Board member since March 2007

JAMES B. HOWE (1, 3)
President, Bragg Creek Financial Consultants Ltd.
Board member since June 1987

LEN KANGAS (2, 4)
Independent Businessman
Board member since June 1990

CARY A. MOOMJIAN, JR (2, 3)
President,
CAM OilServ Advisors LLC
Board member since November 2014

SELBY PORTER
Vice Chairman,
Ensign Energy Services Inc.
Board member since June 1994

JOHN SCHROEDER (1, 3)
Independent Businessman
Board member since June 1990

KENNETH J. SKIRKA (2, 4)
Independent Businessman
Board member since May 2003

GAIL SURKAN (2, 3)
Independent Businesswoman
Board member since March 2006

BARTH WHITHAM (1,4)
President and CEO,
Enduring Resources LLC
Board member since March 2007

COMMITTEE MEMBERS

1 Audit

2 Corporate Governance, Nominations and Risk

3 Compensation

4 Health, Safety and Environment



www.ensignenergy.com