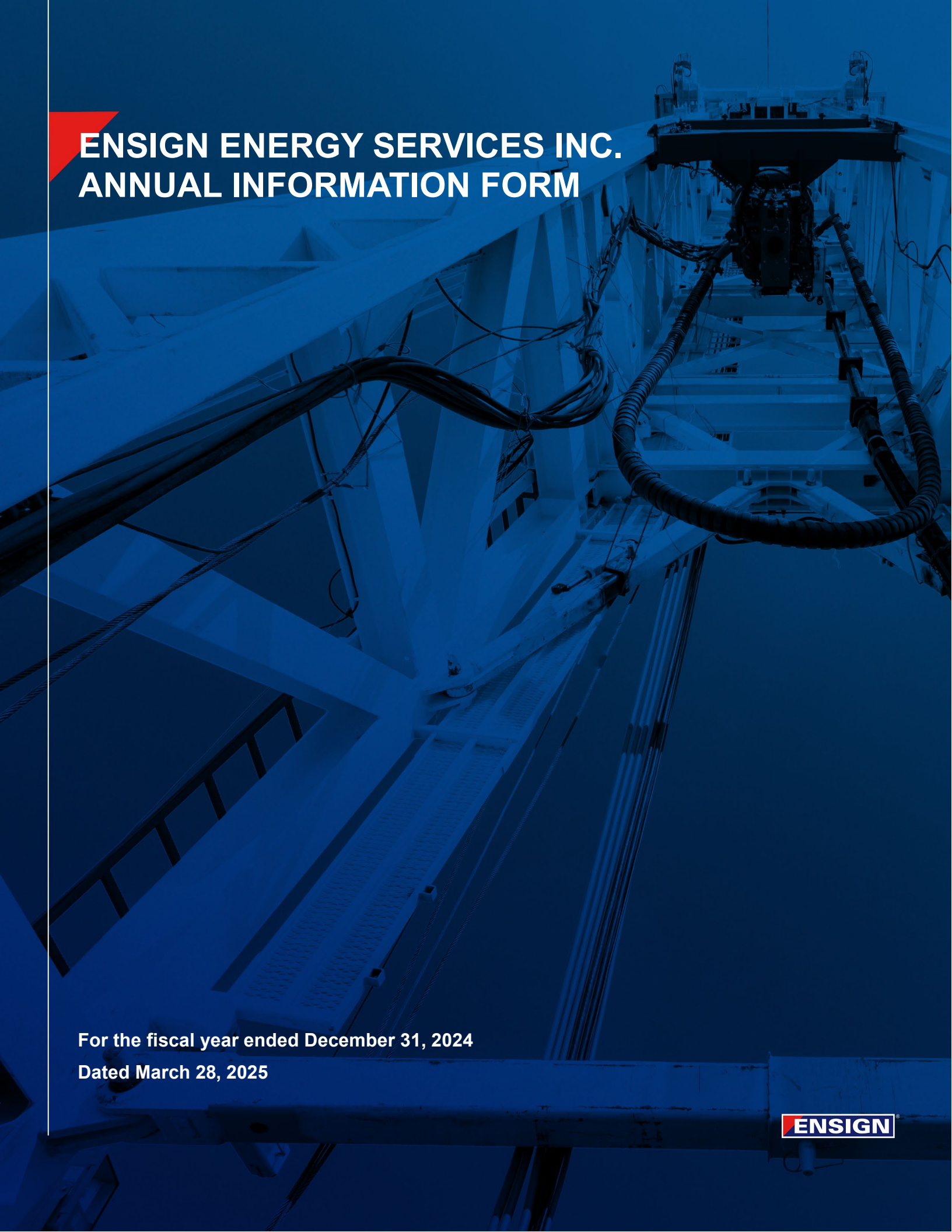
ENSIGN ENERGY SERVICES INC.
ANNUAL INFORMATION FORM



For the fiscal year ended December 31, 2024

Dated March 28, 2025

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

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



CAUTIONARY STATEMENTS ON FORWARD-LOOKING INFORMATION

Certain statements in this Annual Information Form constitute forward-looking statements or information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable securities legislation. Forward-looking statements generally can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. In particular, but without limiting the foregoing, this Annual Information Form contains forward-looking statements pertaining to, among other things, the following: disclosure related to expected future commodity pricing, revenue rates, equipment utilization or operating activity levels, operating costs, our and our customers' capital expenditures and allocation, our business plans and strategy, ability to find, complete and finance acquisitions, internal growth, market outlook, the timing and amount of future payments of dividends, the impacts and expected changes to regulations, debt servicing, actions of regulatory bodies (including OPEC, as defined below), impact of trade negotiations, geopolitical events, composition of our board of directors, drilling activities, availability or new business opportunities, and prospective guidance, expectations, beliefs, plans, goals, objectives, assumptions, information and statements about possible future events, conditions, results of operations or performance provided throughout this Annual Information Form.

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

The forward-looking statements are 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 by the 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 Amended and Restated Credit Facility (as defined herin) 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 economic and tariff policies pursued by the new United States administration, including the impact of recent United States pronouncements regarding curtailment of our customer's license to operate in Venezuela, which may suspend our operations in the area, along with any retaliatory policies by other governments and other risks and uncertainties affecting the Company's business, revenues and expenses, including those under the heading "Risk Factors" herein.

The Company's operations and levels of demand for its services have been, and at times in the future may be, affected by, among others (i) political risks and developments, such as expropriation, nationalization, or regime change, (ii) national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies, (iii) environmental protection regulations, (iv) pandemics and pandemic mitigation strategies, (v) ongoing hostilities in the Middle East and between Ukraine and the Russian Federation, including recent developments in discussion regarding the cessation of hostilities in Ukraine and pursuit of a resolution of the dispute, 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, and (iv) 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.

Although the forward-looking statements contained in this Annual Information Form are based upon assumptions which management of the Company believes to be reasonable, the Company cannot assure investors that actual results will be consistent with these forward-looking statements. With respect to forward-looking statements contained in this Annual Information Form, the Company has made assumptions regarding, but not limited to: commodity prices and royalty regimes; availability of skilled labour; timing and amount of capital expenditures; the impact of increasing competition; conditions in general economic and financial markets; effects of regulation by governmental agencies; future operating costs; 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.

Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those expressed or implied by the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and our course of action would depend upon our assessment of the future considering all information then available.

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

Although we believe that the expectations conveyed by the forward-looking statements are reasonable based on information available to us on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. Except as required by law, we assume no obligation to update forward-looking statements should circumstances or our projections, anticipations, estimates or opinions change.

CORPORATE STRUCTURE

Name, Address and Incorporation

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

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

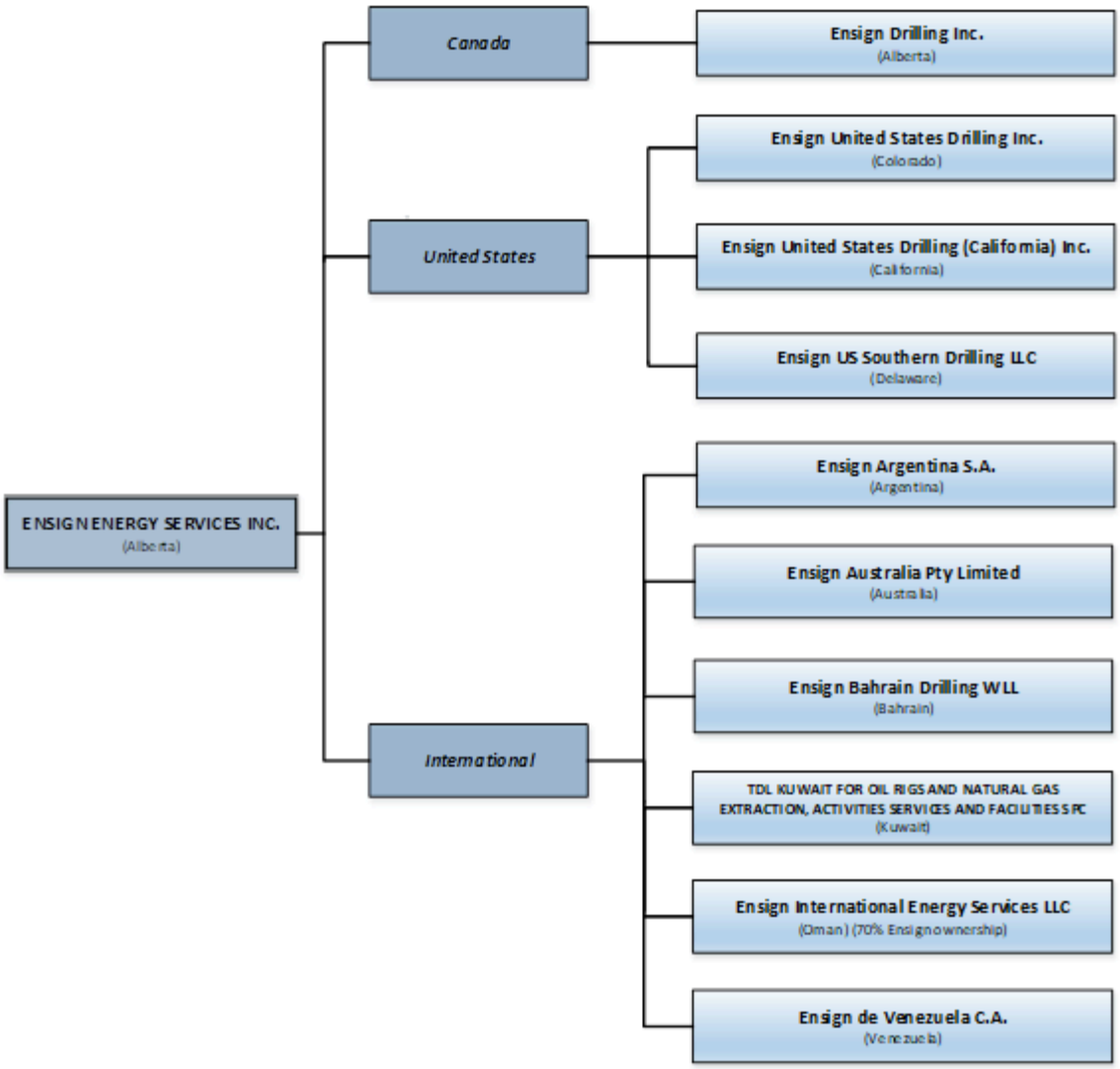
Our registered and head office is located at:

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

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

Intercorporate Relationships

The following diagram sets forth our principal operating subsidiaries, and the jurisdiction of formation, incorporation or continuance of such subsidiaries as of December 31, 2024. The Company owns 100 percent of the voting securities of each of the principal operating subsidiaries, with the exception of Ensign International Energy Services LLC (an Oman entity), of which the Company owns 70 percent of its voting securities.



The above diagram does not include all of the subsidiaries of the Company. The assets and annual revenues of unnamed subsidiaries individually did not exceed 10 percent and in the aggregate did not exceed 20 percent of the total consolidated assets or total consolidated revenues of the Company as at December 31, 2024.

GENERAL DEVELOPMENT OF THE BUSINESS

The Company provides oilfield services to the crude oil and natural gas industries in Canada, the United States and internationally. As at December 31, 2024, the Company marketed a fleet totaling 202 land drilling rigs worldwide in our three main geographic operating regions (94 in Canada, 77 in the United States and 31 internationally). Land contract drilling forms our business activity in each of our jurisdictions of operation. The Company also marketed 21 specialty coring rigs in Canada, 88 well servicing rigs (41 in Canada and 47 in the United States) and various oilfield services support equipment outlined in "*Description of the Business – Segmented Information*". The Company has also established and developed in-house engineering, procurement and construction capabilities, used in support of our operations worldwide.

Three Year History

Below is a summary of the significant developments and events relating to our business in the last three years and to date in 2025. All of our capital expenditures during the past three years and to date in 2025 have been financed through bank credit and term facilities, working capital, customer deposits, the Convertible Debentures (defined below) and the previously-held senior notes. Our strategy is to continue to expand through internal growth and selective acquisitions when and as deemed appropriate.

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

2025

Market Conditions

To date in 2025, oil and natural gas industry fundamentals still remain relatively steady, as governments look to continue to ease monetary policy measures taken to combat high inflation. Ongoing moderated supply from OPEC continued to constrain oil supply and support a floor on global crude oil prices. Furthermore, the ongoing conflicts between the Russian Federation and Ukraine and in the Middle East continues to drive uncertainty in global oil markets and pricing. Notwithstanding relative positive crude oil prices thus far in 2025, we expect, similar to 2024 and 2023, oil and natural gas producers may continue to moderate their capital spending in 2025 as they remain committed to cash flow generation and maintaining current production levels. Overhanging the industry fundamentals are the uncertainty around the economic and cross-border tariff policies adopted (or proposed to be adopted) by the new United States administration, the potential resultant counter measures and the ultimate economic implications from such policies.

We remain committed to responding to market fundamentals and continue to carefully monitor emerging developments. Further, we remain committed to retaining a strong balance sheet.

Financing Activities

No financing or related activities have taken place to date in 2025.

Dividends

To date in 2025, the Board of Directors of the Company (the "**Board**" or "**Board of Directors**") has not declared any dividend on the Company's common shares.

2024

Market Conditions

Overall demand for oilfield services continued to be generally consistent despite the year-over-year decline in oilfield services activity in certain operating regions. The completion of the Trans Mountain Pipeline expansion in May 2024 resulted in increased Canadian industry activity, while the United States rig count continued to be depressed in part because of relatively low natural gas commodity prices. Furthermore, there were several 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 the short-term headwinds, demand for crude oil continued to increase year-over-year. Moreover, OPEC+ nations continued to exercise production and supply discipline in response to market conditions.

Financing Activities

On December 31, 2024, the Company issued unsecured, subordinated convertible debentures (**"Convertible Debentures"**) for aggregate gross proceeds of $25.0 million. The Convertible Debentures bear interest from the date of closing at 7.5% per annum, payable semi-annually in arrears, on April 1 and October 1 each year. The Convertible Debentures will mature on January 31, 2029 and have a conversion price of $3.50 per common share (the **"Conversion Price"**).

In the third quarter of 2024, the Company finalized a US $25.0 million unsecured letter of credit facility.

Equipment Management

In 2024, the Company transferred one marketed drilling rig from its United States fleet to Canada.

As at December 31, 2024, the Company marketed a fleet totaling 202 land drilling rigs, 88 well servicing rigs and 21 specialty coring rigs. A further 28 drilling rigs located around the world were held in the Company's "reserve" fleet. These rigs were not marketed as of December 31, 2024, but remain available for deployment with a capital infusion as market conditions dictate.

As at December 31, 2024, our proprietary "Ensign Edge" drilling optimization system had been deployed onto approximately 74 drilling rigs in our fleet. The Ensign Edge system delivers a comprehensive technology suite for today's drilling challenges, optimizing drilling performance, crew safety, equipment reliability and rig processes.

Dividends

The Board of Directors did not declare any dividend on the Company's common shares in 2024.

Board of Directors

At our annual meeting of shareholders held on May 3, 2024, former Director Ms. Gail D. Surkan retired and did not stand for re-election to the Board of Directors.

2023

Market Conditions

In 2023, oil and natural gas industry fundamentals remained relatively strong despite the possibility of an economic recession as governments struggled to battle high inflation. Moderated supply from OPEC helped to constrain oil supply and supported a floor on global crude oil prices. Furthermore, the conflict between the Russian Federation and Ukraine and hostilities in the Middle East drove uncertainty in global oil markets and pricing which resulted in overall commodity price volatility.

As a result of the commodity price volatility, reinforced customer capital discipline, and several oil and gas sector M&As in North America, the industry rig count in North America had seen a steady decline into the latter half of 2023, while a steady improvement internationally because of favourable industry conditions.

Financing Activities

In October 2023, the Company entered into a three-year $369.0 million term credit facility agreement with its syndicate of lenders (the "**Term Facility**"). Concurrently with the new Term Facility agreement, the Company amended and extended its existing $900.0 million revolving credit facility and its $50.0 million letters of credit (the "**Amended and Restated Credit Facility**"). The maturity date of the Amended and Restated Credit Facility was extended for three years to October 2026. The Amended and Restated Credit Facility includes provisions for 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 Amended and Restated Credit Facility will be $700.0 million.

For more information regarding the Company's Term Facility and Amended and Restated Credit Facility, reference is made to the Risk Factor entitled: "*We require sufficient cash flows to service and repay our debts and our Amended and Restated Credit Facility and Term Facility contain restrictive covenants*". Additional information can also be obtained from Note 9 (Long Term Debt) of the Company's Consolidated Financial Statements for the year ended December 31, 2023 (the "**Consolidated Financial Statements**"), which note is hereby incorporated by reference into this Annual Information Form. The Amended and Restated Credit Facility (which includes the Term Facility) and the Company's Consolidated Financial Statements are available on SEDAR+ at www.sedarplus.ca.

In December 2023, the Company redeemed the entire outstanding principal amount of its 9.25% senior notes due April 15, 2024, at a price of 100% plus accrued interest to date of redemption.

Equipment Management

In 2023, the Company transferred three marketed drilling rigs from its United States fleet to Canada.

As at December 31, 2023, the Company marketed a fleet totaling 232 land drilling rigs, 92 well servicing rigs and 21 specialty coring rigs. A further 36 drilling rigs located around the world were held in the Company's "reserve" fleet. These rigs were not marketed as of December 31, 2023 but remain available for deployment with a capital infusion as market conditions dictate.

As at December 31, 2023, our proprietary "Ensign Edge" drilling optimization system had been deployed onto approximately 64 drilling rigs in our fleet. The Ensign Edge system delivers a comprehensive technology suite for today's drilling challenges, optimizing drilling performance, crew safety, equipment reliability and rig processes.

Dividends

The Board of Directors did not declare any dividend on the Company's common shares in 2023.

Board of Directors

At our annual meeting of shareholders held on May 5, 2023, Mr. John G. Schroeder retired and did not stand for re-election to the Board of Directors. Ms. Donna Carson and Mr. Karl Ruud joined the Board of Directors in 2023.

2022

Market Conditions

In the early part of 2022, oil and natural gas commodities demonstrated strong fundamentals following the easing of global pandemic lockdowns, increasing global oil demand while oil supply remained constrained. Nearing the end of the first quarter, energy security became a top priority around the globe, following the invasion of Ukraine by the Russian Federation. Oil and natural gas producers then recorded strong profits as crude oil topped US $114/bbl for the crude oil benchmark West Texas Intermediate ("**WTI**") and benchmark natural gas Henry Hub reaching US $8/Mbtu. As hostilities between the Russian Federation and Ukraine continued throughout the year, crude oil prices fluctuated as a result of several market events, including but not limited to the United States government's release of strategic petroleum reserves to combat the high price of energy, production output, decisions by producing nations (primarily OPEC) and European Union pricing caps on Russian oil. North American energy producers remained disciplined in their commitment to prioritize shareholder returns over production growth, limiting global oil supply. By the latter part of the year, activity for oilfield services increased moderately as energy producers looked to maintain production levels.

Financing Activities

In June 2022, the Company settled its previously outstanding unsecured, subordinated convertible debentures (the "**Convertible Debentures**") of $37.0 million through the issuance of 21,142,857 common shares of the Company at conversion price of $1.75. The holders' elections to convert the Convertible Debentures were made following the issuance of notice by the Company. As a result of the conversion and at such time, N. Murray Edwards, Chairman of the Board of Directors, beneficially owned and controlled 43,060,656 common shares, representing 23.36 percent of the issued and outstanding common shares as of December 31, 2022.

Equipment Management

In February 2022, we sold two drilling rigs located in Mexico (which completed our exit from the Mexican market) and sold one drilling rig located in the United States in April 2022.

On October 26, 2022, the Company completed the sale of the assets used to conduct its directional drilling business in Canada for consideration of $5.0 million which was paid through the issuance of common shares in the purchaser, Cathedral Energy Services Ltd.

As at December 31, 2022, the Company marketed a fleet totaling 246 land drilling rigs, 94 well servicing rigs and 21 specialty coring rigs. A further 45 drilling rigs located around the world are held in the Company's "reserve" fleet. These rigs were not marketed as of December 31, 2022 but remain available for deployment with capital infusion as market conditions dictate.

As at December 31, 2022, our proprietary "Ensign Edge" drilling optimization system had been deployed onto approximately 56 drilling rigs in our fleet.

Dividends

The Board of Directors did not declare any dividend on the Company's common shares in 2022.

Board of Directors

Ms. Darlene Haslam joined the Board of Directors in 2022.

DESCRIPTION OF THE BUSINESS

General

We classify the Company's operations in three main geographic operating regions: Canada, the United States and International.

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

In the United States, we offer drilling rigs, directional services, well servicing, equipment rental services and trucking services. We operate predominantly in the Rocky Mountain region, the southern region, and the states of California, New Mexico, North Dakota and South Dakota.

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

Revenue by Geographic Operating Region

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

	2024	2023
Canada	$496.5 million	$446.4 million
United States	$839.9 million	$1,040.8 million
International	$347.8 million	$304.6 million
TOTAL	**$1,684.2 million**	**$1,791.8 million**

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

In 2024, the Company had one customer that represented 10 percent or more of its revenues. For more information, reference is made to Note 13 (Segmented Information) of our Consolidated Financial Statements for the year ended December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca and which note is hereby incorporated by reference into this Annual Information Form.

Segmented Information

The Company's geographic operating regions are further divided into a total of 14 operating divisions in nine countries: Canada, the United States, Argentina, Australia, Bahrain, Kuwait, Oman, United Arab Emirates, and Venezuela. The following sections identify these 14 operating divisions, their marketed fleet size and their area of operation as at December 31, 2024.

Canadian Oilfield Services

DIVISION	DESCRIPTION	MARKETED FLEET SIZE	AREA OF OPERATION
Ensign Canadian Drilling, a division of Ensign Drilling Inc.	Provides shallow, intermediate and deep well drilling and specialized drilling services including horizontal drilling, underbalanced drilling, horizontal re-entry and slant drilling for steam assisted gravity drainage (SAGD) applications. Provides equipment and services on a daywork, footage, turnkey or integrated service basis. Based in Nisku, Alberta, with a regional office in Oxbow, Saskatchewan.	94 drilling rigs	Western Canada
Encore Coring & Drilling, a division of Ensign Drilling Inc.	Provides coring and oilsands drilling services to the mining and oil and natural gas industries. Based in Calgary, Alberta.	21 specialty oil sands / coring rigs	Western Canada, Yukon, Northwest Territories
Ensign Well Servicing, a division of Ensign Drilling Inc.	Provides shallow to deep well servicing to oil and natural gas producers, including completions, abandonments, production workovers and bottom hole pump changes. Based in Calgary, Alberta with regional offices throughout the province.	41 well servicing rigs	Western Canada
Enhanced Drill Systems, a division of Ensign Drilling Inc.	Provides interactive pressure drilling packages comprised of completely self-contained systems, including nitrogen generation, compression equipment and surface control systems capable of providing managed pressure drilling, underbalanced drilling and membrane generated nitrogen services. Based in Calgary, Alberta.	Under-balanced / managed pressure drilling units	Western Canada
Chandel Equipment Rentals, a division of Ensign Drilling Inc.	Rents an inventory of drill strings, loaders, tanks, pumps, rig matting, blow-out preventers, waste bins and wastewater treatment equipment for the drilling and completions segments of the oilfield industry. This division has locations throughout the provinces of Alberta and Saskatchewan.	Oilfield rental assets	Western Canada

Our contract drilling operations in Canada were conducted, as of December 31, 2024, through Ensign Drilling Inc. in the Western Canadian Sedimentary Basin. The composition of the rig fleet covers all drilling requirements from the shallow depth range to the deep oil and natural gas drilling requirements of the foothills region of the Canadian Rocky Mountains. Additionally, we have acquired a level of expertise in specialty drilling activities, including coring and underbalanced drilling.

Ensign Drilling Inc.'s drilling operations, along with certain associated corporate functions, employed approximately 1,210 employees in salaried and hourly positions as at December 31, 2024. Drilling services are conducted on a contract basis. Drilling contracts are awarded through either competitive bids or negotiation. The majority of our drilling contracts in Canada are carried out on a daywork basis which provides that specified drilling equipment and services will be provided for a fixed charge per day regardless of the number of days required to complete the well. We are obliged to provide the drilling rig and specified crews necessary to perform the contract. Accordingly, all

wages of operating crews and certain operating and maintenance costs of the drilling rigs are our responsibility in performing the contract.

Our Canadian well servicing division, Ensign Well Servicing, provides shallow to deep well servicing activities to crude oil and natural gas producers throughout most of the Western Canadian Sedimentary Basin and has operating bases located in Ardmore, Brooks, Lloydminster and Nisku, Alberta. Well servicing work is usually performed on a “call up” basis. The amount charged is primarily based on an agreed rate per hour dependent upon the type of service rig and nature of the service to be performed. Approximately 145 employees were employed by Ensign Well Servicing in salaried and hourly positions as at December 31, 2024.

Enhanced Drill Systems provides managed pressure and underbalanced drilling services, and oilfield equipment rentals operations are provided through our Chandel Equipment Rentals division. Both of these divisions are based in Calgary, Alberta and collectively employed approximately 8 employees in salaried and hourly positions as at December 31, 2024.

United States Oilfield Services

DIVISION	DESCRIPTION	MARKETED FLEET SIZE	AREA OF OPERATION
Ensign United States Drilling Inc.	Based in LaSalle, Colorado. Provides contract drilling services, including directional drilling, trucking and equipment rental services, in the Rocky Mountain region, primarily by providing equipment and services for the drilling of oil and natural gas wells on a daywork, footage, turnkey or integrated service basis. The division also provides shallow to deep well servicing to oil and natural gas producers.	12 drilling rigs; 22 well servicing rigs; directional drilling kits, oilfield rental assets	United States: Rocky Mountain region
Ensign United States Drilling (California) Inc.	Based in Bakersfield, California. Provides contract drilling services and equipment rental services, and well servicing services in the San Joaquin, Los Angeles and Sacramento basins of California on a footage, daywork, turnkey or integrated service basis.	13 drilling rigs; 25 well servicing rigs	United States: California, Oregon, Nevada and Utah
Ensign US Southern Drilling LLC	Based in Houston, Texas, with yards in Houston and Midland, Texas. Provides contract drilling, including directional drilling services, equipment rental services and well servicing services in many of the resource plays in the southern United States on a daywork, footage, turnkey or integrated service basis.	52 drilling rigs	United States: Southern region, and New Mexico

At December 31, 2024, across our three operating divisions in the United States, we marketed a total of 77 drilling rigs as described below.

The Ensign United States Drilling Inc. marketed drilling rig fleet was composed of 12 drilling rigs that are marketed in the Rocky Mountain region. Drilling services are conducted on a contract basis and the majority of the drilling contracts are conducted on a daywork basis; however, we have developed drilling expertise in various areas throughout the Rocky Mountain region, allowing us to pursue higher returns through added value footage, incentive, integrated service or turnkey contracts in that region and elsewhere. Ensign United States Drilling Inc. is headquartered in LaSalle, Colorado with additional field offices in Casper, Wyoming and Williston, North Dakota. As at December 31, 2024, this division, including directional drilling, employed approximately 255 people in salaried and hourly positions.

At December 31, 2024, the Ensign United States Drilling (California) Inc. marketed drilling fleet was composed of 13 drilling rigs that are marketed primarily in the San Joaquin, Los Angeles and Sacramento basins in California.

Through this division we operate in the shallow heavy oil market and natural gas producing areas. Ensign United States Drilling (California) Inc. is headquartered in Bakersfield, California. As at December 31, 2024, this division employed approximately 143 people in salaried and hourly positions.

At December 31, 2024, Ensign US Southern Drilling LLC marketed 52 drilling rigs primarily in the resource plays of the southern United States. Operations are based out of Houston, Texas with regional offices located in Midland, Texas and Shreveport, Louisiana. As at December 31, 2024, this division employed approximately 913 people in salaried and hourly positions.

Our well servicing operations in the United States operate under the name “Ensign Well Services” and, as at December 31, 2024, was composed of 22 well servicing rigs in the Rocky Mountain region and 25 well servicing rigs in California. As at December 31, 2024, Ensign Well Services employed approximately 476 people in salaried and hourly positions.

International Oilfield Services

DIVISION	DESCRIPTION	MARKETED FLEET SIZE	AREA OF OPERATION
Ensign Australia Pty Limited (“**Ensign Australia**”)	This division is based in Adelaide, Australia, and is an integrated drilling services provider specializing in the drilling of all forms of hydrocarbon and geothermal wells on either daywork, footage, turnkey or integrated service basis.	14 drilling and workover rigs	Australia
Ensign International Energy Services LLC / Ensign Bahrain Drilling WLL / Trinidad Drilling International (“**TDI**”)	This division (collectively called “**Ensign International**”) is based primarily in Dubai, U.A.E., and is made up of integrated drilling services providers specializing in the drilling of all forms of hydrocarbon and geothermal wells on either daywork, footage, turnkey or integrated service basis.	8 drilling and workover rigs	Bahrain (2), Kuwait (2), Oman (4)
Ensign Argentina S.A.	This division is an Argentina-based drilling and completion services provider.	2 drilling and workover rigs	Argentina
Ensign de Venezuela C.A.	This division is a Venezuela-based drilling and completion services provider.	7 drilling and workover rigs	Venezuela

As at December 31, 2024, across our five operating divisions in jurisdictions outside of North America, we marketed a total of 31 drilling rigs.

As at December 31, 2024, the marketed drilling fleet in Ensign Australia was composed of 14 drilling and workover rigs. Ensign Australia has its main operations base in Adelaide, Australia. Field offices are located in various other locations in Australia to provide the required level of local support.

As at December 31, 2024, the marketed drilling fleet in Ensign International was composed of six drilling and workover rigs, with its main operations base in Dubai, U.A.E. Field offices are located in various international locations to provide the required level of support for local operations. Through these divisions, in 2024 we had active operations in Bahrain and Oman.

Also, as at December 31, 2024, Ensign Argentina S.A. marketed two drilling and workover rigs, and has its main operations base in Neuquen, Argentina; and Ensign de Venezuela C.A. marketed seven drilling and workover rigs, and has its main operations base in El Tigre, Venezuela.

TDI marketed two drilling rigs in Kuwait, as at December 31, 2024, with active operations in Kuwait.

As at December 31, 2024, our international oilfield services divisions collectively employed approximately 1,007 people in salaried and hourly positions.

Employees

As at December 31, 2024, the Company had an approximate total of 4,157 salaried and field/hourly employees worldwide. The following is a breakdown of our employee population:

	SALARIED EMPLOYEES:	FIELD/HOURLY EMPLOYEES:	TOTAL:
Canada	140	1,223	**1,363**
United States	159	1,628	**1,787**
International	119	888	**1,007**
TOTALS:	**418**	**3,739**	**4,157**

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

Seasonality

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

Health, Safety and Environment

We are committed to building and maintaining a best-in-class safety culture, through safety and training programs designed to improve safety performance, raise awareness of the importance of safety in our operations, and minimize the impact of our operations on the environment.

The Company's goal is to Drive to Zero® – zero safety incidents, zero injuries, zero days off work due to injury. Driving to Zero® means accepting that every incident is preventable and focusing on the operational discipline to achieve zero incidents and injuries. The Company's established tools and processes, such as "Stop Work Authority", "Rig Specific Operating Procedures", "Job Safety Analyses" and "Ensign's Coach Assist and Assure Process" (EnCAAP) have resulted in an increasingly safety-aware workplace culture and safer operations overall. In 2024, the Company achieved a global "Total Recordable Injury Rate" (TRIR) of 0.84, representing the number of recordable incidents per 100 full-time workers. This is the second lowest incident rate of the Company's history (the lowest rate of 0.72, having been achieved in 2020). Four of our five operating regions had an incident rate of one or less.

As a part of our continued commitment to safe operations and to encourage personal accountability, compensation incentives tied to safety performance are in place at all levels of the Company.

The Health, Safety and Environment Committee (the "**HSE Committee**") of the Board of Directors provides additional oversight in relation to global health, safety and environment matters. The HSE Committee was composed, as at December 31, 2024 and as of the date hereof, of four independent directors, being Gary W. Casswell (Chairman), Len O. Kangas, Darlene Haslam and Karl Ruud. Our HSE Committee is responsible for reviewing, reporting and making recommendations to the Board on the development and implementation of our policies, standards and practices with respect to health, safety and the environment. Its mandate includes: (i) reviewing, and recommending to the Board for approval, fundamental policies pertaining to health, safety and the environment; (ii) reviewing our internal control systems, our strategies and policies regarding health, safety and the environment; (iii) reviewing and reporting to the Board on our performance with respect to health, safety and environmental compliance and the results or findings of any report or reviews pertaining to us; and (iv) monitoring emerging trends with respect to health, safety and the environment.

The goal of the Company's Health, Safety and Environmental Policy is to protect our people, the public, property and the environment in which we work and live.

We strive to run our operations efficiently and with due consideration for the impact of our operations. Our efforts aim to reduce our operational footprint and input costs through a variety of measures have been ongoing for over a decade. Notably, our electric ADR® drilling rigs are smaller than other drilling rigs in the same horsepower category which combined with our expertise and technology, achieve operational excellence. Our ADR® X-Y walking drilling rigs also allow for pad-drilling, whereby we reduce the overall surface impact to drill and complete multiple wells in a single location.

In addition to hybrid technology, where rigs are powered with battery energy storage systems and generators, we continually seek opportunities to collaborate with our customers to utilize alternative fuels to power our equipment, which historically has relied on diesel fuel. As such, we currently have a number of drilling rigs in our active fleet, primarily in North America, utilizing natural gas and bi-fuel generators, as well as electric grid-tied power ("highline").

The Company's environmental incident rate, inclusive of both spills and damage, continues to be below one percent of potential exposure hours. This highlights the Company's strong wellsite processes and procedures, aimed in part at protecting the environment and limiting unplanned financial expenditures by the Company.

Competitive and Industry Conditions

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

Most drilling and workover contracts are awarded on the basis of competitive bids, which results in price competition. A drilling company is also commonly evaluated by potential customers based on the performance of its equipment, drilling depth capacity, safety record and the expertise of its operational personnel.

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

In many markets in which we operate, the supply of rigs exceeds the demand for rigs, resulting in further price competition. Certain competitors are present in more than one of the regions in which we operate, although no one competitor operates in all of these areas.

In Canada, we compete with several firms of varying size. In the United States, there are many competitors with national, regional or local rig operations. Internationally, there are several competitors at each location where we operate. Some of our competitors may be better positioned in certain markets, allowing them to compete more effectively. There is no assurance that we will be able to continue to compete successfully or that the level of competition and pressure on pricing will not adversely affect our margins.

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

	DRILLING RIG OPERATING DAYS			WELL SERVICE OPERATING HOURS	
	CANADA	UNITED STATES	INTERNATIONAL	CANADA	UNITED STATES
2024	13,558	12,103	4,996	48,710	124,056
2023	12,373	15,759	4,946	46,523	121,147
2022	13,589	17,928	3,973	47,269	124,035

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

In early 2022, with the decline in production from legacy wells, demand recovery continued to stabilize following the coronavirus outbreak and resulting lock-downs. In March, the Russian Federation invaded Ukraine prompting a spike in the price of crude oil and natural gas, reaching an average price of US $114/bbl for WTI in June and US $8/MMbtu for natural gas in May. The United States government began releasing crude oil inventory from its strategic reserve and interest rate increases were implemented by various governments around the world to curb inflation, adversely affecting the price of crude oil with WTI averaging US $87/bbl for the second half of 2022.

In the beginning of 2023, oilfield services continued to be relatively positive with steady demand for services and tightening rig supply. Recessionary pressures for many global economies and continued inflationary concerns continued to add uncertainty to the outlook for the oil and natural gas industry. Despite a potential economic slowdown in major economies, OPEC+ nations continue to moderate supply and respond to market demands. As a result of the commodity volatility, reinforced customer capital discipline and oil and gas sector M&A in North America, industry rig count in North America had seen a moderate decline into the latter half of 2023.

In 2024, overall demand for oilfield services continued to be generally consistent despite the year-over-year decline in oilfield services activity in certain operating regions. The completion of the Trans Mountain Pipeline expansion in May resulted in increased Canadian industry activity, while the US rig count continued to be depressed in part because of relatively low natural gas commodity prices. Furthermore, there were several oil and natural gas customer M&As in both the Canadian and the US markets that had impacted drilling programs over the short-term, with customers exercising discipline with their capital programs. However, despite the short-term headwinds, demand for crude oil continued to increase year-over-year. Moreover, OPEC+ nations continued to exercise production and supply discipline in response to market conditions.

To date in 2025, oil and natural gas industry fundamentals still remain relatively steady, as governments look to continue to ease monetary policy measures taken to combat high inflation. Ongoing moderated supply from OPEC continued to constrain oil supply and support a floor on global crude oil prices. Furthermore, the ongoing conflicts between the Russian Federation and Ukraine and in the Middle East continues to drive uncertainty in global oil markets and pricing. Notwithstanding relative positive crude oil prices thus far in 2025, we expect, similar to 2024 and 2023, oil and natural gas producers may continue to moderate their capital spending in 2025 as they remain

committed to cash flow generation and maintaining current production levels. Overhanging the industry fundamentals are the uncertainty around the economic and cross-border tariff policies adopted (or proposed to be adopted) by the new United States administration, the potential resultant counter measures and the ultimate economic implications from such policies.

Canada:

Industry operating days in 2024 were 64,638 as compared to 57,944 operating days in 2023 and 58,833 operating days in 2022. The Canadian Association of Energy Contractors (the "**CAOEC**") currently estimates that 2025 oilfield services activity levels in western Canada will increase from 2024 activity levels, with 6,604 wells forecasted to be drilled in 2025, as compared to the 6,156 wells drilled in 2024 and 5,389 wells drilled in 2023.

To date in 2025, Canadian activity has modestly improved from 2024 activity levels, with a normal course decline in activity expected exiting the first quarter as operations enter the seasonal spring break-up. The Canadian industry remains constrained by limited takeaway capacity, with relief from solutions such as the Trans Mountain pipeline which become fully operational in mid-2024.

United States:

To date in 2025, continued depressed natural gas prices and customer M&A activity in the Company's United States operating region have 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.

International:

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

Regional geopolitical issues continue to temper overall levels of demand for oilfield services. Escalating tensions and violence in some regions remain a concern. We currently have several international projects with drilling rigs on long-term contracts and we will continue to seek new international opportunities.

General:

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

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

Environmental Considerations

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

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

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

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

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

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

We continue to operate in several urban and suburban environments where consideration and mitigation of light, noise, and odour that may result from our operations are important considerations. As an example of steps we take to address these matters, we have modified exhaust systems to mitigate noise and odour, and use soft yellow lights instead of the typical white lights to minimize disturbance to local communities and wildlife.

Overall, to date, environmental protection requirements have not had a significant direct financial or operational effect on our capital expenditures, earnings or competitive position. Although environmental protection requirements are not presently anticipated to have a significant direct effect on such matters in 2025 they may have a more substantial impact in the future.

DIVIDENDS

In 1995, the Board of Directors implemented a dividend policy whereby a semi-annual dividend would be paid at the discretion of the Board of Directors and may vary depending on a variety of factors and conditions existing from time to time relating to our other needs for capital. In March 1999, the Board of Directors changed our dividend policy from semi-annual to quarterly payments.

Since we began paying a dividend in September 1995 and through to the end of 2015, the Company had increased the amount of dividends declared in each fiscal year. In each year from 2015 through 2018, in response to market conditions, we held our dividend at an aggregate of $0.48 per common share per year.

In 2019, we declared dividends that totaled $0.42 per common share, a modest decrease from $0.48 in prior years.

On February 27, 2019, the Board of Directors implemented a Dividend Reinvestment Plan (“**DRIP**”). The DRIP provided eligible holders of common shares with an option to elect to reinvest their dividends in common shares of the Company at a discount of up to five percent of the average market price on each dividend payment date. The Board of Directors terminated the DRIP on November 7, 2019.

In 2020, we declared a dividend in the first quarter of $0.06 per common share. Later in 2020, due primarily to the unprecedented uncertainty at that time surrounding the impact on our business of the COVID-19 pandemic, the Board of Directors suspended further declaration and payment of dividends, which suspension began with the dividend normally declared in the second quarter. No dividends were declared from 2021 through 2024.

Our Amended and Restated Credit Facility prohibits the payment of a dividend unless certain obligations have been met. We were in compliance with all debt covenants under our Amended and Restated Credit Facility as at December 31, 2024.

The amount of future dividends, if any, will be in the sole discretion of our Board after considering a variety of factors and conditions existing from time to time, including our financial results, current and future commodity prices, foreign currency and exchange rates, current operations, regulatory compliance, compliance with our Amended and Restated Credit Facility or any new credit facility or arrangement, and the satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends. See "*Risk Factors – We do not currently pay a dividend and may not pay a dividend in the future*."

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

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of common shares and an unlimited number of preferred shares, issuable in series. At December 31, 2024, our issued and outstanding share capital consisted of 184,695,080 common shares. As at that date, there were no series of preferred shares issued and outstanding.

Common Shares

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

Preferred Shares

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

Convertible Debentures

As described above under "General Development of the Business", on December 31, 2024, the Company completed a non-brokered private placement of unsecured, subordinated Convertible Debentures for aggregate gross proceeds of $25.0 million. The Convertible Debentures have a maturity date of January 31, 2029 and bear interest from the date of closing at 7.50% per annum, payable semi-annually in arrears, on April 1 and October 1 each year.

If, on and after March 31, 2028, the closing price of the Company's common shares on the Toronto Stock Exchange exceeds 125% of the Conversion Price for at least 30 consecutive trading days, the Convertible Debentures may be redeemed by the Company for cash on a *pro rata* basis, in whole or in part from time to time, on not more than 90 days and not less than 60 days' prior notice, at a redemption price equal to the outstanding principal amount of the Convertible Debentures plus accrued and unpaid interest thereon (if any), up to, but excluding, the date of redemption.

MARKET FOR SECURITIES

Trading Price Range and Volume of Common Shares

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

TORONTO STOCK EXCHANGE			
2024 PERIOD	**HIGH ($)**	**LOW ($)**	**VOLUME**
January	2.43	2.01	5,209,542
February	2.37	2.07	5,024,148
March	2.80	2.14	5,018,671
April	2.80	2.28	4,791,074
May	2.57	2.17	5,134,841
June	2.37	2.10	3,628,535
July	2.65	2.18	3,931,981
August	2.57	2.22	6,386,561
September	2.71	2.37	4,497,189
October	3.02	2.48	6,548,024
November	3.19	2.84	4,590,877
December	3.01	2.64	4,488,658

Prior Sales

During the year ended December 31, 2024, the Company issued 328,350 common shares pursuant to previously-issued share based awards under its compensation plans. On March 5, 2024, the Company issued 1,568,500 stock options to certain executive officers and employees, with an exercise price per stock option of $2.43.

For further information on the Company's compensation plans, please see the most recent management information circular available on our SEDAR+ profile.

ESCROWED SECURITIES

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

DIRECTORS AND EXECUTIVE OFFICERS

Our Board of Directors, as of December 31, 2024, was composed of 10 directors. The following information is presented with respect to the directors of the Company as of December 31, 2024 and as of the date hereof:

NAME AND MUNICIPALITY OF RESIDENCE	DIRECTOR SINCE	PRINCIPAL OCCUPATION
N. Murray Edwards St. Moritz, Switzerland	October 1989	Investor and Corporate Director
Robert H. Geddes Calgary, Alberta, Canada	March 2007	President and Chief Operating Officer of the Company
Donna Carson (1) (2) Calgary, Alberta, Canada	December 2023	Senior Vice-President, MNP Ltd.
Gary W. Casswell (2) (4) Montgomery, Texas, USA	December 2017	Independent Businessman
Darlene Haslam (1) (4) Calgary, Alberta, Canada	March 2022	Independent Businesswoman
James B. Howe (1) (3) Calgary, Alberta, Canada	June 1987	President, Bragg Creek Financial Consultants Ltd. (financial consulting)
Len O. Kangas (2) (4) Red Deer, Alberta, Canada	June 1990	Independent Businessman
Cary A. Moomjian, Jr. (2) (3) Frisco, Texas, USA	November 2014	Principal of CAM OilServ Advisors LLC (consulting, expert witness, dispute resolution, training)
Karl A. Ruud (2) (4) Calgary, Alberta, Canada	November 2023	Independent Businessman
Barth E. Whitham (1) (3) Denver, Colorado, USA	March 2007	President and Chief Executive Officer of Enduring Resources, LLC (energy resource exploration and development)

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

The current term of each of the directors will expire at the next annual meeting of our shareholders, which is scheduled for May 9, 2025. It is currently anticipated that all of the above directors except Mr Howe and Mr. Moomjian, who are retiring effective May 9, 2025, will stand for re-election at the annual meeting. The last annual meeting of the shareholders was held on May 3, 2024.

Each of the current directors of the Company has been engaged for five or more years in his or her present occupation or in other similar capacities with the same firm or organization.

The following information is presented with respect to our executive officers as at December 31, 2024 and as of the date hereof:

Name and Municipality of Residence	Position Held with the Company	Principal Occupation
N. Murray Edwards St. Moritz, Switzerland	Chairman	Investor and Corporate Director
Robert H. Geddes Calgary, Alberta, Canada	President and Chief Operating Officer	Officer of the Company
Michael Gray Calgary, Alberta, Canada	Chief Financial Officer	Officer of the Company
Michael Nuss Houston, Texas, USA	Executive Vice President United States Operations	Officer of the Company
Brent Conway Calgary, Alberta, Canada	Executive Vice President International Operations	Officer of the Company

Each of the executive officers of the Company has been employed for five years or more by us.

Shareholdings

As of December 31, 2024, our directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over, 50,272,798 (approximately 27.2 percent) of our issued and outstanding common shares. In addition, as of December 31, 2024, our directors and executive officers as a group beneficially owned, directly or indirectly, or exercised control or direction over, Convertible Debentures having a principal amount of $20,700,000, which Convertible Debentures are convertible into 5,914,285 common shares (or 3.2 percent of the issued and outstanding common shares as at such date, assuming conversion).

Conflicts of Interest

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

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

Further, we have adopted a Code of Conduct (the "**Code of Conduct**"), which is intended to support our efforts to conduct our business in a consistently legal and ethical manner. Topics include conflicts of interest, the treatment of confidential information and trading in our shares. Each director, officer and employee of the Company is required to abide by the Code of Conduct.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, none of the directors or executive officers is or has been, in the last 10 years, a director, chief executive officer or chief financial officer of any company (including the Company) that: (i) was

subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an **"Order"**), that was issued while the director or executive officer was acting in that capacity; or (ii) was subject to an Order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in such a capacity.

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

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

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

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

Further, there have not been any (a) penalties or sanctions imposed against the Company by a court relating to securities legislation or by a securities regulatory authority during the year ended December 31, 2024, (b) any other penalties or sanctions imposed by a court or regulatory body against the Company that would likely be considered important to a reasonable investor in making an investment decision, or (c) settlement agreements entered into by the Company before a court relating to securities legislation or with a securities regulatory authority during the year ended December 31, 2024.

AUDIT COMMITTEE DISCLOSURES

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

As at the date hereof (and as at December 31, 2024), the members of the Audit Committee are Donna Carson, Darlene Haslam (Chairwoman), James B. Howe and Barth E. Whitham, each of whom is independent and financially literate within the meaning of NI 52-110. The following comprises a brief summary of each member's relevant education and experience:

Donna Carson: Ms. Carson received her designation as a CGA accountant in 1992 and brings over 31 years of experience, including service with various oilfield service companies. Currently, Ms. Carson, CIRP, LIT, CPA, CGA, is a Senior Vice-President at MNP Ltd., and sits on the Board of Directors for Money Mentors. Ms. Carson received a Business Administration diploma from Red Deer College, Chartered Insolvency & Restructuring Professional designation and is a Licensed Insolvency Trustee.

Darlene Haslam: Ms. Haslam operates a private accounting practice providing accounting consulting services to small and medium sized businesses. She is a Chartered Accountant and Certified Public Accountant and holds the ICD.D designation from the Institute of Corporate Directors. From 2019 until January 2022, Ms. Haslam was a member of the Board of Directors and Chair of the Audit Committee of a private biotechnology company specializing in messenger RNA (mRNA) vaccine therapies. She was the past Chair of the Board of Directors of the Alberta Children's Hospital Foundation, where she has served as a director since 2013. Ms. Haslam received a Bachelor of Commerce from the University of Calgary.

James B. Howe: Mr. Howe is President of Bragg Creek Financial Consultants Ltd., a private financial consulting company. Mr. Howe has served as either Chief Financial Officer, director or audit committee member of several public companies. Mr. Howe received a Bachelor of Arts from the Ivey School of Business at the University of Western Ontario and is a member of the Chartered Professional Accountants of Alberta.

Barth E. Whitham: Mr. Whitham is President and Chief Executive Officer of Enduring Resources, LLC a private, Denver-based company with onshore exploration and production operations in the United States. Previously he served as President, Chief Operating Officer and Director of Westport Resources Corporation, a public upstream oil and gas company listed on the New York Stock Exchange ("**NYSE**"). Mr. Whitham was previously a member of the audit committee of Westport Resources Corporation and QEP Resources, Inc., and is currently a director and serves on the audit committee of Enduring Resources, LLC. He is also the lead director for Intrepid Potash, Inc., a company listed on the NYSE, where he also chairs its compensation committee and serves on its audit committee. Mr. Whitham received a Bachelor of Science in Engineering and a Master of Science in Economics, each from the Colorado School of Mines, and is a Registered Professional Engineer.

In addition to serving on the Company's Audit Committee, as described above, Mr. Whitham serves on the audit committee of one other public company. The Board of Directors has considered this commitment in accordance with its mandate and determined that such service has not and would not impair the ability of Mr. Whitham to effectively serve on the Company's Audit Committee.

The Audit Committee has approved a policy whereby management can engage the Company's external auditor to provide non-audit services to a maximum of $20,000 per individual engagement with an aggregate maximum of

$50,000 per year without further authorization. In addition, the Audit Committee has authorized management to engage the Company's external auditor to provide non-audit services to a maximum of $20,000 per year with respect to non-audit services required in support of the Company's foreign subsidiaries, excluding the Company's International subsidiaries, without further authorization.

Our external auditor is PricewaterhouseCoopers LLP. The following is a summary of the external audit services fees by category in 2024 and 2023:

External Auditor Fees		2024		2023
Audit Fees[1]	$	898,000	$	844,000
Audit Related Fees[2]		21,000		20,000
Tax Fees[3]		—		57,840
All Other Fees[4]		11,000		11,000
Total	**$**	**930,000**	**$**	**932,840**

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

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

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

(4) "**All Other Fees**" includes fees for products and services not included under the headings: Audit Fees, Audit Related Fees and Tax Fees and includes other non-audit services. In 2024 and in 2023, fees are the amounts paid to the Canadian Public Accountability Board (CPAB), the auditing regulator that oversees public accounting firms that audit Canadian reporting issuers.

RISK FACTORS

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

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

1. Our operations are dependent on the prices of crude oil and natural gas, which have been subject to increased volatility in recent years, and on the exploration and development activities of oil and natural gas exploration and production companies.

Our revenue, cash flow and earnings are substantially dependent upon, and affected by, the level of crude oil and natural gas exploration and production. Commodity price levels affect the capital expenditure programs of energy exploration and production companies, as the price they receive for the oil and natural gas they produce has a direct impact on the cash flow available to them and the subsequent demand for oilfield services provided by the Company. Generally, oil and natural gas prices have been volatile in recent years and may continue to be so as

supply/demand fundamentals, weather conditions, government regulation, political and economic environments, pipeline capacity, storage levels and other factors outside of our control continue to influence commodity prices. Demand for our services in the future will continue to be influenced by oil and natural gas commodity prices and the resultant impact on the cash flow of our customers and may not be reflective of historical activity levels. Generally, we experience high demand for our services when commodity prices are relatively high, and the opposite generally is true when commodity prices are low.

Worldwide military, political and economic events, including OPEC policies and practices as well as the hostilities in the Middle East and between the Russian Federation and Ukraine, affect both the demand for, and the supply of, crude oil and natural gas. Weather conditions, governmental regulation (both in Canada and elsewhere), activities of indigenous communities, levels of consumer demand, the availability of pipeline capacity, storage levels, tariffs and other factors beyond our control may also affect the supply of and demand for crude oil and natural gas. All of these factors can thus affect future commodity prices. Downward pressures on commodity prices have in the past resulted in, and may in the future result in, a reduction in the demand for, and prices of, oil and natural gas, which also increases the risk that storage for crude oil and refined petroleum products could reach capacity in certain geographic locations in which we operate. A prolonged period of decreased demand for, and prices of, oil and natural gas, and any applicable storage constraints, could result in a decrease in the demand for oilfield services provided by the Company, which could adversely impact our business, financial condition and results of operations.

The average price of natural gas and crude oil has been volatile over the course of 2017 to 2024. More recently, concerns about supply in light of geopolitical events and hostilities had elevated commodity prices, but offsetting supply concerns were demand concerns as globally economies tackled inflationary pressures.

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

Additionally, the availability and pricing of alternative sources of energy, a potential shift to lower carbon intensive energy sources or a shift to a lower carbon economy, and technological advances may also depress the overall level of oil and natural gas exploration and production activity, similarly impacting the demand for our services.

2. We operate in a highly competitive industry.

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

In many markets in which we operate, the supply of rigs exceeds the demand for rigs, resulting in price competition. Certain competitors are present in more than one of the regions in which we operate, although no one competitor operates in all of these areas. Further, many drilling, workover and well-servicing rigs can be moved from one region to another in response to changes in levels of activity, which can result in greater competition and an oversupply of rigs in an area. In addition, competition could increase if older, less efficient rigs are retired and replaced by newer, higher specification rigs.

Drilling and workover contracts generally are awarded on the basis of competitive bids, which results in price competition. In addition, we believe that the following factors are also important for our customers in determining which drilling services provider to select: capability and condition of the competing drilling rigs; mobility and efficiency of the rigs; quality of service and experience of the rig crews; safety records; availability of ancillary services; and an ability to provide drilling and production equipment adaptable to, and personnel familiar with, new technologies and drilling and production techniques. At times, the Company may compete directly with other companies that have greater financial resources and access to capital, which could allow them to compete more effectively than us. There is no assurance that we will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect our margins. See "*Description of the Business—Competitive and Industry Conditions*."

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

3. Our operations may be vulnerable to force majeure events.

Our operations, information systems and demand for our products and services may be vulnerable to substantial loss or damage as a result of certain disruptions, including natural disasters or significant weather events, national emergencies, acts of war and terrorism, technological attacks, domestic and global trade disruptions, infrastructure disruptions, civil disobedience or unrest, and the outbreak of pandemics, epidemics, diseases or similar events, any of which may have a material adverse effect on our reputation, our business, financial conditions or operating results.

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

Because of the lengthy life span of oilfield service equipment and the lag between the time a decision is made to build new equipment, such as a drilling rig, and the time such new equipment is placed into service, the supply of equipment in the industry does not always correlate to the level of demand for that equipment. Periods of high demand often spur increased capital expenditures on oilfield service equipment, and those capital expenditures may produce equipment that exceeds actual demand, which would have a negative effect on the price at which we can contract our services. Any capital overbuild could lead to a decrease in rates in the oilfield services industry generally and may render existing equipment less competitive, events which would have an adverse effect on our revenues, cash flows and earnings.

5. We require sufficient cash flows to service and repay our debts and our Amended and Restated Credit Facility and Term Facility contain restrictive covenants.

The Company's Amended and Restated Credit Facility is secured and matures in October 2026.

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

In addition, the Amended and Restated Credit Facility contains certain customary financial covenants, including a consolidated net debt to earnings before interest, taxes, depreciation and amortization ("**EBITDA**") ratio, a consolidated EBITDA to consolidated interest expense ratio, and a consolidated net senior debt to a consolidated EBITDA ratio. Market conditions and other factors beyond our control may affect our ability to meet these covenants in the future. If we breach any of the covenants, it could result in a default under our Amended and Restated Credit Facility and may trigger a cross-default under other debt, accelerating the maturity of such debts, or other events. If we are unable to meet the financial covenants under the Amended and Restated Credit Facility, or service, repay or refinance our debt, it could have a negative impact on our financial condition.

As at December 31, 2024, we were in compliance with the covenants of our Amended and Restated Credit Facility.

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

Our revenue, cash flow and earnings are subject to credit risk on accounts receivable balances. Certain global economic conditions, including among others, tightening of the credit markets, inflationary pressures and volatility in commodity prices, heighten our credit risk, as our customers may experience reduced cash flows and reduced access to credit. In addition, the ability of our customers to pay their debts in a timely manner may be impaired or impacted by geopolitical influences. The carrying value of accounts receivable reflects management's assessment of the associated risks.

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

7. Our business is dependent on new contracts and renewing existing contracts.

The Company's business depends on the ability to successfully obtain new contracts and renew existing contracts with customers. Contract proposals and negotiations are complex and could involve a lengthy bidding and selection process, which are affected by a number of factors, such as market conditions, financing arrangements and required government approvals. If negative market conditions arise, or if there is a failure to secure adequate financial arrangements or the required governmental approvals, the Company may not be able to pursue or secure projects, which could impair or reduce financial performance.

8. Our operations may be constrained due to debt levels.

The Company has a significant amount of indebtedness, particularly with respect to the Term Facility and the Amended and Restated Credit Facility, and this indebtedness could materially and adversely affect it in a number of ways. For example, it could:

(a) increase the Company's vulnerability to general adverse economic and industry conditions;
(b) require the Company to dedicate a portion of its future cash flow from operations to service payments on its indebtedness, thereby reducing the availability of the Company's future cash flow from operations to fund working capital, capital expenditures and other general corporate purposes;
(c) limit the Company's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates;
(d) place the Company at a competitive disadvantage compared to its competitors that have less or no debt; and
(e) limit the Company's ability to borrow additional funds on commercially reasonable terms, if at all, to meet its operating expenses and for other purposes.

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

The Company and its customers are subject to numerous laws and regulations governing their operations and the exploration, development and production of oil and natural gas, including environmental regulations. Recent oil and natural gas price volatility and migration to alternative energy sources have had a negative impact on the valuation of oil and natural gas companies and caused a general decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada and parts of the United States by political and other actions resulting in uncertainty surrounding energy policies, regulatory, tax, royalty changes, tariffs and environmental regulation. Existing and expected environmental legislation and regulations may increase the costs associated with providing oilfield services, as the Company may be required to incur additional operating costs or capital expenditures in order to comply with any new requirements. The costs of complying with increased environmental and other regulatory changes in the future, such as royalty regime changes, changes to taxation regimes and changes to international trade agreements (including cross-boarder tariffs), could have a significant impact on the crude oil and natural gas business in Canada, the United States and other international jurisdictions where we maintain or pursue operations. These factors could lead to a decline in the demand for our services, resulting in a material adverse effect on our revenues, cash flows and earnings.

Major projects which would benefit our customers, such as new pipelines and other facilities, may be inhibited, delayed or stopped by a variety of factors, including inability to obtain regulatory or governmental approvals or public opposition. In western Canada, for example, delays and/or the inability to obtain necessary regulatory approvals for pipeline projects that would provide additional transportation capacity and access to refineries for our customers has led to downward pressure on the price of crude oil and natural gas produced in Canada. This has depressed and may in the future depress the overall exploration and production activity of our customers in Canada, resulting in a corresponding reduction in the demand for our services. A continued downward pressure on the price of oil and natural gas could also have a material adverse effect on our global revenue, cash flow and profitability.

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

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

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

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

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

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

If there is a dispute relating to our international operations, it may be subject to the exclusive jurisdiction of foreign courts or arbitration proceedings. In addition, we may not be able to file suits against foreign persons or subject

them to the jurisdiction of a court in Canada or the United States or be able to enforce judgement or arbitrated awards.

We are subject to compliance with certain corrupt practices legislation, which generally prohibit companies from making improper payments to foreign government officials for the purpose of obtaining or retaining business. While we have developed procedures designed to achieve compliance with applicable international laws, we could be exposed to potential claims, economic sanctions or other restrictions for alleged or actual violations of international laws related to our international operations, including anti-corruption and anti-bribery legislation, trade laws and trade sanctions. In addition, there may be uncertainty about how applicable laws and regulations are imposed, applied or interpreted, and they could be subject to change. While we cannot predict the impact of any of these factors, if any of these risks materialize, it could have a material adverse effect on our reputation, operations and financial condition.

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

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

The following are examples of how certain global economic conditions result in uncertainty for our business operations, impact commodity prices and could have a material adverse effect on our and our customers' businesses and financial results. The United States remains by far Canada's largest trade partner and the largest international market for the export of crude oil, natural gas and NGLs from Canada. Any changes to the trade agreements as between Canada, the United States and Mexico or imposition of new or modified tariffs, could have a material impact on the global crude oil and natural gas industries, and as a result, our business. Since July 2018, the United States and China have been involved in ongoing trade and tariff negotiations, which has resulted in tension and uncertainty. As China is a large importer of crude oil and natural gas, this conflict could have an impact on global crude oil and natural gas industries, and as a result, our business. The impact of the hostilities between the Russian Federation and Ukraine prompted an initial spike in oil and natural gas commodity pricing and, correspondingly, energy service company share prices. The ongoing hostilities in the region and in the Middle East have created uncertainties regarding future trends.

On February 1, 2025, President Trump of the United States signed an executive order (the "**Executive Order**") imposing a 25% tariff on all goods originating in Canada and imported into the United States and a 10% tariff on "energy and energy resources" from Canada, effective February 4, 2025. In response, the Government of Canada imposed 25% tariffs on $155 billion in goods imported from the U.S., coming into effect in two phases starting on February 4, 2025. Provincial governments across Canada have also responded to the U.S. tariffs, in some cases introducing their own retaliatory measures. On February 3, 2025, Canada and the U.S. agreed to delay the imposition of their respective tariffs on imported goods for 30 days. On March 6, 2025, a tariff reprieve was announced on Canadian exports that are compliant with the Canada-US-Mexico Agreement, until April 2, 2025. President Trump has also suggested that a new economic deal may be structured with Canada, though the scope and terms of such a deal, if any, remain unknown.

Although discussions continue regarding a potential economic arrangement between Canada and the United States, there remains significant uncertainty over whether tariffs or other restrictive trade measures or countermeasures will be implemented and, if so, the scope, impact, and duration of any such measures. Potential measures could include, among others, increased tariffs on Canadian energy exports, restrictions on cross-border supply chains (including in respect of the energy industry), or additional regulatory barriers to trade. The imposition of tariffs (or other economic measures) between the United States and Canada, for any period of time, could have a significant impact on the market for oil and natural gas products and could result in, among other things, cost and price volatility, a relative weakening of the Canadian dollar and widening differentials, any of which could in turn have a material adverse effect on the Company's business, operations and financial results, among others.

Potential supply disruptions and global demand impacts amid evolving trade and other international conflicts, including the Canada and United States tariff threats, continued Russia-Ukraine hostilities, as well as ongoing international geopolitical and trade tensions, have resulted in and may continue to result in increased volatility in market prices for oil and natural gas products and could have an effect on demand, including the demand for oilfield services generally. The Company cannot predict the effect of this volatility on market prices and demand for oil and natural gas products and any major changes may materially and adversely affect the Company's business, financial condition, results of operations and cash flows.

The decline in oil prices which resulted in a dramatic drop in energy and energy service company share prices (including our share price) during the global Coronavirus outbreak on March 9, 2020, created uncertainty in the global energy and equity markets which uncertainty continues to persist to date.

12. We are exposed to counterparty risk and risk due to our long-term contracts.

As a result of changing global financial conditions, the Company is exposed to various counterparty and liquidity risks, including, but not limited to, the following: counterparty risks associated with the financial institutions that provide available funding on the Amended and Restated Credit Facility, customer payments and insurance providers, as well as liquidity risks in the event our cash positions decline or become inaccessible for any reason, or additional financing to support our operations is unavailable, or demand for crude oil and natural gas falls. In the event a counterparty fails to complete its obligations or in the event of the default or bankruptcy of a counterparty, the Company would bear the risk of loss of the amount expected to be received under these contractual or financial instruments. These risks may impact the ability of the Company to obtain further financing, loans and other credit facilities in the future and, if obtained, on terms favourable to the Company. If volatility and market turmoil recur, the Company's results of operations and/or planned growth could be adversely impacted.

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

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

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

Any change in the value of the Canadian dollar relative to the United States dollar, and, to a lesser extent, other currencies, during a given financial reporting period results in a foreign currency loss or gain on the translation of our assets measured in other currencies into Canadian dollars. Consequently, our reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses. In addition, changes in currency exchange rates will affect the amount of revenues and expenses we record for our United States and international operations, which can increase or decrease our net earnings.

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

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

During the year ending December 31, 2024, none of the Company's customers represented more than 10 percent of its consolidated revenue. There can be no assurance that our relationship with significant customers will continue. A substantial reduction or total loss of the business from one or more significant customers, if not offset by sales to new or existing customers, may have a material adverse effect on our business, revenue, cash flows and earnings.

15. Our business competes for its supply of labour with others within our industry as well as other industries and is dependent upon its workforce.

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

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

We are also subject to risks relating to unionization or labour disturbances and the health and safety of our personnel, as well as the potential for a slowdown or temporary suspension of operations in locations impacted by an outbreak of a pandemic of other health crisis. A workforce slowdown or suspension could have a material adverse effect on the Company's business, financial condition, results of operations and cash flows.

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

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

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

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

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

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

a customer or insurer to meet its indemnification, release or insurance obligations could result in substantial losses and have a material adverse effect on our financial condition.

The frequency and severity of incidents that may result in losses or liabilities will affect our operating costs, insurability and relationships with investors, customers, employees, government regulators and the general public. Where available and cost-effective, we carry insurance to cover the risks to our equipment and people, and each year we review the level of insurance for adequacy. Although we believe the level of insurance coverage to be adequate, there can be no assurance that the level of insurance will be sufficient to cover all potential losses or liabilities. Moreover, there is no assurance that in the future insurance will be available to cover any or all of the risks inherent in our business, or, even if available, that it will be adequate in coverage or amounts or that insurance premiums or other costs will not rise significantly in the future, so as to make such insurance prohibitive. In future insurance renewals, we may choose to increase our self-insurance retentions or decrease the amounts or types of coverage (and thus assume a greater degree of risk) in order to reduce insurance premiums.

18. New technology could place the Company at a disadvantage versus competitors.

Complex drilling programs for the exploration and development of remaining conventional and unconventional oil and natural gas reserves require high performance drilling rigs and other sophisticated oilfield service equipment. The ability of oilfield service providers to meet this demand depends on continuous improvement of existing technology and equipment, such as drilling rig drive systems, horizontal, long-reach and multilateral drilling technology, advanced automation and control systems, mud systems, top drives, downhole equipment and mobile pad moving systems designed to improve drilling efficiency. Our ability to deliver equipment and services that are as or more efficient than those of our competitors is critical to our continued success. There is no assurance that competitors will not achieve technological improvements that are more advantageous, timely or cost effective than improvements developed or available to us. In addition, at this time the Company cannot predict the impact, if any, that advancements in artificial intelligence may have on our operations, and as a result, the Company must monitor and may need to react to developments, which could have a material adverse effect on our business.

Certain of the Company's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be preferable for environmental or other reasons. The Company endeavors to keep current with the changing market for equipment and technological and regulatory changes, and to protect its proprietary technology. If the Company fails to do so, this could have a material adverse effect on our business, financial condition, results of operations and cash flows.

19. Required maintenance may reduce revenue and increase operating expenses.

Much of our equipment is subject to regularly scheduled maintenance or may require additional unscheduled downtime for unanticipated maintenance or repairs. Scheduled and unscheduled maintenance reduces our revenues and increases our operating expenses during the period of time that our equipment is not operating. Furthermore, material unanticipated costs and delays may be incurred in scheduled and unscheduled maintenance which may negatively impact our results of operations and financial condition.

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

Our operations, and those of our customers, are subject to numerous laws, regulations and guidelines governing the protection of the environment and health and safety. These laws, regulations and guidelines include those relating to spills, releases, emissions and discharges of hazardous substances or other waste materials into the environment, and removal or remediation of pollutants or contaminants. Failure to comply with these laws, regulations and guidelines can result in civil and criminal penalties, including injunctive relief and the imposition of stop, control, remediation and abandonment orders. The costs arising from compliance with such laws, regulations and guidelines may be material to us.

We may also incur material costs associated with the investigation, clean up and restoration of contaminated land, water or ecosystems, as well as claims for damage to property, death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties resulting from our operations.

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

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

Existing and future environmental and climate change concerns and impacts, including physical impacts to infrastructure, and related laws, regulations, treaties, protocols, policies and other actions could shift demand to relatively lower carbon intensity fossil fuels and energy sources, reduce demand for hydrocarbons and hydrocarbon-based products, increase costs for compliance and maintenance, and have a material impact on the nature of oil and natural gas operations of the Company’s customers, which may in turn impact the Company, our operations and financial condition. In addition, concerns about climate change have resulted in a number of environmental activists and members of the public opposing the continued exploitation and development of fossil fuels.

21. Our operations may result in environmental contamination.

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

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

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

Global economic events outside our control or the control of our customers may restrict or reduce the access to credit facilities and debt capital markets. Tightening credit markets may reduce the funds available to our customers for paying accounts receivable balances and may also result in reduced levels of demand for our services. In addition, governments, financial institutions, environmental and governance organizations, institutional investors, social and environmental activists, and individuals, are increasingly seeking to implement, among other things, changes in investment patterns which could affect investor or lender sentiment towards our business or the industry in which we operate and could impede our ability to secure and maintain cost-effective financing.

Additionally, we rely on access to credit facilities, along with our reserves of cash and cash flow from operating activities, to meet our obligations and finance operating activities. Both the Company and its customers are exposed to interest rate risk, as rising inflation rates in North America have resulted in the implementation of monetary policies to raise interest rates, correspondingly increasing the cost of capital and credit. There can be no assurance that we (or our customers) will be able to access additional financing when we need it, or on terms we find acceptable or favourable. If we (or our customers) are unable to obtain financing to support ongoing operations or to fund necessary expenditures, it could have a material adverse effect on our ability to carry out our business strategy, our revenue and our financial condition.

23. We rely on key management personnel.

Our success and growth are dependent upon our key management personnel. The loss of services of such persons could have a material adverse effect on the business and operations of the Company. There is no assurance that we will be able to retain or attract key management personnel. We may experience intense competition for

personnel and cannot assure investors that we will be able to retain key personnel or that we will be successful in attracting and retaining personnel in the future. The unexpected loss of key personnel or the inability to retain or recruit skilled personnel could have a material adverse effect on our business, financial condition, results of operations and cash flows. No assurance can be provided that we will be able to retain or attract key management personnel.

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

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

Our (and our customers') United States and international operations generally are not materially affected by seasonal variations but may be affected by unpredictable and uncontrollable weather patterns and natural disasters, such as flooding, fires and extreme weather, which could result in increased operating costs (such as insurance), delays or cancellation of operations, any of which could have a material adverse effect on our business and operating results.

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

25. Our business is dependent on the satisfactory performance of our obligations.

The Company's success depends in large part on whether we fulfill our obligations with customers and maintain customer satisfaction. If the Company fails to satisfactorily perform our obligations, our customers could terminate or fail to renew contracts, exposing the Company to loss of our reputation and risk of loss or reduced profits or, in some cases, the loss of a contract or project.

In many instances, customer commitments are made to start or complete a project by a scheduled time. If the project is not started or completed on schedule, the Company may either incur significant additional costs or be exposed to liability for the costs or losses incurred by the customer due to late commencement or late completion notwithstanding consequential damage waivers or other customary contractual protections.

In addition, performance of projects can be affected by a number of factors beyond the Company's control, including unavoidable delays from governmental inaction, public opposition, inability to obtain financing, weather conditions, unavailability of vendor materials, changes in project scope of services requested by clients, industrial accidents, environmental hazards, labour disruptions, infrastructure disruptions, civil disobedience or unrest, force majeure events and the outbreak of disease or similar events and other factors. To the extent these events occur, the total cost of a project could exceed estimates and the Company could experience reduced profits or, in some cases, incur a loss on a project.

26. There are risks associated with turnkey drilling contracts.

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

27. There are risks associated with increased capital expenditures.

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

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

The value of our capital assets is dependent on the cash flow generating capacity and the recoverable value of the assets. A variety of factors may affect the cash flow generating capacity and the recoverable value of our capital assets including the condition of the asset, the potential earning capacity of the asset and external economic factors. Should management’s assessment of the recoverable value of our capital assets change, an impairment charge, which would result in a non-cash charge against our consolidated net income, would be necessary.

29. Our business may be impacted by the adoption of alternative energy sources.

The global energy industry is trending away from fossil fuels toward alternative energy sources, such as electric, hydro, wind and solar. The automobile industry in particular is experiencing an emergence of hybrid or electric vehicles. The speed and rate at which alternative energy sources are adopted will affect demand for our services which could have a material adverse impact on our revenues, cash flow and earnings.

30. Inflationary pressure and global supply chain disruptions may negatively impact our operations.

The Company sources certain key rig components, raw materials, equipment and component parts from a variety of suppliers in Canada, the United States and internationally. Our operating costs could increase and become uncompetitive due to inflationary pressures, equipment limitations or other input cost escalations.

In recent years, the Company has experienced inflationary pressures and, if such pressures continue or our development, operation or labour costs become subject to significant inflationary pressures, we may not be able to successfully offset such costs through corresponding increases in the costs of our products and services to our customers. Additionally, governmental action regarding inflation, such as the imposition of higher interest rates or wage controls, may also negatively impact the Company's costs and may magnify the risks identified in this Annual Information Form. Continued inflation, any governmental response thereto, or the Company's inability to offset inflationary effects may have a material adverse effect on our business, results of operations, financial condition or value of our securities.

In addition, supply chain restrictions and disruptions could have a negative impact on our ability to conduct operations and/or increase the cost of its inputs. Our inability to control these costs and inputs may impact our operations and could have an adverse effect our operating results and cash flows.

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

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

We may incur substantial indebtedness to finance acquisitions and also may issue dilutive equity securities in connection with any such acquisitions, affecting our balance sheet and financial condition. With an acquisition, there is a risk that the Company may discover that it has acquired substantial undisclosed liabilities.

Acquisitions could also divert the attention of management and other employees from our day-to-day operations and the development of new business opportunities. In addition, we may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets. Even if we are successful in integrating our recent or future acquisitions into our existing operations, we may not derive the benefits, such as operational or administrative synergies, that we expected from such acquisitions.

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

In addition, merger and acquisition activity in the oil and natural gas exploration and production sector may impact demand for the Company’s services as customers focus on reorganizing their business prior to committing funds to exploration and development projects. Further, the acquiring company may have preferred supplier relationships with oilfield service providers other than the Company. The Company's inability to retain existing customers or

employees of an acquired entity could have a material adverse impact on the Company's business, financial condition, results of operations and cash flows.

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

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

33. There are risks as a result of recent increases in environmental activism in the oil and gas industry and against related industries, risks associated with catastrophic events or activist shareholders.

Environmental activism and opposition to our operations may adversely affect the business of the Company by decreasing revenues and increasing remedial costs. The Company's operations, equipment and infrastructure could be vulnerable to unforeseen problems relating to environmental activism including, but not limited to, vandalism and theft which could interrupt the Company's operations for an extended period of time, result in significant delays to the Company's plans and result in increased costs to the Company. As a result of such interruption, the Company's business, financial condition and results of operations could be materially adversely affected.

The Company's operations are dependent upon our ability to protect our operating equipment against damage from fire, vandalism, theft or a similar catastrophic event. Theft, vandalism and other disruptions could jeopardize the Company's operations and infrastructure and could result in significant setbacks, potential liabilities and deter future customers. While the Company has systems, policies, practices and procedures designed to prevent or limit the effect of the failure or interruptions of our infrastructure there can be no assurance that these measures will be sufficient and that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed in a timely manner.

In addition, activist shareholders could advocate for changes to our corporate governance, operational practices and strategic direction, which could have an adverse effect on our reputation, business and future operations. Shareholder activism could also negatively impact our customers. Responding to challenges from activist shareholders, such as proxy contests, media campaigns or other activities, could be costly and time consuming and could have an adverse effect on reputation and divert the attention and resources of management, which could have an adverse effect on business and operational results.

34. Some institutional shareholders may be discouraged from investing in the industry in which we operate.

Some institutional investors are placing an increased emphasis on environmental, social and governance (“**ESG**”) factors when allocating their capital. These investors may be seeking enhanced ESG disclosures or may implement policies that discourage investment in the hydrocarbon industry and its affiliated industries. To the extent that

certain institutions implement policies that discourage investments in our industry, it could have an adverse effect on our or our customers' financing costs and access to liquidity and capital. Additionally, if our reputation is diminished as a result of the industry we operate in or service, it could result in increased operation or regulatory costs, lower shareholder confidence or loss of support for our business.

35. Our operations have become increasingly dependent on our information technology systems which may be subject to cybersecurity risks or may otherwise result in a breach of confidential information.

Our operations rely on an extensive network of communications and computer hardware and software systems. Additionally, our equipment collects, transmits and retains a large amount of drilling data and other relevant information. As such, our information technology systems are a critical aspect of our business.

While we have applied risk management controls and protections consistent with industry accepted standards to protect our information technology systems, there is no guarantee that these controls and protections will fully prevent a cybersecurity incident. In the event of a cybersecurity incident, our information technology systems could be compromised and, in such event, we could experience disruption of our operations, a compromise of our safety procedures and business processes, loss or damage to our information, and/or unauthorized disclosure of personal information, any of which could have a material adverse effect on our reputation and financial condition, diminish our competitive position and result in legal or regulatory action against us.

The Company's efforts to protect confidential information may prove unsuccessful due to the actions of third parties, software bugs, technical malfunctions, employee error, or other factors. Should any of these events occur, this information could be accessed or disclosed improperly. Any incidents involving a breach of confidential information could damage the Company's reputation and expose competitive positioning of future growth strategy of the Company. Should this occur, it could have a material adverse effect on our business, financial condition, and reputation and result in legal or regulatory action against us.

36. Our business is subject to reputational risks.

We rely on our reputation to build and maintain positive relationships with our customers, stakeholders in the industry and in the communities in which we work and live, to recruit and retain personnel, and to be a credible, trusted company. Reputational risk has the potential for negative impacts that could result from the deterioration of our reputation with key stakeholders. Increasing public concerns about climate change have resulted in increased opposition to the continued exploitation and development of fossil fuels, thereby increasing reputational risk for companies active in the energy industry. The potential for harming our reputation exists in every business decision and public interaction, including the actions of its employees, which in turn can negatively impact our business and value of our securities.

If our reputation is adversely affected, it could result in, among other things: loss of customers; revenue loss; increased operating, capital, financing or regulatory costs; lower shareholder confidence; or loss of our social license to operate.

37. Our business has been, and may in the future be, impacted by pandemics.

The outbreak of epidemics, pandemics and other public health crises, such as the COVID-19 pandemic and its variants, in geographic areas in which we have operations, suppliers, customers or employees, may increase our exposure to, and magnitude of, each of the risks identified herein, resulting from, among other factors, a reduction in demand for crude oil and natural gas consumption and/or lower commodity prices.

While restrictions with respect to COVID-19 have been substantially removed and demand has been normalized, governments will continue to closely monitor the spread of COVID-19, its variants and other infectious illnesses. There can be no certainty regarding the long-term efficacy of vaccines and the effectiveness of government interventions against the spread of COVID-19 or other viruses. Any resurgence or emergence of COVID-19, its variants or other viruses may lead to the reintroduction of emergency measures to counter any such spread, which may have a negative impact on the Company's business, commodity prices, supply chain or the broader economy.

Any pandemic, and measures taken in response by governments and health authorities around the world, may result in economic uncertainty. The ongoing uncertainty surrounding resurgence of COVID-19 or another pandemic, could result in restrictions on movement and businesses being imposed on a stricter basis, which could negatively impact demand for commodities and commodity prices and negatively impact our business, results of operations and financial condition.

Our business, financial condition, results of operations, cash flows, reputation, access to capital, cost of borrowing, access to liquidity, ability to fund dividend payments and/or business plans may, in particular, without limitation, be adversely impacted as a result of a resurgence of COVID-19 or its variants or another pandemic and/or a decline in commodity pricing or demand, as a result of numerous events, including but not limited to:

- the delay or suspension of work due to workforce disruption or labour shortages caused by workers becoming infected with a pandemic;
- the delay or suspension of work due to government or health authority “shelter in place” orders, isolation and quarantine orders, mandated restrictions on travel by workers or closure of facilities, workforce camps or worksites;
- suppliers and third-party vendors experiencing workforce disruption, labour shortages, or being ordered to suspend operations;
- the efficacy of vaccination programs;
- labour shortages and workforce disruptions that may result from vaccine requirements, such as the implementation or removal of “vaccine passports”, a tightening labour market, and other economic factors;
- reduced cash flows resulting in less funds from operations being available to fund our capital expenditures;
- counterparties being unable to fulfill their contractual obligations to us on a timely basis or at all;
- potential non-payment of accounts receivable and customer defaults;
- the capabilities of our information technology systems and the heightened threat of a potential cybersecurity breach arising from the increased number of employees working remotely;
- our ability to obtain additional capital including, but not limited to, debt and equity financing being adversely impacted as a result of unpredictable financial markets, foreign currency exchange rates, commodity prices and/or a change in market fundamentals;
- global supply chain delays and disruptions; and
- increased uncertainty in the global economy, political and economic instability, and civil unrest.

Given the dynamic nature of the events related to a pandemic and the potential dependence upon the ability of governments to successfully provide vaccination to sufficient numbers of their citizens, the Company cannot reasonably estimate the period of time that a pandemic and related market conditions will persist, the full extent of the impact they may have on our business, financial condition, results of operations or cash flows or the pace or extent of any subsequent recovery. The Company will monitor the situation and may take actions that alter its operations as may be required by federal, state or local authorities or that the Company determines are in the best

interests of its employees, customers, partners, suppliers, shareholders and stakeholders. Any such alterations or modifications could cause substantial interruption to the Company's operations, any of which could have a material adverse effect on the Company's operations or financial results. To the extent that our customers reduce their capital budgets and expenditures, this may result in continued downward pressure on the price of the oilfield services provided by the Company, and corresponding reductions in revenue and operating margins.

38. The price of our common shares fluctuates and the issuance of additional shares could affect share value and will result in dilution.

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

We may issue additional common shares, convertible debentures or other instruments in the future to fund our business needs, and/or in connection with the normal course exercise of stock options. Acquisitions, financings or other transactions involving the issuance of our securities may be dilutive to the current holders of our common shares. There are no restrictions in our articles or bylaws with respect to the number of shares of any class that may be issued and outstanding.

39. There are risks involved with the design of disclosure controls and procedures.

Management has designed disclosure controls and procedures to provide reasonable assurance that material information relating to the Company is made known to the President and Chief Operating Officer and the Chief Financial Officer by others within the Company, particularly during the period in which the annual and interim filings of the Company are being prepared, in an accurate and timely manner in order for the Company to comply with our disclosure and financial reporting obligations. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls and procedures should not exceed their expected benefits. As such, the Company's disclosure controls and procedures can only provide reasonable assurance, and not absolute assurance, that the objectives of such controls and procedures are met.

40. There are risks involved with internal controls over financial reporting.

The President and Chief Operating Officer and the Chief Financial Officer of the Company are responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. While management of the Company has put in place certain plans and procedures to mitigate the risk of a material misstatement in the Company's financial reporting, a system of internal controls can provide only reasonable, not absolute, assurance that the objectives of the control system are met, no matter how well conceived or operated.

41. Unionization efforts and labour regulations could materially increase our costs or limit our flexibility.

Efforts may be made from time to time, in some of our jurisdictions of operation, to unionize portions of our workforce. We may be subject to strikes or work stoppages and other labour disruptions in connection with unionization efforts or renegotiation of existing contracts with unions. Unionization efforts, if successful, new collective bargaining agreements or work stoppages could materially increase our labour costs, reduce our revenues and adversely impact our operations and cash flow.

42. A successful challenge by the tax authorities of expense deductions or credits could negatively affect the value of our common shares.

Taxation authorities may not agree with the classification of expenses we or our subsidiaries have claimed, or they may challenge the income, deductions or credits we have claimed. If the taxation authorities successfully challenge our income, entity structure, classifications, deductions or credits, it could have a material adverse effect on our business financial condition, results of operations and cash flow.

43. Conflicts of interest may arise and must be managed.

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

44. We do not currently pay a dividend and may not pay a dividend in the future.

In 2020, the Company's Board of Directors suspended payment of a dividend, which suspension was effective for the dividend usually declared in the second quarter and paid early in the third quarter of 2020.

The Company's ability to pay dividends to shareholders again in the future, and the amount of such potential dividends, are dependent on a number of factors including the Company's financial performance, its working capital requirements, its tax obligations, the impact of interest rates, foreign exchange rates and commodity prices, and its debt covenants and obligations, including restrictive covenants and other provisions contained in the Amended and Restated Credit Facility and our Term Facility, as well as satisfaction of the liquidity and solvency tests imposed by the ABCA for the declaration and payment of dividends.

The payment of any future dividends is at the discretion of the Board and any such dividends may be increased, reduced or suspended from time to time, any of which may impact the market value of our common shares.

45. Forward-looking statements may prove inaccurate.

Investors are cautioned not to place undue reliance on forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, known and unknown risks and uncertainties, of both a general and specific nature, which could cause actual results to differ materially from those suggested by the forward-looking statements or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate. Additional information on the risks, assumptions and uncertainties are found in this Annual Information Form under the heading "*Cautionary Statements on Forward-looking Information*".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

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

TRANSFER AGENT AND REGISTRAR

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

MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business that are not required to be disclosed, the only material contract entered into by the Company within the most recently completed financial year, before the most recently completed financial year but which are still in effect, or year to date in 2025, is the unsecured letter of credit facility agreement.

Additional, in the third quarter of 2024, the Company finalized a US $25.0 million unsecured letters of credit facility, see "*General Development of the Business – 2024 – Financing Activities.*"

For more information, reference is made to the Risk Factor entitled: "*We require sufficient cash flows to service and repay our debts and our Amended and Restated Credit Facility and Term Facility contain restrictive covenants*". Additional information can also be obtained from Note 9 (Long-term Debt) of the Company's Consolidated Financial Statements for the year ended December 31, 2024, which note is hereby incorporated by reference into this Annual Information Form. The Amended and Restated Credit Facility (which includes the Term Facility), and the Company's Consolidated Financial Statements are available on SEDAR+ at www.sedarplus.ca.

INTERESTS OF EXPERTS

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

The Company's independent auditors PwC, who have prepared an independent auditor's report dated March 6, 2025 in respect of the Company's consolidated financial statements as at December 31, 2024 and 2023 and for the years then ended. PwC has advised that they are independent with respect to the Company within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada, including the Rules of Professional Conduct Guidance of the Chartered Professional Accountants of Alberta, Canada, and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to us is available on SEDAR+ at www.sedarplus.ca.

Additional information, including directors' and executive officers' remuneration and indebtedness, principal holders of our securities, and securities authorized for issuance under equity compensation plans, is contained in our most recent Management Information Circular filed on SEDAR+ and our upcoming Management Information Circular, to be filed on SEDAR+, in relation to our annual meeting of shareholders currently scheduled for May 9, 2025.

Additional financial information is contained in our Consolidated Financial Statements and Management's Discussion and Analysis for the year ended December 31, 2024.

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

ENSIGN ENERGY SERVICES INC.

MANDATE OF THE AUDIT COMMITTEE

Approved by: Board of Directors	Current Revision Date: February 29, 2024 Prior Revision Date: March 7, 2019

Role and Objectives:

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

(a) appointment of the independent auditor; and
(b) oversight of:
    i. the preparation, review and disclosure of the Corporation's financial statements and other required financial disclosure materials;

    ii. the nature and scope of the annual audit of the Corporation's consolidated financial statements;

    iii. the independence, and qualifications of the independent auditor; and

    iv. the Corporation's internal accounting controls, procedures, and practices.

The Committee recommends, for approval by the Board, the Corporation's interim consolidated financial statements, audited annual consolidated financial statements, and other SEDAR+ filings or disclosure releases containing financial information.

The Committee and its members are specifically not accountable or responsible for implementation or day-to-day performance of such activities. Moreover, Committee members shall not be accountable for giving professional opinions on the internal or external audit of the Corporation's financial information.

Membership of Committee:

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

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

3. Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the committee upon ceasing to be a director. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on the Committee, the remaining members may exercise its powers as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until his or her successor is appointed or his or her earlier resignation or removal from the Board or Committee.

4. The Committee shall nominate a member of the Committee to act as Chair of the Committee ("Chair") to the Board who shall thereafter either appoint such nominee as Chair or request the Committee nominate another candidate. The Chair shall be responsible for leadership of the Committee, including approving the agenda, presiding over meetings and reporting to the Board. The Chair of the

Committee shall be a Canadian resident, provided that in the event of the death, resignation, bankruptcy, adjudicated incompetence, removal or change in circumstance of all resident Canadian Directors who were on the Committee, this requirement shall not be applicable for a period of 60 days after the last resident Canadian ceased to serve, during which time the Board shall: (i) appoint a Canadian resident to the Committee; and (ii) appoint such Canadian resident to act as Chair.

5. All of the members of the Committee shall be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading). The Board has adopted a definition for "financial literacy" to mean the ability to read and understand a set of financial statements of breadth and complexity similar to the breadth and complexity of the issues raised by the Corporation's financial statements.

6. At least one member of the Committee shall be able to provide the other members of the Committee with, among other things, an understanding of the accounting principles used by the Corporation to prepare its financial statements, as necessary. The aforementioned member of the Committee shall possess the following attributes:

    (a) an understanding of the accounting principles used by the Corporation to prepare its financial statements;

    (b) a detailed understanding of those accounting principles that might reasonably be applicable to the Corporation;

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

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

    (e) an understanding of audit committee functions.

Meetings:

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

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

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

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

11. Minutes of all meetings of the Committee shall be taken by the secretary and approved by the Committee. The minutes of Committee meetings shall accurately record the discussions and decisions of the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members in advance of meetings whenever possible.

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

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

14. The Committee shall meet with the independent auditor of the Corporation at least twice per year (in connection with the mandate for and the preparation of the year end audited consolidated financial statements) and at such other times as the independent auditor and the Committee consider appropriate. The meetings held by the Committee with the independent auditor shall include an "in camera" session without management present. The independent auditor will have direct access to the Committee at its own initiative.

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

16. If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the chairman of the Board (the "Board Chair"). If the Committee Chair or the Board Chair, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee his or her interest and shall not participate in consideration of the matter and shall not vote on the matter.

17. If a Committee member serves on the audit committees of more than two publicly-traded entities, including the Corporation, the Board must determine that such service would not impair the ability of the member to effectively serve on the Committee and disclose such determination in the necessary public disclosure document(s).

Powers:

18. The Committee shall be entitled to full access to all books, records, facilities, and personnel of the Corporation and its subsidiaries.

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

Mandate and Responsibilities of Committee:

Oversight of the Corporation's Financial Disclosures:

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

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

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

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

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

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

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

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

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

    (e) compliance with covenants under credit arrangements;

    (f) disclosures respecting commitments and contingencies;

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

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

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

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

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

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

Disclosure Controls and Internal Control Systems:

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

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

26. The Committee shall exercise oversight of, review and discuss with management, the independent auditor (together and separately, as it deems necessary), and such other third party service providers as may be recommended by management and approved by the Committee, from time to time:

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

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

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

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

Independent Auditor:

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

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

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

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

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

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

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

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

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

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

Overview and Monitoring of Audits:

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

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

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

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

37. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the annual audit of the Corporation's consolidated financial statements was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Internal Auditors:

38. The Committee shall review and approve the appointment, the terms of engagement, replacement or dismissal of the internal auditor(s), including the use of third party service providers to support the internal auditor(s) in the performance of their duties.

39. The Committee shall meet periodically with the internal auditors to discuss their audit plan for the year, progress of their activities, any significant findings stemming from internal audits, any changes required in the planned scope of their audit plan, whether there are any disputes, restrictions or limitations on the internal audit, and, if applicable, the role, scope of work, and reports of any third party service providers retained by the internal auditor(s).

40. The Committee shall review summaries of the significant reports to management prepared by the internal auditors, or the actual reports if requested by the Committee, and management's responses to such reports.

Financial Risk Matters:

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

42. The Committee shall receive and review:

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

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

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

43. In conjunction with the Corporate Governance, Nomination and Risk Committee, the Committee shall meet periodically with management to review and discuss the Corporation's major financial risk exposures and the policy steps management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities and the Corporation's insurance programs.

Communications with Others:

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

General:

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

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