FIRST QUARTER REPORT For the three months ended March 31, 2021

FINANCIAL AND OPERATING HIGHLIGHTS

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

Three months ended March 31	2021	2020	% change
Revenue [1]	**218,544**	383,861	(43)
Adjusted EBITDA [1, 2]	**49,898**	91,247	(45)
Adjusted EBITDA per common share [1, 2]			
Basic	**$0.31**	$0.56	(45)
Diluted	**$0.31**	$0.56	(45)
Net loss attributable to common shareholders	**(43,550)**	(29,250)	(49)
Net loss attributable to common shareholders per common share			
Basic	**$(0.27)**	$(0.18)	(50)
Diluted	**$(0.27)**	$(0.18)	(50)
Cash provided by operating activities	**26,837**	62,732	(57)
Funds flow from operations	**46,527**	84,495	(45)
Funds flow from operations per common share			
Basic	**$0.29**	$0.52	(44)
Diluted	**$0.29**	$0.52	(44)
Total long term debt	**1,363,732**	1,643,595	(17)
Weighted average common shares - basic *(000s)*	**162,295**	162,843	—
Weighted average common shares - diluted *(000s)*	**162,582**	162,981	—

Drilling	2021	2020	% change
Number of marketed rigs [3]			
Canada [4]	**92**	101	(9)
United States	**93**	122	(24)
International [5]	**42**	43	(2)
Total	**227**	266	(15)
Operating days [6]			
Canada [4]	**1,846**	3,102	(40)
United States	**2,581**	5,141	(50)
International [5]	**859**	1,438	(40)
Total	**5,286**	9,681	(45)

Well Servicing	2021	2020	% change
Number of rigs			
Canada	**52**	52	—
United States	**47**	47	—
Total	**99**	99	—
Operating hours			
Canada	**9,090**	12,233	(26)
United States	**29,965**	31,207	(4)
Total	**39,055**	43,440	(10)

[1] *Comparative revenue, Adjusted EBITDA and Adjusted EBITDA per common share have been revised to conform with current year's presentation.*
[2] *Adjusted EBITDA, Adjusted EBITDA per common share are not measures that have any standardized meaning prescribed by International Financial Reporting Standards "IFRS" and accordingly, may not be comparable to similar measures used by other companies. Non-GAAP measures are defined in the Non-GAAP Measures section.*
[3] *Total owned rigs: Canada - 118, United States - 136, International - 53 (2020 total owned rigs - Canada - 118, United States - 138, International - 48)*
[4] *Excludes coring rigs.*
[5] *Includes workover rigs.*
[6] *Defined as contract drilling days, between spud to rig release.*

FINANCIAL POSITION AND CAPITAL EXPENDITURES HIGHLIGHTS

As at ($ thousands)	**March 31 2021**	March 31 2020	December 31 2020
Working capital[1]	**101,717**	147,353	98,612
Cash	**33,416**	48,560	44,198
Long-term debt	**1,363,732**	1,643,595	1,384,605
Total long-term financial liabilities	**1,369,612**	1,651,477	1,390,647
Total assets	**2,966,277**	3,640,761	3,054,493
Long-term debt to long-term debt plus equity ratio	**0.51**	0.52	0.50

[1] *See Non-GAAP Measures section.*

	Three months ended March 31		
($ thousands)	**2021**	2020	% change
Capital expenditures			
Upgrade/growth	**3,552**	9,965	(64)
Maintenance	**7,200**	16,467	(56)
Proceeds from disposals of property and equipment	**(1,174)**	(4,165)	(72)
Net capital expenditures	**9,578**	22,267	(57)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Ensign Energy Services Inc. and all of its subsidiaries and partnerships ("Ensign" or the "Company") should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2021, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2020, which are available on SEDAR at www.sedar.com.

The interim consolidated financial statements and comparative information have been prepared in accordance with and comply with International Financial Reporting Standards ("**IFRS**"), which include the International Accounting Standards ("**IAS**") and the interpretations developed by the International Financial Reporting Interpretations Committee ("**IFRIC**"), as issued by the International Accounting Standards Board ("**IASB**"). The interim financial statements comply with IAS 34 Interim Financial Reporting and do not include all of the information required for annual financial statements. All financial measures presented in this MD&A are expressed in Canadian dollars unless otherwise indicated and are stated in thousands, except for: per common share amounts, number of rigs and operating days/hours. This MD&A were approved by the Company's Board of Directors on May 7, 2021, after review by the Company's Audit Committee.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this MD&A constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements generally can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosure related to expected future commodity pricing or trends, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other prospective guidance provided throughout this MD&A, including, but not limited to, information provided in the "Funds Flow from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "New Builds and Major Retrofits" section, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for the remainder of 2021, are examples of forward-looking statements. These statements are not representations or guarantees of future performance and are subject to certain risks and unforeseen results. The reader should not place undue reliance on forward-looking statements as there can be no assurance that the plans, initiatives, projections, anticipations or expectations upon which they are based will occur.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industries and environments in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained. They 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 crude oil and natural gas commodity prices; fluctuations in currency and interest rates; 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; the Company's defence of lawsuits; availability and cost of labour and other equipment, supplies and services; 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; the Company's ability to amend covenants under the Credit Facility with its Credit Facility syndicate, timing and success of integrating the business and operations of acquired companies; actions by governmental authorities; government regulations and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); the adequacy of the Company's provision for taxes; the Company's response to the global COVID-19 pandemic; and the impact thereof upon the business environments in which the Company is or may become engaged; and other circumstances affecting the Company's business, revenues and expenses.

The Company’s operations and levels of demand for its services have been, and at times in the future may be, affected by political risks and developments, such as expropriation, nationalization, or regime change, and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies, environmental protection regulations, the global COVID-19 pandemic, the potential reinstatement of COVID-19 mitigation strategies, such as stay-at-home orders and lockdown related restrictions, and the impact thereof upon the Company, its customers and its business. Should one or more of these risks or uncertainties materialize, or should any of the Company’s 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 the Company’s course of action would depend upon its assessment of the future considering all information then available.

For additional information refer to the “Risk and Uncertainties” section of this MD&A. Readers are cautioned that the lists of important factors contained herein are not exhaustive. Unpredictable or unknown factors not discussed in this MD&A could also have material adverse effects on forward-looking statements.

Although the Company believes the expectations conveyed by the forward-looking statements are reasonable based on information available to it 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, the Company assumes no obligation to update forward-looking statements should circumstances or its projections, anticipations, estimates or opinions change.

NON-GAAP MEASURES

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

Adjusted EBITDA

Adjusted EBITDA is used by management and investors to analyze the Company’s profitability based on the Company’s principal business activities prior to how these activities are financed, how assets are depreciated, amortized and how the results are taxed in various jurisdictions. Additionally, in order to focus on the core business alone, amounts are removed related to foreign exchange, share-based payment expense, the sale of assets, restructuring costs, gain on repurchase of unsecured Senior Notes and fair value adjustments on financial assets and liabilities, as the Company does not deem these to relate to its core drilling and well services business. Adjusted EBITDA is not intended to represent net loss as calculated in accordance with IFRS.

ADJUSTED EBITDA	Three months ended March 31	
($ thousands)	**2021**	2020
Loss before income taxes [1]	**(52,796)**	(31,019)
Add-back/(deduct):		
Interest expense	**23,457**	31,870
Accretion of deferred financing charges	**2,703**	2,972
Depreciation	**70,977**	89,785
Gain on repurchase of unsecured Senior Notes [2]	**(5,292)**	(11,494)
Restructuring	**3,533**	877
Share-based compensation	**1,002**	(4,500)
Loss from investment in joint ventures	**—**	1,658
Foreign exchange loss and other	**6,314**	9,086
Adjusted EBITDA from investment in joint ventures	**—**	2,012
Adjusted EBITDA	**49,898**	91,247

[1] *Comparative loss before income taxes have been revised to conform with current year's presentation.*
[2] *See "Interest Expense" section for definition of Senior Notes.*

Consolidated EBITDA

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

Working Capital

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

OVERVIEW

Revenue for the three months ended March 31, 2021 was $218.5 million, a decrease of 43 percent from revenue for the three months ended March 31, 2020 of $383.9 million. Adjusted EBITDA totaled $49.9 million ($0.31 per common share) in the first quarter of 2021, 45 percent lower than Adjusted EBITDA of $91.2 million ($0.56 per common share) in the first quarter of 2020.

Net loss attributable to common shareholders for the three months ended March 31, 2021 was $43.6 million ($0.27 per common share), compared to net loss attributable to common shareholders of $29.3 million ($0.18 per common share) for the three months ended March 31, 2020.

During the first quarter of 2021, the Company received a $4.7 million (2020 - $ nil) Canada Emergency Wage Subsidy ("**CEWS"**) from the Government of Canada. The wage subsidy received partially offset the decrease in Adjusted EBITDA and net loss attributable to common shareholders.

Funds flow from operations decreased 45 percent to $46.5 million ($0.29 per common share) in the first quarter of 2021 compared to $84.5 million ($0.52 per common share) in the first quarter of the prior year.

In March of 2020, the World Health Organization ("**WHO**") declared the novel coronavirus ("**COVID-19**") a global pandemic due to the sustained risk of worldwide spread of the virus. Governments and health authorities around the world implemented a wide variety of measures to combat the spread of the virus, including significant travel restrictions, business closures, public gathering restrictions, stay-at-home orders and event cancellations. The impact of these measures led to a significant slow-down in global economic activity. The reduced economic activity and population mobility decline served to reduce the demand for crude oil and natural gas over the short-term, significantly impacting global oil and natural gas commodity prices, and subsequently reducing the demand for oilfield services.

Over the course of 2020 and into 2021, nations responded to COVID-19 cases and hospitalizations with varying degrees of easing or tightening of COVID-19 restrictions. The commencement of COVID-19 vaccine distribution resulted in easing COVID-19 restrictions among certain nations and aided the recovery of crude oil and natural gas demand. Furthermore, OPEC+ nations managed crude oil supply in addition to other producer led production curtailments have contributed to stabilization of commodity prices.

While industry fundamentals have improved, macro-economic conditions and industry operating conditions are expected to continue to recover from the significant fall-out of the COVID-19 pandemic. As a result, the Company's operating and financial results continue to be impacted by and are recovering from the events of 2020.

Over the short term, there remains a degree of uncertainty regarding the macro-economic conditions that will impact our business including the pathway of the COVID-19 pandemic, the degree and severity of COVID-19 restrictions, setbacks to COVID-19 vaccine distribution and efficacy, virus mutations and other factors that may impact the demand for crude oil and natural gas, commodity prices, and the demand for oilfield services.

The Company implemented rigorous measures across its global operations to protect the safety of its operations, the health of its employees and the continuity of its business. Across the Company's global operations, these proactive measures have facilitated the safe continuity and reliability of its operations. Many of these measures continue to be in place, and will be adapted or modified as needed, as the Company continues to monitor local government recommendations and public health guidelines, prioritizing the health and safety of its workforce.

The Company's operating days were lower in the first quarter of 2021 when compared to the first quarter of 2020 as operations were significantly and negatively impacted by the macroeconomic and industry conditions seen since March of 2020 including but not limited to, the impact of the COVID-19 pandemic and subsequent lockdown related restrictions, resulting in decreased demand for crude oil and increased market supply. The weakening year-over-year of the United States dollar against the Canadian dollar further negatively impacted the United States and international financial results on translation to Canadian dollars. The average United States dollar exchange rate was 1.27 for the first three months of 2021 (first three months of 2020 - 1.34) versus the Canadian dollar, a decrease of five percent, compared to the first three months of 2020.

Working capital at March 31, 2021 was a surplus of $101.7 million compared to a surplus of $98.6 million at December 31, 2020. At the end of the first quarter 2021, the Company's available liquidity, consisting of cash and available borrowings under its $900.0 million revolving credit facility (the "**Credit Facility**"), totaled $117.8 million compared to $136.5 million at December 31, 2020.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended March 31			
($ thousands)	**2021**	2020	Change	% change
Revenue				
Canada	**53,556**	97,137	(43,581)	(45)
United States [1]	**115,411**	214,547	(99,136)	(46)
International	**49,577**	72,177	(22,600)	(31)
Total revenue [1]	**218,544**	383,861	(165,317)	(43)
Oilfield services expense [1]	**159,443**	282,822	(123,379)	(44)

[1] Comparative revenue and oilfield services expense have been revised to conform with current year's presentation.

Revenue for the three months ended March 31, 2021 totaled $218.5 million, a decrease of 43 percent from the first quarter of 2020 of $383.9 million.

The decrease in total revenue during the first quarter of 2021, was primarily due to the significant impact of the COVID-19 pandemic on the oil and natural gas industry. The fallout from the pandemic led to a drop in demand, further challenging an already over-supplied commodity market. The steep declines in demand and continued oversupply resulted in an activity slowdown for oilfield services. The financial results from the Company's United States and international operations were further negatively impacted on the currency translation, as the United States dollar weakened relative to the Canadian dollar for three months ended March 31, 2021.

CANADIAN OILFIELD SERVICES

The Company recorded revenue of $53.6 million in Canada for the three months ended March 31, 2021, a decrease of 45 percent from $97.1 million recorded for the three months ended March 31, 2020. Canadian revenues accounted for 24 percent of the Company's total revenue in the first quarter of 2021, consistent with the first quarter of 2020. During the first quarter of 2021 the Company recognized $1.3 million of standby revenue (2020 - $0.1 million).

The operating and financial results for the Company's Canadian operations were significantly and negatively impacted during the first quarter of 2021 due to decreased demand for crude oil and increased market supply.

For the three months ended March 31, 2021, the Company recorded 1,846 drilling days compared to 3,102 drilling days for the three months ended March 31, 2020, a decrease of 40 percent. Well servicing hours decreased by 26 percent to 9,090 operating hours in the first quarter of 2020 compared to 12,233 operating hours in the corresponding period of 2020.

During the first quarter of 2021, the Company moved nine under-utilized drilling rigs into its Canadian operations reserve fleet.

UNITED STATES OILFIELD SERVICES

During the three months ended March 31, 2021, revenue of $115.4 million was recorded by the Company's United States operations, a decrease of 46 percent from the $214.5 million recorded in the corresponding period of the prior year. The Company's United States operations accounted for 53 percent of the Company's revenue in the first quarter of 2021 (2020 - 56 percent). In the United States, the Company recognized US $3.2 million of standby revenue and US $0.9 million of contract early termination or cancellation fees in the first quarter of 2021 (2020 - US $0.7 million and US $0.1 million respectively).

Drilling days decreased by 50 percent to 2,581 drilling days in the first quarter of 2021 from 5,141 drilling days in the first quarter of 2020. Well servicing hours decreased by four percent in the first quarter of 2021 to 29,965 operating hours from 31,207 operating hours in the first quarter of 2020.

Overall operating and financial results for the Company’s United States operations were also negatively impacted by the significant effects of the global COVID-19 pandemic, resulting in a decrease in global oil demand and oversupply of oil and natural gas. The financial results from the Company's United States were further negatively impacted on the currency translation, as the United States dollar weakened relative to the Canadian dollar for three months ended March 31, 2021.

During the first quarter of 2021, the Company moved 29 under-utilized drilling rigs into its the United Stated reserve fleet.

INTERNATIONAL OILFIELD SERVICES

The Company’s international operations recorded revenue of $49.6 million in the first quarter of 2021, a 31 percent decrease from the $72.2 million recorded in the corresponding period of the prior year. The Company's international operations contributed 23 percent of the Company's total revenue in the first quarter of 2021 (2020 - 19 percent). The Company's International operations recognized US $0.6 million of standby revenue in the first quarter of 2021 (2020 - $ nil).

For the three months ended March 31, 2021, international operating days totaled 859 operating days compared to 1,438 drilling days for the three months ended March 31, 2020, a decrease of 40 percent.

Similar to our North American operations, international operating and financial results were also negatively impacted by industry operating conditions. The financial results from the Company's international operations were further negatively impacted on the currency translation, as the United States dollar weakened relative to the Canadian dollar for three months ended March 31, 2021. The acquisition of the prior non-owned interest in the TDI joint venture during the third quarter of 2020 partially offset the declines in operating activity when compared to the similar period of 2020.

During the first quarter of 2021, the Company moved six under-utilized drilling rigs into its international operations reserve fleet.

DEPRECIATION

	Three months ended March 31			
($ thousands)	**2021**	2020	Change	% change
Depreciation	**70,977**	89,785	(18,808)	(21)

Depreciation totaled $71.0 million for the first quarter of 2021 compared with $89.8 million for the first quarter of 2020. The decrease in depreciation is due to certain operating assets having become fully depreciated in which case, no further depreciation expense is incurred on such assets.

GENERAL AND ADMINISTRATIVE

($ thousands)	Three months ended March 31 **2021**	2020	Change	% change
General and administrative	**9,203**	11,804	(2,601)	(22)
% of revenue	**4.2**	3.1		

General and administrative expenses decreased 22 percent to $9.2 million (4.2 percent of revenue) for the first quarter of 2021 compared to $11.8 million (3.1 percent of revenue) for the first quarter of 2020. General and administrative expenses decreased as a result of cost saving initiatives implemented in March of 2020, the wage subsidy received from the Government of Canada, reductions in personnel and organizational restructuring.

RESTRUCTURING

($ thousands)	Three months ended March 31 **2021**	2020	Change	% change
Restructuring	**3,533**	877	2,656	nm

nm - calculation not meaningful

Restructuring expense totaled $3.5 million for the first quarter of 2021 (2020 - $0.9 million), which consists of costs relating to the restructuring of the Company due to the decline in activity. Additional costs may be incurred in the subsequent quarters as the Company continues to adjust the business.

FOREIGN EXCHANGE LOSS AND OTHER

($ thousands)	Three months ended March 31 **2021**	2020	Change	% change
Foreign exchange loss and other	**6,314**	9,086	(2,772)	(31)

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

GAIN ON REPURCHASE OF UNSECURED SENIOR NOTES

($ thousands)	Three months ended March 31 **2021**	2020	Change	% change
Gain on repurchase of Senior Notes	**(5,292)**	(11,494)	6,202	(54)

For the three months ended March 31, 2021, the Company repurchased US $16.6 million (2020 - US $17.8 million) of face value Senior Notes, in the open market, for cancellation and recorded a gain on repurchase of $5.3 million (US $4.2 million) (2020 - $11.5 million).

Subsequent to March 31, 2021, the Company repurchased US $9.1 million face value of Senior Notes, in the open market, for cancellation. A gain on repurchase of $2.1 million (US $1.7 million) will be recognized in the second quarter of 2021.

INTEREST EXPENSE

($ thousands)	2021	2020	Change	% change
	Three months ended March 31			
Interest expense	**23,457**	31,870	(8,413)	(26)

Interest expense was incurred on the Company's $900.0 million Credit Facility, US $426.6 million unsecured Senior Notes ("**Senior Notes**"), $37.0 million subordinate convertible debentures (the "**Convertible Debentures**") and capital lease obligations. Included in interest expense for the first quarter of 2021 is $0.7 million of accrued interest relating to the Senior Notes, paid in cash as part of repurchase of the Senior Notes (2020 - $3.1 million).

Interest expense decreased by $8.4 million for the first quarter of 2021 compared to the same period in 2020 as a result of a decrease in overall borrowing levels. The positive translational impact on United States dollar-denominated debt further decreased interest expense for the quarter.

The Company's blended interest rate on its outstanding debt for the 2021 year will be approximately 7.4 percent. The current capital structure consisting of the Credit Facility and the Senior Notes allows the Company to utilize funds flow generated to reduce debt in the near term with greater flexibility than a more non-callable weighted capital structure.

INCOME TAXES (RECOVERY)

($ thousands)	2021	2020	Change	% change
	Three months ended March 31			
Current income tax	**50**	460	(410)	(89)
Deferred income tax recovery	**(9,344)**	(3,424)	(5,920)	nm
Total income tax recovery	**(9,294)**	(2,964)	(6,330)	nm
Effective income tax rate (%)	**17.6**	9.2		

nm - calculation not meaningful

The effective income tax rate for the three months ended March 31, 2021 was 17.6 percent compared with 9.2 percent for the three months ended March 31, 2020. The effective income tax rate in the first quarter of the current year was higher than the effective income tax rate in the first quarter of 2020 due to activity levels in foreign tax jurisdictions.

FUNDS FLOW FROM OPERATIONS AND WORKING CAPITAL

($ thousands, except per common share data)	2021	2020	Change	% change
	Three months ended March 31			
Cash provided by operating activities	**26,837**	62,732	(35,895)	(57)
Funds flow from operations	**46,527**	84,495	(37,968)	(45)
Funds flow from operations per common share	**$0.29**	$0.52	(0.23)	(44)
Working capital [1]	**101,717**	98,612	3,105	3

[1] Comparative figure as of December 31, 2020

For the three months ended March 31, 2021, the Company generated funds flow from operations of $46.5 million ($0.29 per common share) a decrease of 45 percent from $84.5 million ($0.52 per common share) for the three months ended March 31, 2020. The decrease in funds flow from operations in 2021 compared to 2020 is largely due to the decrease in activity compared to the prior period as a result of the oil and natural gas industry's current operating environment.

As at March 31, 2021, the Company's working capital was a surplus of $101.7 million, compared to a surplus of $98.6 million at December 31, 2020. The Company expects funds generated by operations, combined with current and future credit facilities, to fully support the Company's current operating and capital requirements. The existing bank facility provides for total borrowings of $900.0 million of which $84.4 million was undrawn and available at March 31, 2021 (December 31, 2020 - $92.3 million).

INVESTING ACTIVITIES

	Three months ended March 31			
($ thousands)	**2021**	2020	Change	% change
Purchase of property and equipment	**(10,752)**	(26,432)	15,680	(59)
Proceeds from disposals of property and equipment	**1,174**	4,165	(2,991)	(72)
Net change in non-cash working capital	**(3,038)**	7,753	(10,791)	nm
Cash used in investing activities	**(12,616)**	(14,514)	1,898	(13)

nm - calculation not meaningful

Net purchases of property and equipment for the first quarter of 2021 totaled $9.6 million (2020 - $22.3 million). The purchase of property and equipment for the first three months of 2021 consists of $7.2 million in maintenance capital and $3.6 million in upgrade capital.

FINANCING ACTIVITIES

	Three months ended March 31			
($ thousands)	**2021**	2020	Change	% change
Proceeds from long-term debt	**8,596**	53,126	(44,530)	(84)
Repayments of long-term debt	**(15,764)**	(55,472)	39,708	(72)
Lease obligations principle repayments	**(1,481)**	(2,670)	1,189	(45)
Purchase of common shares held in trust	**(260)**	(1,223)	963	(79)
Interest paid	**(15,533)**	(11,967)	(3,566)	30
Cash dividends	**—**	(9,787)	9,787	nm
Cash used in financing activities	**(24,442)**	(27,993)	3,551	(13)

nm - calculation not meaningful

The Company's available bank facilities consist of a $900.0 million Credit Facility, of which $84.4 million was available and undrawn as of March 31, 2021. In addition, the Company has available US $50.0 million secured letter of credit facility, of which US $12.0 million was available as of March 31, 2021.

On March 29, 2021 the Company has amended the terms of the Convertible Debentures to:

i. extend the Maturity Date from January 31, 2022 to May 1, 2023;
ii. increase the interest rate from 7.00% to 7.75% per annum; and
iii. reduce the Conversion Price from $7.00 to $1.75.

The Company may at any time and from time to time acquire Senior Notes for cancellation by means of open market repurchases or negotiated transactions. The Company is limited in the acquisition and cancellation of the Senior Notes up to $25.0 million under applicable covenants. Senior Notes may be repurchased for redemption in excess of $25.0 million if certain criteria are met. During the three months ended March 31, 2021, the Company purchased US $16.6 million of face value Senior Notes for cancellation, in the open market. The Company repurchased a further US $9.1 million face value of Senior Notes, in the open market, for cancellation subsequent to March 31, 2021.

Covenants

The following is a list of the Company's currently applicable covenants and the calculations as at March 31, 2021:

	Covenant	March 31, 2021
The Credit Facility		
Consolidated EBITDA[1]	< 140.0 million	215,620
Consolidated EBITDA to Consolidated Interest Expense[1,2]	≥ 1.50	2.32
Consolidated Senior Debt to Consolidated EBITDA[1,3]	≤ 4.00	3.63

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

As at March 31, 2021 the Company was in compliance with all covenants related to the Credit Facility.

The Credit Facility

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

The Credit Facility also contains certain covenants that place restrictions on the Company's ability to repurchase or redeem Senior Notes and Convertible Debentures, to create, incur or assume additional indebtedness; change the Company's primary business; enter into mergers or amalgamations; and dispose of property. In the most recent amendment to the Credit Facility, dated December 31, 2020, the permitted encumbrances were reduced from $75.0 million to $25.0 million.

The Senior Notes

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

The indenture also restricts the ability to incur additional indebtedness if the Fixed Charge Coverage Ratio determined on a pro forma basis for the most recently ended four fiscal quarter period for which internal financial statements are available is not at least 2.0 to 1.0. As at March 31, 2021, the Company has not incurred additional indebtedness that would require the Fixed Charge Coverage Ratio to be calculated. As is the case with restricted payments, there are a number of exceptions to this prohibition on the incurrence of indebtedness, including the incurrence of debt under credit facilities up to the greater of $900.0 million or 22.5 percent of the Company’s consolidated tangible assets and of additional secured debt subordinated to the credit facilities up to the greater of US $125.0 million or 4.0% of the Company's consolidated tangible assets.

FINANCIAL INSTRUMENTS

Credit Risk

The Company is subject to credit risk on accounts receivable balances, which at March 31, 2021 totaled $176.8 million, an increase of $12.4 million from $164.4 million as at December 31, 2020. The varying levels of oil and natural gas commodity prices negatively impacted the cash flow of the Company's customers and, consequently, increased the collection risk of accounts receivable balances.

As part of the Company's international operations, it provides oilfield services in Venezuela pursuant to contractual arrangements, which contracts expired or were terminated in the second quarter of 2020. As at March 31, 2021, the Company had a net accounts receivable balance of approximately $6.4 million for work performed in Venezuela. Though the Company has a history of collecting accounts receivable in Venezuela, due to the continuing political unrest in the country as well as imposed sanctions there can be no assurance that the Company will be successful in collecting all of such accounts receivable outstanding.

NEW BUILDS AND MAJOR RETROFITS

As at March 31, 2021, the Company moved nine, 29 and six under-utilized drilling rigs to its Canadian, the United States and international operations reserve fleets respectively.

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

SUMMARY QUARTERLY RESULTS

($ thousands, except per common share data)	**Q1-2021**	Q4-2020	Q3-2020	Q2-2020	Q1-2020	Q4-2019	Q3-2019	Q2-2019
Revenue [1]	**218,544**	201,265	156,933	194,759	383,861	375,410	393,412	377,496
Adjusted EBITDA [1, 2]	**49,898**	52,742	39,476	58,060	91,247	95,404	97,943	101,827
Adjusted EBITDA per common share [1, 2]								
Basic	**$0.31**	$0.33	$0.24	$0.36	$0.56	$0.58	$0.62	$0.64
Diluted	**$0.31**	$0.33	$0.24	$0.36	$0.56	$0.58	$0.62	$0.64
Net (loss) income attributable to common shareholders	**(43,550)**	3,092	(36,094)	(17,077)	(29,250)	(71,615)	(37,770)	(31,173)
Net (loss) income attributable to common shareholders per common share								
Basic	**$(0.27)**	$0.02	$(0.23)	$(0.10)	$(0.18)	$(0.44)	$(0.24)	$(0.20)
Diluted	**$(0.27)**	$0.02	$(0.23)	$(0.10)	$(0.18)	$(0.44)	$(0.24)	$(0.20)
Cash provided by operating activities	**26,837**	17,393	39,417	127,432	62,732	127,796	109,421	81,620
Funds flow from operations	**46,527**	69,630	29,802	26,338	84,495	89,512	85,523	76,779
Funds flow from operations per common share								
Basic	**$0.29**	$0.44	$0.18	$0.16	$0.52	$0.54	$0.53	$0.49
Diluted	**$0.29**	$0.44	$0.18	$0.16	$0.52	$0.54	$0.53	$0.49
Total debt, net of cash	**1,321,452**	1,340,407	1,422,515	1,452,619	1,596,727	1,553,121	1,597,196	1,622,923

[1] *Comparative revenue, Adjusted EBITDA, Adjusted EBITDA per common shares have been revised to conform with current year's presentation.*
[2] *See definition of "Non-GAAP Measures" section of this MD&A.*

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

OUTSTANDING SHARE DATA

The following common shares and stock options were outstanding as of May 7, 2021:

	Number		Amount ($)
Common shares	162,382,057	$	231,207

	Outstanding	Exercisable
Stock options	5,281,080	1,916,725

OUTLOOK

Industry Overview

The outlook for oilfield services continues to improve as industry fundamentals continue to recover from the fall out of the COVID-19 pandemic. While easing supply curtailments, OPEC+ nations continue to moderate oil supply supporting global commodity prices through the first quarter of 2021. The benchmark price of West Texas Intermediate ("**WTI**") averaged US $52 in January, US $59 in February, US $62 in March, and US $62 in April. Furthermore, global COVID-19 vaccine distribution appears to have continued to support and improve the recovery of global oil demand in 2021.

We expect vaccine distribution to progress and oil demand recovery, coupled with an improved and a sustained commodity price environment, will likely drive activity improvements year-over-year. We expect steady increases to activity, as oil and natural gas producers moderate capital spending, remaining committed to cash generation, and maintaining current production levels. We expect producers to modestly revisit drilling programs through 2021 as legacy wells decline in production, demand recovery continues to stabilize, and global crude oil inventories continue to decline.

We expect a multi-year recovery cycle for our industry to pre-COVID-19 activity levels and operating conditions, as global economies continue to recover from the fall out of the pandemic. Furthermore, there remains a degree of short-term uncertainty regarding macroeconomic conditions, including commodity price fluctuations, severity of COVID-19 mitigation efforts, setbacks to vaccine deployment and efficacy, virus mutations, the pace of oil demand recovery, and OPEC+ production and supply decisions that may impact the short-term demand for oil field services.

The Company remains committed to conservative capital allocation, balance sheet preservation, and debt retirement. The Company has budgeted capital expenditures for 2021 of approximately $50.0 million.

Canadian Activity

Canadian activity, currently representing 24 percent of our business, ramped up through the first quarter of 2021 over the winter drilling season. Exiting the first quarter, Canadian activity has predictably slowed as operations entered the seasonal spring break-up. We expect activity over the second quarter of 2021 to improve year-over-year and activity to further increase as we exit spring break-up and enter the third quarter of 2021.

As of March 31, 2021, of our 92 marketed Canadian drilling rigs, approximately 21 percent are engaged under term contracts of various terms. Approximately 68 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

United States Activity

United States activity, representing 53 percent of our business, incrementally improved over the first quarter of 2021. We expect US activity to remain steady and continue to modestly improve throughout the second quarter of 2021. Assuming sustained commodity prices, we expect activity to pick up more meaningfully in the back half of the year.

As of March 31, 2021, of our 93 marketed United States drilling rigs, approximately 43 percent are engaged under term contracts of various terms. Approximately 40 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

International Activity

International activity, currently representing 23 percent of our business, remained steady throughout the first quarter of 2021. We expect international activity to remain steady through the second quarter and improve through the latter half of 2021. Operations in Argentina are expected to remain flat at current levels with 1 rig running through the second quarter of 2021. In the Middle East, our operations in Bahrain, 2 rigs, and Kuwait, 2 rigs, remain steady under long-term contracts. Australian operations declined modestly over the first quarter and are expected to improve through the second quarter of 2021.

As of March 31, 2021, of our 42 marketed international drilling rigs, approximately 26 percent are engaged under term contracts of various terms. Approximately 73 percent of our contracted rigs have a remaining term of six months or longer, although they may be subject to early termination.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is required to comply with National Instrument 52-109 *"Certification of Disclosure in Issuer's Annual and Interim Filings"*. This instrument requires that the Company disclose in the interim MD&A any changes in the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company confirms that no such changes occurred during the three months ended March 31, 2021.

RISKS AND UNCERTAINTIES

Pandemic Risk

The outbreak of epidemics, pandemics and other public health crises in geographic areas in which we have operations, suppliers, customers or employees, including the global outbreak of the novel coronavirus ("**COVID-19**") pandemic, may increase our exposure to, and magnitude of, each of the risks identified in the Risk Management and Risk Factors section of our 2020 annual MD&A that result from a reduction in demand for crude oil and natural gas consumption and/or lower commodity prices. 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 the pandemic and/or decline in commodity prices as a result of:

- The delay or suspension of work due to workforce disruption or labour shortages caused by workers becoming infected with COVID-19, or government or health authority, shelter in place orders, quarantine orders, mandated restrictions on travel by workers or closure of facilities, workforce camps or worksites;
- Suppliers and third-party vendors experiencing similar workforce disruption or being ordered to suspend operations;
- Reduced cash flows resulting in less funds from operations being available to fund our capital expenditure;
- Counterparties being unable to fulfill their contractual obligations to us on a timely basis or at all;
- The capabilities of our information technology systems and the potential heightened threat of a cyber-security 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; and
- An overall slowdown in the global economy, political and economic instability, and civil unrest.

Given the dynamic nature of the events related to the COVID-19 pandemic, we cannot reasonably estimate the period of time that the pandemic and related market conditions will persist, the full extent of the impact they will have on our business, financial condition, results of operations or cash flows or the pace or extent of any subsequent recovery. We anticipate that 2021 will continue to be a challenging year for us, as our customers operate with reduced capital budgets or continue to reduce their capital expenditures. Therefore, we expect a substantial decline in activity from levels we experienced in the first three months of 2021, coupled with downward pressure on the price of the oilfield services provided by the Company, and corresponding reductions in revenue and operating margins.

Oil and Natural Gas Prices

The most significant factors affecting the overall business of the Company continue to be oil and natural gas commodity prices. The COVID-19 pandemic, in particular, has led to an unprecedented reduction in demand for oil and natural gas. Recent market events and conditions, including global excess crude oil, natural gas and petroleum product supply as a result of actions taken by the Organization of Petroleum Exporting Countries ("**OPEC**") and non-OPEC oil and natural gas exporting countries to set and maintain increased production levels and influence crude oil prices and decreased global demand due to the COVID-19 pandemic, have caused significant weakness and volatility in commodity and petroleum product prices and corresponding reductions in industry capital and operating budgets. With the rapid and continuing spread of the COVID-19 virus and resulting global pandemic and additional crude oil supply expected to come on-stream over the near term, the price of crude oil and other petroleum products has deteriorated significantly and is expected to remain under pressure and be volatile. The overall result of these recent events and conditions could lead to a prolonged period of depressed prices for crude oil and other petroleum products. Commodity price levels affect the capital 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. The COVID-19 pandemic has resulted in, and may continue to result in, a reduction in the demand for, and prices of, oil and natural gas, and 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 also result in a decrease the demand for oilfield services provided by the Company, which could adversely impact our business, financial condition and results of operations. Further, oil and natural gas prices have been volatile in recent years and may continue to be so, as supply/demand fundamentals, weather conditions, government regulations, political and economic environments, pipeline capacity, storage levels and other factors outside of the Company's control continue to influence commodity prices. Demand for the Company's 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 its customers and may not be reflective of historical activity levels.

Competition and Industry Conditions

The oilfield services industry is, and will continue to be, highly competitive. Contract drilling companies compete primarily on a regional 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. 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 an oversupply of rigs in an area. In many markets in which the Company operates, 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 the Company operates, although no one competitor operates in all of these areas. In Canada, the Company competes 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 in each country where the Company operates and some of those international competitors may be better positioned in certain markets, allowing them to compete more effectively. There is no assurance that the Company will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect the Company's margins.

Access to Credit Facilities and Debt Capital Markets

The Company and its customers require reasonable access to credit facilities and debt capital markets as an important source of liquidity. The disruption and volatility in global capital markets that has resulted, and may continue to result, from the COVID-19 pandemic, as well as other global economic events, outside the control of the Company or its customers, may restrict or reduce the access to credit facilities and debt capital markets. Tightening credit markets may reduce the funds available to the Company's customers for paying accounts receivable balances and may also result in reduced levels of demand for the Company's services. Additionally, the Company relies on access to credit facilities, along with its reserves of cash and cash flow from operating activities, to meet its obligations and finance operating activities. The Company believes it has adequate bank credit facilities to provide liquidity.

Laws and Regulations

The Company and its customers are subject to numerous laws and regulations governing its operations and the exploration and development of oil and natural gas, including environmental regulations. The events and conditions outlined above under "*Oil and Natural Gas Prices*" have caused a significant decrease in the valuation of oil and natural gas companies and a decrease in confidence in the oil and natural gas industry. These difficulties have been exacerbated in Canada by political and other actions resulting in uncertainty surrounding regulatory, tax, royalty changes 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 regulations. 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, may also have an adverse effect on the cash flows of the Company's customers and may dampen demand for oilfield services provided by the Company. In addition, the difficulties encountered by midstream proponents to obtain the necessary approvals on a timely basis to build pipelines, liquefied natural gas plants and other facilities to provide better access to markets for the oil and natural gas industry in western Canada has led to additional downward price pressure on oil and natural gas produced in western Canada. The overall impact of these current market conditions and the lack of confidence in the Canadian oil and natural gas industry could materially and adversely affect the Company's business, prospects, financial condition, results of operations and cash flows.

Foreign Operations

The Company provides oilfield services throughout much of North America and internationally in a number of onshore drilling areas. While COVID-19 had minimal impact on our foreign operations in the first quarter of 2020, certain international customers quickly reduced capital spending, deferring exploration and appraisal activity and looking to reduce costs on major ongoing projects, which have had and we expect will continue to have a substantial negative impact on the demand for our products and services. Furthermore, significant operational disruptions are expected to continue at least throughout the 2021 year, due to the pandemic. In 2020, we experienced restricted movements of personnel within and between countries, quarantining requirements for rotational staff, logistics delays due to third-party personnel reductions, and some country closures, all of which have to date, and are expected to continue to some degree, throughout 2021.

The Canadian, United States, and Australian regulatory regimes are generally stable and, typically, supportive of energy industry activity. Internationally, the Company's operations are subject to regulations in various jurisdictions and support for the oil and natural gas industry can vary in these jurisdictions. There are risks inherent in foreign operations such as unstable government regimes, risks of pandemics or other outbreaks of illness, disease or virus, such as COVID-19, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements. Risks to the Company's operations include, but are not limited to, loss of revenue, expropriation and nationalization, restrictions on repatriation of income or capital, currency exchange restrictions, contract deprivation, force majeure events and the potential for trade and economic sanctions or other restrictions to be imposed by the Canadian government or other governments or organizations. To mitigate these risks, the Company seeks to negotiate long-term service contracts for drilling services that ideally include early termination provisions and other clauses for the Company's protection. However, there is, and there can be, no assurance that the Company will be fully effective in mitigating foreign operation risks. Such risks could have material adverse impacts on the Company's financial condition and operating results.

Foreign Exchange Exposure

The recent COVID-19 pandemic, and actions taken and that may continue to be taken by governmental authorities in response thereto, has resulted, and may continue to result in, increased volatility in financial markets and foreign currency exchange rates. The Company's consolidated financial statements are presented in Canadian dollars. Operations in countries outside of Canada result in foreign exchange risk to the Company. The principal foreign exchange risk relates to the conversion of United States dollar-denominated activity to Canadian dollars. The United States/Canadian dollar exchange rate at March 31, 2021 was approximately 1.26 compared with 1.28 at December 31, 2020. Fluctuations in the future period's exchange rates will impact the Canadian dollar equivalent of the results reported by foreign subsidiaries.

Workforce

The Company's operations are dependent on attracting, developing and maintaining a skilled workforce. During periods of peak activity levels, the Company may be faced with a lack of personnel to operate its equipment. The Company is also faced with the challenge of retaining its most experienced employees during periods of low utilization, while maintaining a cost structure that varies with activity levels. To mitigate these risks, the Company has developed an employee recruitment and training program and continues to focus on creating a work environment that is safe for its employees.

Litigation and Legal Proceedings

From time to time, the Company is subject to litigation and legal proceedings that may include employment, tort, commercial and class action suits. Amounts claimed in such suits or actions may be material and accordingly decisions against the Company could have an adverse effect on the Company's financial condition or results of operations. In addition to the impacts described above related to COVID-19, other current and potential impacts include, but are not limited to, litigation risk and possible loss contingencies related to COVID-19 and its impact, including with respect to commercial contracts, employee matters and insurance arrangements.

Operating Risks and Insurance

The Company's operations are subject to risks inherent in the oilfield services industry. Where available and cost-effective, the Company carries insurance to cover the risk to its equipment and people, and each year the Company reviews the level of insurance for adequacy. Although the Company believes its level of insurance coverage to be adequate, there can be no assurance that the level of insurance carried by the Company will be sufficient to cover all potential liabilities.

Technology

As a result of growing technical demands of resource plays, the Company's ability to meet customer demands is dependent on continuous improvement to the performance and efficiency of existing oilfield services equipment. There can be no assurance that competitors will not achieve technological advantages over the Company.

Reliance on Key Management

The success and growth of the Company is dependent upon its key management personnel. The loss of services of such persons could have a material adverse effect on the business and operations of the Company. No assurance can be provided that the Company will be able to retain or attract key management members. The Company is also subject to risks relating to the health and safety of our personnel (including key management personnel), as well as the potential for a slowdown or temporary suspension of our operations in locations impacted by an outbreak of COVID-19.

Seasonality and Weather

The Company's Canadian oilfield services operations are impacted by weather conditions that hinder the Company's ability to move heavy equipment. The timing and duration of "spring break-up", during which time the Company is prohibited from moving heavy equipment on secondary roads, restricts movement of equipment in and out of certain areas, thereby negatively impacting equipment utilization levels. Further, the Company's activities in certain areas in northern Canada are restricted to winter months when the ground is frozen solid enough to support the Company's equipment. This seasonality is reflected in the Company's operating results, as rig utilization is normally at its lowest during the second and third quarters of the year. The Company continues to mitigate the impact of Canadian weather conditions through expansion into markets not subject to the same seasonality and by working with customers in planning the timing of their drilling programs. In addition, volatility and unpredictability in the weather across all areas of the Company's operations can create additional risk and unpredictability in equipment utilization rates and operating results.