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ENSIGN ENERGY SERVICES INC.

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2018

Dated March 19, 2019

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In this Annual Information Form, the “**Corporation**” means Ensign Energy Services Inc., and “**Ensign**”, “we”, “us”, or “our” means Ensign Energy Services Inc. and all of its controlled entities as a consolidated body.

All $ amounts are in Canadian dollars, unless otherwise indicated.

Information contained in this Annual Information Form is dated as of December 31, 2018 unless where otherwise noted.

Cautionary Statements on Forward-looking Information

Certain statements in this Annual Information Form constitute forward-looking statements or information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable securities legislation. Forward-looking statements generally 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 expressions of a similar nature suggesting future outcome or statements regarding an outlook. In particular, but without limiting the foregoing, this Annual Information Form contains forward-looking statements pertaining to, among other things, the following: disclosure related to expected future commodity pricing, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures, our business plans and strategy, market outlook, the timing and amount of future payments of dividends, the impacts and expected changes to regulations, debt servicing and other prospective guidance, expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance provided throughout this Annual Information Form.

Forward-looking statements are not representations or guarantees of future performance and are subject to certain risks. The reader should not place undue reliance on forward-looking statements as there can be no assurance that the plans, initiatives, projections, anticipations or expectations upon which they are based will occur, and actual results or events could differ materially from those anticipated and described in the forward-looking statements.

The forward-looking statements are based on current expectations, estimates and projections about us and the industries in which we operate, 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. They are subject to known and unknown risks, uncertainties, expectations, assumptions and other factors that could cause actual results, performance or achievements 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 our services and the ability of our customers to pay accounts receivable balances; volatility of and assumptions regarding crude oil and natural gas commodity prices; fluctuations in currency and interest rates; economic conditions in the countries and regions in which we conduct business; political uncertainty and civil unrest; our ability to implement our business strategy; impact of competition; our defence of lawsuits; availability and cost of labour and other equipment, supplies and services; our ability to complete our capital programs; operating hazards and other difficulties inherent in the operation of our oilfield services equipment; availability and cost of financing and insurance; 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 our provision for taxes; the failure to agree on major issues under any

joint venture agreements; the impact of non-performance, default or bankruptcy of any joint venture partners; and other circumstances affecting our business, revenues and expenses.

Our operations and levels of demand for our services have been, and at times in the future may be, affected by political risks and developments, such as expropriation, nationalization, or regime change, 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 our assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by 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 our course of action would depend upon our assessment of the future considering all information then available.

For additional information, refer to the "*Risk Factors*" section of this Annual Information Form. Readers are cautioned that the lists of important factors contained herein are not exhaustive. Unpredictable or unknown factors not discussed in this Annual Information Form could also have material adverse effects on forward-looking statements.

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us 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, we assume no obligation to update forward-looking statements should circumstances or our projections, anticipations, estimates or opinions change.

CORPORATE STRUCTURE

Name and Incorporation

Ensign provides oilfield services to the crude oil and natural gas industries in three main geographic operating regions: Canada, the United States and internationally. The oilfield services we provide include drilling, well servicing, oil sands coring, directional drilling, underbalanced and managed pressure drilling, equipment rentals, transportation, wireline services and production testing services.

Our common shares are listed and posted for trading on the Toronto Stock Exchange ("**TSX**") under the trading symbol "ESI".

Our registered and head office is located at:

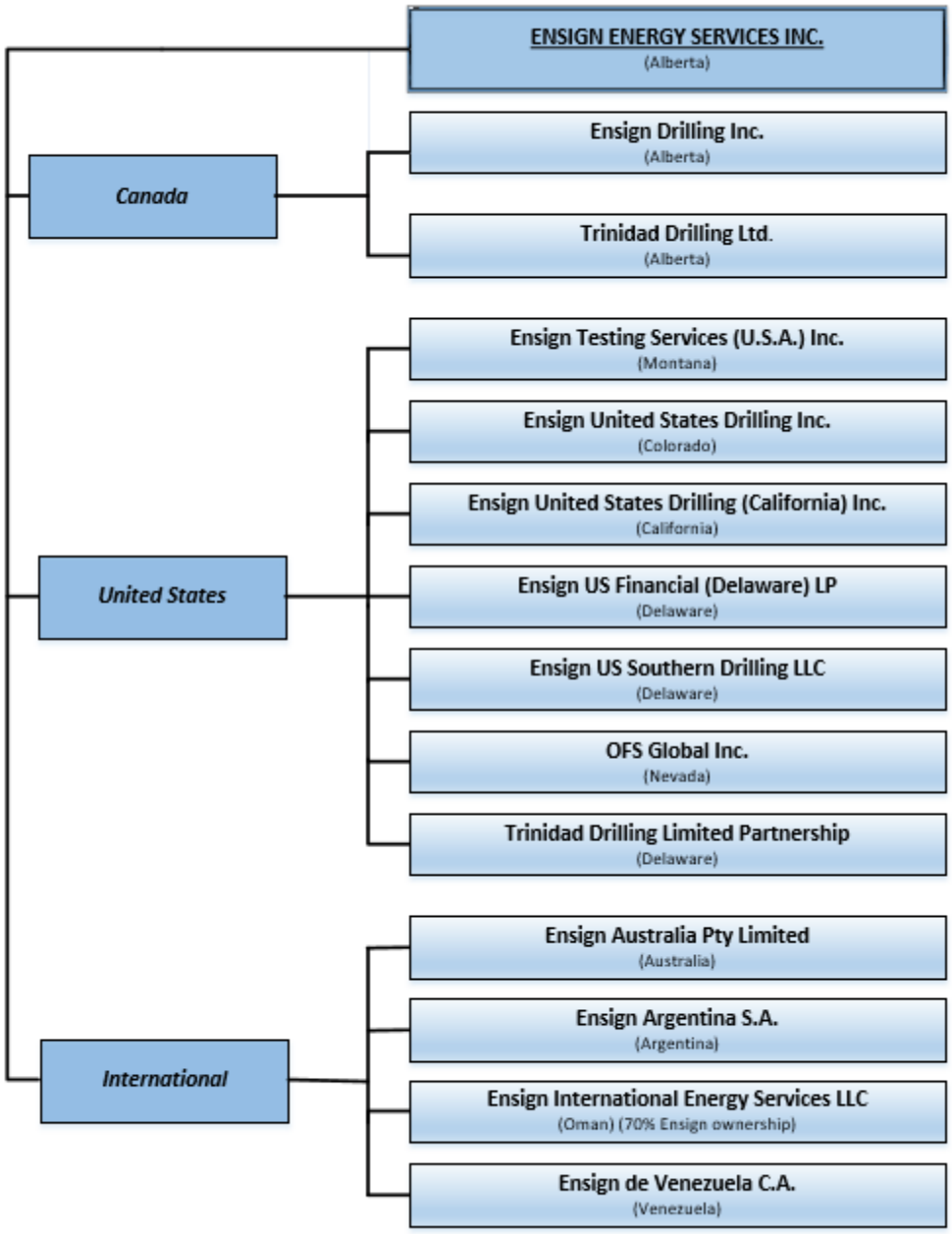
400 – 5th Avenue S.W., Suite 1000, Calgary, Alberta, T2P 0L6
Telephone (403) 262-1361, Facsimile (403) 262-8215
Website www.ensignenergy.com.

The Corporation was incorporated on March 31, 1987 pursuant to the provisions of the *Business Corporations Act* (Alberta) ("**ABCA**") as 363975 Alberta Inc. On May 19, 2005, we changed our name to Ensign Energy Services Inc.

Intercorporate Relationships

As part of Ensign's ongoing efforts to identify opportunities to operate more efficiently and reduce our overhead and operating costs, we completed a number of normal course corporate restructuring transactions during 2018. In particular, eight (8) wholly-owned non-operating subsidiaries of Ensign were dissolved or deregistered, as applicable, and three (3) wholly-owned operating and non-operating subsidiaries were amalgamated with affiliates. Further, on November 27, 2018, Ensign acquired a controlling interest in the common shares of Trinidad Drilling Ltd., a company then listed on the TSX under the trading symbol "TDG". Trinidad Drilling Ltd. became a wholly-owned subsidiary of Ensign as of February 15, 2019. For a full description of the transaction, see "*General Development of the Business - Three Year History - 2019 - Trinidad Acquisition*" below.

The following diagram sets forth our principal operating subsidiaries, and the jurisdiction of formation, incorporation or continuance of such subsidiaries as of December 31, 2018. Ensign owns 100% of the voting securities of each of the principal operating subsidiaries, with the exception of Trinidad Drilling Ltd., of which Ensign owned 89.3% of its voting securities as at December 31, 2018 (and owns 100% of its voting securities as of February 15, 2019), the subsidiaries of Trinidad Drilling Ltd., and Ensign International Energy Services LLC (an Oman entity), of which Ensign owns 70% of its voting securities.



The above table does not include all of the subsidiaries of Ensign. The assets and annual revenues of unnamed subsidiaries in the aggregate did not exceed 10% of the total consolidated assets or total consolidated revenues of Ensign as at December 31, 2018.

GENERAL DEVELOPMENT OF THE BUSINESS

Ensign provides oilfield services to the crude oil and natural gas industries in Canada, the United States and internationally. As at December 31, 2018, Ensign owned a fleet totalling 335 land drilling rigs worldwide in our three (3) main geographic operating regions (137 in Canada, 151 in the United States and 47 internationally). We also operate five (5) drilling rigs that are owned through a joint venture in which we hold a 60% interest. Land drilling forms our major business activity in each of our jurisdictions of operation. Ensign also owned 27 specialty coring rigs in Canada, 108 well servicing rigs (62 in Canada and 46 in the United States) and various oilfield services support equipment outlined in "*Description of the Business – Segmented Information*". Ensign has also established and developed in-house engineering, procurement and construction facilities, used in support of our operations worldwide.

Three Year History

Below is a summary of the significant developments and events relating to our business in the last three (3) years and to date in 2019. All of our capital expenditures during the past three (3) years and to date in 2019 have been financed through bank credit facilities and working capital. Our strategy is to continue to expand through internal growth and selective acquisitions when and as deemed appropriate. Ensign continued to pursue this mandate with the significant acquisition of Trinidad Drilling Ltd. in the last quarter of 2018, described in detail below.

More information on the effect of market conditions on Ensign over the past three (3) years is set out in "*Description of the Business – Competitive and Industry Conditions*".

2019

Market Conditions

To date in 2019, crude oil prices have shown some modest improvement over the 2018 exit, in part due to additional production cuts announced by OPEC and other select non-OPEC countries in late 2018. Ensign anticipates that these slow and relatively modest increases to energy commodity prices will likely be sustained throughout 2019. However, operating activity in Canada is expected to continue to be challenged, in part due to the price differential between WTI spot prices and lower Canadian oil spot prices, which have demonstrated significant volatility in recent months. Differentials in Canadian oil prices as compared to WTI have recently been substantially wider than historical differentials, and although there has been some narrowing of this differential in the latter part of 2018 and into 2019, the lower Canadian oil prices and prolonged significant price differential is expected to continue to result in moderate activity levels in Canada in 2019.

In light of these anticipated market conditions, the Corporation remains committed to retaining a strong balance sheet and its Board of Directors has approved a capital budget for 2019 of approximately CAD $102 million, comprised primarily of maintenance expenditures.

Trinidad Acquisition

On November 27, 2018, Ensign acquired a majority of the outstanding common shares of Trinidad Drilling Ltd. ("**Trinidad**") (the "**Trinidad Acquisition**"). Trinidad was at that time a TSX-listed public company trading under the symbol "TDG". Trinidad amalgamated with Ensign Holdings Inc., an Ensign subsidiary, and as of February 15, 2019 Trinidad became a wholly-owned subsidiary of Ensign. Trinidad was de-listed from the TSX on February 19, 2019 and ceased to be a reporting issuer in Canada on February 25, 2019.

Trinidad and its subsidiaries provide contract drilling and related services in Canada, the United States and internationally. The Trinidad Acquisition has increased the size and scale of Ensign's existing business and has diversified our sources of earnings through the expansion of our fleet into Kuwait, Bahrain, the United Arab Emirates and Mexico, all of which are areas where we have not recently, or ever, been active. Further details regarding the Trinidad Acquisition are set forth in the business acquisition report (completed on Form 51-102F4) of Ensign dated March 19, 2019, available on SEDAR at www.sedar.com.

Financing Activities

In connection with the Trinidad Acquisition, to date in 2019 Ensign has completed the following financing and related activities:

- On January 11, 2019, we redeemed all of our outstanding USD $200 million in senior guaranteed notes, comprised of USD $100 million of 3.97% notes due February 22, 2019, and USD $100 million of 4.54% notes due February 22, 2022.
- On February 14, 2019:
    - We entered into a new senior loan facility in the principal amount of USD $700 million (the "**Senior Loan**");
    - We reduced the principal amount available under our Credit Facility (defined and described under "*2018*" below) to CAD $900 million;
    - We repurchased 99.93% of the outstanding US$350 million of Trinidad senior notes due February 15, 2025 (the "**Notes**") (the remainder of which are expected to be repurchased on March 21, 2019); and
    - We repaid all amounts owing under Trinidad's existing credit facility and terminated such facility.

For more information regarding Ensign's Senior Loan and Credit Facility, reference is made to the Risk Factor entitled: "*We require sufficient cash flows to service and repay our debts and our credit facilities contain restrictive covenants*". Additional information can also be obtained from Note 11 (Bank Credit Facilities and Long Term Debt) of the Corporation's Consolidated Financial Statements for the year ended December 31, 2018, which note is hereby incorporated by reference into this Annual Information Form. The Credit Facility, Senior Loan and the Corporation's Consolidated Financial Statements are available on SEDAR at www.sedar.com.

Dividends

On February 27, 2019, the Board of Directors re-implemented the Dividend Reinvestment Plan ("**DRIP**") with substantially the same features as the DRIP implemented in 2016, as described below.

2018

Trinidad Acquisition

As noted above, our acquisition of control over the outstanding common shares of Trinidad occurred on November 27, 2018. Please see the section called "*Trinidad Acquisition*" under "*2019*" above.

Credit Facility

In connection with the Trinidad Acquisition, on November 29, 2018, we entered into a new revolving credit agreement which will mature on November 26, 2021 (the "**Credit Facility**"). The Credit Facility had an initial principal amount available of CAD $1.25 billion, and in accordance with its terms, the principal amount available was reduced to CAD $900 million on February 14, 2019.

For more information regarding Ensign's Credit Facility, reference is made to the Risk Factor entitled: "*We require sufficient cash flows to service and repay our debts and our credit facilities contain restrictive covenants*". Additional information can also be obtained from Note 11 (Bank Credit Facilities and Long Term Debt) of the Corporation's Consolidated Financial Statements for the year ended December 31, 2018, which note is hereby incorporated by reference into this Annual Information Form. The Credit Facility and the Corporation's Consolidated Financial Statements are available on SEDAR at www.sedar.com.

Market Conditions

The slow and relatively modest increases to energy commodity prices experienced in 2017 continued through the first half of 2018. The demand for our services and industry activity levels were generally sustained, and in some regions increased modestly, during this period. However, in the latter half of 2018, crude oil commodity prices declined with the result that some regions, in particular in Canada, experienced modest decreases in demand for our services over levels that were anticipated towards the end of 2018.

Equipment Management

In 2018, the major additions to our drilling rig fleet occurred as a result of the Trinidad Acquisition, which added 68 drilling rigs to the Canadian fleet, 66 drilling rigs to the fleet in the United States and one (1) drilling rig in our international operations. An additional five (5) drilling rigs were added in the international division through a joint venture owned 60% by Trinidad (described in detail in "*Description of the Business – Segmented Information – International Oilfield Services"* below). In addition, we transferred one (1) automated drilling rig ("**ADR®**") from Canada to the United States, added three (3) new well servicing rigs to the United States fleet, decommissioned one (1) drilling rig in the United States,

decommissioned three (3) well servicing rigs in Canada and decommissioned two (2) well servicing rigs in the United States. As at December 31, 2018 Ensign owned a fleet totaling 335 land drilling rigs, 108 well servicing rigs and 27 specialty rigs.

No other significant equipment related developments occurred in our other lines of business.

Dividends

In 2018, we declared dividends that totalled $0.48 per common share, which was unchanged from 2017 and 2016.

Board of Directors

At our annual meeting of the shareholders held on May 4, 2018, Mr. Kenneth Skirka retired and did not stand for re-election to the Board of Directors, and the size of the Board became nine (9) directors.

2017

Market Conditions

Signs of a modest recovery for the industry started to show in 2017. In the first half of 2017, activity picked up substantially compared to 2016, particularly in North America, before leveling off in the latter half of 2017. However, notwithstanding the overall higher demand for our services year-over-year, persistently low crude oil and natural gas prices continued to result in generally low operating days for our drilling rigs and low operating hours for our well service rigs as compared with pre-2015 levels. Demand for our services in our international operations remained generally consistent with 2016 levels, which was as expected due in part to the longer term nature of international drilling contracts.

Equipment Management

In 2017, our growth resulting from capital expenditures included delivery of two (2) new-build ADR® drilling rigs deployed into our Canadian operations (1 x ADR-1500 and 1 x ADR-850) and one (1) new-build ADR® into our United States fleet, all on long-term contracts (contracts having a term of six (6) months or longer). In addition, one (1) new-build well servicing rig was deployed into the Permian basin region of the United States, and we completed major upgrades to two (2) 1500 HP rigs in our United States fleet, by converting them to “super-spec” ADR-1500 drilling rigs.

In addition, as part of our ongoing review of equipment and operations, in 2017 the Corporation continued its review and analysis of our global equipment fleet, resulting in the decommissioning of one (1) inactive drilling rig from our Canadian fleet. Consequently, as at December 31, 2017, Ensign owned a fleet totaling 201 land drilling rigs, 110 well servicing rigs and 27 specialty rigs.

In addition, we accelerated the deployment of Ensign’s proprietary “Ensign Edge” drilling optimization system into our drilling rig fleet. As at the end of 2017, Ensign Edge control systems had been installed into 24 drilling rigs in our fleet.

No other significant equipment related developments occurred in our other lines of business.

Acquisitions

We made no significant acquisitions in 2017.

Dividends

In 2017, we declared dividends that totalled $0.48 per common share, which was unchanged from 2016. During the year ended December 31, 2017, the Board of Directors of the Corporation suspended the Dividend Reinvestment Plan ("**DRIP**"), which had been implemented in the third quarter of 2016 and is described in further detail below.

Board of Directors

Effective as of December 4, 2017, Mr. Gary W. Casswell was appointed to the Board of Directors and the size of the Board became ten (10) directors.

2016

Market Conditions

In 2016, Ensign experienced further decreased demand, as compared to 2015, for its oilfield services, particularly in North America. Driven by persistent low crude oil and natural gas prices, this resulted in low operating days for our drilling rigs and low operating hours for our well service rigs as compared with prior years. Our international operations also saw declines in demand; however, due largely to the longer term nature of international drilling contracts, the declines were not as steep. These declines adversely impacted demand and rates for oilfield equipment and services.

Our continuous focus on retaining a strong balance sheet resulted in expenditure of only $43.4 million of our approved 2016 capital budget of $60 million.

Equipment Management

As a result of the continued low commodity prices and corresponding low demand for oilfield services, the Corporation engaged in a detailed review and analysis of its equipment fleet, resulting in the decommissioning of 20 inactive drilling and workover rigs as well as six (6) well servicing rigs. We added one (1) new ADR® drilling rig in the United States, committed under a long-term contract. We also sold four (4) drilling rigs and one (1) well servicing rig. In response to customer demands, we transferred two (2) drilling rigs from Canada to the United States and two (2) drilling rigs from the United States to our international operations. Consequently, as at December 31, 2016, Ensign owned a fleet totaling 199 land drilling rigs, 109 well servicing rigs and 27 specialty rigs.

No other significant equipment related developments occurred in our other lines of business.

Credit Facility

On December 28, 2016, we amended and extended our then-current revolving credit agreement to a maturity date of October 3, 2018. Based on the existing and future anticipated capital requirements, we reduced the credit available to $500 million and amended certain financial covenants.

Acquisitions

We made no significant acquisitions in 2016.

Dividends

In 2016, we declared dividends that totalled $0.48 per common share, which was unchanged from 2015.

During the third quarter of 2016, the Board of Directors approved and adopted a Dividend Reinvestment Plan ("**DRIP**"). The DRIP provides eligible holders of our common shares with an option to elect to reinvest their dividends in common shares of the Corporation at a discount of up to five percent (5%) of the average market price on each dividend payment date. In the 2016 fourth quarter dividend, 39% of shareholders elected to reinvest their dividends in common shares of the Corporation by means of the DRIP.

Board of Directors

In May 2016, Mr. Selby Porter retired as Vice-Chairman of the Board of Directors and did not stand for re-election to the Board of Directors, and the size of the Board was reduced to nine (9) directors.

DESCRIPTION OF THE BUSINESS

General

Ensign's operations are divided into three (3) main geographic operating regions: Canada, the United States and International.

In Canada, Ensign's oilfield services business is composed of the following services: drilling and workover rigs, oil sands/coring rigs, directional services, well servicing, production testing/wireline services, underbalanced and managed pressure drilling, and equipment rental services. Our Canadian business spans the four (4) western Canadian provinces of British Columbia, Alberta, Saskatchewan and Manitoba, and includes the Northwest Territories and the Yukon.

In the United States, we offer drilling and workover rigs, directional services, well servicing, production testing/wireline services and equipment rental services. We operate predominantly in the Rocky Mountain region, the southern region and the states of California, New Mexico and Pennsylvania.

Internationally, we offer drilling and workover rigs in Australia, Argentina, Bahrain, Kurdistan, Kuwait, Mexico, Oman, United Arab Emirates and Venezuela. In addition to these international locations, we have operated in several other countries in the past and may relocate equipment to other regions in the future, depending on bidding or contracting opportunities and anticipated levels of future demand.

Revenue by Geographic Operating Region

Ensign's revenue by geographic operating region is summarized in the following table:

	2018	2017
Canada	$241.0 million	$262.8 million
United States	$641.6 million	$459.5 million
International	$273.8 million	$278.4 million
TOTAL	**$1,156.4 million**	**$1,000.7 million**

Our customers vary in size from major multi-nationals, national oil companies and senior producers through to intermediate-sized and junior oil and gas companies.

In 2018, Ensign did not have any customers that represented 10% or more of its revenues, and Trinidad had one (1) customer that represented 10% or more of its revenues. For more information, reference is made to Note 17 (Segmented Information) of our Consolidated Financial Statements for the year ended December 31, 2018, which are available on SEDAR at www.sedar.com and which note is hereby incorporated by reference into this Annual Information Form.

Segmented Information

Ensign's geographic operating regions are further divided into a total of 18 operating divisions in eleven countries: Canada, the United States, Argentina, Australia, Bahrain, Kurdistan, Kuwait, Mexico, Oman, United Arab Emirates and Venezuela. The following sections identify these 18 operating divisions, their marketed fleet size and their area of operation as at December 31, 2018.

Canadian Oilfield Services

Division	Description	Marketed Fleet Size	Area of Operation
Ensign Canadian Drilling, a division of Ensign Drilling Inc.	This division provides shallow, intermediate and deep well drilling and specialized drilling services including horizontal drilling, underbalanced drilling, horizontal re-entry and slant drilling for steam assisted gravity drainage (SAGD) applications primarily by providing equipment and services for the drilling of oil and natural gas wells on either daywork, footage, turnkey or integrated service basis. The division is based in Nisku, Alberta, with a regional office in Oxbow, Saskatchewan.	57 drilling rigs	Western Canada
Trinidad Drilling Ltd.	This division provides shallow, intermediate and deep well drilling and specialized drilling services on either daywork, footage or turnkey basis. The division is based in Nisku, Alberta with a regional office in Carlyle, Saskatchewan.	68 drilling rigs	Western Canada
Encore Coring & Drilling, a division of Ensign Drilling Inc.	This division is based in Calgary, Alberta and provides coring and oilsands drilling services to the mining and oil and natural gas industries.	27 specialty oil sands / coring rigs	Western Canada, Yukon, Northwest Territories
Ensign Directional Services, a division of Ensign Drilling Inc.	This division is based in Calgary, Alberta and provides directional drilling and related services for conventional and horizontal drilling applications in Western Canada.	Directional drilling kits	Western Canada
Ensign Well Servicing, a division of Ensign Drilling Inc.	This division is based in Calgary, Alberta with regional offices throughout the province and provides shallow to deep well servicing to oil and natural gas producers, including completions, abandonments, production workovers and bottom hole pump changes.	62 well servicing rigs	Western Canada
Ensign Testing Services, a division of Ensign Drilling Inc.	This division is based in Calgary, Alberta and provides wireline (slickline and braided line) and production testing services to the oil and natural gas industry.	30 production testing units; 16 pressure units; 9 wireline trucks	Western Canada

Division	Description	Marketed Fleet Size	Area of Operation
Enhanced Drill Systems, a division of Ensign Drilling Inc.	Enhanced Drill Systems provides interactive pressure drilling packages comprised of completely self-contained systems, including nitrogen generation, compression equipment and surface control systems capable of providing managed pressure drilling, underbalanced drilling and membrane generated nitrogen services in Western Canada.	16 under-balanced / managed pressure drilling units	Western Canada
Chandel Equipment Rentals, a division of Ensign Drilling Inc.	Chandel Equipment Rentals rents an inventory of drill strings, loaders, tanks, pumps, rig matting, blow-out preventers, waste bins and wastewater treatment equipment for the drilling and completions segments of the oilfield industry. This division has locations throughout the provinces of Alberta and Saskatchewan.	Oilfield rental assets	Western Canada

Our contract drilling operations in Canada were conducted, as of December 31, 2018, through Ensign Drilling Inc. and Trinidad Drilling Ltd. in the Western Canadian Sedimentary Basin. The composition of the combined rig fleet covers all drilling requirements from the shallow depth range to the deep oil and natural gas drilling requirements of the foothills region of the Canadian Rocky Mountains. Additionally, we have acquired a level of expertise in specialty drilling areas, including coring, horizontal drilling, underbalanced drilling and the horizontal re-entry of existing wells.

Ensign Drilling Inc.'s drilling operations employed approximately 995 employees, and Trinidad Drilling Ltd.'s operations employed approximately 780 employees, in salaried and hourly positions as at December 31, 2018. Drilling services are conducted on a contract basis. Drilling contracts are awarded through either competitive bids or negotiation. The majority of our drilling contracts in Canada are carried out on a daywork basis which provides that specified drilling services will be provided for a fixed charge per day regardless of the number of days required to complete the well. We are obliged to provide the drilling rig and crews necessary to perform the contract. Accordingly, all wages of operating crews and certain operating and maintenance costs of the drilling rigs are our responsibility in performing the contract.

Our Canadian well servicing division, Ensign Well Servicing, markets a fleet of 62 well servicing rigs. This division provides shallow to deep well servicing activities to crude oil and natural gas producers throughout most of the Western Canadian Sedimentary Basin and has operating bases located in Ardmore, Brooks, Grande Prairie, Lloydminster and Nisku, Alberta. Well servicing work is usually performed on a "call up" basis. The amount charged is primarily based on an agreed rate per hour dependent upon the type of service rig and nature of the service to be performed. Approximately 170 employees were employed by Ensign Well Servicing in salaried and hourly positions as at December 31, 2018.

Ensign Testing Services, based in Calgary, Alberta, specializes in the provision of mechanical wireline services, production testing services, as well as managed pressure and underbalanced drilling (Enhanced Drill Systems) and oilfield equipment rentals operations (Chandel Equipment Rentals). Approximately 65 employees were employed in the testing divisions of Ensign Testing Services in salaried and hourly positions as at December 31, 2018. A further 15 employees were employed by the Enhanced Drill Systems and Chandel Equipment Rentals divisions in salaried and hourly positions as at December 31, 2018.

United States Oilfield Services

Division	Description	Marketed Fleet Size	Area of Operation
Ensign United States Drilling Inc.	Based in Denver, Colorado, this division provides contract drilling services, including directional drilling services and equipment rental services, in the Rocky Mountain region, primarily by providing equipment and services for the drilling of oil and natural gas wells on either daywork, footage turnkey or integrated service basis. The division also provides shallow to deep well servicing to oil and natural gas producers.	27 drilling rigs; 22 well servicing rigs; directional drilling kits, oilfield rental assets	United States: Rocky Mountain region
Ensign United States Drilling (California) Inc.	Based in Bakersfield, California, this division provides contract drilling services and equipment rental services, and well servicing services in the San Joaquin, Los Angeles and Sacramento basins of California, as well as in Nevada on either footage, daywork, turnkey or integrated service basis.	19 drilling rigs; 24 well servicing rigs	United States: California
Ensign US Southern Drilling LLC	Based in Houston, Texas, with yards in Houston and Midland, Texas, this division offers contract drilling, including directional drilling services, equipment rental services and well servicing services in many of the resource plays in the southern United States on either daywork, footage, turnkey or integrated service basis.	21 drilling rigs	United States: Southern region, New Mexico and Pennsylvania
Trinidad Drilling Limited Partnership	Also based in Houston, Texas, with yards in Houston and Midland, Texas, this division offers contract drilling and equipment rental services in many of the resource plays in the southern United States on either daywork, footage, turnkey or integrated service basis.	66 drilling rigs	United States: Southern region, New Mexico
Ensign Testing Services (U.S.A.) Inc.	This division is headquartered in Denver, Colorado and its main field office is located in Williston, North Dakota. This division operates high volume, high-pressure inline fracture recovery test units in the Rocky Mountain region, the Appalachian region of Pennsylvania	47 production testing units	United States: Rocky Mountain region, Pennsylvania and Texas

Division	Description	Marketed Fleet Size	Area of Operation
	and in the State of Texas, as well as a full range of auxiliary equipment for any type of oil and natural gas (sweet or sour) application.		
RigMinder Operating, LLC	This division is based in Houston, Texas and provides a directional drilling guidance system and electronic data recorder which monitors the functionality of the drilling rig operations. These products also provide the ability to independently integrate and operate downhole tools.	Software systems, products and related equipment	United States

The Ensign United States Drilling Inc. marketed drilling rig fleet is composed of 27 drilling rigs that are marketed in the Rocky Mountain region. Drilling services are conducted on a contract basis and the majority of the drilling contracts are conducted on a daywork basis; however, we have developed drilling expertise in various areas throughout the Rocky Mountain region, allowing us to pursue higher returns through added value footage, integrated service or turnkey contracts. Ensign United States Drilling Inc. is headquartered in Denver, Colorado with field offices in Casper, Wyoming; LaSalle, Colorado; and Williston, North Dakota. As at December 31, 2018, this division employed approximately 445 people in salaried and hourly positions.

The Ensign United States Drilling (California) Inc. marketed drilling fleet is composed of 19 drilling rigs that are marketed primarily in the San Joaquin, Los Angeles and Sacramento basins in California. Through this division we operate in the shallow heavy oil market and natural gas producing areas. Ensign United States Drilling (California) Inc. is headquartered in Bakersfield, California. As at December 31, 2018, this division employed approximately 445 people in salaried and hourly positions.

Ensign US Southern Drilling LLC markets 21 drilling rigs primarily in the resource plays of the southern United States and the Marcellus shale play of the Appalachian region of Pennsylvania. Operations are based out of Houston, Texas with regional offices located in Shreveport, Louisiana and Williamsport, Pennsylvania. As at December 31, 2018, this division employed approximately 530 people in salaried and hourly positions.

Trinidad Drilling Limited Partnership markets 66 drilling rigs primarily in the resource plays of the southern United States. Operations are based out of Houston, Texas. As at December 31, 2018, this division employed approximately 1,100 people in salaried and hourly positions.

RigMinder Operating LLC provides a drilling software solutions designed to optimize operations, based out of Houston, Texas. As at December 31, 2018, this division employed approximately 30 people in salaried positions.

Our well servicing operations in the United States operate under the name “Ensign Well Services” and are composed of 22 well servicing rigs in the Rocky Mountain region and 24 well servicing rigs in California.

As at December 31, 2018, Ensign Well Services employed approximately 450 people in salaried and hourly positions.

Ensign Testing Services (U.S.A.) Inc. operates 47 high-pressure production testing units. As at December 31, 2018, this division employed approximately 105 people in salaried and hourly positions.

International Oilfield Services

Division	Description	Marketed Fleet Size	Area of Operation
Ensign Australia Pty Limited / Ensign International Energy Services Pty Limited / Ensign International Energy Services LLC	Ensign Australia Pty Limited, Ensign International Energy Services Pty Limited and Ensign International Energy Services LLC (collectively, "**Ensign International**") are based in Adelaide, Australia and in Dubai, U.A.E., and are integrated drilling services providers specializing in the drilling of all forms of hydrocarbon and geothermal wells on either daywork, footage, turnkey or integrated service basis.	28 drilling and workover rigs	Australia, Oman and Kurdistan
Ensign Argentina S.A.	This division is an Argentina-based drilling and completion services provider.	Seven (7) drilling and workover rigs	Argentina
Ensign de Venezuela C.A.	This division is a Venezuela-based drilling and completion services provider.	Eight (8) drilling and workover rigs	Venezuela
TDL Bahrain SPC	This division is a Bahrain-based drilling services provider.	One (1) drilling rig	Bahrain
International Joint Venture			
Trinidad Drilling International	This division is a joint venture with a wholly-owned subsidiary of Halliburton Company, and operates as "Trinidad Drilling International" ("**TDI**"). Trinidad has a 60% interest and Halliburton has a 40% interest. TDI provides contract drilling services in jurisdictions outside of North America.	Five (5) drilling rigs	Bahrain, Kuwait, Mexico

At December 31, 2018, the marketed drilling fleet in Ensign International was composed of 28 drilling and workover rigs. Through these subsidiaries and divisions, we currently have active operations in Australia and in Oman. Ensign International has its main operations bases in Adelaide, Australia and in Muscat, Oman. TDL Bahrain SPC currently operates one (1) drilling rig in Bahrain. Field offices are located in various international locations to provide the required level of support for local operations.

Also as at December 31, 2018, Ensign Argentina S.A. marketed seven (7) drilling and workover rigs, and has its main operations base in Neuquen, Argentina; and Ensign de Venezuela C.A. marketed eight (8)

drilling and workover rigs, and has its main operations base in El Tigre, Venezuela. Additionally, Ensign de Venezuela C.A. is currently contracted under two (2) contracts to provide labour on two (2) client-owned drilling rigs.

TDI marketed five (5) drilling rigs as at December 31, 2018.

As at December 31, 2018, our international oilfield services divisions (including international joint ventures) collectively employed approximately 1,280 people in salaried and hourly positions.

Employees

As at December 31, 2018, Ensign (including Trinidad and its subsidiaries) had an approximate total of 7,160 salaried and field/hourly employees worldwide. The following is a breakdown of our employee population:

	Salaried Employees:	Field/Hourly Employees:	Total:
Canada	375	2,400	2,775
United States	245	2,865	3,105
International	180	1,100	1,280
TOTALS:	**800**	**6,365**	**7,160**

Economic, seasonal and other conditions influencing drilling activity result in changes to our population of field employees within a year and from year to year. Typically, seasonality is the most significant of these factors affecting drilling activity in our Canadian operations and results in changes to this region's population of field employees within a year and from year to year. Historically, the deployment of new equipment and the establishment of training and retention programs have assisted in the retention of skilled and experienced field personnel throughout the seasonal shifts.

Seasonality

The activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities within the Canadian industry are generally lower in April and May, during spring break-up. Activity in Canada tends to increase in the fall and peaks during the winter months of December through to March, inclusive. Operations are always subject to unpredictable and uncontrollable weather patterns and natural disasters, such as flooding, which affect the ability to provide contracted services. Historically, the activity levels for oilfield services in the United States are generally lower from January to March and gradually build through the remainder of the year. Our international operations are not materially affected by seasonal variations but may be affected by unpredictable and uncontrollable weather patterns and natural disasters.

Health, Safety and Environment

We are 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 and the safety of our

personnel. In addition, incentives tied to safety performance are in place at all levels of Ensign in order to encourage continuous improvement and personal accountability to promote a culture of safety.

The Health, Safety and Environment Committee (the "**HSE Committee**") of the Board of Directors provides additional oversight in relation to global health, safety and environment matters. The HSE Committee was composed, as at December 31, 2018, of three (3) independent directors, being Gary Casswell (Chairman), Len Kangas and Barth E. Whitham. Our HSE Committee is responsible for reviewing, reporting and making recommendations to the Board on the development and implementation of our policies, standards and practices with respect to health, safety and environment. Its mandate includes: (i) reviewing, and recommending to the Board for approval, fundamental policies pertaining to health, safety and environment; (ii) reviewing our internal control systems, our strategies and policies regarding health, safety and environment; (iii) reviewing and reporting to the Board on our performance with respect to health, safety and environmental compliance and the results or findings of any report or reviews pertaining to us; and (iv) monitoring emerging trends with respect to health, safety and environment.

The Corporation's Health, Safety and Environmental Policy states that our goal is to protect our people, the public, property and the environment in which we work and live. As such, we strive to reduce our environmental footprint and input costs by taking a variety of measures including by using our ADR® rigs which are smaller and reduce the overall time and energy needed to drill and complete a well, resulting in less surface impact and lower emissions. To further reduce emissions, we have a program to replace older, less efficient engines used on our equipment with new engines. We also work with our customers to experiment with the use of alternative fuels and we have a number of electric drilling rigs that allow the pooling of demand whereby engines can be shut down when power demand declines.

Competitive and Industry Conditions

The oilfield services industry is, and will continue to be, highly competitive. Contract drilling companies compete on both a regional and global 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 results in price competition. A drilling company is also evaluated by potential customers based on the performance of its equipment, drilling depth capacity, safety record and the expertise of its operational personnel.

Many drilling, workover and well servicing rigs can be moved from one region to another in response to changes in demand, which can result in an oversupply of rigs in a particular region.

In many markets in which we operate, 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 we operate, although no one competitor operates in all of these areas.

In Canada, we compete 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 we operate and some of those international competitors may be better positioned in certain markets, allowing them to compete more effectively. There is no assurance that we will be able to

continue to compete successfully or that the level of competition and pressure on pricing will not affect our margins.

We recorded the following drilling rig operating days and well servicing operating hours in each of our geographic operating regions over the past three (3) years:

	Drilling Rig Operating Days			Well Service Operating Hours	
	Canada	**United States**	**International [(1)]**	**Canada**	**United States**
2018	6,002	14,173	6,061	57,068	112,224
2017	6,860	10,944	6,106	70,556	90,281
2016	4,587	7,152	6,545	61,635	66,211

(1) Excludes operating days in TDI (joint venture).

We believe this metric provides a good proxy for the level of oilfield services activity and resulting competitive conditions in each of the geographic segments in which we operate. Demand for our services continues to be driven by the level of crude oil and natural gas commodity prices and resultant capital spending by our customers.

The decline in crude oil prices which began in late 2014 and which generally was sustained throughout 2015 continued, although not as steeply, in 2016. In 2017, we saw a slight increase in the demand for our services as compared to 2016, however this demand was relatively weak compared to pre-2015 levels due primarily to persistent low crude oil and natural gas prices. The modest increase in crude oil and natural gas prices which occurred during the latter part of 2017 was generally sustained during 2018, although a substantial degree of volatility in commodity prices remained. This resulted in a slightly higher overall demand for our services in 2018 as compared to 2017 in the United States, with activity levels in Canada and in the international regions remaining relatively unchanged.

Canada:

As a result of ongoing reduced levels of commodity prices, 2016 saw the lowest industry activity levels on record, according to the Canadian Association of Oilwell Drilling Contractors (the "**CAODC**"). In 2018, activity levels in Canada remained consistent with 2017 activity levels, which had risen moderately from 2016 levels. Industry operating days in 2018 were 69,110, as compared with 69,353 operating days in 2017 and 43,184 operating days in 2016.

The CAODC currently estimates that 2019 oilfield services activity levels in western Canada will only increase slightly from 2018 activity levels, with 6,962 wells forecasted to be drilled in 2019 as compared with the 6,911 wells drilled in 2018 and 6,031 wells drilled in 2017.

United States:

The number of drilling rigs operating in the United States decreased significantly beginning in 2014 through to mid-2016 as a result of a decline in commodity prices experienced throughout that period of time. Similar to Canada, by the middle of 2016 the United States drilling rig count reached historical lows, resulting in corresponding downward pressure on rates.

In late 2016 and early 2017, there was a gradual but consistent increase in the active drilling rig count. Throughout 2018, the rig count continued to gradually increase. Overall in 2017, the industry in the United States experienced a significant increase in demand for oilfield services as compared to 2016, and 2018 remained relatively consistent with 2017 demand levels.

International:

Activity in the international oil and natural gas industry typically involves larger projects with longer lead times and longer-term commitments by operators as compared to the activity in North America. Demand for oilfield services within the international arena varies widely depending on regional economies and political stability.

Prior to the decline in crude oil prices that began in mid-2014, a period of several years of price stability resulted in increased bidding and contracting activity in the international oilfield services market. However, regional geopolitical issues continue to temper overall levels of demand for our oilfield services, with resulting downward pressure on rates. Escalating tensions and violence in some regions remain a concern. We currently have a number of international projects with drilling rigs on long-term contracts that we expect will continue, and we will continue to seek new opportunities.

General:

Over the years, we have been able to grow throughout cycles of both increased and reduced activity levels by making strategic acquisitions, building new equipment, controlling costs and remaining flexible in meeting customers' demands.

See the section of this Annual Information Form entitled "*Risk Factors*", wherein we note, among other things, that our operations are dependent on the prices of crude oil and natural gas. Protracted low commodity prices will continue to have a material adverse effect on our business.

Environmental Considerations

Ensign and others in the oilfield services industry are subject to various environmental laws and regulations in most of the jurisdictions in which we operate that primarily govern the manufacturing, processing, transportation, handling and disposal of certain materials used in operations.

The complex regulatory landscape imposes numerous requirements with respect to the transportation of dangerous goods, release or emission of substances (including oil spills and carbon emissions), waste management, health and safety of workers and environmental concerns.

In addition, permit or license requirements, which require compliance with certain environmental regulations, are imposed on a variety of our activities, including drilling, well completion/servicing and access to remote or environmentally sensitive areas.

Our customers are subject to similar laws and regulations, as well as limits on emissions into the air and discharges into surface and sub-surface waters.

In many of the jurisdictions in which we operate, new environmental laws and regulations, particularly in relation to the reduction of emissions, building and maintenance of pipelines, hydraulic fracking and water use have either been recently enacted or are likely to be enacted. There is no assurance that such programs, laws or regulations, or those which may be enacted in the future, will not result in reduced industry activity and negatively affect our operations and financial condition. Moreover, we may be required to increase operating expenses or capital expenditures in order to comply with new restrictions or regulations.

The services provided by us, in some cases, involve heavy equipment, flammable products and high pressures. To address these risks, we have developed and implemented safety and training programs and policies. In addition, a comprehensive insurance and risk management program has been established to provide protection relating to our personnel, assets, operations and liability, however there is no assurance that such insurance will be applicable or will be in an adequate amount.

Overall, to date, environmental protection requirements have not had a significant direct financial or operational effect on our capital expenditures, earnings or competitive position. Environmental protection requirements are not presently anticipated to have a significant direct effect on such matters in 2019, but may have a more substantial effect in the future.

Reorganizations

Other than as described elsewhere in this Annual Information Form, there have been no material reorganizations of Ensign during the three most recently completed financial years.

DIVIDENDS

In 1995, the Board of Directors implemented a dividend policy whereby a semi-annual dividend would be paid at the discretion of the Board of Directors and may vary depending on a variety of factors and conditions existing from time to time relating to our other needs for capital. In March 1999, the Board of Directors changed our dividend policy from semi-annual to quarterly payments. In 2018, we declared dividends that totalled $0.48 per common share, consistent with the dividends declared for 2017 and 2016.

Since we began paying a dividend in September 1995 and through to the end of 2015, Ensign had increased the amount of dividends declared in each fiscal year. Since 2015, in response to market conditions, we have held our dividend at an aggregate of $0.48 per common share per year (2018 – $0.48 per common share; 2017 – $0.48 per common share; 2016 – $0.48 per common share).

During the year ended December 31, 2017, the Board of Directors suspended the Dividend Reinvestment Plan ("**DRIP**") that had been implemented in the third quarter of 2016. The DRIP had provided eligible holders of common shares with an option to elect to reinvest their dividends in common shares of the Corporation at a discount of up to five (5%) percent of the average market price on each dividend payment date. On February 27, 2019, the Board of Directors re-implemented the DRIP with substantially the same features.

Certain of our credit facilities prohibit the payment of a dividend in the event of a default or where the payment of a dividend would result in an event of default. We are in compliance with all debt covenants as at December 31, 2018. Although we intend to make dividends of available cash to shareholders, these cash dividends may be reduced or suspended. The actual amount distributed will depend on numerous factors and conditions existing from time to time. See "*Risk Factors – Dividends may be variable or suspended*."

Ensign is a taxable public corporation resident in Canada; all dividends paid to shareholders since January 1, 2006 have been designated as "eligible" dividends, as defined in the *Income Tax Act* (Canada).

The amount of future dividends, if any, will be in the sole discretion of our Board after considering a variety of factors and conditions existing from time to time, including our financial results, current and future commodity prices, foreign currency and exchange rates, current operations, regulatory compliance, and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends.

DESCRIPTION OF CAPITAL STRUCTURE

Ensign's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. At December 31, 2018, our issued and outstanding share capital consisted of 157,074,616 common shares. As at that date, there were no series of preferred shares issued and outstanding.

The rights, privileges, restrictions and conditions attaching to the common shares entitle the holders to vote at any meeting of shareholders, receive any dividends declared by us and to receive our remaining property on dissolution, subject to the prior rights and privileges attached to any other class of shares.

Preferred shares may be issued from time to time in one or more series, with such rights, privileges, restrictions and conditions attaching to the preferred shares, as determined by our Board of Directors. As regards to dividends and return of capital, any preferred shares shall be in priority to all other shares of Ensign.

MARKET FOR SECURITIES

Trading Price Range and Volume of Common Shares

Our common shares are listed for trading on the TSX and trade under the symbol ESI. The following table sets forth the high and low prices and the aggregate volume of trading of the common shares on the TSX for the periods indicated (as quoted by the TSX):

Toronto Stock Exchange			
2018 Period	**High ($)**	**Low ($)**	**Volume**
January	7.83	6.44	8,795,663
February	7.53	6.33	5,330,756
March	7.02	5.61	9,295,855
April	6.55	5.56	5,022,578
May	6.49	5.69	5,905,316
June	6.13	5.65	4,243,933
July	5.93	5.29	2,539,945
August	7.20	5.51	3,444,137
September	6.72	6.17	2,316,625
October	6.51	4.70	3,574,436
November	5.92	4.62	5,309,970
December	5.26	4.14	5,278,597

Prior Sales

No securities were issued during the year ended December 31, 2018 pursuant to Ensign's compensation plans. For further information on Ensign's compensation plans, please see the management information circular dated March 16, 2018 available on our SEDAR profile.

ESCROWED SECURITIES

The Corporation has no escrowed securities or securities subject to contractual restriction on transfer.

DIRECTORS AND EXECUTIVE OFFICERS

Our Board of Directors, as at December 31, 2018, was composed of nine (9) directors. The following information is presented with respect to the Directors of Ensign as at December 31, 2018:

Name and Municipality of Residence	Director Since	Principal Occupation
N. Murray Edwards London, United Kingdom	October 1989	Investor and Corporate Director
Robert H. Geddes Calgary, Alberta, Canada	March 2007	President and Chief Operating Officer of Ensign
Gary W. Casswell (2) (4) Montgomery, Texas, USA	December 2017	Independent Businessman
James B. Howe (1) (3) Calgary, Alberta, Canada	June 1987	President, Bragg Creek Financial Consultants Ltd. (financial consulting)
Len O. Kangas (2) (4) Red Deer, Alberta, Canada	June 1990	Independent Businessman
Cary A. Moomjian, Jr. (2) (3) Frisco, Texas, USA	November 2014	Principal of CAM OilServ Advisors LLC (consulting, expert witness, dispute resolution, training)
John G. Schroeder (1) (3) Calgary, Alberta, Canada	June 1990	Independent Businessman
Gail D. Surkan (2) (3) Red Deer, Alberta, Canada	March 2006	Independent Businesswoman
Barth E. Whitham (1) (4) Denver, Colorado, USA	March 2007	President and Chief Executive Officer of Enduring Resources, LLC (energy resource exploration and development)

(1) Member of the Audit Committee.
(2) Member of the Corporate Governance, Nominations & Risk Committee
(3) Member of the Compensation Committee.
(4) Member of the HSE Committee.

The current term of each of the directors will expire at the next annual meeting of our shareholders, which is scheduled for May 10, 2019. All of the above directors will stand for election at the annual meeting. The last annual meeting of the shareholders was held on May 4, 2018.

Each of the current directors of Ensign has been engaged for five (5) or more years in his or her present occupation or in other similar capacities with the same firm or organization other than Mr. Casswell who retired as President and Chief Executive Officer of Northern Offshore Ltd., an offshore oil and gas drilling company, in June 2017, where he had been employed in that role since 2010.

The following information is presented with respect to our executive officers as at December 31, 2018:

Name and Municipality of Residence	Position Held with Ensign	Principal Occupation
N. Murray Edwards London, United Kingdom	Chairman	Investor and Corporate Director
Robert H. Geddes Calgary, Alberta, Canada	President and Chief Operating Officer	Officer of Ensign
Michael Gray Calgary, Alberta, Canada	Chief Financial Officer	Officer of Ensign
Tom Connors Calgary, Alberta, Canada	Executive Vice President Canadian Operations	Officer of Ensign
Michael Nuss Houston, Texas, USA	Executive Vice President U.S. Operations	Officer of Ensign
Brent Conway Calgary, Alberta, Canada	Executive Vice President International Operations	Officer of Ensign

Each of the executive officers of Ensign has been employed for five (5) years or more by us, with the exception of Mr. Gray, who has been with Ensign since March 2015, and Mr. Conway, who was the President and Chief Executive Officer of Trinidad Drilling Ltd. until its acquisition by Ensign in late 2018 (see "*General Development of the Business*" above). Prior to Mr. Gray's employment with Ensign, he was the corporate controller and in various other finance roles at CanElson Drilling Inc., since 2011. Mr. Conway had been employed by Trinidad since 2001.

Shareholdings

As of December 31, 2018, our Directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control over or direction over, 28,904,185 (approximately 18.4%) of our issued and outstanding common shares.

Conflicts of Interest

Circumstances may arise where members of our Board of Directors or our executive officers serve as directors or officers of corporations that are in competition with the interests of Ensign, and as such our Directors and officers may encounter conflicts of interests in the administration of their duties with respect to Ensign. Such conflicts of interest shall be dealt with according to the procedures required under the ABCA and our Code of Conduct (as defined below).

The directors of Ensign are required by law to act honestly and in good faith with a view to the best interests of Ensign and to disclose any interests which they may have in any project or opportunity of Ensign. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided under such Act.

Further, we have adopted a "Code of Integrity, Business Ethics and Conduct" (the "**Code of Conduct**"), which is intended to ensure that our business is conducted in a consistently legal and ethical manner. Topics include conflicts of interest, the treatment of confidential information and trading in our shares. Each Director, officer and employee of Ensign is required to abide by the Code of Conduct.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Corporation, in the last 10 years, none of the directors or executive officers is or has been a director, chief executive officer or chief financial officer of any company (including Ensign) that, while that person was acting in that capacity or which resulted from an event which occurred while that person was acting in such capacity, was subject to a cease trade order or similar order, or an order that denied the relevant company access to any exemptions under Canadian securities legislation, that was in effect for a period of more than 30 consecutive days.

To the knowledge of the Corporation, none of the directors or executive officers of Ensign, nor any shareholder holding a sufficient number of securities of Ensign to affect materially the control of Ensign, (i) is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including Ensign) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director, executive officer or shareholder of Ensign holding a sufficient number of securities of Ensign to materially affect the control of the Corporation has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Ensign is not, and has not been at any time within the most recently completed financial year, a party to any legal proceedings, nor is or was Ensign's property the subject of any legal proceedings, known or contemplated, that involves a claim for damages exclusive of interest and costs that met or exceeded 10% of our current assets.

Further, there have not been any (a) penalties or sanctions imposed against Ensign by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2018, (b) any other penalties or sanctions imposed by a court or regulatory body against Ensign that would likely be considered important to a reasonable investor in making an investment decision, or (c) settlement

agreements entered into by Ensign before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2018.

AUDIT COMMITTEE DISCLOSURES

National Instrument 52-110 - *Audit Committees* ("**NI 52-110**") relating to audit committees has mandated certain disclosures for inclusion in this Annual Information Form. The text of the Audit Committee's mandate is attached as Appendix A to this Annual Information Form.

The members of the Audit Committee are John G. Schroeder (Chairman), James B. Howe, and Barth E. Whitham, each of whom is independent and financially literate within the meaning of NI 52-110. The following comprises a brief summary of each member's relevant education and experience:

> ***John G. Schroeder (Chairman):*** On July 31, 2009, Mr. Schroeder retired from his position as Vice President Finance and Chief Financial Officer of Parkland Income Fund, a public petroleum marketing income trust. Prior to joining Parkland Income Fund, Mr. Schroeder was Vice President Finance for Geocrude Energy Inc. Mr. Schroeder received a Bachelor of Commerce, with Honours, from the University of Manitoba and achieved a Chartered Accountant designation. Mr. Schroeder is a member of the Chartered Professional Accountants of Alberta.
>
> ***James B. Howe:*** Mr. Howe is President of Bragg Creek Financial Consultants Ltd., a private financial consulting company. Mr. Howe has served as Chief Financial Officer of several public companies. In addition to serving on Ensign's Audit Committee and Compensation Committee, Mr. Howe also serves on the board of directors, audit and compensation committees of Pason Systems Inc., and on the board of directors and audit committee of Bengal Energy Ltd. Mr. Howe received a Bachelor of Arts from the Ivey School of Business at the University of Western Ontario and is a member of the Chartered Professional Accountants of Alberta.
>
> ***Barth E. Whitham:*** Mr. Whitham is President and Chief Executive Officer of Enduring Resources, LLC a private, Denver-based company with onshore exploration and production operations in the United States. Previously he served as President, Chief Operating Officer and Director of Westport Resources Corporation, a public upstream oil and gas company listed on the New York Stock Exchange ("**NYSE**"). Mr. Whitham was a member of the audit committee of Westport Resources Corporation and is currently a director and serves on the audit committee of Enduring Resources, LLC. He is also a director and serves on the audit and corporate governance committees, and is the chair of the compensation committee, of Intrepid Potash, Inc., a company listed on the NYSE. Mr. Whitham received a Bachelor of Science in Petroleum Engineering and a Master of Science in Economics, each from the Colorado School of Mines and is a Registered Professional Engineer.

The Audit Committee has approved a policy whereby management can engage the Corporation's external auditor to provide non-audit services to a maximum of $20,000 per individual engagement with an aggregate maximum of $50,000 per year without further authorization. In addition, the Audit Committee has authorized management to engage the Corporation's external auditor to provide non-audit services

to a maximum of $20,000 per year with respect to non-audit services required in support of the Corporation's foreign subsidiaries, excluding Ensign International, without further authorization.

Our external auditor is PricewaterhouseCoopers LLP. The following is a summary of the external audit services fees by category in 2018 and 2017:

External Auditor Fees	**2017 ($)**	**2018 ($)**
Audit Fees[(1)]	599,626	557,950
Audit Related Fees[(2)]	112,200	80,000
Tax Fees[(3)]	45,000	40,000
All Other Fees[(4)]	7,400	7,400
Total	**764,226**	**685,350**

(1) "**Audit Fees**" include fees necessary to perform the annual audit and quarterly reviews of our financial statements.

(2) "**Audit Related Fees**" for assurance and related services that are reasonably related to the performance of the audit or review of the financial statements (not included in Audit Fees). The services provided in this category include due diligence assistance, accounting consultations on proposed transactions, and consultation on International Financial Reporting Standards conversion.

(3) "**Tax Fees**" include fees for professional services for tax compliance, tax advice and tax planning.

(4) "**All Other Fees**" includes fees for products and services not included under the headings: Audit Fees, Audit Related Fees and Tax Fees.

RISK FACTORS

The following is a summary of certain risk factors relating to our business. These risk factors should be read in conjunction with the detailed information appearing elsewhere in this Annual Information Form. If any of the following risks or uncertainties occurs, our operations, revenue and financial condition could be materially impaired. In that event, the market price of our common shares could decline and investors could lose all or part of their investment. Additional risks and uncertainties presently unknown, or that are not believed to be material at this time, may also impair or have a material adverse effect on our operations and financial condition.

In addition to the risks described elsewhere and the other information contained in this Annual Information Form, investors should carefully consider each of and the cumulative effect of all of the following risk factors. Additional risks are described in Ensign's other reports on file with the Canadian securities regulatory authorities available on SEDAR at www.sedar.com.

1. Our operations are dependent on the prices of crude oil and natural gas, a decline of either of which could have a material adverse effect on us.

Our revenue, cash flow and earnings are substantially dependent upon, and affected by, the level of crude oil and natural gas exploration and production. Both short-term and long-term trends in and prices of crude oil and natural gas prices affect the level of such activity. Oil and natural gas prices have been volatile in recent years and may continue to be so as supply/demand fundamentals, weather conditions, government regulation, political and economic environments, pipeline capacity, storage levels and other factors outside of our control continue to influence commodity prices. Demand for our services in the future will continue to be influenced by oil and natural gas commodity prices and the resultant impact on the cash flow of our customers, and may not be reflective of historical activity levels. Generally, we experience high demand for our services when commodity prices are relatively high and the opposite is true when commodity prices are low.

Worldwide military, political and economic events, including initiatives by the Organization of Petroleum Exporting Countries ("**OPEC**"), may affect both the demand for, and the supply of, crude oil and natural gas. Weather conditions, governmental regulation (both in Canada and elsewhere), activities of indigenous communities, levels of consumer demand, the availability of pipeline capacity, storage levels, capacity and other factors beyond our control may also affect the supply of and demand for crude oil and natural gas. All of these factors can thus affect future commodity prices.

Subsequent to a relatively stable and buoyant period of pricing for crude oil in 2010 through mid-2014, competitive actions by OPEC to gain global market share, growing U.S. production levels, and other factors, triggered a decrease in crude oil prices commencing in the third quarter of 2014, which negatively affected demand for our services. After reaching a 13-year low in early 2016, crude oil prices have improved due in part to an agreement by OPEC and select non-OPEC countries to cut production in late 2016. Following these cuts, crude oil prices saw a modest upward trend until the latter part of 2018. In early 2019, crude oil prices have shown some improvement as a result of additional production cuts announced by OPEC and other select non-OPEC countries in late 2018. Further, throughout the latter part

of 2018, the price differential between West Texas Intermediate spot prices and lower Canadian oil spot prices demonstrated significant volatility, with differentials on Canadian oil prices being substantially wider than historical differentials. The decline in Canadian oil prices, and a prolonged significant price differential, may impact the demand for our services in Canada. Current futures markets are pricing crude oil in the next year at stable or slightly higher than current levels; however, until these prices are sustained for an extended period of time, we anticipate that demand and pricing for our services may not improve to any significant degree in the near to mid-term future.

The average price of natural gas began to climb in early 2013, through the latter part of 2014, and then declined over the balance of 2014 and 2015. In 2016, prices generally increased as a result of weather and market conditions and have remained relatively stable throughout 2017 and 2018. Current future prices for natural gas in North America in the next 12 months are in line or slightly below current levels.

The current economic environment could also cause our customers to seek to terminate, renegotiate or fail to honour our drilling and service contracts; affect the ability of our customers to pay accounts receivable balances; affect the fair market value of our equipment fleet which could trigger a write-down for accounting purposes; affect our ability to retain skilled oilfield service personnel; and affect our ability to obtain access to capital to finance, maintain and grow our businesses. There is no assurance that the future level of demand or rates for our services or future conditions in the crude oil and natural gas and oilfield services industries will be maintained or improve. See "*Description of the Business—Competitive and Industry Conditions*."

2. We operate in a highly competitive industry.

The oilfield services industry is, and will continue to be, highly competitive with many industry participants. Contract drilling companies compete primarily on a regional basis, and competition may vary significantly from region to region at any particular time.

In many markets in which we operate, the supply of rigs exceeds the demand for rigs, resulting in price competition. Certain competitors are present in more than one of the regions in which we operate, although no one competitor operates in all of these areas. Further, 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 greater competition and an oversupply of rigs in an area. In addition, competition could increase if older, less efficient rigs are retired and replaced by newer, higher specification rigs.

The recent prolonged period of relatively low crude oil and natural gas prices has meant that more drilling and workover contracts are awarded on the basis of competitive bids, which results in further price competition. In addition, we believe that the following factors are also important for our customers in determining which drilling services provider to select: capability and condition of the competing drilling rigs; mobility and efficiency of the rigs; quality of service and experience of the rig crews; safety records; availability of ancillary services; and ability to provide drilling and production equipment adaptable to, and personnel familiar with, new technologies and drilling and production techniques. At times, Ensign may compete directly with other companies that have greater financial resources and access to capital, which could allow them to compete more effectively than us. There is no assurance that we will be able

to continue to compete successfully or that the level of competition and pressure on pricing will not affect our margins. See "*Description of the Business—Competitive and Industry Conditions*."

Our business results and the strength of our financial position are affected by our ability to strategically manage our capital expenditure program in a manner consistent with industry cycles and fluctuations in the demand for our services. If we do not effectively manage our capital expenditures or respond to market signals relating to the supply or demand for contract drilling and oilfield services, it could have a material adverse effect on our revenue, operations and financial condition.

3. Our drilling business is exposed to the risk of over-supply of equipment.

Because of the lengthy life span of oilfield service equipment and the lag between the time a decision is made to build new equipment, such as a drilling rig, and the time such new equipment is placed into service, the supply of equipment in the industry does not always correlate to the level of demand for that equipment. Periods of high demand often spur increased capital expenditures on oilfield service equipment, and those capital expenditures may produce equipment that exceeds actual demand, which would have a negative effect on the price at which we can sell our services. Management believes that notwithstanding the prolonged downturn in the oilfield services industry, there currently remains an excess of certain classes of oilfield service equipment in North America in relation to current and anticipated future levels of demand. Any capital overbuild could lead to a decrease in rates in the oilfield services industry generally, which would have an adverse effect on our revenues, cash flows and earnings.

4. We are exposed to credit risk on accounts receivable balances.

Our revenue, cash flow and earnings are subject to credit risk on accounts receivable balances. Global economic conditions, including tightening of the credit markets and reductions in commodity prices, heighten our credit risk, as our customers may experience reduced cash flows and reduced access to credit. In addition, the ability of national oil companies operating in the international market to pay their debts in a timely manner may be impaired by geopolitical influences.

We manage credit risk through dedicated credit resources, ongoing monitoring and follow up of balances owing, well liens, and tightening or restriction of credit terms as deemed appropriate. There is no assurance that the future level of demand for our services or that our future ability to collect on accounts receivable will not decline.

5. Dividends may be variable or suspended.

Ensign's ability to pay dividends to shareholders and the amount of such dividends are dependent on a number of factors including the Corporation's financial performance, its working capital requirements, its tax obligations, the impact of interest rates, foreign exchange rates and commodity prices, and its debt covenants and obligations. The payment of such dividends is at the discretion of the Board and dividends may be increased, reduced or suspended from time to time, any of which may impact the market value of our common shares.

6. We require sufficient cash flows to service and repay our debts and our credit facilities contain restrictive covenants.

We will require sufficient cash flow in the future to service and repay our outstanding debt, and to access sufficient funds under our Credit Facility. Our cash flow is subject to prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond our control. We may not have sufficient cash flow or be able to access sufficient funds under the Credit Facility, from the capital markets or from other sources, to pay our obligations as they become due, or to fund other liquidity requirements. In such event, we may seek to refinance our debt or arrange alternative measures. We may not be able to refinance or arrange alternative measures on favourable terms or at all.

In addition, the Credit Facility contains certain customary financial covenants, including a consolidated debt to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") ratio, consolidated debt to consolidated capitalization ratio and consolidated EBITDA to consolidated interest expense ratio. Market conditions and other factors beyond our control may affect our ability to meet these covenants in the future. If we breach any of the covenants, it could result in a default under our Credit Facility, and may trigger a cross-default under other debt, accelerating the maturity of such debts.

If we are unable to meet the financial covenants under the Credit Facility or Senior Loan, or service, repay or refinance our debt, it could have a negative impact on our financial condition.

As at December 31, 2018, we were in compliance with the covenants of our Credit Facility.

7. There are risks associated with joint ventures and partnerships.

Actions of and disputes with our joint venture partners and limited partnerships could have a material adverse effect on the business and results of operations and, in turn, our business and consolidated results of operations, including our ability to pay dividends or distributions. As with any joint venture and limited partnerships arrangements, differences in views among the participants may result in delayed decisions or in failures to agree on major issues. We cannot control the actions of our joint venture partners and limited partnerships, including any non-performance, default, or bankruptcy. These factors could have a material adverse effect on the business and results of operations of our joint ventures and limited partnerships and, in turn, our business and consolidated results of operations.

8. Our and our customer's operations are affected by governmental regulations and policies.

The addition, interpretation, elimination or curtailment of government regulations and policies, including new taxation, environmental or other regimes, could have a significant impact on the crude oil and natural gas business in Canada, the United States and other international jurisdictions where we maintain operations. These factors could lead to a decline in the demand for our services, resulting in a material adverse effect on our revenues, cash flows and earnings.

Major projects which would benefit our customers, such as new pipelines and other facilities, may be inhibited, delayed or stopped by a variety of factors, including inability to obtain regulatory or

governmental approvals or public opposition. In western Canada, for example, delays and/or the inability to obtain necessary regulatory approvals for pipeline projects that would provide additional transportation capacity and access to refineries for our customers has led to downward pressure on the price of crude oil and natural gas produced in Canada. This has depressed the overall exploration and production activity of our customers in Canada, resulting in a corresponding reduction in the demand for our services. A continued downward pressure on the price of oil and natural gas could have a material adverse effect on our global revenue, cash flow and profitability.

9. We are exposed to risks and uncertainties inherent in foreign operations which could negatively affect our results of operations.

We conduct a portion of our business outside North America, in areas including the Middle East**,** Australia and South America. We are subject to risks inherent in conducting foreign operations, including, but not limited to, the following: an uncertain political and economic environment; loss of revenue, property and equipment as a result of expropriation, nationalization or confiscation, contract deprivation and force majeure; war, terrorist acts or threats and civil and/or labour unrest or insurrection; strikes; regime change and other political risks; fluctuations in foreign currency and exchange controls; restrictions on the repatriation of income or capital; increases in duties, taxes and governmental royalties; renegotiation of contracts with governmental entities; trade and other economic sanctions or other restrictions imposed by the Canadian government or other governments or organizations; compliance with anti-corruption and anti-bribery legislation within and outside of North America; trade restrictions or embargoes; as well as changes in laws and policies governing operations of foreign-based companies.

In the last several years, there have been increased levels of political unrest in certain Middle Eastern and South American countries, as well as increased incidents and/or risk of terrorism both in North America and internationally. Moreover, oil and natural gas facilities, including drilling rigs, could be targeted by terrorists. In the event of a terrorist attack on our operations, or as a result of political instability in the areas in which we operate, the Corporation's operations could be adversely impacted resulting in negative impacts to our operating results and overall financial condition.

Since we derive a substantial portion of our revenues from subsidiaries outside of Canada, the payment of dividends or the making of other cash payments or advances by our subsidiaries to us may be subject to restrictions or exchange controls on the transfer of funds in or out of the respective countries or result in the imposition of taxes on such payments or advances.

In addition, in the international markets in which we operate, we are subject to various laws and regulations that govern the operation and taxation of our businesses and the import and export of our equipment from country to country, the imposition, application and interpretation of which can prove to be uncertain. We have organized our foreign operations in part based on certain assumptions about various tax laws (including capital gains and withholding taxes), foreign currency exchange and capital repatriation laws and other relevant laws of a variety of foreign jurisdictions. While we believe that such assumptions are reasonable, there is no assurance that foreign taxing or other authorities will reach the

same conclusion. Further, if such foreign jurisdictions were to change or modify such laws, we could suffer adverse tax and financial consequences.

In some jurisdictions in which we operate, we are required by local laws to partner with local nationals, which we may accomplish with joint ventures or other types of partnerships. These arrangements can expose us to counterparty risk, including compliance with international laws, which could negatively affect our reputation and results of our operations.

In the international markets where we operate, we are subject to various laws and regulations that govern the operation and taxation of our businesses and the import and export of our equipment from country to country. While we have developed procedures designed to achieve compliance with applicable international laws, we could be exposed to potential claims, economic sanctions or other restrictions for alleged or actual violations of international laws related to our international operations, including anti-corruption and anti-bribery legislation, trade laws and trade sanctions. In addition, there may be uncertainty about how applicable laws and regulations are imposed, applied or interpreted, and they could be subject to change. While we cannot predict the impact of any of these factors, if any of these risks materialize, it could have a material adverse effect on our reputation, operations and financial condition.

10. We are exposed to risk due to our long-term contracts.

We periodically contract our land drilling rigs under long-term, take-or-pay contracts. Although we are confident that these contracts are legally enforceable, there is risk that our customers may not honour their take-or-pay contracts, which could materially reduce our revenue and profitability, and have a negative adverse effect on our results of operations. Weak market conditions could increase the number of customers terminating their long-term contracts early. Further, while most of our take-or-pay contracts require that an early termination payment be made to us if such contract is terminated prior to expiration, such payment may not fully compensate us for the loss of such contract. There is a risk that long-term contracts could be cancelled by customers, without early termination payments, if we follow unsafe or unacceptable operating practices.

11. We are exposed to currency exchange risk which could have a material adverse effect on our operating results.

Although our financial results are reported in Canadian dollars, a portion of our sales and operating costs are denominated in United States dollars and other currencies, including those with highly inflationary environments. In addition, we are exposed to currency exchange risk on those of our assets denominated in United States dollars and other currencies.

Any change in the value of the Canadian dollar relative to the United States dollar, and to a lesser extent, other currencies, during a given financial reporting period would result in a foreign currency loss or gain on the translation of our assets measured in other currencies into Canadian dollars. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses. In

addition, changes in currency exchange rates will affect the amount of revenues and expenses we record for our United States and international operations, which can increase or decrease our net earnings.

We may use futures and forward contracts to partially hedge against short-term fluctuations in currency; however, such activities provide only short-term protection against a limited portion of our currency exposure. We may, from time to time, hedge a portion of our net exchange rate exposure by way of one or more swap transactions to Canadian dollars, to the extent our management considers it reasonable to do so having regard to the then prevailing levels of our net assets or revenues denominated in other currencies, and to the extent available on reasonable terms; however, such activities provide only short-term protection and there is no assurance that such transactions will be effective in insulating us against exchange rate fluctuations.

12. Global economic conditions remain subject to uncertainty and volatility, which could have an impact on our operations and the price of our common shares.

The uncertainty and volatility surrounding the financial markets globally could have adverse effects on our industry and operations, including our future operating results and the ability to recover our assets at their stated values. Additionally, a volatile financial market could lead to the inability of our customers to pay suppliers, including us, in the event they are unable to access the capital markets to fund their business operations or have insufficient cash flow. If any of the foregoing were to occur, it could have a material adverse effect on our business and financial results.

In November, 2018, Canada, the United States and Mexico signed the Canada-United States-Mexico Agreement ("**USMCA"**) to replace the North American Free Trade Agreement ("**NAFTA**"), which the United States government has indicated it will be withdrawing from. There is uncertainty surrounding the ratification of the USMCA, further contributing to general instability around the future of United States-Canada trade. The United States remains by far Canada's largest trade partner and the largest international market for the export of crude oil, natural gas and NGLs from Canada. Any changes to the USMCA (or in the event the USMCA is not ratified) could have an impact on the crude oil and natural gas industries, and as a result, our business.

13. The loss of key customers could cause our revenue to decline substantially.

During the year ending December 31, 2018, none of Ensign's customers represented more than 10% of its consolidated revenue and one of Trinidad's customers represented more than 10% of its consolidated revenue. There can be no assurance that our relationship with important customers will continue or that the Trinidad Acquisition will not harm Trinidad's relationships with its customers. A significant reduction or total loss of the business from one or more important customers, if not offset by sales to new or existing customers, may have a material adverse effect on our business, revenue, cash flows and earnings.

14. Our business competes for its supply of labour with others within our industry as well as other industries.

Our operations are dependent on attracting, developing and maintaining a skilled workforce. During periods of improvements in and/or peak activity levels, we may be faced with a lack of personnel, and we may be unable to find enough skilled and unskilled labour to meet our needs. In addition, during periods of high demand, we may be required to increase wage rates, which may or may not be reflected in any increases in the service rates we collect. We are also faced with the challenge of retaining our most experienced employees during periods of low utilization, while maintaining a cost structure that varies with activity levels. Other factors, such as the volatility and physically demanding nature of work can also affect our ability to attract enough workers to meet our needs.

To mitigate these risks, we have developed an employee recruitment and training program, and continue to focus on creating a work environment that is safe for our employees. Our financial results depend, at least in part, upon our ability to attract, develop and maintain a skilled work force.

15. We may be subject to litigation, contingent liabilities and potential unknown liabilities.

From time to time, we are subject to the costs and other effects of legal and administrative proceedings, settlements, reviews, claims and actions. We may in the future be involved in disputes with other parties which could result in litigation or other actions, proceedings or related matters. Further, there may be unknown liabilities assumed by us in relation to prior or future acquisitions or dispositions as well as environmental or tax exposures. The discovery of any material liabilities could have an adverse effect on our financial condition.

The impact of litigation or other proceedings on our operations and financial condition cannot be accurately predicted due to the uncertainty in the final outcome of such matters. Our assessment of the likely outcome of these matters is based on our judgment of a number of factors including past history, precedents, relevant financial and other evidence and facts specific to the matter as known at the time of the assessment. If the results of any material litigation or other proceedings prove to be negative for Ensign, they could have an adverse effect on our reputation, operations and financial condition.

16. Our operations are subject to business interruption and casualty losses.

Our operations are subject to many hazards inherent in the drilling, workover and well-servicing industries, including, among others, safety incidents, blowouts, cratering, explosions, fires, loss of well control, loss of hole, damaged or lost drilling, workover or other oilfield service equipment damage, loss from inclement weather or natural disasters, and environmental and pollution risks. Any of these hazards could result in personal injury or death, damage to or destruction of equipment and facilities, suspension of operations, environmental damage and damage to our property and the property of others. Such events may affect our reputation within the industry and may prevent us from obtaining future work or longer term contracts, which could have a material adverse effect on our financial and operational results.

Drilling contracts typically provide for the division of responsibilities between a drilling company and its customer, and we seek to obtain indemnifications or releases from our customers by contract for certain of these risks. To the extent that we are unable to transfer such risks to customers by contract, release or indemnification agreements, we seek protection through insurance. However, there is no assurance that such insurance, release or indemnification agreements will adequately protect us against liability from all of the consequences of the hazards described above and otherwise inherent in our operations, or that contractual releases or indemnifications will be enforced under applicable law. The occurrence of an event not fully insured or indemnified against, or the failure of a customer or insurer to meet its indemnification, release or insurance obligations could result in substantial losses and have a material adverse effect on our financial condition.

Moreover, there is no assurance that insurance will be available to cover any or all of these risks, or, even if available, that it will be adequate in coverage or amounts or that insurance premiums or other costs will not rise significantly in the future, so as to make such insurance prohibitive. In future insurance renewals, we may choose to increase our self-insurance retentions or decrease the amounts or types of coverage (and thus assume a greater degree of risk) in order to reduce insurance premiums.

17. New technology could place Ensign at a disadvantage versus competitors.

Complex drilling programs for the exploration and development of remaining conventional and unconventional oil and natural gas reserves require high performance drilling rigs and other sophisticated oilfield service equipment. The ability of oilfield service providers to meet this demand depends on continuous improvement of existing technology, such as drilling rig drive systems, horizontal and multilateral drilling technology, advanced automation and control systems, mud systems, top drives, downhole equipment and mobile pad moving systems designed to improve drilling efficiency. Our ability to deliver equipment and services that are as or more efficient than those of our competitors is critical to our continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed by us.

18. Our business is subject to environmental legislation in all jurisdictions in which we operate and any changes in such legislation could negatively affect our results of operations.

Our operations, and those of our customers, are subject to numerous laws, regulations and guidelines governing the protection of the environment and health and safety. These laws, regulations and guidelines include those relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, and removal or remediation of pollutants or contaminants. Failure to comply with these laws, regulations and guidelines can result in civil and criminal penalties, including injunctive relief and the imposition of stop, control, remediation and abandonment orders. The costs arising from compliance with such laws, regulations and guidelines may be material to us. We may also incur material costs associated with the investigation, clean up and restoration of contaminated land, water or ecosystems, as well as claims for damage to property, death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties resulting from our operations.

In addition, the trend in environmental regulation has been to impose more restrictions and limitations on activities that may impact the environment, particularly the generation of carbon emissions; the building and maintenance of pipelines; hydraulic fracking and water use. These restrictions and limitations may continue to increase in the future which may increase operating costs for both us and our customers, may restrict our activities and may result in a decreased demand for our services. A stricter interpretation of existing laws, regulations and guidelines, any changes in these laws, regulations and guidelines or the enactment of new laws, regulations and guidelines may impose new material obligations on us.

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and propel a shift to relatively lower carbon intensity fossil fuels. In particular, increasing pressure on governments to reduce carbon emissions has led to a variety of actions that aim to reduce the use of fossil fuels, including, among others, carbon emission caps and trade regimes, carbon taxes, increased energy efficiency standards and incentives and mandates for renewable energy and other alternative energy sources. The landscape of greenhouse gas-related laws and regulations has been in a state of constant reassessment and it is difficult to predict with certainty the ultimate impact greenhouse gas-related laws, regulations and international agreements will have on us.

Existing and future environmental and climate change concerns and impacts, including physical impacts to infrastructure, and related laws, regulations, treaties, protocols, policies and other actions could shift demand to relatively lower carbon intensity fossil fuels, reduce demand for hydrocarbons and hydrocarbon-based products, increase costs for compliance and maintenance, require additional investments, result in reputational harm and controversies and be material to us.

Further, while we endeavor to conduct our operations to avoid all environmental contamination, our operations face hazards such as blowouts, cratering, explosions, fires and the like which can result in environmental contamination. While we maintain liability insurance, including insurance for certain environmental claims, the insurance is subject to coverage limits and certain of our policies exclude coverage for damages resulting from environmental contamination. There is no assurance that insurance will continue to be available to us on commercially reasonable terms, that the possible types of liabilities that may be incurred by us will be covered by our insurance, or that the dollar amount of such liabilities will not exceed our policy limits. Even a partially uninsured claim, if successful and of sufficient magnitude, could have a material adverse effect on our business, reputation and financial results.

19. We and our customers require reasonable access to capital, which may not be available at all or on acceptable terms.

We and our customers participate in a capital intensive industry and any reduction or inability in our or their ability to obtain credit or financing may lower demand for our services and may harm our ability to meet our obligations and finance our operating activities. We and our customers require reasonable access to capital, whether by way of credit facilities, debt capital markets or otherwise, as an important source of liquidity. Global economic events, outside our control or the control of our customers, may restrict or reduce the access to credit facilities and debt capital markets. Tightening credit markets may

reduce the funds available to our customers for paying accounts receivable balances and may also result in reduced levels of demand for our services.

Additionally, we rely on access to credit facilities, along with our reserves of cash and cash flow from operating activities, to meet our obligations and finance operating activities. There can be no assurance that we (or our customers) will be able to access additional financing when we need it, or on terms we find acceptable or favourable. If we (or our customers) are unable to obtain financing to support ongoing operations or to fund necessary expenditures, it could have a material adverse effect on our ability to carry out our business strategy, our revenue and our financial condition.

20. We rely on key management personnel.

Our success and growth is dependent upon our key management personnel. The loss of services of such persons could have a material adverse effect on the business and operations of the Corporation. There is no assurance that we will be able to retain or attract key management personnel. We may experience intense competition for personnel and cannot assure investors that we will be able to retain key personnel or that we will be successful in attracting and retaining personnel in the future.

21. Our business is seasonal and is influenced by weather patterns.

In Canada, the level of activity in the oilfield service industry is influenced by seasonal weather patterns. During the spring months, wet weather and the spring thaw make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels and placing an increased level of importance on the location of our equipment prior to imposition of the road bans. Additionally, certain oil and natural gas producing areas are located in sections of the Western Canadian Sedimentary Basin that are inaccessible, other than during the winter months, because the ground surrounding or containing the drilling sites in these areas consists of terrain known as muskeg. Until the muskeg freezes, the rigs and other necessary equipment cannot cross the terrain to reach the drilling site. Moreover, once the rigs and other equipment have been moved to a drilling site, they may become stranded or otherwise unable to relocate to another site should the muskeg thaw unexpectedly.

Our United States and international operations are not materially affected by seasonal variations but may be affected by unpredictable and uncontrollable weather patterns and natural disasters, such as flooding.

Our financial results depend, at least in part, upon the severity and duration of the Canadian and United States winter. In addition, to the extent any of our operations are adversely affected by unpredictable and uncontrollable weather patterns and material natural disasters, it may affect our financial results. Global climate change could impact the weather patterns in each of the jurisdictions in which we operate, altering our expectations of the weather plans as described above. We cannot estimate the degree to which climate change could impact our business and operating results.

22. The price of our common shares may fluctuate and the issuance of additional shares could affect share value and will result in dilution.

Several factors can cause volatility in our share price, including increases or decreases in revenue or earnings, changes in revenue or earnings estimates by the investment community, failure to meet analysts' expectations, reduction or suspension of dividends, and speculation in the media or investment community about our financial condition or results of operations. General market conditions and Canadian, United States or international economic factors and political events unrelated to our performance may also affect the price of our common shares. Investors should therefore not rely on past performance of our common shares to predict the future performance of our common shares or financial results.

We may issue additional common shares in the future to fund our needs. Acquisitions, financings or other transactions involving the issuance of our securities may be dilutive to the current holders of our common shares. There are no restrictions in our articles or bylaws with respect to the number of shares of any class that may be issued and outstanding.

23. There are risks associated with turnkey drilling contracts.

Particularly in our United States operations, we are entering into an increased number of "turnkey" drilling contracts as compared to prior years. Turnkey contracts have a higher risk profile than daywork contracts because we control and are responsible for the majority of or even the entire drilling operation. In addition, in a turnkey contract, we assume a higher degree of the commercial and legal risk over the drilling operation, as compared with a daywork drilling contract. The increased risk of turnkey drilling contracts generally includes responsibility for cost overruns and increased exposure for well loss or damage, wild well control, relief wells, pollution and environmental damage. Some of these risks and costs may not be covered by insurance and could have a material adverse impact on our operating and financial results.

24. There are risks associated with increased capital expenditures.

The timing and amount of future capital expenditures incurred by Ensign will directly affect the amount of cash available to us. The cost of equipment and its maintenance has escalated over the past several years and also has and will continue to be impacted by increasingly advanced and complex drilling technologies and equipment. There can be no assurance that we will be able to recover higher capital costs through rate increases to our customers and, in such event, our financial results may be adversely affected.

25. Impairment of our capital assets may result in a non-cash charge against our consolidated net income.

The value of our capital assets is dependent on the cash flow generating capacity and the recoverable value of the assets. A variety of factors may affect the cash flow generating capacity and the recoverable value of our capital assets including the condition of the asset, the potential earning capacity of the asset

and external economic factors. Should management's assessment of the recoverable value of our capital assets change, an impairment charge, which would result in a non-cash charge against our consolidated net income, would be necessary.

26. The energy industry may move towards alternative energy sources.

There are indications that the global energy industry is trending away from fossil fuels toward alternative energy sources, such as hydro, wind and solar. The speed and rate at which alternative energy sources are adopted will affect demand for our services which could have a material adverse impact on our revenues, cash flow and earnings.

27. Business acquisitions entail numerous risks and may disrupt our business or distract management attention.

As part of our business strategy, we will continue to consider and evaluate acquisitions of, or significant investments in, complementary businesses and assets. Acquisitions involve numerous risks, including unanticipated costs and liabilities; the difficulty of integrating the operations, assets and personnel of the acquired business; the ability to properly access and maintain an effective internal control environment over an acquired company; the potential loss of key employees and customers of the acquired company; and an increase in expenses and working capital requirements.

We may incur substantial indebtedness to finance acquisitions and also may issue equity securities in connection with any such acquisitions, affecting our balance sheet and financial condition. Acquisitions could also divert the attention of management and other employees from our day-to-day operations and the development of new business opportunities. In addition, we may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets. Even if we are successful in integrating our recent or future acquisitions into our existing operations, we may not derive the benefits, such as operational or administrative synergies, that we expected from such acquisitions.

Any acquisition that we complete could have unforeseen and potentially material adverse effects on our financial and operating results.

28. The demand for our services is affected by our safety performance.

Our customers place an emphasis on safe operations. Additionally, as a service provider, we are subject to customer safety policies, procedures and requirements, accepted industry safety practices, and health and safety legislation. As a result, we have implemented policies, procedures and systems to ensure the safety of our people and operations and compliance with these requirements. However, these systems do not guarantee that there will be no safety incidents. If we were to suffer from poor safety performance or a material safety incident was to occur, it may result in liability, increase our costs and reduce the demand for our services, which could cause reputational damage and have a material adverse effect on our financial condition.

29. Our operations have become increasingly dependent on our information technology systems which may be subject to cybersecurity risks.

Our operations rely on an extensive network of communications and computer hardware and software systems. Additionally, our equipment collects, transmits and retains a large amount of drilling data and other relevant information. As such, our information technology systems are a critical aspect of our business. While we have applied risk management controls and protections consistent with industry accepted standards to protect our information technology systems, there is no guarantee that these controls and protections will fully prevent a cybersecurity incident. In the event of a cybersecurity incident, our information technology systems could be compromised and, in such event, we could experience disruption of our operations, a compromise of our safety procedures and business processes, loss or damage to our information, and/or unauthorized disclosure of personal information, any of which could have a material adverse effect on our reputation and financial condition.

30. Conflicts of interest.

Members of our Board are engaged, and will continue to be engaged, in certain business interests on their own behalf and on behalf of other companies. In the event that a situation arises where our directors or officers are in direct competition with us, such persons are subject to and are governed by the Code of Conduct and by the procedures prescribed by the ABCA.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

There is no material interest, direct or indirect, of any director or executive officer, or to our knowledge any person or company that is the direct or beneficial owner, or who exercises control or direction over, directly or indirectly, more than 10% of outstanding common shares, or any associate or affiliate of any of the foregoing, in any material transaction within the three (3) most recently completed financial years or during the current financial year that has materially affected or is reasonably expected to materially affect Ensign.

TRANSFER AGENT AND REGISTRAR

Our transfer agent and registrar for our common shares is Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, Canada, M5J 2Y1.

MATERIAL CONTRACTS

Other than contracts entered into in the normal course of business, the only material contracts entered into by the Corporation within the most recently completed financial year, before the most recently completed financial year but which are still in effect, or year to date in 2019, are the Credit Facility and Senior Loan.

On November 29, 2018, in connection with the Trinidad Acquisition, we entered into the Credit Facility (as defined above under "*General Development of the Business*"), which had an initial principal amount available of CAD $1.25 billion, and in accordance with its terms, the principal amount available was reduced to CAD $900 million on February 14, 2019. Also on February 14, 2019, we entered into the Senior Loan (as defined above under "*General Development of the Business*"), having a principal sum of USD $700 million.

For more information, reference is made to the Risk Factor entitled: "*We require sufficient cash flows to service and repay our debts and our credit facilities contain restrictive covenants*". Additional information can also be obtained from Note 11 (Bank Credit Facilities and Long Term Debt) of the Corporation's Consolidated Financial Statements for the year ended December 31, 2018, which note is hereby incorporated by reference into this Annual Information Form. The Credit Facility, the Senior Loan and the Corporation's Consolidated Financial Statements are available on SEDAR at www.sedar.com.

INTEREST OF EXPERTS

There is no person or company whose profession or business gives authority to a statement made by such person or company and who is named as having prepared or certified a statement, report, valuation or opinion described or included in a filing, or referred to in a filing, made under National Instrument 51-102 – *Continuous Disclosure Obligations* by us during, or related to, our most recently completed financial year other than PricewaterhouseCoopers LLP ("**PwC**"), our auditors. PwC has advised that they are independent with respect to Ensign within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta.

ADDITIONAL INFORMATION

Additional information relating to us is available on SEDAR at www.sedar.com.

Additional information, including directors' and executive officers' remuneration and indebtedness, principal holders of securities, and securities authorized for issuance under equity compensation plans, will be contained in our upcoming Information Circular, to be filed on SEDAR, in relation to our annual meeting of shareholders currently scheduled for May 10, 2019.

Financial information is contained in our Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2018.

APPENDIX "A" – AUDIT COMMITTEE MANDATE & TERMS OF REFERENCE

ENSIGN ENERGY SERVICES INC.

MANDATE OF THE AUDIT COMMITTEE

Approved by: Board of Directors	**Current Revision Date:** March 7, 2019 **Prior Revision Date:** August 5, 2016

Role and Objectives:

The Audit Committee (the "**Committee**") is a committee of the Board of Directors (the "**Board**") of Ensign Energy Services Inc. (the "**Corporation**") established to assist the Board in fulfilling its responsibility for oversight of the Corporation's financial reporting, including oversight of:

(a) the preparation, review and disclosure of the Corporation's financial statements and other required financial disclosure materials;

(b) the nature and scope of the annual audit of the Corporation's consolidated financial statements;

(c) the independence, qualifications and appointment of the independent auditor;

(d) the Corporation's internal accounting controls, procedures and practices; and

(e) the Corporation's auditing, financial reporting and accounting systems and procedures.

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

The function of the Committee is oversight of the financial, financial risk and control related activities of the Corporation. The Committee and its members are specifically not accountable or responsible for the day to day operation or performance of such activities. In particular, any members who may be identified as audit committee financial experts shall not be accountable for giving professional opinions on the internal or external audit of the Corporation's financial information.

Membership of Committee:

1. The Committee shall be comprised of at least three (3) Directors. Each member of the Committee shall be an "independent" director (as defined from time to time under the requirements or guidelines for audit committee service under applicable securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading).

2. At least 25% of the members of the Committee shall be Canadian residents.

3. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the committee upon ceasing to be a director. The Board

shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise its powers as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until his or her successor is appointed and qualified or his or her earlier resignation or removal.

4. The Board appoints the Committee Chair. The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over meetings, making committee assignments and reporting to the Board. The Chair of the Committee shall be a Canadian resident, provided that in the event of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of all resident Canadian Directors who were on the Committee, this requirement shall not be applicable for a period of 60 days after the last resident Canadian ceased to serve, during which time the remaining Directors shall appoint a Canadian resident to the Committee to act as Chair.

5. All of the members of the Committee must be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading) or must become financially literate within a reasonable period of time after his or her appointment to the Committee and at least one member of the Committee shall be considered to be a "financial expert". The Board has adopted the definition for "financial literacy" to mean the ability to read and understand a set of financial statements of breadth and complexity similar to the breadth and complexity of the issues to be raised by the Corporation's financial statements. The definition of "financial expert" as adopted by the Board means a person who has the following attributes:

    (a) an understanding of generally accepted accounting principles and financial statements;

    (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

    (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;

    (d) an understanding of internal controls and procedures for financial reporting; and

    (e) an understanding of audit committee functions.

Meetings:

6. At all meetings of the Committee, every question shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.

7. A quorum for meetings of the Committee shall be a majority of its members.

8. The rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board.

9. The Chair of the Committee shall designate a person who need not be a member of the Committee or a director to act as secretary or, if the Chair of the Committee fails to designate such a person, the secretary of the Corporation shall be secretary of the Committee. The agenda of Committee meetings will be prepared by the Chair of the Committee, working with the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.

10. Minutes of all meetings of the Committee shall be taken by the secretary. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

11. Meetings of the Committee should be scheduled to take place at least four times per year, and more often as it deems necessary to perform the duties and discharge its responsibilities as described in this Mandate. The Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Committee Chair.

12. The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities, its compliance with this Mandate and any recommendations made by the Committee to the Board.

13. The Committee shall meet with the independent auditor of the Corporation at least twice per year (in connection with the mandate for and the preparation of the year end audited consolidated financial statements) and at such other times as the independent auditor and the Committee consider appropriate. The meetings held by the Committee with the independent auditor shall include an "in camera" session with no members of management present. The Committee shall have such other direct and independent interaction with such persons from time to time as the members of the Committee deem appropriate. The independent auditor will have direct access to the Committee at its own initiative.

14. The Committee may retain persons having special expertise and/or obtain independent professional advice as may be necessary to carry out its duties and responsibilities, at the expense of the Corporation and without any further approval of the Board, including requiring the independent auditor to perform such supplemental reviews or audits as the Committee may deem desirable and may retain such special legal, accounting, financial or other advisors as the Committee may deem necessary.

15. If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the chairman of the Board (the "**Chair**"). If the Committee Chair, or the Chair, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict

shall disclose to the Committee his or her interest and shall not participate in consideration of the matter and shall not vote on the matter.

16. If a Committee member serves on the audit committees of more than two publicly-traded entities, including the Corporation, the Board must determine that such service would not impair the ability of the member to effectively serve on the Committee and disclose such determination in the annual proxy circular.

Powers:

17. The Committee shall be entitled to full access to all books, records, facilities, and personnel of the Corporation and its subsidiaries. The Committee may require such officers, directors and employees of the Corporation and its subsidiaries and others as it may see fit from time to time to provide any information about the Corporation and its subsidiaries it may deem appropriate and to attend and assist at meetings of the Committee.

18. The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

19. The Committee may adopt policies and procedures for carrying out its responsibilities.

Mandate and Responsibilities of Committee:

Oversight of the Corporation's Financial Disclosures:

20. It is a primary responsibility of the Committee to review the financial statements of the Corporation prior to their submission to the Board for approval. The Committee shall:

    (a) review with the independent auditor and management and recommend to the Board for approval the audited annual consolidated financial statements and the notes and managements' discussion and analysis accompanying such financial statements, the Corporation's annual report, annual information form and any financial information of the Corporation contained in any prospectus or information circular of the Corporation; and

    (b) review with the independent auditor and management each set of interim financial statements and the notes and managements' discussion and analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Corporation containing or accompanying such financial information of the Corporation;

    in each case prior to the release of any summary of the financial results or the filing of such reports with the applicable regulators.

21. The Committee shall review and discuss with management and the independent auditor (together or separately, as it deems necessary):

    (a) the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting;

(b) changes in accounting principles, or in their application, which may have a material impact on the current or future years' financial statements;

(c) significant accruals or other estimates and all significant financial reporting judgments made in connection with the preparation of the financial statements;

(d) the accounting treatment of unusual or non-recurring transactions;

(e) compliance with covenants under loan agreements;

(f) disclosures respecting commitments and contingencies;

(g) adjustments raised by the independent auditor, whether or not included in the financial statements;

(h) unresolved differences between management and the independent auditor;

(i) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and

(j) explanations of significant variances with comparative reporting periods.

22. The Committee shall review news releases and other public disclosure containing new financial information prior to their distribution or public disclosure.

23. Periodically, the Committee shall assess the adequacy of the procedures for the review of disclosure of financial information extracted or derived from the financial statements.

24. The Committee shall review the processes and disclosure, if any, with respect to its pre-approval of audit and non-audit services provided by the independent auditor.

Disclosure Controls and Internal Control Systems:

25. The Committee shall review with management and assess the Corporation's disclosure procedures and controls and material changes to the design of the Corporation's disclosure procedures and controls.

26. The Committee shall review disclosures made respecting the design and operation of internal controls over financial reporting and disclosure controls and procedures, including any disclosure of limitations on their assessment by the President (acting in the capacity of Chief Executive Officer) and Chief Financial Officer and deficiencies in their design or operating effectiveness and any fraud involving persons who have a significant role in the Corporation's internal controls.

27. The Committee shall exercise oversight of, review and discuss with management and the independent auditor (together and separately, as it deems necessary):

(a) the adequacy and effectiveness of the Corporation's internal control over financial reporting and disclosure controls and procedures;

(b) any significant deficiencies or material weaknesses in internal control over financial reporting or disclosure controls and procedures, and the status of any plans for their remediation;

(c) the adequacy of the Corporation's internal controls and any related significant findings and recommendations of the independent auditor and internal auditors together with management's response thereto; and

(d) compliance with such controls, procedures and systems and with legal, ethical and regulatory requirements.

Independent Auditor:

28. The independent auditor is accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and shall report directly to the Committee and the Committee shall so instruct the independent auditor.

29. The Committee shall review management's recommendation for the appointment of the independent auditor, evaluate the quality of service, independence, objectivity, professional skepticism and performance of the independent auditor and make recommendations to the Board on the reappointment or replacement of the independent auditor of the Corporation to be proposed in the Corporation's proxy circular for shareholder approval. If a change in independent auditor is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed independent auditor before making its recommendation to the Board.

30. The Committee shall approve in advance the terms of engagement and, if the shareholders authorize the Board to do so, the compensation to be paid by the Corporation to the independent auditor with respect to the conduct of the annual audit of the Corporation's consolidated financial statements. The Committee may approve policies and procedures for the pre-approval of services to be rendered by the independent auditor including any *de minimus* exceptions, which policies and procedures shall include reasonable detail with respect to the services covered. All non-audit services to be provided to the Corporation or any of its affiliates by the independent auditor or any of their affiliates which are not covered by pre-approval policies and procedures approved by the Committee shall be subject to pre-approval by the Committee. The Committee will review disclosure respecting fees paid to the independent auditor for audit and non-audit services.

31. The Committee shall review the independence and professional skepticism of the independent auditor and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the independent auditor. In connection with such review, the Committee shall:

(a) actively engage in a dialogue with the independent auditor about all relationships or services that may impact the objectivity and independence of the independent auditor, including whether there are any disputes, restrictions or limitations placed on their work;

(b) require that the independent auditor submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation and its subsidiaries, on the one hand, and the independent auditor and their affiliates on the other hand;

(c) ensure the rotation of the lead (and concurring) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by applicable law and/or professional practice; and

(d) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.

32. The Committee shall review and approve policies for hiring by the Corporation of employees or former employees of the independent auditor.

33. The Committee shall require the independent auditor to provide to the Committee, and shall review and discuss with the independent auditor, all notices and reports which the independent auditor is required to provide to the Committee or to the Board under rules, policies or practices of professional or regulatory bodies applicable to the independent auditor.

Overview and Monitoring of Audits:

34. The Committee shall review with the independent auditor and management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon management and internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation and its subsidiaries, the overall audit plans, the responsibilities of management and the independent auditor, the audit procedures to be used and the timing and estimated budgets of the audits.

35. The Committee shall discuss with the independent auditor any difficulties that arose with management during the course of the audit, any restrictions on the scope of activities or access to requested information and the adequacy of management's responses in correcting audit-related deficiencies.

36. The Committee shall review with management the results of independent audits of the Corporation's consolidated financial statements.

37. The Committee shall review annually with the independent auditor their plan for their year-end audit and, upon completion of the audit, their reports upon the annual consolidated financial statements of the Corporation and its subsidiaries.

38. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the annual audit of the Corporation's consolidated financial statements was conducted in a

manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Internal Auditors:

39. The Committee shall review and approve the appointment, the terms of engagement, replacement or dismissal of the internal auditor(s).

40. Meet periodically with the internal auditors to discuss their audit plan for the year, progress of their activities, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan and whether there are any disputes, restrictions or limitations on the internal audit.

41. Review summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.

Financial Risk Matters:

42. The Committee shall oversee and review processes for the identifying, monitoring and mitigation of financial reporting.

43. The Committee shall receive and review:

    (a) periodic reports on compliance with requirements regarding statutory deductions and remittances and, in the event of any non-compliance, the nature and extent of non-compliance, the reasons therefor and the management's plan and timetable to correct any deficiencies;

    (b) material policies and practices of the Corporation respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of the Corporation; and

    (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

44. The Committee shall meet periodically with management to review and discuss the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities and the Corporation's insurance programs.

Communications with Others:

45. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal control systems or audit matters and the anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with management, the compliance manager and/or the internal auditors, these procedures and any significant complaints received on such issues and other business practices.

General:

46. The Committee shall review and reassess the adequacy of this Mandate periodically and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Mandate annually.