ENSIGN®

2024 Q1

FIRST QUARTER REPORT For the three months ended March 31, 2024

FINANCIAL AND OPERATING HIGHLIGHTS

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

Three months ended March 31	**2024**	2023	% change
Revenue	**431,307**	484,052	(11)
Adjusted EBITDA [1]	**117,456**	127,324	(8)
Adjusted EBITDA per common share [1]			
Basic	**$0.64**	$0.69	(7)
Diluted	**$0.64**	$0.69	(7)
Net (loss) income attributable to common shareholders	**(1,217)**	4,241	nm
Net (loss) income attributable to common shareholders per common share			
Basic	**$(0.01)**	$0.02	nm
Diluted	**$(0.01)**	$0.02	nm
Cash provided by operating activities	**93,878**	104,574	(10)
Funds flow from operations	**108,438**	118,291	(8)
Funds flow from operations per common share			
Basic	**$0.59**	$0.64	(8)
Diluted	**$0.59**	$0.64	(9)
Total debt, net of cash	**1,176,226**	1,360,639	(14)
Weighted average common shares - basic *(000s)*	**183,794**	183,828	—
Weighted average common shares - diluted *(000s)*	**184,510**	185,476	(1)

Drilling	**2024**	2023	% change
Number of marketed rigs			
Canada [2]	**94**	114	(18)
United States	**77**	85	(9)
International [3]	**31**	32	(3)
Total	**202**	231	(13)
Operating days [4]			
Canada [2]	**3,752**	3,800	(1)
United States	**3,134**	4,617	(32)
International [3]	**1,319**	1,104	19
Total	**8,205**	9,521	(14)

Well Servicing	**2024**	2023	% change
Number of rigs			
Canada	**45**	47	(4)
United States	**47**	47	—
Total	**92**	94	(2)
Operating hours			
Canada	**11,926**	13,776	(13)
United States	**26,251**	27,917	(6)
Total	**38,177**	41,693	(8)

nm - calculation not meaningful

[1] *Adjusted EBITDA, 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] *Excludes coring rigs.*

[3] *Includes workover rigs.*

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

FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at ($ thousands)	**March 31 2024**	March 31 2023	December 31 2023
Working capital (deficit) [1, 2]	**39,414**	(678,115)	15,780
Cash	**39,108**	44,850	20,501
Total debt, net of cash	**1,176,226**	1,360,639	1,189,848
Total assets	**2,982,714**	3,144,424	2,947,986
Total debt to total debt plus equity ratio	**0.48**	0.52	0.48

[1] See Non-GAAP Measures section.
[2] Change in working capital (deficit) from March 31, 2024 to March 31, 2023, was largely due to the Company's revolving credit facility being classified as current.

		Three months ended March 31	
($ thousands)	**2024**	2023	% change
Capital expenditures			
Upgrade/growth	**1,770**	8,256	(79)
Maintenance	**52,999**	41,623	27
Proceeds from disposals of property and equipment	**(3,271)**	(155)	nm
Net capital expenditures	**51,498**	49,724	4

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 months ended March 31, 2024, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, which are available on SEDAR+ at www.sedarplus.ca.

The interim consolidated financial statements and comparative information have been prepared in accordance with and comply with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). 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 May 3, 2024, 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 "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for 2024 and beyond, are examples of forward-looking statements.

Forward-looking 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 influence customers to modify their capital programs; the status of current negotiations with the Company's customers and vendors; customer focus on safety performance; royalty regimes and effects of regulation by government agencies; 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; future operating costs; the general stability of the economic and political environments in the jurisdictions where we operate; inflation, interest rate and exchange rate expectations; pandemics; and impacts of geopolitical events such as the hostilities in the Middle East and between Ukraine and the Russian Federation, and the global community responses thereto; that the Company will have sufficient cash flow, debt or equity sources or other financial resources required to fund its capital and operating expenditures and requirements as needed; that the Company's conduct and results of operations will be consistent with its expectations; and other matters.

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; determinations the 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; risks associated with acquisitions and ability to successfully integrate acquisitions; risks associated with internal controls over financial reporting; the impact of the ongoing hostilities in the Middle East and between Ukraine and the Russian Federation and the global community responses thereto; the results of the upcoming United States presidential and congressional elections and other risks and uncertainties that may affect the Company's business, assets, personnel, operations, revenues or 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, pandemic mitigation strategies and the impact thereof upon the Company, its customers and its business, ongoing hostilities in the Middle East and 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 conflicts, including the impact of shipping through the Red Sea 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, 2023 available on SEDAR+ at www.sedarplus.ca.

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, Adjusted EBITDA per common share, working capital and Consolidated EBITDA. These non-GAAP 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 income as calculated in accordance with IFRS.

ADJUSTED EBITDA	Three months ended March 31	
($ thousands)	**2024**	2023
(Loss) income before income taxes	**(4,658)**	6,228
Add-back/(deduct):		
Interest expense	**26,480**	34,398
Accretion of deferred financing charges	**417**	2,200
Depreciation	**88,253**	77,855
Gain on asset sale	**(1,745)**	(108)
Share-based compensation	**3,825**	1,725
Foreign exchange loss and other	**4,884**	5,026
Adjusted EBITDA	**117,456**	127,324

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 three months ended March 31, 2024 was $431.3 million, a decrease of 11 percent from revenue for the three months ended March 31, 2023 of $484.1 million. Adjusted EBITDA totaled $117.5 million ($0.64 per common share) in the first quarter of 2024, eight percent lower than Adjusted EBITDA of $127.3 million ($0.69 per common share) in the first quarter of 2023.

Net loss attributable to common shareholders for the three months ended March 31, 2024 was $1.2 million ($0.01 per common share), compared with net income attributable to common shareholders of $4.2 million ($0.02 per common share) for the three months ended March 31, 2023.

Funds flow from operations decreased eight percent to $108.4 million ($0.59 per common share) in the first quarter of 2024 compared with $118.3 million ($0.64 per common share) in the first quarter of the prior year.

The outlook for oilfield services continues to be constructive despite the year-over-year decline in oilfield services activity in certain operating regions. Depressed natural gas commodity prices have impacted the industry rig count in North America and reinforced customer discipline with capital programs. Furthermore, there have been several recent oil and natural gas customer mergers and acquisitions ("**M&A**") in both the Canadian and the US operating regions that have impacted drilling programs over the short-term. However, despite these short-term headwinds, demand for crude oil continues to improve year-over-year. Moreover, OPEC+ nations continue to exercise production and supply discipline in response to market conditions.

Over the near term, geopolitical tensions, hostilities in areas of the Middle East, and the ongoing Russia-Ukraine conflict continue to impact global commodity prices and add uncertainty to the outlook for crude oil supply and commodity prices over the short-term.

The Company's operating days were lower in the first quarter of 2024 when compared with the first quarter of 2023 as operations were negatively impacted by the above-mentioned customer M&A activity and customer discipline with regard to their capital programs.

The average United States dollar exchange rate was $1.35 for the first three months of 2024 (2023 - $1.35), consistent with the first quarter of 2023.

Working capital at March 31, 2024 was $39.4 million compared to $15.8 million at December 31, 2023. The increase to working capital is the result of higher operating activity compared to the fourth quarter of 2023. At the end of the first quarter 2024, the Company's available liquidity, consisting of cash and available borrowings under its $900.0 million revolving credit facility (the "**Credit Facility**"), totaled $60.9 million compared with $74.6 million at December 31, 2023.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended March 31			
($ thousands)	**2024**	2023	Change	% change
Revenue				
Canada	**138,478**	140,116	(1,638)	(1)
United States	**208,435**	274,553	(66,118)	(24)
International	**84,394**	69,383	15,011	22
Total revenue	**431,307**	484,052	(52,745)	(11)
Oilfield services expense	**298,790**	342,199	(43,409)	(13)

Revenue for the three months ended March 31, 2024 totaled $431.3 million, a decrease of 11 percent from the first quarter of 2023 of $484.1 million.

The decrease in total revenue during the first quarter of 2024 was primarily due to volatile commodity prices impacting drilling activity and reducing the industry rig count in North America, resulting in reinforced customer discipline with regard to capital programs. Furthermore, recent M&A activity in the oil and natural gas sector in both the Canadian and the US operating regions has impacted drilling programs over the short-term.

CANADIAN OILFIELD SERVICES

The Company recorded revenue of $138.5 million in Canada for the three months ended March 31, 2024, a decrease of one percent from $140.1 million recorded for the three months ended March 31, 2023. Canadian revenues accounted for 32 percent of the Company's total revenue in the first quarter of 2024 (2023 - 29 percent).

The financial results for the Company's Canadian operations for the first quarter 2024 were generally flat along with operating activity, and likely reflect both recent customer M&A activity and customer capital discipline.

For the three months ended March 31, 2024, the Company recorded 3,752 drilling days compared to 3,800 drilling days for the three months ended March 31, 2023, a decrease of one percent. Well servicing hours decreased by 13 percent to 11,926 operating hours in the first quarter of 2024 compared with 13,776 operating hours in the corresponding period of 2023.

During the first quarter of 2024, the Company transferred 23 under-utilized Canadian drilling rigs into its operations reserve fleet.

UNITED STATES OILFIELD SERVICES

During the three months ended March 31, 2024, revenue of $208.4 million was recorded by the Company's United States operations, a decrease of 24 percent from the $274.6 million recorded in the corresponding period of the prior year. The United States operations accounted for 48 percent of the Company's revenue in the first quarter of 2024 (2023 - 57 percent).

Drilling days decreased by 32 percent to 3,134 drilling days in the first quarter of 2024 from 4,617 drilling days in the first quarter of 2023. Well servicing hours decreased by six percent in the first quarter of 2024 to 26,251 operating hours from 27,917 operating hours in the first quarter of 2023.

Operating and financial results for the Company’s United States operations were impacted by the recent customer M&A activity and customer capital discipline.

During the first quarter of 2024, the Company transferred six under-utilized United States drilling rigs into its reserve fleet.

INTERNATIONAL OILFIELD SERVICES

The Company’s international operations recorded revenue of $84.4 million in the first quarter of 2024, a 22 percent increase from the $69.4 million recorded in the corresponding period of the prior year. The Company's international operations contributed 20 percent of the Company's total revenue in the first quarter of 2024 (2023 - 14 percent).

For the three months ended March 31, 2024, international operating days totaled 1,319 operating days compared with 1,104 days for the three months ended March 31, 2023, an increase of 19 percent.

Operating and financial results from international operations reflect positive industry conditions, supporting increased drilling activity and rig revenue rates. In addition, operational activity increased year-over-year as a result of a third Company drilling rig in Oman commencing operations in the second quarter of 2023 and one Company drilling rig in Venezuela commencing a drilling program in the first quarter of 2024.

During the first quarter of 2024, the Company transferred one under-utilized international drilling rig into its operations reserve fleet.

DEPRECIATION

	Three months ended March 31			
($ thousands)	**2024**	2023	Change	% change
Depreciation	**88,253**	77,855	10,398	13

Depreciation totaled $88.3 million for the first quarter of 2024 compared to $77.9 million for the first quarter of 2023. The increase in depreciation primarily is the result of drilling rigs moving into the reserve fleet at the beginning of the year, which are depreciated on an accelerated basis.

GENERAL AND ADMINISTRATIVE

		Three months ended March 31		
($ thousands)	**2024**	2023	Change	% change
General and administrative	**15,061**	14,529	532	4
% of revenue	**3.5**	3.0		

General and administrative expenses increased four percent to $15.1 million (3.5 percent of revenue) for the first quarter of 2024 compared to $14.5 million (3.0 percent of revenue) for the first quarter of 2023. General and administrative expenses increased due to annual wage increases and higher non-recurring fees.

FOREIGN EXCHANGE LOSS AND OTHER

		Three months ended March 31		
($ thousands)	**2024**	2023	Change	% change
Foreign exchange loss and other	**4,884**	5,026	(142)	(3)

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 March 31		
($ thousands)	**2024**	2023	Change	% change
Interest expense	**26,480**	34,398	(7,918)	(23)

Interest expense was incurred on the Company's Credit and Term Facilities, capital leases and other obligations.

Interest expense decreased by $7.9 million in the first quarter of 2024 compared to the same period in 2023 as a result of lower debt levels and interest rates based on improving debt metrics.

INCOME TAX (RECOVERY)

		Three months ended March 31		
($ thousands)	**2024**	2023	Change	% change
Current income tax	**1,154**	401	753	nm
Deferred income tax (recovery)	**(4,771)**	1,360	(6,131)	nm
Total income tax (recovery)	**(3,617)**	1,761	(5,378)	nm
Effective income tax rate (%)	**77.7**	28.3		

nm - calculation not meaningful

The effective income tax rate for the three months ended March 31, 2024 was 77.7 percent compared with 28.3 percent for the three months ended March 31, 2023. The effective income tax rate in the first quarter of the current year was higher than the effective income tax rate in the first quarter of 2023 due to the impact of operating earnings in foreign jurisdictions and unrealized foreign exchange gains on foreign investments.

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

		Three months ended March 31		
($ thousands, except per common share data)	**2024**	2023	Change	% change
Cash provided by operating activities	**93,878**	104,574	(10,696)	(10)
Funds flow from operations	**108,438**	118,291	(9,853)	(8)
Funds flow from operations per common share	**$0.59**	$0.64	(0.05)	(8)
Working capital [1]	**39,414**	15,780	23,634	nm

nm - calculation not meaningful
[1] Comparative figure as of December 31, 2023

For the three months ended March 31, 2024, the Company generated funds flow from operations of $108.4 million ($0.59 per common share) a decrease of eight percent from $118.3 million ($0.64 per common share) for the three months ended March 31, 2023. The decrease in funds flow from operations in 2024 compared to 2023 is largely due to the decrease in activity compared to the prior period.

As at March 31, 2024, the Company's working capital was $39.4 million, compared to $15.8 million at December 31, 2023. The increase to working capital is the result of higher operating activity compared to the fourth quarter of 2023.

The Company's existing bank facility provides for total borrowings of $900.0 million of which $21.8 million was undrawn and available at March 31, 2024 (December 31, 2023 - $54.1 million).

INVESTING ACTIVITIES

		Three months ended March 31		
($ thousands)	**2024**	2023	Change	% change
Purchase of property and equipment	**(54,769)**	(49,879)	(4,890)	10
Proceeds from disposals of property and equipment	**3,271**	155	3,116	nm
Net change in non-cash working capital	**17,796**	7,538	10,258	nm
Cash used in investing activities	**(33,702)**	(42,186)	8,484	(20)

nm - calculation not meaningful

Net purchases of property and equipment for the first quarter of 2024 totaled $51.5 million (2023 - net purchases of $49.7 million). The purchase of property and equipment for the first three months of 2024 consists of $53.0 million in maintenance capital and $1.8 million in upgrade capital.

FINANCING ACTIVITIES

	Three months ended March 31			
($ thousands)	**2024**	2023	Change	% change
Proceeds from long-term debt	**43,474**	8,262	35,212	nm
Repayments of long-term debt	**(54,898)**	(43,905)	(10,993)	25
Lease obligations principal repayments	**(2,287)**	(8,944)	6,657	(74)
Purchase of common shares held in trust	**(582)**	(535)	(47)	9
Issuance of common shares under the share option plan	**48**	—	48	nm
Interest paid	**(27,503)**	(22,769)	(4,734)	21
Cash used in financing activities	**(41,748)**	(67,891)	26,143	(39)

nm - calculation not meaningful

As at March 31, 2024, the amount of available borrowings under the Credit Facility was $21.8 million. Concurrent with the closing of the amended and restated existing credit agreement on October 13, 2023, the letter of credit facility was reduced from US $50.0 million to the outstanding balance, which was US $44.6 million, at that time. In addition, the outstanding letter of credits will be reduced by the amounts of the letter of credits that expire. The Company does have the ability to issue letters of credit through the Credit Facility.

On October 13, 2023, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility and a three year $369.0 million Term Facility. The amendments include an extension to the maturity date of the $900.0 million Credit Facility to the earlier of (i) the date that is six months prior to the earliest maturity of any future Senior Notes, and (ii) October 13, 2026. The Credit Facility includes a reduction of the facility by $50.0 million at the end of the second quarter of 2024, a $75.0 million reduction at the end of the fourth quarter of 2024 and a further reduction of $75.0 million by the end of the second quarter of 2025. The final size of the Credit Facility will then be $700.0 million.

The Term Facility requires repayments of at least $27.7 million each quarter beginning in the first quarter of 2024 to the fourth quarter 2025; and then repayments of at least $36.9 million each quarter from the first quarter 2026 to the third quarter 2026.

The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

The current capital structure of the Company consisting of the Credit Facility and the Term Facility, allows the Company to utilize funds flow generated to reduce debt in the near term with greater flexibility than a more non-callable weighted capital structure.

Covenants

The following is a list of the Company's currently applicable covenants pursuant to the Credit Facility and the associated calculations as at March 31, 2024:

	Covenant	March 31, 2024
The Credit Facility		
Consolidated Net Debt to Consolidated EBITDA [1]	≤ 4.00	2.48
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 2.50	4.13
Consolidated Net Senior Debt to Consolidated EBITDA[1,3]	≤ 2.50	2.46

[1] *Consolidated Net Debt* is defined as consolidated total debt, less cash and cash equivalent. 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.
[2] *Consolidated Interest Expense is defined as all interest expense calculated on twelve month rolling consolidated basis.*
[3] *Consolidated Net Senior Debt is defined as Consolidated Total Debt minus subordinated debt, cash and cash equivalent.*

As at March 31, 2024 the Company was in compliance with all covenants related to the Credit Facility.

The Credit Facility

The amended and restated credit agreement, a copy of which is available on SEDAR+, provides the Company with its Credit Facility and includes requirements that the Company comply with certain covenants including a Consolidated Net Debt to Consolidated EBITDA ratio, a Consolidated EBITDA to Consolidated Interest Expense ratio and a Consolidated Net Senior Debt to Consolidated EBITDA ratio.

FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at March 31, 2024 totaled $315.6 million, an increase of $11.1 million from $304.5 million as at December 31, 2023. The varying levels of oil and natural gas commodity prices negatively impact the cash flow of the Company's customers and, consequently, increased 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, which have recently restarted. As at March 31, 2024, the Company had a net accounts receivable balance of approximately $7.2 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.

SUMMARY QUARTERLY RESULTS

($ thousands, except per common share data)	**Q1-2024**	Q4-2023	Q3-2023	Q2-2023	Q1-2023	Q4-2022	Q3-2022	Q2-2022
Revenue	**431,307**	430,540	444,405	432,770	484,052	467,980	432,550	344,123
Adjusted EBITDA [1]	**117,456**	128,998	117,295	116,616	127,324	129,963	105,358	68,332
Adjusted EBITDA per common share [1]								
Basic	**$0.64**	$0.71	$0.63	$0.64	$0.69	$0.76	$0.54	$0.40
Diluted	**$0.64**	$0.70	$0.63	$0.63	$0.69	$0.76	$0.54	$0.44
Net (loss) income attributable to common shareholders	**(1,217)**	31,922	(5,229)	10,302	4,241	11,897	17,782	(28,138)
Net (loss) income attributable to common shareholders per common share								
Basic	**$(0.01)**	$0.17	$(0.03)	$0.06	$0.02	$0.07	$0.11	$(0.17)
Diluted	**$(0.01)**	$0.17	$(0.03)	$0.06	$0.02	$0.07	$0.11	$(0.17)
Cash provided by operating activities	**93,878**	115,606	105,566	166,771	104,574	121,497	44,353	99,520
Funds flow from operations	**108,438**	110,231	119,596	116,764	118,291	110,361	103,321	81,497
Funds flow from operations per common share								
Basic	**$0.59**	$0.60	$0.65	$0.64	$0.64	$0.65	$0.53	$0.47
Diluted	**$0.59**	$0.59	$0.65	$0.63	$0.64	$0.65	$0.52	$0.52
Total debt, net of cash	**1,176,226**	1,189,848	1,246,041	1,277,197	1,360,639	1,389,695	1,415,520	1,357,537

[1] *See definition of "Non-GAAP Measures" section of this MD&A.*

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 global customers and the resultant demand for oilfield services provided by the Company.

OUTSTANDING SHARE DATA

The following common shares and stock options were outstanding as of May 3, 2024:

	Number	Amount ($)
Common shares	183,775,239	268,797

	Outstanding	Exercisable
Stock options	6,145,540	1,877,355

OUTLOOK

Industry Overview

The outlook for oilfield services continues to be constructive and supports steady demand for services. Global demand for crude oil continues to grow year-over-year. Furthermore, OPEC+ nations continue to monitor the oil markets and are expected to maintain moderated supply over the near-term. Geopolitical tensions, hostilities in areas of the Middle East, and the ongoing Russia-Ukraine conflict continue to impact global commodity prices and add uncertainty to the outlook for crude oil supply and commodity prices over the short-term. Global crude prices improved in first quarter and into the second quarter of 2024, due in part to geopolitical tensions and resilient global oil demand. The benchmark price of West Texas Intermediate ("**WTI**") averaged US $77/bbl in February, $81/bbl in March, and $84/bbl in April.

Over the short-term, depressed natural gas prices have negatively impacted the industry rig count in North America and reinforced customer discipline with capital programs. Furthermore, recent oil and natural gas customer M&A activity in both the Company's Canadian and the US operating regions has adversely impacted drilling programs over the short-term. Over the long-term, the Company expects customer consolidation will generally be positive for oilfield services activity and may also facilitate relatively consistent drilling programs.

In 2024, the Company expects positive oil prices to support relatively steady oilfield services activity in order to maintain or potentially grow production, especially so in consideration of well productivity declines and low drilled but uncompleted ("**DUC**") well inventory in certain producing areas in the United States. In addition, the Company remains optimistic regarding Canadian drilling activity with the completion of the Trans Mountain oil pipeline expansion project and the completion of the Coastal GasLink pipeline expected in 2024. In addition, several liquefied natural gas ("**LNG**") projects, including LNG Canada, are expected to support increased activity over the medium-to-long term.

The Company remains committed to disciplined capital allocation and debt repayment. The Company has targeted approximately $200.0 million in debt reduction for the 2024 year. In addition, from the period beginning 2023 to the end of 2025, the Company reaffirms its targeted debt reduction of approximately $600.0 million. If industry conditions change, these targets may be increased or decreased.

The Company has budgeted base capital expenditures for 2024 of approximately $147.0 million, primarily related to maintenance expenditures. In addition to the maintenance expenditures, the Company may continue to consider rig relocation, upgrade, or growth projects in response to customer demand and under appropriate contract terms.

Canadian Activity

Canadian activity, representing 32 percent of total revenue in the first quarter of 2024, increased in the first quarter of 2024 compared to the fourth quarter of 2023 as operations entered the winter drilling season. Activity in Canada is expected to decrease in the second quarter of 2024 due to seasonal spring break-up. In the Canadian market, scheduled additional pipeline and transportation capacity and positive market conditions are expected to support improved activity in 2024.

As of May 3, 2024, of our 94 marketed Canadian drilling rigs, approximately 45 percent are engaged under term contracts of various durations. Approximately 55 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 48 percent of total revenue in the first quarter of 2024, remained steady in the first quarter of 2024 compared to the fourth quarter of 2023. US activity is expected to remain relatively consistent in the second quarter of 2024, largely as a result of recent customer M&A activity and continued depressed 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 near term.

As of May 3, 2024, of our 77 marketed United States drilling rigs, approximately 48 percent are engaged under term contracts of various durations. Approximately 19 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 20 percent of total revenue in the first quarter of 2024, was stable in the first quarter of 2024 and is expected to remain steady in the second quarter of 2024.

Currently, the Company has three rigs active in Oman, two rigs active in Bahrain and two rigs active in Kuwait. The financial and operational performances of all seven active rigs in the Company's Middle East segment are expected to remain steady in the second quarter of 2024.

Activity in Australia remained steady at seven rigs in the first quarter of 2024 and is expected to improve modestly to eight active rigs in the second quarter of 2024.

Operations in Argentina remained steady with two rigs active in the first quarter of 2024 and are expected to decline, by one rig, in the second quarter. Operations in Venezuela, which were dormant for several years, were resumed in the first quarter with one rig reactivated and are expected to remain steady, at one active rig, in the second quarter of 2024.

As of May 3, 2024, of our 31 marketed international drilling rigs, approximately 58 percent, were engaged under term contracts of various durations. Approximately 61 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 March 31, 2024.

CHANGE IN ACCOUNTING POLICY

The following new standards and amendments are effective for the period beginning January 1, 2024:

- IAS 1 Presentation of Financial Statements

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

RISKS 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, 2023, which are available under the Company's SEDAR+ profile at www.sedarplus.ca. 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	March 31 2024	December 31 2023
(Unaudited, in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	**$ 39,108**	$ 20,501
Accounts receivable	**315,601**	304,544
Inventories, prepaid, investments and other	**59,474**	56,809
Total current assets	**414,183**	381,854
Property and equipment	**2,357,201**	2,356,487
Deferred income taxes	**211,330**	209,645
Total assets	**$ 2,982,714**	$ 2,947,986
Liabilities		
Current Liabilities		
Accounts payable and accruals	**$ 244,247**	$ 231,838
Share-based compensation *(Note 6)*	**6,642**	11,014
Income taxes payable	**5,320**	4,176
Current portion of lease obligation	**7,860**	8,346
Current portion of long-term debt *(Note 7)*	**110,700**	110,700
Total current liabilities	**374,769**	366,074
Share-based compensation *(Note 6)*	**5,528**	6,606
Long-term debt *(Note 7)*	**1,104,634**	1,099,649
Lease obligations	**13,935**	11,589
Income taxes payable	**9,007**	8,809
Deferred income taxes	**146,836**	146,497
Total liabilities	**1,654,709**	1,639,224
Shareholders' Equity		
Shareholders' capital *(Note 8)*	**268,970**	267,482
Contributed surplus	**22,321**	23,750
Accumulated other comprehensive income	**275,166**	254,765
Retained earnings	**761,548**	762,765
Total shareholders' equity	**1,328,005**	1,308,762
Total liabilities and shareholders' equity	**$ 2,982,714**	$ 2,947,986

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

For the three months ended		**March 31 2024**		March 31 2023
(Unaudited, in thousands of Canadian dollars, except per common share data)				
Revenue	**$**	**431,307**	$	484,052
Expenses				
Oilfield services		**298,790**		342,199
Depreciation		**88,253**		77,855
General and administrative		**15,061**		14,529
Share-based compensation		**3,825**		1,725
Foreign exchange loss and other		**4,884**		5,026
Total expenses		**410,813**		441,334
Income before interest expense, accretion of deferred financing charges and other (gains) and income taxes		**20,494**		42,718
Gain on asset sale		**(1,745)**		(108)
Interest expense		**26,480**		34,398
Accretion of deferred financing charges		**417**		2,200
(Loss) income before income taxes		**(4,658)**		6,228
Income tax (recovery)				
Current income tax		**1,154**		401
Deferred income tax (recovery)		**(4,771)**		1,360
Total income tax (recovery)		**(3,617)**		1,761
Net (loss) income		**(1,041)**		4,467
Net (loss) income attributable to:				
Common shareholders		**(1,217)**		4,241
Non-controlling interests		**176**		226
		(1,041)		4,467
Net (loss) income attributable to common shareholders per common share *(Note 9)*				
Basic	**$**	**(0.01)**	$	0.02
Diluted	**$**	**(0.01)**	$	0.02

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

For the three months ended		**March 31 2024**		March 31 2023
(Unaudited, in thousands of Canadian dollars)				
Net (loss) income	**$**	**(1,041)**	$	4,467
Other comprehensive income (loss)				
Item that may be subsequently reclassified to profit or loss				
Foreign currency translation adjustment		**20,401**		(1,280)
Comprehensive income	**$**	**19,360**	$	3,187
Other Comprehensive income (loss) attributable to:				
Common shareholders	**$**	**20,401**	$	(1,280)
	$	**20,401**	$	(1,280)

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Shareholders' capital	Contributed surplus	Accumulated other comprehensive income	Retained earnings	Total equity
(Unaudited, in thousands of Canadian dollars)					
Balance, January 1, 2024	$ 267,482	$ 23,750	$ 254,765	$ 762,765	$ 1,308,762
Net loss attributable to common shareholders	—	—	—	(1,217)	(1,217)
Other comprehensive income	—	—	20,401	—	20,401
Total comprehensive income (loss)	—	—	20,401	(1,217)	19,184
Common shares issued under share option plan	230	(182)	—	—	48
Share-based compensation	—	593	—	—	593
Common shares vested previously held in trust	1,840	(1,840)	—	—	—
Purchase of common shares held in trust	(582)	—	—	—	(582)
Balance, March 31, 2024	**$ 268,970**	**$ 22,321**	**$ 275,166**	**$ 761,548**	**$ 1,328,005**
Balance, January 1, 2023	$ 267,790	$ 23,398	$ 276,053	$ 721,529	$ 1,288,770
Net income attributable to common shareholders	—	—	—	4,241	4,241
Other comprehensive loss	—	—	(1,280)	—	(1,280)
Total comprehensive (loss) income	—	—	(1,280)	4,241	2,961
Common shares issued under share option plan	32	(18)	—	—	14
Share-based compensation	—	602	—	—	602
Common shares vested previously held in trust	1,461	(1,461)	—	—	—
Purchase of common shares held in trust	(535)	—	—	—	(535)
Balance, March 31, 2023	$ 268,748	$ 22,521	$ 274,773	$ 725,770	$ 1,291,812

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended	March 31 2024	March 31 2023
(Unaudited, in thousands of Canadian dollars)		
Cash provided by (used in)		
Operating activities		
Net (loss) income	**$ (1,041)**	$ 4,467
Items not affecting cash		
Depreciation	**88,253**	77,855
Gain on asset sale	**(1,745)**	(108)
Share-based compensation, net of cash paid	**(4,890)**	(5,963)
Unrealized foreign exchange and other loss	**5,735**	4,082
Accretion of deferred financing charges *(Note 7)*	**417**	2,200
Interest expense	**26,480**	34,398
Deferred income tax (recovery) expense	**(4,771)**	1,360
Funds flow from operations	**108,438**	118,291
Net change in non-cash working capital *(Note 10)*	**(14,560)**	(13,717)
Cash provided by operating activities	**93,878**	104,574
Investing activities		
Purchase of property and equipment	**(54,769)**	(49,879)
Proceeds from disposals of property and equipment	**3,271**	155
Net change in non-cash working capital *(Note 10)*	**17,796**	7,538
Cash used in investing activities	**(33,702)**	(42,186)
Financing activities		
Proceeds from long-term debt *(Note 7)*	**43,474**	8,262
Repayments of long-term debt *(Note 7)*	**(54,898)**	(43,905)
Lease obligations principal repayments	**(2,287)**	(8,944)
Purchase of common shares held in trust *(Note 8)*	**(582)**	(535)
Issuance of common shares under the share option plan	**48**	—
Interest paid	**(27,503)**	(22,769)
Cash used in financing activities	**(41,748)**	(67,891)
Net increase (decrease) in cash	**18,428**	(5,503)
Effects of foreign exchange on cash	**179**	473
Cash		
Beginning of period	**20,501**	49,880
End of period	**$ 39,108**	$ 44,850

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 400 – 5th Avenue S.W., suite 1000, 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 as issued by the International Accounting Standards Board ("IFRS Accounting Standards") 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, 2023. 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, 2023, which have been prepared in accordance with IFRS Accounting Standards. 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 May 3, 2024, 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 a number of onshore drilling areas. The Company's foreign operations, with the general exception of operations in the United States and Australia, are subject to a number of risks and uncertainties such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty, and complex commercial arrangements.

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, 2024:

IAS 1 Non-current liabilities with covenants

The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within 12 months after the reporting period.

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

6. SHARE-BASED COMPENSATION

A summary of the Company's share option plan as of March 31, 2024 and the changes during the three month period ended, is presented below:

	Number of Share Options	Weighted Average Exercise Price
Outstanding – January 1, 2024	4,722,460	$ 2.54
Granted	1,568,500	2.43
Exercised for common shares	(89,600)	0.54
Exercised for cash	(22,180)	1.06
Forfeited	(12,380)	3.18
Outstanding - March 31, 2024	**6,166,800**	**$ 2.54**
Exercisable - March 31, 2024	**1,898,615**	**$ 2.05**

The following table lists the options outstanding at March 31, 2024:

Exercise Price	Outstanding Options	Average Vesting Remaining (in years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$0.54 to $1.50	644,490	0.75	$ 0.54	467,270	$ 0.54
$1.51 to $3.00	3,975,210	3.27	2.32	1,121,445	2.15
$3.01 to $3.94	1,547,100	3.75	3.94	309,900	3.94
	6,166,800	3.13	$ 2.54	1,898,615	$ 2.05

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

	March 31, 2024
Remaining expected life (years)	2.8
Volatility (percent)	40.0
Forfeiture rate (percent)	7.4
Risk-free interest rate (percent)	3.8
Expected dividend (percent)	—

Share Appreciation Rights (SARs)

A summary of the Company's SARs plan as of March 31, 2024 and the changes during the three month period ended, is presented below:

	Number of SARs		Weighted Average Exercise Price
Outstanding – January 1, 2024	489,775	$	2.42
Granted	171,500		2.43
Exercised	(9,780)		1.11
Outstanding - March 31, 2024	**651,495**	**$**	**2.45**
Exercisable - March 31, 2024	**200,177**	**$**	**1.90**

The following table lists the SARs outstanding at March 31, 2024:

Exercise Price	SARs Outstanding	Average Vesting Remaining (in years)		Weighted Average Exercise Price	SARs Exercisable		Weighted Average Exercise Price
$0.54 to $1.50	77,425	0.76	$	0.54	56,867	$	0.54
$1.51 to $3.00	421,070	3.25		2.25	112,710		2.02
$3.01 to $3.94	153,000	3.75		3.94	30,600		3.94
	651,495	3.06	$	2.45	200,177	$	1.90

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, 2024	6,837,703
Vested and paid	(3,661,121)
Outstanding - March 31, 2024	**3,176,582**

Included in net earnings for the three months ended March 31, 2024 is an expense of $1,340 (2023 - $2,075). 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 annually members of the Board of Directors, to those who elect to take or accept 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, 2024	1,393,669
Granted	42,543
Released	(98,478)
Outstanding - March 31, 2024	**1,337,734**

7. LONG-TERM DEBT

		March 31 2024		December 31 2023
Drawings on the Credit Facility	**$**	**878,178**	$	845,935
Term Facility		**341,325**		369,000
Unamortized deferred financing costs		**(4,169)**		(4,586)
Total debt	**$**	**1,215,334**	$	1,210,349
Less: current portion		**(110,700)**		(110,700)
Total long-term debt	**$**	**1,104,634**	$	1,099,649

The Credit Facility and Term Facility

As at March 31, 2024, the Company's Credit Facility (the "**Credit Facility**") consists of a revolving secured facility and a Term Credit Facility ("**Term Facility**"). The Credit Facility may be drawn in Canadian or United States dollars, up to the equivalent value of $900,000 Canadian dollars (December 31, 2023 - $900,000). The Term Facility provides the Company with an amortized three year $369,000 loan.

The interest rate on the US dollar borrowings from the Credit Facility, at the option of the Company, either a margin over a US base rate or a margin over SOFR. The interest rate on Canadian dollar borrowings from the Credit Facility at the option of the Company, either a margin over a Canadian prime rate or a margin over a BA rate. Interest is incurred on the Term Facility based on a margin over the BA rate.

On October 13, 2023, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility and $369,000 Term Facility. The amendments include an extension to the maturity date of the $900,000 Credit Facility to the earlier of (i) the date that is six months prior to the earliest maturity of any future Senior Notes, and (ii) October 13, 2026. The amended and restated Credit Facility includes a reduction of the facility by $50,000 at the end of the second quarter of 2024, a $75,000 reduction at the end of the fourth quarter of 2024 and a further reduction of $75,000 million by the end of the second quarter of 2025. The final size of the amended and restated Credit Facility will then be $700,000.

The Term Facility requires repayments of at least $27,675 each quarter beginning in the first quarter of 2024 to the fourth quarter 2025; and then repayments of at least $36,900 each quarter from the first quarter 2026 to the third quarter 2026.

The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

The Credit Facility has the following financial covenant requirements, whereby Consolidated EBITDA and Interest expense are determined on a trailing twelve month basis:

- A Consolidated Net Debt (defined below) to Consolidated EBITDA ratio as at the end of each fiscal quarter shall not exceed 4.00:1.00, provided that in any fiscal quarter in which material acquisition is completed, the Consolidated Net Debt to Consolidated EBITDA ratio as at the end of such fiscal quarter and the next fiscal quarter shall not exceed 4.50:1.00 and 4.00:1.00 for each fiscal quarter thereafter.
- The Consolidated EBITDA to Consolidated Interest expense as at the end of each fiscal quarter shall not be less than 2.50:1.00.

- The Consolidated Net Senior Debt (defined below) to Consolidated EBITDA ratio shall not exceed 2.50:1.00, provided that in any fiscal quarter in which a material acquisition is completed, the Consolidated Net Senior Debt to Consolidated EBITDA ratio as at the end of such fiscal quarter and the next fiscal quarter shall not exceed 3.00:1.00 and 2.50:1.00 for each fiscal quarter thereafter.

Consolidated Net Debt is defined as consolidated total debt, less cash and cash equivalent. Consolidated Net Senior Debt is defined as total debt less subordinated debt, cash and cash equivalent.

As at March 31, 2024 the Company was in compliance with all covenants related to the Credit Facility.

Letter of Credit Facility

Concurrent with the closing of the amended and restated existing credit agreement on October 13, 2023, the letter of credit facility was reduced from US $50,000 to the outstanding balance, which was US $44,628, at the time. In addition, the outstanding letter of credits will be reduced by the amounts of the letter of credits that expire. The Company does have the ability to issue letters of credit through the Credit Facility.

Long-term debt continuity

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

		2024
Opening balance - January 1	**$**	**1,210,349**
Proceeds from long-term debt, net of debt issuance costs		**43,474**
Long-term debt repayments		**(54,898)**
Amortization of debt issuance costs		**417**
Foreign exchange adjustments		**15,992**
Total debt	**$**	**1,215,334**
Less: current portion		**(110,700)**
Closing balance - March 31	**$**	**1,104,634**

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, 2024	183,426,577	$	267,482
Shares issued under employee stock option plan	89,600		230
Changes in unvested common shares held in trust	328,178		1,258
Closing balance - March 31, 2024	**183,844,355**	**$**	**268,970**

The total number of unvested common shares held in trust for share-based compensation plans as at March 31, 2024 was 611,975 (December 31, 2023 – 940,153).

9. NET (LOSS) INCOME PER COMMON SHARE

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

Diluted net (loss) income per common share is calculated by dividing net (loss) income attributed to common shareholders by the weighted average number of common shares outstanding during the period adjusted for conversion of all potentially dilutive common shares. Diluted net (loss) income attributed to common shareholders 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	
	March 31 2024	March 31 2023
Net (loss) income attributable to common shareholders:		
Basic and diluted	**$ (1,217)**	$ 4,241
Weighted average number of common shares outstanding:		
Basic	**183,794,229**	183,828,048
Potentially dilutive share-based compensation plans	**715,530**	1,648,417
Diluted	**184,509,759**	185,476,465

Share options of 4,466,125 (2023 – 2,425,900) 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

	March 31 2024	March 31 2023
Net change in non-cash working capital		
Accounts receivable	**$ (15,586)**	$ 3,914
Inventories, prepaid investments and other	**(2,627)**	1,766
Accounts payable and accruals	**20,728**	(12,252)
Income taxes payable (receivable)	**721**	393
	$ 3,236	$ (6,179)
Relating to:		
Operating activities	**$ (14,560)**	$ (13,717)
Investing activities	**17,796**	7,538
	$ 3,236	$ (6,179)

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:

	2024				2023			
As at and for the three month period ended March 31	Canada	United States	International	Total	Canada	United States	International	Total
Revenue	$ 138,478	$ 208,435	$ 84,394	$ 431,307	$ 140,116	$ 274,553	$ 69,383	$ 484,052
Income (loss) before interest expense, accretion of deferred financing charges and other (gains) and income taxes	20,137	(6,964)	7,321	20,494	16,952	25,235	531	42,718
Property and equipment, net	$ 604,378	$1,296,557	$ 456,266	$2,357,201	$ 598,075	$1,409,612	$ 478,650	$2,486,337

	March 31 2024	March 31 2023
Rig rental revenue	**$ 347,784**	$ 381,809
Service revenue	**83,523**	102,243
Total revenue	**$ 431,307**	$ 484,052

There are no material differences in the basis of accounting or the measurement of 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 bank credit facilities approximates its 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 fair value of non-controlling interest is based on Level 3 inputs and is not based on observable market.

13. FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at March 31, 2024 totaled $315,601, an increase of $11,057 from $304,544 as at December 31, 2023. The varying levels of oil and natural gas commodity prices negatively impact the cash flow of the Company's customers and, consequently, increased 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, which have recently restarted. As at March 31, 2024, the Company had a net accounts receivable balance of approximately $7,249 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 an annual basis and secures sufficient credit facilities to meet financing requirements that exceed anticipated internally generated funds. As at March 31, 2024, the remaining contractual maturities of accounts payable and accruals are less than one year.

On October 13, 2023, the Company amended and restated its existing credit agreement with its syndicate of lenders, which provides a revolving Credit Facility and a three year $369,000 Term Facility. The amendments include an extension to the maturity date of the $900,000 Credit Facility to the earlier of (i) the date that is six months prior to the earliest maturity of any future Senior Notes, and (ii) October 13, 2026. The Credit Facility includes a reduction of the facility by $50,0000 at the end of the second quarter of 2024, a $75,000 reduction at the end of the fourth quarter of 2024 and a further reduction of $75,000 by the end of the second quarter of 2025. The final size of the Credit Facility will then be $700,000.

The Term Facility requires repayments of at least $27,675 each quarter beginning in the first quarter of 2024 to the fourth quarter 2025; and then repayments of at least $36,900 each quarter from the first quarter 2026 to the third quarter 2026.

The amended and restated Credit Facility provides the Company with continued access to revolver capacity in a dynamic industry environment.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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Corporate Director and Investor

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President and CEO,
Enduring Resources LLC

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MICHAEL GRAY
Chief Financial Officer

MICHAEL NUSS
Executive Vice President, US

ELDON CULSHAW
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Vice President, Engineering

RON TOLTON
Vice President, IT

JUSTIN LOUIE
Corporate Secretary and General Counsel

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HSBC Bank Canada
Bank of Montreal

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

PricewaterhouseCoopers LLP

TRANSFER AGENT

Computershare Trust Company of Canada

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