ENSIGN®

2023 Q2

SECOND QUARTER REPORT For the three and six months ended June 30, 2023

FINANCIAL AND OPERATING HIGHLIGHTS

(Unaudited in thousands of Canadian dollars, except per common share data and operating information)

	Three months ended June 30			Six months ended June 30		
	2023	2022	% change	**2023**	2022	% change
Revenue	**432,770**	344,123	26	**916,822**	676,799	35
Adjusted EBITDA [1]	**116,616**	68,332	71	**243,940**	138,297	76
Adjusted EBITDA per common share [1]						
Basic	**$0.64**	$0.40	60	**$1.33**	$0.83	60
Diluted	**$0.63**	$0.44	43	**$1.32**	$0.82	61
Net income (loss) attributable to common shareholders	**10,302**	(28,138)	nm	**14,543**	(21,551)	nm
Net income (loss) attributable to common shareholders per common share						
Basic	**$0.06**	$(0.17)	nm	**$0.08**	$(0.13)	nm
Diluted	**$0.06**	$(0.17)	nm	**$0.08**	$(0.13)	nm
Cash provided by operating activities	**166,771**	99,520	68	**271,345**	154,076	76
Funds flow from operations	**116,764**	81,497	43	**235,055**	158,238	49
Funds flow from operations per common share						
Basic	**$0.64**	$0.47	36	**$1.28**	$0.94	36
Diluted	**$0.63**	$0.52	21	**$1.27**	$0.94	35
Total debt, net of cash	**1,277,197**	1,357,537	(6)	**1,277,197**	1,357,537	(6)
Weighted average common shares - basic *(000s)*	**183,944**	171,646	7	**183,931**	167,456	10
Weighted average common shares - diluted *(000s)*	**185,031**	173,157	7	**185,388**	168,325	10

Drilling	**2023**	2022	% change	**2023**	2022	% change
Number of marketed rigs [2]						
Canada [3]	**115**	123	(7)	**115**	123	(7)
United States	**85**	89	(4)	**85**	89	(4)
International [4]	**32**	34	(6)	**32**	34	(6)
Total	**232**	246	(6)	**232**	246	(6)
Operating days [5]						
Canada [3]	**2,131**	2,369	(10)	**5,931**	6,097	(3)
United States	**4,302**	4,277	1	**8,919**	7,965	12
International [4]	**1,247**	1,030	21	**2,351**	1,903	24
Total	**7,680**	7,676	—	**17,201**	15,965	8

Well Servicing	**2023**	2022	% change	**2023**	2022	% change
Number of rigs						
Canada	**47**	52	(10)	**47**	52	(10)
United States	**47**	48	(2)	**47**	48	(2)
Total	**94**	100	(6)	**94**	100	(6)
Operating hours						
Canada	**11,804**	12,099	(2)	**25,580**	23,359	10
United States	**30,647**	30,725	—	**58,564**	60,414	(3)
Total	**42,451**	42,824	(1)	**84,144**	83,773	—

nm - calculation not meaningful

[1] Adjusted EBITDA and Adjusted EBITDA per common share are not measures that have any standardized meaning prescribed by International Financial Reporting Standards ("IFRS") and accordingly, may not be comparable to similar measures used by other companies. Non-GAAP measures are defined in the Non-GAAP Measures section.

[2] Total owned rigs: Canada - 132, United States - 116, International - 43 (2022 total owned rigs: Canada - 137, United States - 126, International - 46)

[3] Excludes coring rigs.

[4] Includes workover rigs.

[5] Defined as contract drilling days, between spud to rig release.

FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at ($ thousands)	**June 30 2023**	December 31 2022	June 30 2022
Working capital (deficit) [1, 2]	**(1,188,071)**	(707,800)	102,830
Cash	**44,071**	49,880	38,994
Total debt [3]	**1,321,268**	1,439,575	1,396,531
Total debt, net of cash [3]	**1,277,197**	1,389,695	1,357,537
Total debt and other long-term financial liabilities [3]	**1,334,344**	1,445,523	1,408,706
Total assets	**3,030,460**	3,183,904	3,011,267
Total debt to total debt plus equity ratio [3]	**0.51**	0.53	0.53

[1] See non-GAAP Measures section
[2] Change in working capital (deficit) was largely due to the Company's revolving credit facility and unsecured Senior notes being classified as current.
[3] For presentation purposes the Company includes current and long-term debt under total debt and the comparatives have been revised to conform with current year's presentation.

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Capital expenditures						
Upgrade/growth	**3,772**	28,495	(87)	**12,028**	36,586	(67)
Maintenance	**52,673**	25,784	nm	**94,296**	49,644	90
Proceeds from disposals of property and equipment	**(3,299)**	(4,189)	(21)	**(3,454)**	(46,936)	(93)
Net capital expenditures	**53,146**	50,090	6	**102,870**	39,294	nm

nm - calculation not meaningful

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis (**"MD&A"**) for Ensign Energy Services Inc. and all of its subsidiaries and partnerships ("Ensign" or the "Company") should be read in conjunction with the unaudited interim consolidated financial statements for the three and six months ended June 30, 2023, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2022, which are available on SEDAR+ at www.sedarplus.com.

The interim consolidated financial statements and comparative information have been prepared in accordance and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). The interim financial statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements. All financial measures presented in this MD&A are expressed in Canadian dollars unless otherwise indicated and are stated in thousands, except for: per common share amounts, number of rigs and operating days/hours. This MD&A was approved by the Company's Board of Directors on August 3, 2023, after review by the Company's Audit Committee.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A 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", "contemplates" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosure related to expected future commodity pricing or trends, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other prospective guidance provided throughout this MD&A, including, but not limited to, information provided in the "Funds Flow from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "New Builds and Major Retrofits" section, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for the remainder of 2023 and beyond, are examples of forward-looking statements.

These statements are not representations or guarantees of future performance and are subject to certain risks and unforeseen results. 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. The forward-looking statements are based on current assumptions, expectations, estimates and projections about the Company and the industries and environments in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained. These assumptions include, among other things: the fluctuation in commodity prices which may pressure customers to modify their capital programs; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; existing term contracts that may not be renewed or are terminated prematurely; the Company's ability to provide services on a timely basis and successfully bid on new contracts; successful integration of acquisitions; the general stability of the economic and political environments in the jurisdictions where we operate, pandemics, and impacts of geopolitical events such as the hostilities between Ukraine and the Russian Federation and the global community responses thereto.

The forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause the 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 risk factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding commodity prices; foreign exchange exposure; fluctuations in currency and interest rates; inflation; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; the Company's ability to implement its business strategy; impact of competition and industry conditions; risks associated with long-term contracts; force majeure events; artificial intelligence development and implementation; cyber attacks; pandemics, determinations by Organization of Petroleum Exporting Countries

("**OPEC**") and other countries (OPEC and various other countries are referred to as "**OPEC +**") regarding production levels; loss of key customers; litigation risks, including the Company's defence of lawsuits; risks associated with contingent liabilities and potential unknown liabilities; availability and cost of labour and other equipment, supplies and services; business interruption and casualty losses; the Company's ability to complete its capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing and insurance; access to credit facilities and debt capital markets; availability of sufficient cash flow to service and repay its debts; impairment of capital assets; the Company's ability to amend or comply with covenants under the credit facility and other debt instruments; actions by governmental authorities; impact of and changes to laws and regulations impacting the Company and the Company's customers, 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); safety performance; environmental contamination; shifting interest to alternative energy sources; environmental activism; the adequacy of the Company's provision for taxes; tax challenges; the impact of, and the Company's response to future pandemics; workforce and reliance on key management; technology; cybersecurity risks; seasonality and weather; risks associated with acquisitions and ability to successfully integrate acquisitions; risks associated with internal controls over financial reporting; the impact of the invasion of Ukraine by the Russian Federation, resulting hostilities and the global community responses thereto and other risks and uncertainties affecting the Company's business, revenues and expenses.

In addition, the Company's operations and levels of demand for its 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, environmental protection regulations, pandemics, the potential reinstatement or removal of COVID-19 or other pandemic mitigation strategies and the impact thereof upon the Company, its customers and its business, new pandemics, ongoing hostilities between Ukraine and the Russian Federation, related potential future impact on the supply of oil and natural gas to Europe by Russia and the impact of global community responses to the ongoing conflict, and governmental energy policies, laws, rules or regulations that limit, restrict or impede exploration, development, production, transportation or consumption of hydrocarbons and/or incentivize development, production, transportation or consumption of alternative fuel or energy sources.

Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results from operations 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 the Company's course of action would depend upon its assessment of the future considering all information then available. Unpredictable or unknown factors not discussed in this MD&A could also have material adverse effects on forward-looking statements.

Readers are cautioned that the lists of important factors contained herein are not exhaustive. For additional information on these and other factors that could affect the Company's business, operations or financial condition, refer to the "Risks and Uncertainties" section of this MD&A and the "Risk Factors" section of the Company's Annual Information Form for the year ended December 31, 2022 available on SEDAR+ at www.sedarplus.com.

The forward-looking statements contained in this MD&A are expressly qualified in their entirety by this cautionary statement. The forward-looking statements contained herein are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by law.

NON-GAAP MEASURES

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

Adjusted EBITDA

Adjusted EBITDA is used by management and investors to analyze the Company's profitability based on the Company's principal business activities prior to how these activities are financed, how assets are depreciated, amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based compensation expense, the sale of assets and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its

core drilling and well services business. Adjusted EBITDA is not intended to represent net loss as calculated in accordance with IFRS.

ADJUSTED EBITDA

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2023**	2022	**2023**	2022
Income (loss) before income taxes	**15,581**	(36,375)	**21,809**	(42,888)
Add-back/(deduct):				
Interest expense	**31,560**	27,563	**65,958**	52,747
Accretion of deferred financing charges	**2,199**	2,199	**4,399**	4,401
Depreciation	**74,835**	68,692	**152,690**	138,672
Share-based compensation	**(6,146)**	3,560	**(4,421)**	13,959
Gain on asset sale	**(2,160)**	(1,354)	**(2,268)**	(31,296)
Foreign exchange and other loss	**747**	4,047	**5,773**	2,702
Adjusted EBITDA	**116,616**	68,332	**243,940**	138,297

Consolidated EBITDA

Consolidated EBITDA, as defined in the Company's Credit Facility agreement, is used in determining the Company's compliance with its covenants. The Consolidated EBITDA is substantially similar to Adjusted EBITDA. Consolidated EBITDA is calculated on a rolling twelve-month basis.

Working Capital

Working capital is defined as current assets less current liabilities as reported on the consolidated statements of financial position.

OVERVIEW

Revenue for the second quarter of 2023 was $432.8 million, a 26 percent increase from $344.1 million in revenue for the second quarter of 2022. Revenue for the six months ended June 30, 2023, was $916.8 million, an increase of 35 percent from revenue for the six months ended June 30, 2022, of $676.8 million.

Adjusted EBITDA totaled $116.6 million ($0.64 per common share) in the second quarter of 2023, 71 percent higher than Adjusted EBITDA of $68.3 million ($0.40 per common share) in the second quarter of 2022. For the first six months ended June 30, 2023, Adjusted EBITDA totaled $243.9 million ($1.33 per common share), 76 percent higher than Adjusted EBITDA of $138.3 million ($0.83 per common share) in the first six months ended June 30, 2022.

Net income attributable to common shareholders for the second quarter of 2023 was $10.3 million ($0.06 per common share) compared to a net loss attributable to common shareholders of $28.1 million ($0.17 per common share) for the second quarter of 2022. Net income attributable to common shareholders for the six months ended June 30, 2023, was $14.5 million ($0.08 per common share), compared to a net loss attributable to common shareholders of $21.6 million ($0.13 per common share) for the six months ended June 30, 2022.

Funds flow from operations increased 43 percent to $116.8 million ($0.64 per common share) in the second quarter of 2023 compared to $81.5 million ($0.47 per common share) in the second quarter of the prior year. Funds flow from operations increased 49 percent to $235.1 million ($1.28 per common share) for the six months ended June 30, 2023, compared to $158.2 million ($0.94 per common share) for the six months ended June 30, 2022.

The outlook for oilfield services continues to be constructive despite the recent volatility in global crude oil and natural gas commodity prices and uncertain global economic conditions. Global inflationary concerns continue to prompt central banks to tighten monetary policies. Increasing interest rates, largely resulting from efforts to quell rising inflation, have contributed to uncertainty for global economies related to recession risk and economic growth. These factors continue to impact global energy commodity prices and add uncertainty to the macro-economic outlook over the short-term. Furthermore, the recent decline in the US rig count has contributed to activity uncertainty and rig rate fluctuations over the short-term. However, despite these short-term headwinds, demand for crude oil continues to increase year-over-year and OPEC+ nations continue to moderate supply to respond to market conditions.

Over the near term, there remains uncertainty regarding the impacts of ongoing hostilities in Ukraine on the global economy, overall global economic health and recessionary pressures in certain environments. Furthermore, there are many other factors that may impact the future demand for crude oil and natural gas, commodity prices, and the demand for oilfield services.

The Company's operating days remained consistent in the three months ended June 30, 2023 and higher in the six months ended June 30, 2023, when compared with the same periods in 2022. Operations were positively impacted in the first half of 2023 due to supportive industry conditions, driving activity improvements year-over-year. In the second quarter of 2023, certain drilling programs were temporarily delayed in the Company's Canadian region due to forest fires that impacted operational activity.

The average United States dollar exchange rate was $1.35 for the six months ended June 30, 2023 (2022 - $1.27) versus the Canadian dollar, an increase of six percent compared to the same period of 2022.

The Company's working capital at June 30, 2023, was a deficit of $1,188.1 million, compared to a deficit of $707.8 million at December 31, 2022. The deficit increase was largely due to the Company's revolving credit facility (the "**Credit Facility**") and unsecured Senior Notes (the "**Senior Notes**") being reclassified as current. The Company is in discussion with its banking syndicate on extending its existing revolving Credit Facility and on obtaining a new term loan facility, which facility will be used to retire the Company's Senior Notes due in April 2024. The Company has not yet finalized such refinancing or the terms thereof and, if it is successfully completed, it contemplates completion of such refinancing before the end of the third quarter of 2023.

The Company’s available liquidity, consisting of cash and available borrowings under its $900.0 million the Credit Facility, was $171.4 million at June 30, 2023.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Revenue						
Canada	**80,618**	78,684	2	**220,734**	189,950	16
United States	**276,781**	203,507	36	**551,334**	370,330	49
International	**75,371**	61,932	22	**144,754**	116,519	24
Total revenue	**432,770**	344,123	26	**916,822**	676,799	35
Oilfield services expense	**301,503**	263,582	14	**643,702**	515,403	25

Revenue for the three months ended June 30, 2023, totaled $432.8 million, an increase of 26 percent from the second quarter 2022 of $344.1 million. Revenue for the six months ended June 30, 2023, totaled $916.8 million, a 35 percent increase from the six months ended June 30, 2022.

The increase in total revenue during the second quarter of 2023 was primarily due to favourable industry conditions, revenue rate improvements, foreign exchange translation, and supportive oil commodity prices.

CANADIAN OILFIELD SERVICES

Revenue increased two percent to $80.6 million for the three months ended June 30, 2023, from $78.7 million for the three months ended June 30, 2022. The Company recorded revenue of $220.7 million in Canada for the six months ended June 30, 2023, an increase of 16 percent from $190.0 million recorded for the six months ended June 30, 2022.

Canadian revenue accounted for 19 percent of the Company's total revenue in the second quarter of 2023 (2022 - 23 percent) and 24 percent (2022 - 28 percent) for the first six months of 2023.

The Company's Canadian drilling operations recorded 2,131 operating days in the second quarter of 2023, compared to 2,369 operating days for the second quarter of 2022, a decrease of 10 percent. For the six months ended June 30, 2023, the Company recorded 5,931 operating days compared to 6,097 days for the six months ended June 30, 2022, a decrease of three percent. Canadian well servicing hours decreased by two percent to 11,804 operating hours in the second quarter of 2023 compared to 12,099 operating hours in the corresponding period of 2022. For the six

months ended June 30, 2023, well servicing hours increased by 10 percent to 25,580 operating hours compared with 23,359 operating hours for the six months ended June 30, 2022.

The operating results for the Company's Canadian operations in the second quarter of 2023 were negatively impacted by weather and related events, including forest fires and flooding, that temporarily delayed certain drilling programs. However, the financial results for the Company's Canadian operations for the first half of 2023 were positively impacted by revenue rate increases year-over-year due to improved industry conditions.

During the first half of 2023, the Company transferred one drilling rig from the United States to Canada and transferred nine under-utilized drilling rigs into its Canadian operations reserve fleet.

UNITED STATES OILFIELD SERVICES

The Company’s United States operations recorded revenue of $276.8 million in the second quarter of 2023, an increase of 36 percent from the $203.5 million recorded in the corresponding period of the prior year. During the six months ended June 30, 2023, revenue of $551.3 million was recorded, an increase of 49 percent from the $370.3 million recorded in the corresponding period of the prior year.

The Company's United States operations accounted for 64 percent of the Company's revenue in the second quarter of 2023 (2022 - 59 percent) and 60 percent of the Company’s revenue in the first six months of 2023 (2022 - 55 percent).

Drilling rig operating days increased by one percent to 4,302 operating days in the second quarter of 2023 from 4,277 operating days in the second quarter of 2022 and increased by 12 percent to 8,919 operating days in the first six months ended June 30, 2023 from 7,965 operating days in the first six months ended June 30, 2022. United States well servicing recorded 30,647 operating hours in the second quarter of 2023 which remained consistent with 30,725 operating hours recorded in the second quarter of 2022. For the first half year of 2023, well servicing activity decreased by three percent to 58,564 operating hours from 60,414 operating hours for the first half year of 2022.

Overall operating and financial results for the Company’s United States operations reflect constructive industry conditions, with increased revenue rates in addition to steady well servicing rig utilization. The financial results from the Company's United States operations were further positively impacted by the currency translation, as the United States dollar strengthened relative to the Canadian dollar during the first six months of 2023.

During the first half of 2023, the Company transferred one drilling rig from the United States to Canada. In addition, the Company transferred four under-utilized drilling rigs into its United States reserve fleet and transferred one drilling rig from the reserve fleet to the marketed fleet.

INTERNATIONAL OILFIELD SERVICES

The Company’s international operations recorded revenue of $75.4 million in the second quarter of 2023, a 22 percent increase from the $61.9 million recorded in the corresponding period of the prior year. International revenues for the six months ended June 30, 2023, increased 24 percent to $144.8 million from $116.5 million recorded for the six months ended June 30, 2022.

The Company's international operations contributed 17 percent of the total revenue in the second quarter of 2023 (2022 - 18 percent) and 16 percent of the Company's revenue in the first six months of 2023 (2022 - 17 percent).

International operating days for the three months ended June 30, 2023, totaled 1,247 operating days compared to 1,030 operating days in the same period of 2022, an increase of 21 percent. For the six months ended June 30, 2023, international operating days totaled 2,351 operating days compared to 1,903 operating days for the six months ended June 30, 2022, an increase of 24 percent.

Operating and financial results from international operations reflect improving industry conditions and increasing drilling activity. In addition, the Company's operational activity increased year-over-year as a result of two Oman drilling rigs commencing new drilling programs in the fourth quarter of 2022 and a third rig commencing operations in the second quarter of 2023.

The financial results from the Company's international operations paid in the United States dollar were further positively impacted on the currency translation as the United States dollar strengthened relative to the Canadian dollar for the first half of 2023.

During the first half of 2023, the Company transferred two under-utilized drilling rigs into its international operations reserve fleet.

DEPRECIATION

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Depreciation	**74,835**	68,692	9	**152,690**	138,672	10

Depreciation expense totaled $74.8 million for the second quarter of 2023 compared with $68.7 million for the second quarter of 2022, an increase of nine percent. Depreciation expense for the first six months ended June 30, 2023 increased by 10 percent, to $152.7 million compared with $138.7 million for the first six months ended June 30, 2022. The increase in depreciation is the result of depreciating recently upgraded property and equipment and a higher foreign exchange rate on United States dollar denominated property and equipment values.

GENERAL AND ADMINISTRATIVE

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
General and administrative	**14,651**	12,209	20	**29,180**	23,099	26
% of revenue	**3.4**	3.5		**3.2**	3.4	

General and administrative expense increased 20 percent to $14.7 million (3.4 percent of revenue) for the second quarter of 2023 compared to $12.2 million (3.5 percent of revenue) for the second quarter of 2022. For the six months ended June 30, 2023, general and administrative expense totaled $29.2 million (3.2 percent of revenue) compared to $23.1 million (3.4 percent of revenue) for the six months ended June 30, 2022. General and administrative expenses increased due to support of increased operational activity, annual wage increases and higher foreign exchange rate on United State dollar translation.

FOREIGN EXCHANGE AND OTHER LOSS

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Foreign exchange and other loss	**747**	4,047	(82)	**5,773**	2,702	nm

nm - calculation not meaningful

Included in this amount is the impact of foreign currency fluctuations in the Company’s subsidiaries that have functional currencies other than the Canadian dollar.

INTEREST EXPENSE

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Interest expense	**31,560**	27,563	15	**65,958**	52,747	25

Interest expense was incurred on the Company's $900.0 million Credit Facility, US $417.5 million Senior Notes and capital lease obligations.

Interest expense increased by 15 percent for the second quarter of 2023 compared to the second quarter of 2022. Interest expense increased by 25 percent for the first six months ended June 30, 2023, compared to the same period of 2022. The increases for the first three and six months of 2023 are the result higher interest rates and the foreign exchange rate impact on United State dollar translation. Should Company's financial position improves as anticipated the interest rate on the Company's Credit Facility is expected to decrease, as the interest charged is determined using financial metrics.

INCOME TAXES (RECOVERY)

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Current income taxes (recovery)	**767**	(92)	nm	**1,168**	(1,762)	nm
Deferred income taxes (recovery)	**4,496**	(8,124)	nm	**5,856**	(19,656)	nm
Total income taxes (recovery)	**5,263**	(8,216)	nm	**7,024**	(21,418)	nm
Effective income tax rate (%)	**33.8**	22.6	50	**32.2**	49.9	(35)

nm - calculation not meaningful

The effective income tax rate for the three months ended June 30, 2023, was 33.8 percent compared to 22.6 percent for the three months ended June 30, 2022. The effective income tax rate for the six months ended June 30, 2023, was 32.2 percent compared to 49.9 percent for the six months ended June 30, 2022. The effective income tax rate in the first half of the current year was lower than the effective income tax rate in the same period of 2022 as the prior year was significantly impacted by gains on the sale of certain capital assets in foreign jurisdictions.

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

	Three months ended June 30			Six months ended June 30		
($ thousands, except per common share data)	**2023**	2022	% change	**2023**	2022	% change
Cash provided by operating activities	**166,771**	99,520	68	**271,345**	154,076	76
Funds flow from operations	**116,764**	81,497	43	**235,055**	158,238	49
Funds flow from operations per common share	**$0.64**	$0.47	36	**$1.28**	$0.94	36
Working capital [1]	**(1,188,071)**	(707,800)	68	**(1,188,071)**	(707,800)	68

[1] *Comparative figure as at December 31, 2022*

During the three months ended June 30, 2023, the Company generated funds flow from operations of $116.8 million ($0.64 per common share) compared to funds flow from operations of $81.5 million ($0.47 per common share) for the three months ended June 30, 2022, an increase of 43 percent. For the six months ended June 30, 2023, the Company generated funds flow from operations of $235.1 million ($1.28 per common share) an increase of 49 percent from $158.2 million ($0.94 per common share) for the six months ended June 30, 2022. The increase in funds flow from operations for the six months ended June 30, 2023, compared to the same period of 2022 is largely due to the increase in activity and revenue rates compared to the prior period as a result of the oil and natural gas industry's generally positive operating environment.

At June 30, 2023 the Company's working capital was a deficit of $1,188.1 million, compared to a working capital deficit of $707.8 million at December 31, 2022. The deficit was largely due to the Credit Facility and the Senior Notes being classified as current. The Company is in discussion with its banking syndicate on extending its existing revolving Credit Facility and on obtaining a new term loan facility, which facility will be used to retire the Company's Senior Notes due in April 2024. The Company has not yet finalized such refinancing or the terms thereof and, if it is successfully completed, it contemplates completion of such refinancing before the end of the third quarter of 2023.

The Company currently expects funds generated by operations, combined with current and future credit facilities, to fully support the Company's current operating and capital requirements. The Company's Credit Facility provides for total borrowings of $900.0 million, of which $127.4 million was undrawn and available at June 30, 2023.

INVESTING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Purchase of property and equipment	**(56,445)**	(54,279)	4	**(106,324)**	(86,230)	23
Proceeds from disposals of property and equipment	**3,299**	4,189	(21)	**3,454**	46,936	(93)
Distribution to non-controlling interest	**—**	(1,852)	nm	**—**	(1,852)	nm
Net change in non-cash working capital	**(3,769)**	3,205	nm	**3,769**	8,902	(58)
Cash used in investing activities	**(56,915)**	(48,737)	17	**(99,101)**	(32,244)	nm

nm - calculation not meaningful

Net purchases of property and equipment for the second quarter of 2023 totaled $53.1 million (2022 - $50.1 million). Net purchases of property and equipment during the first six months of 2023 totaled $102.9 million (2022 - $39.3 million). The purchase of property and equipment for the first six months of 2023 consists of $12.0 million in upgrade and growth capital and $94.3 million in maintenance capital.

FINANCING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2023**	2022	% change	**2023**	2022	% change
Proceeds from long-term debt	**28,285**	26,705	6	**36,547**	28,605	28
Repayments of long-term debt	**(93,824)**	(23,460)	nm	**(137,729)**	(65,394)	nm
Lease obligation principal repayments	**(1,443)**	(2,291)	(37)	**(10,387)**	(4,189)	nm
Interest paid	**(41,653)**	(41,434)	1	**(64,422)**	(53,887)	20
Issuance of common shares under share option plan	**—**	—	—	**—**	36	nm
Purchase of common shares held in trust	**(412)**	(405)	2	**(947)**	(780)	21
Cash used in financing activities	**(109,047)**	(40,885)	nm	**(176,938)**	(95,609)	85

nm - calculation not meaningful

The Company's available bank facilities consist of a $900.0 million Credit Facility, of which $127.4 million was available and undrawn as of June 30, 2023. In addition, the Company has US $50.0 million secured letter of credit facility, of which US $5.4 million was available as of June 30, 2023.

In the fourth quarter of 2022, the Company classified its Credit Facility as current. Furthermore, during the second quarter of 2023, the Company classified the Senior Notes as current. The Company is in discussion with its banking syndicate on extending its existing revolving Credit Facility and on obtaining a new term loan facility, which facility will be used to retire the Company's Senior Notes due in April 2024. The Company has not yet finalized such refinancing or the terms thereof and, if it is successfully completed, it contemplates completion of such refinancing before the end of the third quarter of 2023.

The Company may at any time and from time to time acquire Senior Notes for cancellation by means of open market repurchases or negotiated transactions. The Company is limited in the acquisition and cancellation of the Senior Notes up to $25.0 million under applicable covenants. Senior Notes may be repurchased for redemption in excess of $25.0 million if certain criteria are met. No such repurchases occurred during the six months ended June 30, 2023.

Covenants

The following is a list of the Company's currently applicable covenants and the calculations as at June 30, 2023:

	Covenant	June 30 2023
The Credit Facility		
Consolidated Total Debt to Consolidated EBITDA [1]	≤ 5.00	2.69
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 2.50	3.69
Consolidated Senior Debt to Consolidated EBITDA[1,3]	≤ 2.50	1.52

[1] *Please refer to Non-GAAP Measures for Consolidated EBITDA definition.*
[2] *Consolidated Interest Expense is defined as all interest expense calculated on twelve month rolling consolidated basis.*
[3] *Consolidated Senior Debt is defined as Consolidated Total Debt minus Subordinated Debt.*

As at June 30, 2023, the Company was in compliance with all covenants related to the Credit Facility.

The Credit Facility

The Credit Facility agreement, available on SEDAR+ including amendments, requires that the Company comply with certain covenants including Consolidated Total Debt to Consolidated EBITDA ratio, Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Senior Debt to Consolidated EBITDA ratio as detailed above.

The Credit Facility also contains certain covenants that place restrictions on the Company's ability to repurchase or redeem Senior Notes; to create, incur or assume additional indebtedness; change the Company's primary business; enter into mergers or amalgamations; and dispose of property. In the most recent amendment and restatement of the Credit Facility agreement, dated December 17, 2021, permitted encumbrances are limited to $25.0 million.

The Senior Notes

The note indenture governing the Senior Notes, available on SEDAR+, contains certain restrictions and exemptions on the Company’s ability to pay dividends, purchase and redeem shares and subordinated debt of the Company, and make certain restricted investments. Limitations on these restrictions are tempered by the existence of a number of exceptions to the general prohibition, including baskets allowing for restricted payments.

The note indenture also restricts the Company's ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2.0 to 1.0. As of June 30, 2023, the Company has not incurred additional indebtedness that would require the Fixed Charge Coverage Ratio to be calculated. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of indebtedness, including the incurrence of debt under credit facilities up to the greater of $900.0 million or 22.5 percent of the Company’s consolidated tangible assets and of additional secured debt subordinated to the credit facilities up to the greater of US $125.0 million or four percent of the Company's consolidated tangible assets.

FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at June 30, 2023 totaled $298.7 million, a decrease of $61.2 million from $359.9 million as at December 31, 2022. The varying levels of oil and natural gas commodity prices negatively impact the cash flow of the Company's customers and, consequently, increases the collection risk of accounts receivable balances.

As part of the Company’s international operations, it provided oilfield services in Venezuela pursuant to contractual arrangements. As at June 30, 2023, the Company had a net accounts receivable balance of approximately $5.4 million for work performed in Venezuela. Though the Company has a history of collecting accounts receivable in Venezuela, due to the continuing political unrest in the country as well as imposed sanctions there can be no assurance that the Company will be successful in collecting all of such accounts receivable outstanding.

NEW BUILDS AND MAJOR RETROFITS

During the first six months ended June 30, 2023, the Company:

- transferred nine, four, and two under-utilized drilling rigs to its Canadian, United States, and international operations reserve fleet, respectively;
- transferred one drilling rig from the United States to Canada;
- transferred one drilling rig from the reserve fleet to the marketed fleet in the United States.

The Company is currently directing capital expenditures primarily to maintenance capital items and selective rig or fleet upgrades.

SUMMARY QUARTERLY RESULTS

($ thousands, except per common share data)	**Q2-2023**	Q1-2023	Q4-2022	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021
Revenue	**432,770**	484,052	467,980	432,550	344,123	332,676	296,166	268,578
Adjusted EBITDA [1]	**116,616**	127,324	129,963	105,358	68,332	69,965	57,861	59,769
Adjusted EBITDA per common share [1]								
Basic	**$0.64**	$0.69	$0.76	$0.54	$0.40	$0.43	$0.35	$0.37
Diluted	**$0.63**	$0.69	$0.76	$0.54	$0.44	$0.38	$0.36	$0.37
Net income (loss) attributable to common shareholders	**10,302**	4,241	11,897	17,782	(28,138)	6,587	(29,235)	(34,398)
Net income (loss) attributable to common shareholders per common share								
Basic	**$0.06**	$0.02	$0.07	$0.11	$(0.17)	$0.04	$(0.18)	$(0.21)
Diluted	**$0.06**	$0.02	$0.07	$0.11	$(0.17)	$0.04	$(0.18)	$(0.21)
Cash provided by operating activities	**166,771**	104,574	121,497	44,353	99,520	54,556	39,221	59,399
Funds flow from operations	**116,764**	118,291	110,361	103,321	81,497	76,741	46,644	56,198
Funds flow from operations per common share								
Basic	**$0.64**	$0.64	$0.65	$0.53	$0.47	$0.47	$0.28	$0.35
Diluted	**$0.63**	$0.64	$0.65	$0.52	$0.52	$0.42	$0.29	$0.34
Total debt, net of cash [2]	**1,277,197**	1,360,639	1,389,695	1,415,520	1,357,537	1,378,699	1,440,579	1,418,997

[1] *See definition of "Non-GAAP Measures" section of this MD&A.*
[2] *For presentation purposes the Company includes current and long-term debt under total debt and comparative has been revised to conform with current year's presentation.*

Variability in the Company's quarterly results is driven primarily by the seasonal operating environment in Canada and fluctuations in oil and natural gas commodity prices. Financial and operating results for the Company's Canadian oilfield services division are generally strongest during the first and fourth quarters when the Company's customers conduct the majority of their drilling programs. Utilization rates typically decline during the second quarter as spring break-up weather conditions hinder mobility of the Company's equipment in Canada. Oil and natural gas commodity prices ultimately drive the level of exploration and development activities carried out by the Company's customers and the resultant demand for the oilfield services provided by the Company.

OUTSTANDING SHARE DATA

The following common shares and stock options were outstanding as of August 3, 2023:

	Number		Amount ($)
Common shares	183,693,722	$	268,238

	Outstanding	Exercisable
Stock options	5,651,705	2,865,840

OUTLOOK

Industry Overview

The outlook for oilfield services continues to be constructive despite volatile commodity prices and macro-economic headwinds. Recessionary pressures, tight fiscal policies, and the potential for slowing economies and other considerations continue to influence commodity prices. These factors continue to add uncertainty to the outlook for crude oil demand and commodity prices.

Constructively, demand for crude oil continues to improve year-over-year and OPEC+ nations continually monitor the oil markets and may implement cuts to production to moderate supply. Global crude oil prices recently have held steady, with the benchmark price of West Texas Intermediate ("**WTI**") averaging US $72/bbl in May, $70/bbl in June and increasing to average $76/bbl in July.

Over the short-term, depressed natural gas commodity prices have impacted the industry rig count in North America and have contributed uncertainty to the near-term activity outlook. However, the Company continues to expect positive oil prices to support relatively steady oilfield services activity in order to maintain or potentially grow production in consideration of well productivity declines and low drilled but uncompleted ("**DUC**") well inventory in certain producing areas. Furthermore, positive revenue rates over the course of 2023 continue to support continuation of year-over-year past and anticipated future improvements in the Company's financial results.

Over the short-term, there remains uncertainty regarding macroeconomic conditions that may impact supply and demand for, and pricing of, crude oil and natural gas and related oilfield services. These factors include but are not limited to, recession risk and global economic health, financial sector stress, the impact of ongoing hostilities in Ukraine, and the future supply of Russian oil and natural gas.

The Company remains committed to disciplined capital allocation and debt repayment. The Company has targeted approximately $200 million in debt reduction for the 2023 year. In addition, from the period beginning 2023 to the end of 2025, the Company has targeted debt reduction of approximately $600 million. If industry conditions change, this target may be increased or decreased.

Capital expenditures for the 2023 year are targeted to be in line with prior guidance of approximately $157.0 million primarily related to maintenance expenditures. In addition to the maintenance expenditures, capital is expended on selective rig enhancements or relocation projects for certain of the Company's customers of which $18.3 million has been funded by them during the first half of 2023. The Company may continue to consider additional rig relocation, upgrade or growth projects in response to customer demand and appropriate contract terms.

Canadian Activity

Canadian activity, representing 24 percent of total revenue in the first half of 2023, decreased in the second quarter due to seasonal spring-break up and unforeseen weather events, including forest fires and flooding that temporarily delayed certain drilling programs. Operations impacted by the fires or flooding have recommenced. We expect activity to increase in the third quarter due to supportive industry conditions. We expect activity in Canada to remain steady or improve in the second half of 2023 as egress solutions of additional pipeline capacity for the Canadian market are expected to come online.

As of August 4, 2023, of our 115 marketed Canadian drilling rigs, approximately 43 percent are engaged under term contracts of various durations. Approximately 41 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

United States Activity

United States activity, representing 60 percent of total revenue in the first half of 2023, declined modestly in the second quarter of 2023 compared to the first quarter of 2023 as a result of contract turnover and decreased activity in the Company's California region. Operations in California continue to be challenged as producers are currently working through drilling permit challenges that have impacted drilling programs over the short-term. The remaining areas the Company's United States operations are expected to modestly decline in the third quarter of 2023. In this regard, the Company currently has relatively limited exposure to natural gas directed drilling programs with no active rigs in the Haynesville or Marcellus basins.

As of August 4, 2023, of our 85 marketed United States drilling rigs, approximately 61 percent are engaged under term contracts of various durations. Approximately 12 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

International Activity

International activity, representing 16 percent of total revenue in the first half of 2023, improved in the second quarter of 2023 as a third Company rig in Oman commenced drilling. The Company currently has three rigs active in Oman, two rigs active in Bahrain and two rigs active in Kuwait. Financial and operational performance of all seven active rigs in the Company's Middle East segment are expected to remain steady in the third quarter of 2023.

Overall, the Company's international activity is expected to improve in the third quarter of 2023 as operations are expected to increase from seven to eight active rigs in Australia. We expect operations in Australia to further increase in the fourth quarter of 2023 continuing into 2024. Operations in Argentina, with two Company rigs active, are expected remain steady in the third quarter of 2023.

As of August 4, 2023, of our 32 marketed international drilling rigs, approximately 53 percent, were engaged under term contracts of various durations. Approximately 94 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is required to comply with National Instrument 52-109 *"Certification of Disclosure in Issuer's Annual and Interim Filings"*. This instrument requires that the Company disclose in the interim MD&A any changes in the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company confirms that no such changes occurred during the three months ended June 30, 2023.

CHANGE IN ACCOUNTING POLICY

The following new standards and amendments are effective for the period beginning January 1, 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 -Income Taxes).

The Company carried out an assessment of these amendments and concluded that they have no effect on its interim consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

IAS 12 Income Taxes

On May 23, 2023, the International Accounting Standards Board (IASB) issued an amendment to IAS 12 Income Taxes in response to International Tax Reform and specifically the Pillar Two Global Anti-Base Erosion Rules ("Pillar Two Rules") published by the Organization for Economic Co-operation and Development ("OECD").

The amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Company adopted the mandatory temporary exception immediately. The remaining disclosure requirements have no effect on the Company's interim consolidated financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures

On May 25, 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures. The amendments are effective for annual periods beginning on or after 1 January 2024. The Company is in the process of assessing the impact that the amendments will have on its financial statements.

RISK AND UNCERTAINTIES

The Company is subject to several risks and uncertainties. A discussion of certain risks faced by the Company may be found under the "Risk Factors" section of the Company's Annual Information Form ("**AIF**") and the "Risks and Uncertainties" section of the Company's MD&A for the year ended December 31, 2022, which are available under the Company's SEDAR+ profile at www.sedarplus.com. Other than as described within this MD&A, the Company's risk factors and management of those risks have not changed substantially from as disclosed in the AIF. Additional risks and uncertainties not presently known by the Company, or that the Company does not currently anticipate or deem material, may also impair the Company's business operations or financial condition. If any of the events described in the risk factors in this MD&A or the Company's AIF actually occur, overall business, operating results and the financial condition of the Company could be materially adversely affected.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	June 30 2023	December 31 2022
(Unaudited, in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	**$ 44,071**	$ 49,880
Accounts receivable	**298,703**	359,933
Inventories, prepaid, investments and other	**53,902**	60,758
Income taxes receivable	**—**	40
Total current assets	**396,676**	470,611
Property and equipment	**2,430,120**	2,516,923
Deferred income taxes	**203,664**	196,370
Total assets	**$ 3,030,460**	$ 3,183,904
Liabilities		
Current Liabilities		
Accounts payable and accruals	**$ 245,320**	$ 268,243
Share-based compensation *(Note 6)*	**7,345**	11,735
Income taxes payable	**4,663**	4,423
Current portion of lease obligation	**6,151**	11,324
Current portion of long-term debt *(Note 7)*	**1,321,268**	882,686
Total current liabilities	**1,584,747**	1,178,411
Share-based compensation *(Note 6)*	**4,986**	13,635
Long-term debt *(Note 7)*	**—**	556,889
Lease obligations	**7,803**	5,948
Income tax payable	**5,273**	5,394
Deferred income taxes	**145,483**	134,857
Total liabilities	**1,748,292**	1,895,134
Shareholders' Equity		
Shareholders' capital *(Note 8)*	**268,467**	267,790
Contributed surplus	**22,720**	23,398
Accumulated other comprehensive income	**254,909**	276,053
Retained earnings	**736,072**	721,529
Total shareholders' equity	**1,282,168**	1,288,770
Total liabilities and shareholders' equity	**$ 3,030,460**	$ 3,183,904

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
(Unaudited, in thousands of Canadian dollars, except per common share data)				
Revenue	**$ 432,770**	$ 344,123	**$ 916,822**	$ 676,799
Expenses				
Oilfield services	**301,503**	263,582	**643,702**	515,403
Depreciation	**74,835**	68,692	**152,690**	138,672
General and administrative	**14,651**	12,209	**29,180**	23,099
Share-based compensation	**(6,146)**	3,560	**(4,421)**	13,959
Foreign exchange and other loss	**747**	4,047	**5,773**	2,702
Total expenses	**385,590**	352,090	**826,924**	693,835
Income (loss) before interest expense, accretion of deferred financing charges and other gains and income taxes	**47,180**	(7,967)	**89,898**	(17,036)
Gain on asset sale	**(2,160)**	(1,354)	**(2,268)**	(31,296)
Interest expense	**31,560**	27,563	**65,958**	52,747
Accretion of deferred financing charges	**2,199**	2,199	**4,399**	4,401
Income (loss) before income taxes	**15,581**	(36,375)	**21,809**	(42,888)
Income taxes (recovery)				
Current income taxes (recovery)	**767**	(92)	**1,168**	(1,762)
Deferred income taxes (recovery)	**4,496**	(8,124)	**5,856**	(19,656)
Total income taxes (recovery)	**5,263**	(8,216)	**7,024**	(21,418)
Net income (loss)	**$ 10,318**	$ (28,159)	**$ 14,785**	$ (21,470)
Net income (loss) attributable to:				
Common shareholders	**10,302**	(28,138)	**14,543**	(21,551)
Non-controlling interests	**16**	(21)	**242**	81
	$ 10,318	$ (28,159)	**$ 14,785**	$ (21,470)
Net income (loss) attributable to common shareholders per common share *(Note 9)*				
Basic	**$ 0.06**	$ (0.17)	**$ 0.08**	$ (0.13)
Diluted	**$ 0.06**	$ (0.17)	**$ 0.08**	$ (0.13)

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
(Unaudited, in thousands of Canadian dollars)				
Net income (loss)	**$ 10,318**	$ (28,159)	$ 14,785	(21,470)
Other comprehensive (loss) income				
Item that may be subsequently reclassified to profit or loss				
Foreign currency translation adjustment	**(19,864)**	21,312	**(21,144)**	11,268
Comprehensive loss	**$ (9,546)**	$ (6,847)	**$ (6,359)**	$ (10,202)
Other comprehensive (loss) income attributable to:				
Common shareholders of the Company	**$ (19,864)**	$ 21,312	**$ (21,144)**	$ 11,268
	$ (19,864)	$ 21,312	**$ (21,144)**	$ 11,268

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shareholders' capital	Contributed surplus	Equity component of convertible debenture	Accumulated other comprehensive income	Retained earnings	Total equity
(Unaudited, in thousands of Canadian dollars)						
Balance, January 1, 2023	$ 267,790	$ 23,398	$ —	$ 276,053	$ 721,529	$ 1,288,770
Net income attributable to common shareholders	—	—	—	—	14,543	14,543
Other comprehensive loss	—	—	—	(21,144)	—	(21,144)
Total comprehensive (loss) income	—	—	—	(21,144)	14,543	(6,601)
Common shares issued under share option plan	162	(95)	—	—	—	67
Share-based compensation	—	878	—	—	—	878
Common shares vested previously held in trust	1,461	(1,461)	—	—	—	—
Purchase of common shares held in trust	(946)	—	—	—	—	(946)
Balance, June 30, 2023	**$ 268,467**	**$ 22,720**	**$ —**	**$ 254,909**	**$ 736,072**	**$ 1,282,168**
Balance, January 1, 2022	$ 230,376	$ 23,197	$ 2,380	$ 223,308	$ 713,401	$ 1,192,662
Net loss attributable to common shareholders	—	—	—	—	(21,551)	(21,551)
Other comprehensive income	—	—	—	11,268	—	11,268
Total comprehensive income (loss)	—	—	—	11,268	(21,551)	(10,283)
Convertible debenture conversion	37,961	—	(2,380)	—	—	35,581
Common shares issued under share option plan	119	(82)	—	—	—	37
Share-based compensation	—	584	—	—	—	584
Common shares vested previously held in trust	1,072	(1,072)	—	—	—	—
Purchase of common shares held in trust	(780)	—	—	—	—	(780)
Balance, June 30, 2022	$ 268,748	$ 22,627	$ —	$ 234,576	$ 691,850	$ 1,217,801

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
(Unaudited, in thousands of Canadian dollars)				
Cash provided by (used in)				
Operating activities				
Net income (loss)	**$ 10,318**	$ (28,159)	**$ 14,785**	$ (21,470)
Items not affecting cash				
Depreciation	**74,835**	68,692	**152,690**	138,672
Gain on asset sale	**(2,160)**	(1,354)	**(2,268)**	(31,296)
Share-based compensation, net cash settlements	**71**	1,823	**(5,892)**	12,222
Unrealized foreign exchange and other	**(4,555)**	18,857	**(473)**	22,618
Accretion of deferred financing charges	**2,199**	2,199	**4,399**	4,401
Interest expense	**31,560**	27,563	**65,958**	52,747
Deferred income taxes (recovery)	**4,496**	(8,124)	**5,856**	(19,656)
Funds flow from operations	**116,764**	81,497	**235,055**	158,238
Net change in non-cash working capital *(Note 10)*	**50,007**	18,023	**36,290**	(4,162)
Cash provided by operating activities	**166,771**	99,520	**271,345**	154,076
Investing activities				
Purchase of property and equipment	**(56,445)**	(54,279)	**(106,324)**	(86,230)
Proceeds from disposals of property and equipment	**3,299**	4,189	**3,454**	46,936
Distribution to non-controlling interest	**—**	(1,852)	**—**	(1,852)
Net change in non-cash working capital *(Note 10)*	**(3,769)**	3,205	**3,769**	8,902
Cash used in investing activities	**(56,915)**	(48,737)	**(99,101)**	(32,244)
Financing activities				
Proceeds from long-term debt *(Note 7)*	**28,285**	26,705	**36,547**	28,605
Repayments of long-term debt *(Note 7)*	**(93,824)**	(23,460)	**(137,729)**	(65,394)
Lease obligation principal repayments	**(1,443)**	(2,291)	**(10,387)**	(4,189)
Interest paid	**(41,653)**	(41,434)	**(64,422)**	(53,887)
Issuance of common shares under share option plan	**—**	—	**—**	36
Purchase of common shares held in trust *(Note 8)*	**(412)**	(405)	**(947)**	(780)
Cash used in financing activities	**(109,047)**	(40,885)	**(176,938)**	(95,609)
Net increase (decrease) in cash	**809**	9,898	**(4,694)**	26,223
Effects of foreign exchange on cash	**(1,588)**	(610)	**(1,115)**	(534)
Cash				
Beginning of period	**44,850**	29,706	**49,880**	13,305
End of period	**$ 44,071**	$ 38,994	**$ 44,071**	$ 38,994

See accompanying notes to the interim consolidated financial statements.

1. NATURE OF BUSINESS

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

2. BASIS OF PRESENTATION

These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting ("IAS 34"). The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2022. The calculation of depreciation includes assumptions related to useful lives and residual values that are regularly reviewed by management. The disclosures provided below do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2022, which have been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the same accounting policies throughout all periods presented.

These interim consolidated financial statements were approved by the Company's Board of Directors on August 3, 2023, after review by the Company's Audit Committee.

3. SEASONALITY OF OPERATIONS

The Company's Canadian oilfield services operations are seasonal in nature and are impacted by weather conditions that may hinder the Company's ability to access locations or move heavy equipment. The lowest activity levels are experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada is reduced. In addition, operations in certain international jurisdictions may be subject to seasonal weather conditions.

4. FOREIGN OPERATIONS

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

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

5. CHANGES IN ACCOUNTING POLICIES

The following new standards and amendments are effective for the period beginning January 1, 2023:

- IFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2);

- Definition of Accounting Estimates (Amendments to IAS 8 - Accounting policies, Changes in Accounting Estimates and Errors); and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 -Income Taxes).

IFRS 17 Insurance Contracts

IFRS 17 was issued by the IASB in 2017 and replaces IFRS 4 for annual reporting periods beginning on or after 1 January 2023.

IFRS 17 introduces an internationally consistent approach to the accounting for insurance contracts. Prior to IFRS 17, significant diversity has existed worldwide relating to the accounting for and disclosure of insurance contracts, with IFRS 4 permitting many previous accounting approaches to be followed.

Since IFRS 17 applies to all insurance contracts issued by an entity (with limited scope exclusions), its adoption may have an effect on non-insurers.

The Company carried out an assessment of its contracts and operations and concluded that the adoption of IFRS 17 has had no effect on the interim consolidated financial statements.

Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose significant accounting policies with material accounting policy information. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the Company's interim consolidated financial statements as they relate to disclosures of accounting policies in year-end financial statements. The amendments are expected to be applicable for the accounting policy disclosures in the Company’s annual consolidated financial statements.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendment to IAS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments have no effect on the Company’s interim consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)

In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognized simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments have no effect on the Company’s interim consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

IAS 12 Income Taxes

On May 23, 2023, the International Accounting Standards Board (IASB) issued an amendment to IAS 12 Income Taxes in response to International Tax Reform and specifically the Pillar Two Global Anti-Base Erosion Rules ("Pillar Two Rules") published by the Organization for Economic Co-operation and Development ("OECD").

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Company adopted the mandatory temporary exception immediately. The remaining disclosure requirements have no effect on the Company's interim consolidated financial statements.

IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures

On May 25, 2023, the International Accounting Standards Board (IASB) published Supplier Finance Arrangements with amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures. The amendments are effective for annual periods beginning on or after 1 January 2024. The Company is in the process of assessing the impact that the amendments will have on its financial statements.

6. SHARE-BASED COMPENSATION

A summary of the Company's share option plan as of June 30, 2023 and the changes during the six month period ended, is presented below:

	Number of Share Options	Weighted Average Exercise Price
Outstanding – January 1, 2023	4,287,410	$ 2.57
Granted	1,626,000	3.94
Exercised for common shares	(52,600)	1.28
Exercised for cash	(36,910)	1.24
Forfeited	(125,915)	3.29
Outstanding - June 30, 2023	**5,697,985**	**$ 2.96**
Exercisable - June 30, 2023	**1,730,310**	**$ 3.03**

The following table lists the options outstanding at June 30, 2023:

Exercise Price	Outstanding Options	Average Vesting Remaining (in years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$0.54 to $1.50	797,755	1.51	$ 0.54	427,255	$ 0.54
$1.51 to $3.00	2,510,365	3.06	2.25	663,135	2.08
$3.01 to $5.69	2,389,865	3.17	4.52	639,920	5.69
	5,697,985	2.89	$ 2.96	1,730,310	$ 3.03

The assumptions used to estimate the fair value of employee share options were:

	June 30 2023
Remaining expected life (years)	2.6
Volatility (percent)	40.0
Forfeiture rate (percent)	7.5
Risk-free interest rate (percent)	4.2
Expected dividend (percent)	—

Share Appreciation Rights (SARs)

A summary of the Company's SARs plan as of June 30, 2023 and the changes during the six month period ended, is presented below:

	Number of SARs	Weighted Average Exercise Price
Outstanding – January 1, 2023	448,215	$ 2.47
Granted	153,000	3.94
Exercised	(16,700)	1.43
Forfeited	(500)	2.80
Outstanding - June 30, 2023	**584,015**	**$ 2.88**
Exercisable - June 30, 2023	**179,616**	**$ 3.00**

The following table lists the SARs outstanding at June 30, 2023:

Exercise Price	SARs Outstanding	Average Vesting Remaining (in years)	Weighted Average Exercise Price	SARs Exercisable	Weighted Average Exercise Price
$0.54 to $1.50	85,215	1.51	$ 0.54	44,099	$ 0.54
$1.51 to $3.00	260,585	2.95	2.11	67,345	1.90
$3.01 to $5.69	238,215	3.07	4.57	68,172	5.69
	584,015	2.79	$ 2.88	179,616	$ 3.00

Performance Share Units (PSUs)

The Company grants Performance Share Units (PSUs) to certain officers and employees of the Company to participate in the growth and development of the Company and to promote further alignment of interests between employees and the common shareholders. PSUs are subject to the Company's performance metrics assessed by management with a three year performance period. Each PSU granted permits the holder to receive a cash payment equal to the fair market value of a common share as of the maturity date, adjusted for a performance multiplier.

A summary of the activity under this share-based incentive plan is presented below:

	Outstanding
Outstanding – January 1, 2023	7,256,905
Granted	1,530,738
Vested and paid	(1,949,940)
Outstanding - June 30, 2023	**6,837,703**

Included in net earnings for the three months ended June 30, 2023 is a recovery of $2,640 (2022 - an expense of $2,913), and for the six months ended June 30, 2023 is a recovery of $565 (2022 - an expense of $6,662). This was calculated using the trailing ten day volume weighted average common share price of the Company's

underlying common shares, as the PSUs have no exercise price, adjusted for performance factors and subject to a two percent cap based on certain financial performance metrics.

Deferred Share Units (DSUs)

The Company awards units annually to members of the Board of Directors who elect DSUs. DSUs represent cash settled rights to common shares. The valuation on the DSUs is based on the volume weighted average trading price of the Common Share for the five business days immediately prior to the date the DSUs are credited. DSUs vest and are paid upon the retirement of the Director.

A summary of the activity under this incentive plan is presented below:

	Outstanding
Outstanding – January 1, 2023	1,308,327
Granted	94,160
Outstanding - June 30, 2023	**1,402,487**

7. LONG-TERM DEBT

	June 30 2023	December 31 2022
Drawings on the Credit Facility	**$ 772,629**	$ 882,686
Unsecured Senior Notes, due April 2024, 9.25%	**552,694**	565,344
Unamortized deferred financing costs	**(4,055)**	(8,455)
Total debt	**$ 1,321,268**	$ 1,439,575
Less: current portion	**(1,321,268)**	(882,686)
Total long-term debt	**$ —**	$ 556,889

As at June 30, 2023, the Company's Credit Facility (the "**Credit Facility**") consists of a revolving secured facility. The Credit Facility may be drawn in Canadian or United States dollars, up to the equivalent value of $900,000 Canadian dollars (2022 - $900,000).

On December 17, 2021, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility. The amendments include an extension to the maturity date of the Credit Facility to the earlier of: (i) six months prior to maturity date of the unsecured Senior Notes (the "**Senior Notes**") due April 15, 2024, and (ii) November 25, 2024. No principal payments are due until then. The amended and restated Credit Facility provides the Company with continued access to revolver capacity in dynamic industry environment.

The Credit Facility has the following covenant requirements:

- The Consolidated Total Debt to Consolidated EBITDA ratio shall not exceed 5.00:1.00.
- The Consolidated EBITDA to Consolidated Interest Expense ratio shall not be less than 2.50:1.00.
- The Consolidated Senior Debt to Consolidated EBITDA ratio shall not exceed 2.50:1.00.

As at June 30, 2023, the Company was in compliance with all covenants related to the Credit Facility.

During the second quarter of 2019 the Company issued US $700,000 of the Senior Notes due 2024 and bearing interest of 9.25%. Interest is payable semi-annually in arrears on April 15 and October 15. The Senior Notes mature April 15, 2024. The Company purchased US $282,459 during 2019, 2020 and 2021.

In addition, the Company has a US $50,000 secured Letter of Credit Facility. As of June 30, 2023, the available amount was US $5,371.

The following table sets out an analysis of total debts and the movements in the long-term debt non-current and current portions for the periods presented:

		2023
Opening balance - January 1	$	**1,439,575**
Proceeds from long-term debt		**36,547**
Long-term debt repayments		**(137,729)**
Amortization of debt issuance costs		**4,399**
Foreign exchange adjustments		**(21,524)**
Total debt	$	**1,321,268**
Less: current portion		**(1,321,268)**
Closing balance - June 30	$	**—**

8. SHAREHOLDERS' CAPITAL

(a) Authorized

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

(b) Issued, fully paid and outstanding

	Number of Common Shares		Amount
Opening balance – January 1, 2023	183,459,123	$	267,790
Shares issued under employee stock option plan	52,600		162
Changes in unvested common shares held in trust	274,772		515
Closing balance - June 30, 2023	**183,786,495**	**$**	**268,467**

The total number of unvested common shares held in trust for share-based compensation plans as at June 30, 2023 was 580,235 (December 31, 2022 – 855,007).

9. NET INCOME (LOSS) PER COMMON SHARE

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

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

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
Net income (loss) attributable to common shareholders:				
Basic and diluted	**$ 10,302**	$ (28,138)	**$ 14,543**	$ (21,551)
Weighted average number of common shares outstanding:				
Basic	**183,944,181**	171,645,914	**183,930,934**	167,456,256
Potentially dilutive share-based compensation plans	**1,086,458**	1,511,046	**1,456,831**	869,083
Diluted	**185,030,639**	173,156,960	**185,387,765**	168,325,339

During the three months ended June 30, 2023, share options of 3,787,790 (2022 – 2,040,425) were excluded from the calculation of diluted weighted average number of common shares outstanding as they were anti-dilutive.

During the six months ended June 30, 2023, share options of 2,389,865 (2022 –3,531,850) were excluded from the calculation of diluted weighted average number of common shares outstanding as they were anti-dilutive.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

(a) Non-cash working capital

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
Net change in non-cash working capital				
Accounts receivable	**$ 58,378**	$ (7,465)	**$ 62,134**	$ (41,307)
Inventories, prepaid, investments and other	**(1,381)**	(2,091)	**385**	(3,698)
Accounts payable and accruals	**(4,076)**	31,111	**(16,328)**	52,272
Income taxes	**(6,683)**	(327)	**(6,132)**	(2,527)
	$ 46,238	$ 21,228	**$ 40,059**	$ 4,740
Relating to:				
Operating activities	**$ 50,007**	$ 18,023	**$ 36,290**	$ (4,162)
Investing activities	**(3,769)**	3,205	**3,769**	8,902
	$ 46,238	$ 21,228	**$ 40,059**	$ 4,740

11. SEGMENTED INFORMATION

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

	2023				**2022**			
As at and for the three month period ended June 30	**Canada**	**United States**	**International**	**Total**	Canada	United States	International	Total
Revenue	**80,618**	**276,781**	**75,371**	**432,770**	78,684	203,507	61,932	344,123
Income (loss) before interest expense, accretion of deferred financing charges and other gains and income taxes	**8,845**	**38,928**	**(593)**	**47,180**	(431)	7,499	(15,035)	(7,967)

As at and for the six month period ended June 30	2023 Canada	2023 United States	2023 International	2023 Total	2022 Canada	2022 United States	2022 International	2022 Total
Revenue	**220,734**	**551,334**	**144,754**	**916,822**	189,950	370,330	116,519	676,799
Income (loss) before interest expense, accretion of deferred financing charges and other gains and income taxes	**25,797**	**64,164**	**(63)**	**89,898**	(4,764)	(1,219)	(11,053)	(17,036)
Property and equipment, net	**622,284**	**1,348,226**	**459,610**	**2,430,120**	635,059	1,386,239	449,167	2,470,465

	Three months ended		Six months ended	
	June 30 2023	June 30 2022	**June 30 2023**	June 30 2022
Rig rental revenue	**$ 268,752**	$ 208,275	**$ 715,737**	$ 446,985
Service revenue	**164,018**	135,848	**201,085**	229,814
Total revenue	**$ 432,770**	$ 344,123	**$ 916,822**	$ 676,799

There are no material differences in the basis of accounting or the measurement of income (loss), assets and liabilities between the Corporation and reported segment information, except that certain inter-company liabilities and equity are offset with the assets of the appropriate related segment. Revenues and expenses are attributed to geographical areas based on the location in which the services are rendered. The segment presentation of assets and liabilities is based on the geographical location of the assets.

12. FAIR VALUE MEASUREMENTS

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

The estimated fair value of the senior unsecured notes has been determined based on available market information and appropriate valuation methods, including the use of discounted future cash flows using current rates for similar instruments with similar risks and maturities. The estimated fair value of the senior unsecured notes approximates it's carrying value.

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

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

The fair value of currency forward exchange contracts is based on Level 2 inputs.

The fair value of non-controlling interest is based on Level 3 inputs and is not based on observable market data.

13. FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at June 30, 2023 totaled $298,703, a decrease of $61,230 from $359,933 as at December 31, 2022. The varying levels of oil and natural gas commodity prices negatively impact the cash flow of the Company's customers and, consequently, increases the collection risk of accounts receivable balances.

As part of the Company's international operations, it provides oilfield services in Venezuela pursuant to contractual arrangements. As at June 30, 2023, the Company had a net accounts receivable balance of approximately $5,412 for work performed in Venezuela. Though the Company has a history of collecting accounts receivable in Venezuela, due to the continuing political unrest in the country as well as imposed sanctions there can be no assurance that the Company will be successful in collecting all of such accounts receivable outstanding.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company manages liquidity by forecasting cash flows on a regular basis and secures sufficient credit facilities to meet financing requirements that exceed anticipated internally generated funds. As at June 30, 2023, the remaining contractual maturities of accounts payable and accruals are less than one year.

On December 17, 2021, the Company amended and extended the existing $900,000 Credit Facility agreement with its syndicate of lenders. For details of amendments, refer to note 7. The amendments and extension provide the Company with continued access to revolver capacity and near-term flexibility in a volatile oil price environment. As at June 30, 2023, the remaining contractual maturity Credit Facility is the earlier of: (i) six months prior to maturity date of the Senior Notes due April 15, 2024, and (ii) November 25, 2024 and as such has been classified as current. The Company is in discussion with its banking syndicate on extending its existing revolving Credit Facility and on obtaining a new term loan facility, which facility will be used to retire the Company's Senior Notes due in April 2024. The Company has not yet finalized such refinancing or the terms thereof and, if it is successfully completed, it contemplates completion of such refinancing before the end of the third quarter of 2023.

Other Financial Instruments

During the second quarter of 2023 the Company entered into enforceable netting arrangement that allows for the offsetting of risk management assets and liabilities. The following risk management assets and liabilities are subject to offsetting on the consolidated balance sheets and is included within accounts payable and accruals:

	June 30 2023			December 31 2022		
	Gross amount	**Amount offset**	**Net**	Gross amount	Amount offset	Net
Risk management financial liability	**$ (201,075)**	**$ 198,555**	**$ (2,520)**	$ —	$ —	$ —

CORPORATE INFORMATION

BOARD OF DIRECTORS

N. MURRAY EDWARDS
Corporate Director and Investor

ROBERT H. GEDDES
President and COO,
Ensign Energy Services Inc.

GARY CASSWELL [2,4]
Independent Businessperson

DARLENE HASLAM (1,4)
Independent Businessperson

JAMES B. HOWE (1,3)
President, Bragg Creek Financial Consultants Ltd.

LEN KANGAS [2,4]
Independent Businessperson

CARY A. MOOMJIAN, JR [2,3]
President,
CAM OilServ Advisors LLC

GAIL SURKAN [2,3]
Independent Businessperson

BARTH WHITHAM [1,4]
President and CEO,
Enduring Resources LLC

COMMITTEE MEMBERS

[1] Audit
[2] Corporate Governance, Nominations and Risk
[3] Compensation
[4] Health, Safety and Environment

CORPORATE MANAGEMENT

N. MURRAY EDWARDS
Chairman

ROBERT H. GEDDES
President and Chief Operating Officer

MICHAEL GRAY
Chief Financial Officer

MICHAEL NUSS
Executive Vice President, US

ELDON CULSHAW
Vice President, Canada

BRENT CONWAY
Executive Vice President, International

TREVOR RUSSELL
Vice President, Finance

AHMED IQBAL
Vice President, Corporate Controller

JONATHAN BASKEYFIELD
Vice President, Tax

PATRICK KEARLEY
Vice President, Global HSE & Field Training

CATHY ROBINSON
Vice President, Global Human

RICK PINGEL
Vice President, Global Supply Chain

JAKE HAMDAN
Vice President, Engineering

RON TOLTON
Vice President, IT

JUSTIN LOUIE
Corporate Secretary and General Counsel

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BANKERS

HSBC Bank Canada
Bank of Montreal

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

PricewaterhouseCoopers LLP

TRANSFER AGENT

Computershare Trust Company of Canada