ENSIGN®

2024 Q2

SECOND QUARTER REPORT For the three and six months ended June 30, 2024

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		
	2024	2023	% change	**2024**	2023	% change
Revenue	**391,792**	432,770	(9)	**823,099**	916,822	(10)
Adjusted EBITDA [1]	**100,222**	116,616	(14)	**217,678**	243,940	(11)
Adjusted EBITDA per common share [1]						
Basic	**$0.54**	$0.64	(16)	**$1.18**	$1.33	(11)
Diluted	**$0.54**	$0.63	(14)	**$1.18**	$1.32	(11)
Net (loss) income attributable to common shareholders	**(4,538)**	10,302	nm	**(5,755)**	14,543	nm
Net (loss) income attributable to common shareholders per common share						
Basic	**$(0.02)**	$0.06	nm	**$(0.03)**	$0.08	nm
Diluted	**$(0.02)**	$0.06	nm	**$(0.03)**	$0.08	nm
Cash provided by operating activities	**126,402**	166,771	(24)	**220,280**	271,345	(19)
Funds flow from operations	**98,250**	116,764	(16)	**206,688**	235,055	(12)
Funds flow from operations per common share						
Basic	**$0.53**	$0.64	(17)	**$1.12**	$1.28	(13)
Diluted	**$0.53**	$0.63	(16)	**$1.12**	$1.27	(12)
Total debt, net of cash	**1,119,127**	1,277,197	(12)	**1,119,127**	1,277,197	(12)
Weighted average common shares - basic *(000s)*	**183,894**	183,944	—	**183,941**	183,931	—
Weighted average common shares - diluted *(000s)*	**184,745**	185,031	—	**184,766**	185,388	—

Drilling	**2024**	2023	% change	**2024**	2023	% change
Number of marketed rigs						
Canada [2]	**94**	115	(18)	**94**	115	(18)
United States	**77**	85	(9)	**77**	85	(9)
International [3]	**31**	32	(3)	**31**	32	(3)
Total	**202**	232	(13)	**202**	232	(13)
Operating days [4]						
Canada [2]	**2,451**	2,131	15	**6,203**	5,931	5
United States	**2,912**	4,302	(32)	**6,046**	8,919	(32)
International [3]	**1,255**	1,247	1	**2,574**	2,351	9
Total	**6,618**	7,680	(14)	**14,823**	17,201	(14)

Well Servicing	**2024**	2023	% change	**2024**	2023	% change
Number of rigs						
Canada	**45**	47	(4)	**45**	47	(4)
United States	**47**	47	—	**47**	47	—
Total	**92**	94	(2)	**92**	94	(2)
Operating hours						
Canada	**12,027**	11,804	2	**23,953**	25,580	(6)
United States	**35,312**	30,647	15	**61,563**	58,564	5
Total	**47,339**	42,451	12	**85,516**	84,144	2

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] *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)	**June 30 2024**	December 31 2023	June 30 2023
Working capital (deficit) [1, 2]	**(11,514)**	15,780	(1,188,071)
Cash	**25,226**	20,501	44,071
Total debt, net of cash	**1,119,127**	1,189,848	1,277,197
Total assets	**2,916,191**	2,947,986	3,030,460
Total debt to total debt plus equity ratio	**0.46**	0.48	0.51

[1] See non-GAAP Measures section.
[2] Change in working capital (deficit) from June 30, 2024, to June 30, 2023, was largely due to the Company's revolving credit facility and unsecured Senior notes being classified as current.

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Capital expenditures						
Upgrade/growth	**2,368**	3,772	(37)	**4,138**	12,028	(66)
Maintenance	**46,058**	52,673	(13)	**99,057**	94,296	5
Proceeds from disposals of property and equipment	**(8,116)**	(3,299)	nm	**(11,387)**	(3,454)	nm
Net capital expenditures	**40,310**	53,146	(24)	**91,808**	102,870	(11)

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, 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 August 1, 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 (loss) income as calculated in accordance with IFRS.

ADJUSTED EBITDA

	Three months ended June 30		Six months ended June 30	
($ thousands)	**2024**	2023	**2024**	2023
(Loss) income before income taxes	**(3,603)**	15,581	**(8,261)**	21,809
Add-back/(deduct):				
Interest expense	**25,538**	31,560	**52,018**	65,958
Accretion of deferred financing charges	**417**	2,199	**834**	4,399
Depreciation	**82,512**	74,835	**170,765**	152,690
Share-based compensation	**241**	(6,146)	**4,066**	(4,421)
Gain on asset sale	**(4,663)**	(2,160)	**(6,408)**	(2,268)
Foreign exchange and other (gain) loss	**(220)**	747	**4,664**	5,773
Adjusted EBITDA	**100,222**	116,616	**217,678**	243,940

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 2024 was $391.8 million, a nine percent decrease from $432.8 million in revenue for the second quarter of 2023. Revenue for the six months ended June 30, 2024, was $823.1 million, a decrease of 10 percent from revenue for the six months ended June 30, 2023, of $916.8 million.

Adjusted EBITDA totaled $100.2 million ($0.54 per common share) in the second quarter of 2024, 14 percent lower than Adjusted EBITDA of $116.6 million ($0.64 per common share) in the second quarter of 2023. For the first six months ended June 30, 2024, Adjusted EBITDA totaled $217.7 million ($1.18 per common share), 11 percent lower than Adjusted EBITDA of $243.9 million ($1.33 per common share) in the first six months ended June 30, 2023.

Net loss attributable to common shareholders for the second quarter of 2024 was $4.5 million ($0.02 per common share) compared to a net income attributable to common shareholders of $10.3 million ($0.06 per common share) for the second quarter of 2023. Net loss attributable to common shareholders for the six months ended June 30, 2024, was $5.8 million ($0.03 per common share), compared to a net income attributable to common shareholders of $14.5 million ($0.08 per common share) for the six months ended June 30, 2023.

Funds flow from operations decreased 16 percent to $98.3 million ($0.53 per common share) in the second quarter of 2024 compared to $116.8 million ($0.64 per common share) in the second quarter of the prior year. Funds flow from operations decreased 12 percent to $206.7 million ($1.12 per common share) for the six months ended June 30, 2024, compared to $235.1 million ($1.28 per common share) for the six months ended June 30, 2023.

The outlook for oilfield services continues to be generally constructive despite the year-over-year decline in oilfield services activity in certain operating regions. The recent completion of the Trans Mountain Pipeline expansion has resulted in increased Canadian industry activity, while the US rig count continues to be depressed in part because of natural gas commodity prices. Furthermore, there have been several recent oil and natural gas customer mergers and acquisitions ("**M&A**") in both the Canadian and the US markets that have impacted drilling programs over the short-term, with customers exercising discipline with their capital programs. 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 declined in the three and six months ended June 30, 2024, when compared with the same periods in 2023. Operating activity was negatively impacted in the second quarter of 2024 due to customer capital discipline and the above-mentioned customer M&A activity between oil and natural gas producers in the United States markets. Offsetting the activity decrease in the United States is the activity increase in Canada, largely as a result of the completion of the Trans Mountain Pipeline expansion.

The average United States dollar exchange rate was $1.36 for the first half of 2024 (2023 - $1.35), slightly higher than the prior period.

The Company's working capital as at June 30, 2024, was a deficit of $11.5 million, compared to a surplus of $15.8 million as at December 31, 2023. The decrease in working capital is the result of lower operating activity compared to the fourth quarter of 2023.

The Company's available liquidity, consisting of cash and available borrowings under its $850.0 million the Credit Facility, was $40.8 million as at June 30, 2024.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Revenue						
Canada	**93,375**	80,618	16	**231,853**	220,734	5
United States	**208,578**	276,781	(25)	**417,013**	551,334	(24)
International	**89,839**	75,371	19	**174,233**	144,754	20
Total revenue	**391,792**	432,770	(9)	**823,099**	916,822	(10)
Oilfield services expense	**276,075**	301,503	(8)	**574,865**	643,702	(11)

Revenue for the three months ended June 30, 2024, totaled $391.8 million, a decrease of 9 percent from the second quarter 2023 of $432.8 million. Revenue for the six months ended June 30, 2024, totaled $823.1 million, a 10 percent decrease from the six months ended June 30, 2023.

The decrease in total revenue during the first half of 2024 was primarily due to recent M&A activity in the oil and natural gas sector in the United States market, impacting drilling activity, along with reinforced customer discipline with regards to their capital programs. Offsetting the decrease in the United States was higher activity in Canada and international operations.

CANADIAN OILFIELD SERVICES

Revenue increased 16 percent to $93.4 million for the three months ended June 30, 2024, from $80.6 million for the three months ended June 30, 2023. The Company recorded revenue of $231.9 million in Canada for the six months ended June 30, 2024, an increase of five percent from $220.7 million recorded for the six months ended June 30, 2023.

Canadian revenue accounted for 24 percent of the Company's total revenue in the second quarter of 2024 (2023 - 19 percent) and 28 percent (2023 - 24 percent) for the first half of 2024.

The Company's Canadian drilling operations recorded 2,451 operating days in the second quarter of 2024, compared to 2,131 operating days for the second quarter of 2023, an increase of 15 percent. For the six months ended June 30, 2024, the Company recorded 6,203 operating days compared to 5,931 days for the six months ended June 30, 2023, an increase of five percent. Canadian well servicing hours increased by two percent to 12,027 operating hours in the second quarter of 2024 compared to 11,804 operating hours in the corresponding period of 2023. For the six months ended June 30, 2024, well servicing hours decreased by six percent to 23,953 from 25,580 operating hours for the six months ended June 30, 2023.

The financial results for the Company's Canadian operations for the second quarter of 2024 improved along with operating activity, largely as a result of the recent completion of the Trans Mountain Pipeline expansion.

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

UNITED STATES OILFIELD SERVICES

The Company’s United States operations recorded revenue of $208.6 million in the second quarter of 2024, a decrease of 25 percent from the $276.8 million recorded in the corresponding period of the prior year. During the six months ended June 30, 2024, revenue of $417.0 million was recorded, a decrease of 24 percent from the $551.3 million recorded in the corresponding period of the prior year.

The Company's United States operations accounted for 53 percent of the Company's revenue in the second quarter of 2024 (2023 - 64 percent) and 51 percent of the Company’s revenue in the first half of 2024 (2023 - 60 percent).

Drilling rig operating days decreased by 32 percent to 2,912 operating days in the second quarter of 2024 from 4,302 operating days in the second quarter of 2023 and decreased by 32 percent to 6,046 operating days in the first half of 2024 from 8,919 operating days in the first half of 2023. United States well servicing recorded 35,312 operating hours in the second quarter of 2024 which was a 15 percent increase from 30,647 operating hours recorded in the second

quarter of 2023. For the first half of 2024, well servicing activity increased by five percent to 61,563 operating hours from 58,564 operating hours for the first half of 2023.

Operating and financial results for the Company's United States operations in the first half of 2024 were adversely impacted by the recent customer M&A activity and customer capital discipline.

During the first half 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 $89.8 million in the second quarter of 2024, a 19 percent increase from the $75.4 million recorded in the corresponding period of the prior year. International revenues for the six months ended June 30, 2024, increased 20 percent to $174.2 million from $144.8 million recorded for the six months ended June 30, 2023.

The Company's international operations contributed 23 percent of the total revenue in the second quarter of 2024 (2023 - 17 percent) and 21 percent of the Company's revenue in the first six months of 2024 (2023 - 16 percent).

International operating days for the three months ended June 30, 2024, totaled 1,255 operating days compared to 1,247 operating days in the same period of 2023, an increase of one percent. For the six months ended June 30, 2024, international operating days totaled 2,574 operating days compared to 2,351 operating days for the six months ended June 30, 2023, an increase of nine percent.

Operating and financial results from international operations reflect positive industry conditions that supported 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 half of 2024, the Company transferred one under-utilized international drilling rig into its reserve fleet.

DEPRECIATION

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Depreciation	**82,512**	74,835	10	**170,765**	152,690	12

Depreciation expense totaled $82.5 million for the second quarter of 2024 compared with $74.8 million for the second quarter of 2023, an increase of 10 percent. Depreciation expense for the first half of 2024 increased by 12 percent, to $170.8 million compared with $152.7 million for the first half 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 June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
General and administrative	**15,495**	14,651	6	**30,556**	29,180	5
% of revenue	**4.0**	3.4		**3.7**	3.2	

General and administrative expense increased six percent to $15.5 million (4.0 percent of revenue) for the second quarter of 2024 compared to $14.7 million (3.4 percent of revenue) for the second quarter of 2023. For the six months ended June 30, 2024, general and administrative expense totaled $30.6 million (3.7 percent of revenue) compared to $29.2 million (3.2 percent of revenue) for the six months ended June 30, 2023. General and administrative expense increased primarily due to annual wage increases.

FOREIGN EXCHANGE AND OTHER (GAIN) LOSS

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Foreign exchange and other (gain) loss	**(220)**	747	nm	**4,664**	5,773	(19)

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)	**2024**	2023	% change	**2024**	2023	% change
Interest expense	**25,538**	31,560	(19)	**52,018**	65,958	(21)

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

Interest expense decreased by 21 percent for the first half of 2024 compared to the first half of 2023, as a result of lower debt levels and effective interest rates.

INCOME TAXES (RECOVERY)

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Current income taxes	**328**	767	(57)	**1,482**	1,168	27
Deferred income taxes (recovery)	**658**	4,496	(85)	**(4,113)**	5,856	nm
Total income taxes (recovery)	**986**	5,263	(81)	**(2,631)**	7,024	nm

nm - calculation not meaningful

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

	Three months ended June 30			Six months ended June 30		
($ thousands, except per common share data)	**2024**	2023	% change	**2024**	2023	% change
Cash provided by operating activities	**126,402**	166,771	(24)	**220,280**	271,345	(19)
Funds flow from operations	**98,250**	116,764	(16)	**206,688**	235,055	(12)
Funds flow from operations per common share	**$0.53**	$0.64	(17)	**$1.12**	$1.28	(13)
Working capital (deficit) [1]	**(11,514)**	15,780	nm	**(11,514)**	15,780	nm

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

During the three months ended June 30, 2024, the Company generated funds flow from operations of $98.3 million ($0.53 per common share) compared to funds flow from operations of $116.8 million ($0.64 per common share) for the three months ended June 30, 2023, a decrease of 16 percent. For the six months ended June 30, 2024, the Company generated funds flow from operations of $206.7 million ($1.12 per common share) a decrease of 12 percent from $235.1 million ($1.28 per common share) for the six months ended June 30, 2023. The decrease in funds flow from operations for the six months ended June 30, 2024, compared to the same period of 2023, is largely due to the decrease in operating activity.

At June 30, 2024, the Company's working capital deficit was $11.5 million, compared to a working capital surplus of $15.8 million at December 31, 2023. The decrease in working capital is the result of lower operating activity compared to the fourth quarter of 2023.

The Company's existing bank facility provides for total borrowings of $850.0 million, of which $15.5 million was undrawn and available as at June 30, 2024.

INVESTING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Purchase of property and equipment	**(48,426)**	(56,445)	(14)	**(103,195)**	(106,324)	(3)
Proceeds from disposals of property and equipment	**8,116**	3,299	nm	**11,387**	3,454	nm
Net change in non-cash working capital	**6,529**	(3,769)	nm	**24,325**	3,769	nm
Cash used in investing activities	**(33,781)**	(56,915)	(41)	**(67,483)**	(99,101)	(32)

nm - calculation not meaningful

Net purchases of property and equipment for the second quarter of 2024 totaled $40.3 million (2023 - $53.1 million). Net purchases of property and equipment during the first six months of 2024 totaled $91.8 million (2023 - $102.9 million). The purchase of property and equipment for the first six months of 2024 consists of $4.1 million in upgrade and growth capital and $99.1 million in maintenance capital.

FINANCING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
($ thousands)	**2024**	2023	% change	**2024**	2023	% change
Proceeds from long-term debt	**13,240**	28,285	(53)	**56,714**	36,547	55
Repayments of long-term debt	**(92,126)**	(93,824)	(2)	**(147,024)**	(137,729)	7
Lease obligation principal repayments	**(2,505)**	(1,443)	74	**(4,792)**	(10,387)	(54)
Interest paid	**(25,055)**	(41,653)	(40)	**(52,558)**	(64,422)	(18)
Issuance of common shares under share option plan	**148**	—	—	**196**	—	nm
Purchase of common shares held in trust	**(450)**	(412)	9	**(1,032)**	(947)	9
Cash used in financing activities	**(106,748)**	(109,047)	(2)	**(148,496)**	(176,938)	(16)

nm - calculation not meaningful

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 now $850.0 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 $75.0 million 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.

On June 26, 2024, the Company amended and restated its existing credit agreement with its syndicate of lenders to include a US $50.0 million secured Letter of Credit Facility and various updates regarding the replacement of the Canadian Dollar Offered Rate ("CDOR") with the Canadian Overnight Repo Rate Average ("CORRA"). Furthermore, the Company has a commitment for a US $25.0 million unsecured Letter of Credit Facility which is expected to be finalized in the third quarter of 2024.

As at June 30, 2024, the amount of available borrowings under the Credit Facility was $15.5 million. As at June 30, 2024, the amount available under the current Letter of Credit Facility was US $5.4 million.

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 June 30, 2024:

	Covenant	June 30, 2024
The Credit Facility		
Consolidated Net Debt to Consolidated EBITDA [1]	≤ 4.00	2.45
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 2.50	4.20
Consolidated Net Senior Debt to Consolidated EBITDA[1,3]	≤ 2.50	2.42

[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 June 30, 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 June 30, 2024, totaled $275.9 million, a decrease of $28.6 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, 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, which have recently restarted. As at June 30, 2024, the Company had a net accounts receivable balance of approximately $10.2 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.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become 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, 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 provided a revolving Credit Facility and a three-year $369.0 million Term Facility. The amendments include an extension to the maturity date of the now $850.0 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 $75.0 million 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.

SUMMARY QUARTERLY RESULTS

($ thousands, except per common share data)	**Q2-2024**	Q1-2024	Q4-2023	Q3-2023	Q2-2023	Q1-2023	Q4-2022	Q3-2022
Revenue	**391,792**	431,307	430,540	444,405	432,770	484,052	467,980	432,550
Adjusted EBITDA [1]	**100,222**	117,456	128,998	117,295	116,616	127,324	129,963	105,358
Adjusted EBITDA per common share [1]								
Basic	**$0.54**	$0.64	$0.71	$0.63	$0.64	$0.69	$0.76	$0.54
Diluted	**$0.54**	$0.64	$0.70	$0.63	$0.63	$0.69	$0.76	$0.54
Net (loss) income attributable to common shareholders	**(4,538)**	(1,217)	31,922	(5,229)	10,302	4,241	11,897	17,782
Net (loss) income attributable to common shareholders per common share								
Basic	**$(0.02)**	$(0.01)	$0.17	$(0.03)	$0.06	$0.02	$0.07	$0.11
Diluted	**$(0.02)**	$(0.01)	$0.17	$(0.03)	$0.06	$0.02	$0.07	$0.11
Cash provided by operating activities	**126,402**	93,878	115,606	105,566	166,771	104,574	121,497	44,353
Funds flow from operations	**98,250**	108,438	110,231	119,596	116,764	118,291	110,361	103,321
Funds flow from operations per common share								
Basic	**$0.53**	$0.59	$0.60	$0.65	$0.64	$0.64	$0.65	$0.53
Diluted	**$0.53**	$0.59	$0.59	$0.65	$0.63	$0.64	$0.65	$0.52
Total debt, net of cash [2]	**1,119,127**	1,176,226	1,189,848	1,246,041	1,277,197	1,360,639	1,389,695	1,415,520

[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 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 1, 2024:

	Number		Amount ($)
Common shares	183,672,985	$	268,534
	Outstanding		**Exercisable**
Stock options	5,883,305		2,955,930

OUTLOOK

Industry Overview

The global outlook for oilfield services continues to be generally constructive and supports relatively steady demand for services. Global demand for crude oil continues to grow year-over-year and OPEC+ nations continue to moderate supply over the near-term, balancing crude oil supply and demand fundamentals. However, economic conditions, geopolitical tensions, hostilities in areas of the Middle East, and the ongoing Russia-Ukraine conflict continue to impact global commodity prices and add uncertainty over the short-term. Global crude prices remained positive and steady in the second quarter of 2024, with the benchmark price of West Texas Intermediate ("**WTI**") averaging US $80/bbl in May, $80/bbl in June, and $82/bbl in July.

Over the short-term, depressed natural gas prices and recent customer M&A activity in the Company's United States operating region has adversely impacted drilling programs. Over the long-term, the Company expects customer consolidation will be positive for oilfield services activity and facilitate relatively consistent drilling programs. Offsetting the prevailing short-term softness in the United States market, Canadian activity has improved year-over-year as

result of the completion of the Trans Mountain Pipeline expansion project. Furthermore, the pending completion of the Coastal GasLink Pipeline and several liquefied natural gas ("**LNG**") projects, including LNG Canada, are expected to support increased activity in Canada 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 previously announced targeted debt reduction of approximately $600.0 million. If industry conditions change, these targets may be increased or decreased.

The Company has budgeted gross 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 28 percent of total revenue in the first half of 2024, decreased in the second quarter of 2024 as a result of seasonal spring break-up. Activity in Canada is expected to increase in the third quarter of 2024 due to additional pipeline and transportation capacity and positive market conditions.

As of August 1, 2024, of our 94 marketed Canadian drilling rigs, approximately 57 percent were engaged under term contracts of various durations. Approximately 74 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 51 percent of total revenue in the first half of 2024, declined in the second quarter of 2024 primarily as a result of recent customer M&A activity and depressed natural gas prices impacting activity. Activity in the United States is expected to remain muted in the third quarter of 2024.

As of August 1, 2024, of our 77 marketed United States drilling rigs, approximately 51 percent were engaged under term contracts of various durations. Approximately 23 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 21 percent of total revenue in the first half of 2024, declined modestly in the second quarter of 2024 due to a one rig decline in Argentina. International activity is expected to remain stable for the remainder of the year.

Activity in the Company's Middle East segment remained steady over the second quarter and is expected to decline by one rig in Oman scheduled to go on standby in the third quarter of 2024. Currently, the Company has two active rigs and one rig on standby in Oman, two rigs active in Bahrain, and two rigs active in Kuwait.

Activity in Australia remained steady at eight rigs in the second quarter of 2024 and is expected to remain steady for the year.

Operations in Argentina declined by one rig in the second quarter of 2024 and are expected to increase, by one rig, in the third quarter of 2024. Operations in Venezuela, which were dormant for several years, remained steady in the second quarter and are expected to remain steady, at one active rig, in the third quarter and improve by one rig in the fourth quarter of 2024.

As of August 1, 2024, of our 31 marketed international drilling rigs, approximately 61 percent were engaged under term contracts of various durations. Approximately 79 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, 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.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which aims to improve how companies communicate their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is effective January 1, 2027. The Company is in the process of assessing the impact that the standard 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, 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	June 30 2024	December 31 2023
(Unaudited, in thousands of Canadian dollars)		
Assets		
Current Assets		
Cash	**$ 25,226**	$ 20,501
Accounts receivable	**275,902**	304,544
Inventories, prepaid, investments and other	**58,872**	56,809
Total current assets	**360,000**	381,854
Property and equipment	**2,344,341**	2,356,487
Deferred income taxes	**211,850**	209,645
Total assets	**$ 2,916,191**	$ 2,947,986
Liabilities		
Current Liabilities		
Accounts payable and accruals	**$ 242,710**	$ 231,838
Share-based compensation *(Note 6)*	**6,466**	11,014
Income taxes payable	**3,755**	4,176
Current portion of lease obligation	**7,883**	8,346
Current portion of long-term debt *(Note 7)*	**110,700**	110,700
Total current liabilities	**371,514**	366,074
Share-based compensation *(Note 6)*	**4,994**	6,606
Long-term debt *(Note 7)*	**1,033,653**	1,099,649
Lease obligations	**15,177**	11,589
Income tax payable	**7,642**	8,809
Deferred income taxes	**149,031**	146,497
Total liabilities	**1,582,011**	1,639,224
Shareholders' Equity		
Shareholders' capital *(Note 8)*	**268,755**	267,482
Contributed surplus	**22,529**	23,750
Accumulated other comprehensive income	**285,886**	254,765
Retained earnings	**757,010**	762,765
Total shareholders' equity	**1,334,180**	1,308,762
Total liabilities and shareholders' equity	**$ 2,916,191**	$ 2,947,986

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF (LOSS) INCOME

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	**June 30 2024**	June 30 2023
(Unaudited, in thousands of Canadian dollars, except per common share data)				
Revenue	**$ 391,792**	$ 432,770	**$ 823,099**	$ 916,822
Expenses				
Oilfield services	**276,075**	301,503	**574,865**	643,702
Depreciation	**82,512**	74,835	**170,765**	152,690
General and administrative	**15,495**	14,651	**30,556**	29,180
Share-based compensation	**241**	(6,146)	**4,066**	(4,421)
Foreign exchange and other (gain) loss	**(220)**	747	**4,664**	5,773
Total expenses	**374,103**	385,590	**784,916**	826,924
Income before interest expense, accretion of deferred financing charges and other gains and income taxes	**17,689**	47,180	**38,183**	89,898
Gain on asset sale	**(4,663)**	(2,160)	**(6,408)**	(2,268)
Interest expense	**25,538**	31,560	**52,018**	65,958
Accretion of deferred financing charges	**417**	2,199	**834**	4,399
(Loss) income before income taxes	**(3,603)**	15,581	**(8,261)**	21,809
Income taxes (recovery)				
Current income taxes	**328**	767	**1,482**	1,168
Deferred income taxes (recovery)	**658**	4,496	**(4,113)**	5,856
Total income taxes (recovery)	**986**	5,263	**(2,631)**	7,024
Net (loss) income	**$ (4,589)**	$ 10,318	**$ (5,630)**	$ 14,785
Net (loss) income attributable to:				
Common shareholders	**(4,538)**	10,302	**(5,755)**	14,543
Non-controlling interests	**(51)**	16	**125**	242
	$ (4,589)	$ 10,318	**$ (5,630)**	$ 14,785
Net (loss) income attributable to common shareholders per common share *(Note 9)*				
Basic	**$ (0.02)**	$ 0.06	**$ (0.03)**	$ 0.08
Diluted	**$ (0.02)**	$ 0.06	**$ (0.03)**	$ 0.08

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	**June 30 2024**	June 30 2023
(Unaudited, in thousands of Canadian dollars)				
Net (loss) income	**$ (4,589)**	$ 10,318	$ (5,630)	14,785
Other comprehensive income				
Item that may be subsequently reclassified to profit or loss				
Foreign currency translation adjustment	**10,720**	(19,864)	**31,121**	(21,144)
Comprehensive income (loss)	**$ 6,131**	$ (9,546)	**$ 25,491**	$ (6,359)
Other comprehensive income attributable to:				
Common shareholders of the Company	**$ 10,720**	$ (19,864)	**$ 31,121**	$ (21,144)
	$ 10,720	$ (19,864)	**$ 31,121**	$ (21,144)

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 income attributable to common shareholders	—	—	—	(5,755)	(5,755)
Other comprehensive income	—	—	31,121	—	31,121
Total comprehensive income	—	—	31,121	(5,755)	25,366
Common shares issued under share option plan	465	(270)	—	—	195
Share-based compensation	—	889	—	—	889
Common shares vested previously held in trust	1,840	(1,840)	—	—	—
Purchase of common shares held in trust	(1,032)	—	—	—	(1,032)
Balance, June 30, 2024	**$ 268,755**	**$ 22,529**	**$ 285,886**	**$ 757,010**	**$ 1,334,180**
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

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	**June 30 2024**	June 30 2023
(Unaudited, in thousands of Canadian dollars)				
Cash provided by (used in)				
Operating activities				
Net (loss) income	**$ (4,589)**	$ 10,318	**$ (5,630)**	$ 14,785
Items not affecting cash				
Depreciation	**82,512**	74,835	**170,765**	152,690
Gain on asset sale	**(4,663)**	(2,160)	**(6,408)**	(2,268)
Share-based compensation, net cash settlements	**(383)**	71	**(5,273)**	(5,892)
Unrealized foreign exchange and other	**(1,240)**	(4,555)	**4,495**	(473)
Accretion of deferred financing charges	**417**	2,199	**834**	4,399
Interest expense	**25,538**	31,560	**52,018**	65,958
Deferred income taxes (recovery)	**658**	4,496	**(4,113)**	5,856
Funds flow from operations	**98,250**	116,764	**206,688**	235,055
Net change in non-cash working capital *(Note 10)*	**28,152**	50,007	**13,592**	36,290
Cash provided by operating activities	**126,402**	166,771	**220,280**	271,345
Investing activities				
Purchase of property and equipment	**(48,426)**	(56,445)	**(103,195)**	(106,324)
Proceeds from disposals of property and equipment	**8,116**	3,299	**11,387**	3,454
Net change in non-cash working capital *(Note 10)*	**6,529**	(3,769)	**24,325**	3,769
Cash used in investing activities	**(33,781)**	(56,915)	**(67,483)**	(99,101)
Financing activities				
Proceeds from long-term debt *(Note 7)*	**13,240**	28,285	**56,714**	36,547
Repayments of long-term debt *(Note 7)*	**(92,126)**	(93,824)	**(147,024)**	(137,729)
Lease obligation principal repayments	**(2,505)**	(1,443)	**(4,792)**	(10,387)
Interest paid	**(25,055)**	(41,653)	**(52,558)**	(64,422)
Issuance of common shares under share option plan	**148**	—	**196**	—
Purchase of common shares held in trust *(Note 8)*	**(450)**	(412)	**(1,032)**	(947)
Cash used in financing activities	**(106,748)**	(109,047)	**(148,496)**	(176,938)
Net (decrease) increase in cash	**(14,127)**	809	**4,301**	(4,694)
Effects of foreign exchange on cash	**245**	(1,588)	**424**	(1,115)
Cash				
Beginning of period	**39,108**	44,850	**20,501**	49,880
End of period	**$ 25,226**	$ 44,071	**$ 25,226**	$ 44,071

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 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 August 1, 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 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, 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.

RECENT ACCOUNTING PRONOUNCEMENTS

IFRS 18 Presentation and Disclosure in Financial Statements

On April 9, 2024, the International Accounting Standards Board (IASB) issued IFRS 18 Presentation and Disclosure in Financial Statements, which aims to improve how companies communicate their financial statements, with a focus on information about financial performance in the statement of profit or loss. IFRS 18 is effective January 1, 2027. The Company is in the process of assessing the impact that the standard will have on its financial statements.

6. SHARE-BASED COMPENSATION

A summary of the Company's share option plan as of June 30, 2024, and the changes during the six 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	(192,300)	1.02
Exercised for cash	(46,860)	1.06
Forfeited	(61,100)	2.91
Outstanding - June 30, 2024	**5,990,700**	**$ 2.57**
Exercisable - June 30, 2024	**1,770,135**	**$ 2.10**

The following table lists the options outstanding at June 30, 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	618,300	0.50	$ 0.54	442,600	$ 0.54
$1.51 to $3.00	3,839,900	3.06	2.34	1,018,235	2.21
$3.01 to $3.94	1,532,500	3.50	3.94	309,300	3.94
	5,990,700	2.91	$ 2.57	1,770,135	$ 2.10

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

	June 30 2024
Remaining expected life (years)	2.6
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 June 30, 2024, and the changes during the six 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	(17,760)	1.02
Outstanding - June 30, 2024	**643,515**	**$ 2.46**
Exercisable - June 30, 2024	**192,197**	**$ 1.94**

The following table lists the SARs outstanding at June 30, 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	72,295	0.50	$ 0.54	51,737	$ 0.54
$1.51 to $3.00	418,220	3.01	2.26	109,860	2.04
$3.01 to $3.94	153,000	3.50	3.94	30,600	3.94
	643,515	2.84	$ 2.46	192,197	$ 1.94

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
Granted	1,916,476
Vested and paid	(3,661,121)
Outstanding - June 30, 2024	**5,093,058**

Included in net earnings for the three months ended June 30, 2024 is an expense of $473 (2023 - a recovery of $2,640), and for the six months ended June 30, 2024 is an expense of $1,813 (2023 - a recovery of $565). 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, 2024	1,393,669
Granted	90,608
Released	(196,945)
Outstanding - June 30, 2024	**1,287,332**

7. LONG-TERM DEBT

		June 30 2024		December 31 2023
Drawings on the Credit Facility	**$**	**834,455**	$	845,935
Term Facility		**313,650**		369,000
Unamortized deferred financing costs		**(3,752)**		(4,586)
Total debt	**$**	**1,144,353**	$	1,210,349
Less: current portion		**(110,700)**		(110,700)
Total long-term debt	**$**	**1,033,653**	$	1,099,649

The Credit Facility and Term Facility

As at June 30, 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 $850,000 Canadian dollars (December 31, 2023 - $900,000). The Term Facility provides the Company with an amortized three-year $313,650 loan (December 31, 2023 - $369,000).

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 Canadian Overnight Repo Rate Average ("**CORRA**") rate. Interest is incurred on the Term Facility based on a margin over the CORRA 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 now $850,000 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 $75,000 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 June 30, 2024, the Company was in compliance with all covenants related to the Credit Facility.

Letter of Credit Facilities

On June 26, 2024, the Company amended and restated its existing credit agreement with its syndicate of lenders to include a US $50,000 secured Letter of Credit Facility. Furthermore, the Company has a commitment for a US $25,000 unsecured Letter of Credit Facility which is expected to be finalized in the third quarter of 2024. As of June 30, 2024, the available amount under the Letter of Credit Facilities was US $5,371.

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	**$**	**1,210,349**
Proceeds from long-term debt		**56,714**
Long-term debt repayments		**(147,024)**
Amortization of debt issuance costs		**834**
Foreign exchange adjustments		**23,480**
Total debt	**$**	**1,144,353**
Less: current portion		**(110,700)**
Closing balance - June 30	**$**	**1,033,653**

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	192,300		465
Changes in unvested common shares held in trust	140,573		808
Closing balance - June 30, 2024	**183,759,450**	**$**	**268,755**

The total number of unvested common shares held in trust for share-based compensation plans as at June 30, 2024 was 799,580 (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 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 2024	June 30 2023	**June 30 2024**	June 30 2023
Net (loss) income attributable to common shareholders:				
Basic and diluted	**$ (4,538)**	$ 10,302	**$ (5,755)**	$ 14,543
Weighted average number of common shares outstanding:				
Basic	**183,894,347**	183,944,181	**183,941,383**	183,930,934
Potentially dilutive share-based compensation plans	**850,316**	1,086,458	**824,317**	1,456,831
Diluted	**184,744,663**	185,030,639	**184,765,700**	185,387,765

During the three months ended June 30, 2024, share options of 4,422,725 (2023 – 3,787,790) 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, 2024, share options of 4,422,725 (2023 – 2,389,865) 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 2024	June 30 2023	**June 30 2024**	June 30 2023
Net change in non-cash working capital				
Accounts receivable	**$ 50,402**	$ 58,378	**$ 34,816**	$ 62,134
Inventories, prepaid, investments and other	**2,280**	(1,381)	**(347)**	385
Accounts payable and accruals	**(15,099)**	(4,076)	**5,629**	(16,328)
Income taxes	**(2,902)**	(6,683)	**(2,181)**	(6,132)
	$ 34,681	$ 46,238	**$ 37,917**	$ 40,059
Relating to:				
Operating activities	**$ 28,152**	$ 50,007	**$ 13,592**	$ 36,290
Investing activities	**6,529**	(3,769)	**24,325**	3,769
	$ 34,681	$ 46,238	**$ 37,917**	$ 40,059

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 June 30	**Canada**	**United States**	**International**	**Total**	Canada	United States	International	Total
Revenue	**93,375**	**208,578**	**89,839**	**391,792**	80,618	276,781	75,371	432,770
(Loss) income before interest expense, accretion of deferred financing charges and other gains and income taxes	**(3,048)**	**9,640**	**11,097**	**17,689**	8,845	38,928	(593)	47,180

	2024				2023			
As at and for the six month period ended June 30	**Canada**	**United States**	**International**	**Total**	Canada	United States	International	Total
Revenue	**231,853**	**417,013**	**174,233**	**823,099**	220,734	551,334	144,754	916,822
Income (loss) before interest expense, accretion of deferred financing charges and other gains and income taxes	**17,089**	**2,676**	**18,418**	**38,183**	25,797	64,164	(63)	89,898
Property and equipment, net	**594,667**	**1,287,856**	**461,818**	**2,344,341**	622,284	1,348,226	459,610	2,430,120

	Three months ended		Six months ended	
	June 30 2024	June 30 2023	**June 30 2024**	June 30 2023
Rig rental revenue	**$ 252,948**	$ 268,752	**$ 600,732**	$ 715,737
Service revenue	**138,844**	164,018	**222,367**	201,085
Total revenue	**$ 391,792**	$ 432,770	**$ 823,099**	$ 916,822

There are no material differences in the basis of accounting or the measurement of (loss) income, 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.

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 data.

13. FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at June 30, 2024, totaled $275,902, a decrease of $28,642 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, 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, which have recently restarted. As at June 30, 2024, the Company had a net accounts receivable balance of approximately $10,242 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 become 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, 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 provided a revolving Credit Facility and a three-year $369,000 Term Facility. The amendments include an extension to the maturity date of the now $850,000 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 $75,000 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

N. MURRAY EDWARDS
Corporate Director and Investor

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

DONNA CARSON [1, 2]
Senior Vice President, MNP Ltd.

GARY CASSWELL [2, 4]
Independent Businessperson

DARLENE HASLAM [1, 4]
Independent Businessperson

JAMES B. HOWE [1, 3]
President, Bragg Creek Financial Consultants Ltd.

LEN O. KANGAS [2, 4]
Independent Businessperson

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

KARL A. RUUD [2, 4]
Independent Businessperson

BARTH WHITHAM [1, 3]
President and CEO,
Enduring Resources LLC

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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Bank of Montreal

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

PricewaterhouseCoopers LLP

TRANSFER AGENT

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[3] Compensation
[4] Health, Safety and Environment

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