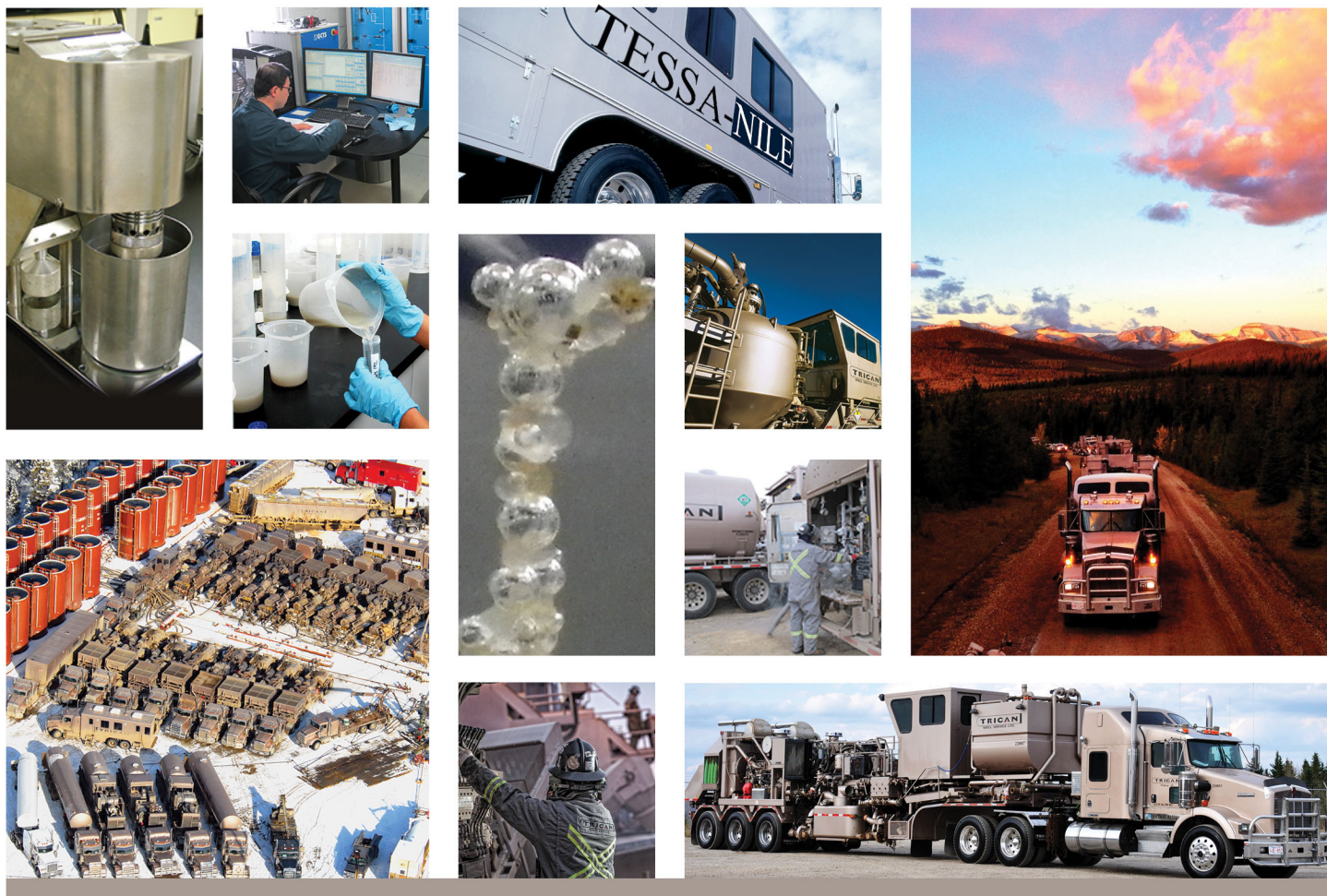




TESSA-NILE WELL SERVICE LTD. Q1 2020 INTERIM REPORT

Management's Discussion & Analysis
Three Months Ended March 31, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS – FIRST QUARTER 2020

Summary.....	3
Overview.....	4
Financial and Operating Highlights.....	5
Outlook.....	6
Comparative Quarterly Income Statements	7
Liquidity and Capital Resources.....	12
Summary of Quarterly Results.....	15
Business Risks.....	16
Critical Accounting Estimates and Judgements.....	17
Non-GAAP Measures	18
Other Non-Standard Financial Terms.....	19
Common Industry Terms.....	19
Forward-Looking Statements.....	23

This management's discussion and analysis ("**MD&A**") is dated May 13, 2020. It should be read in conjunction with the unaudited condensed consolidated interim financial statements and notes of TESSA-NILE Well Service Ltd. ("**TESSA-NILE**" or the "**Company**") as at and for the three months ended March 31, 2020 as well as the audited consolidated financial statements and notes as at and for the year ended December 31, 2019 and 2018. Additional information relating to the Company, including the Company's Annual Information Form

("AIF") for the year ended December 31, 2019, is available online at www.sedar.com.

Basis of Presentation: Unless otherwise noted, all financial information is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**"). Certain figures have been reclassified to conform to the current year presentation in this MD&A.

Non-GAAP Measures: TESSA-NILE makes reference to adjusted EBITDA and adjusted EBITDA percentage. These measures are not defined terms under IFRS and are considered non-GAAP measures. Management believes that, in addition to net income / (loss), adjusted EBITDA and adjusted EBITDA percentage are useful supplemental measures to our investors as management relies on adjusted EBITDA to better translate historical variability in TESSA-NILE's principal business activities into future financial forecasts.

Non-GAAP financial measures do not have a standardized meaning under IFRS and may not be comparable to similar financial measures presented by other issuers. These financial measures are reconciled to IFRS measures in the *Non-GAAP Measures* section of this MD&A.

Other Non-Standard Financial Terms: TESSA-NILE makes use

of other financial terms such as revenue per job. This term and / or calculation of amounts related to this term may not be comparable to other issuers. This term is described in the *Other Non-Standard Financial Terms* section of this MD&A.

Common Industry Terms: For a list of abbreviations and terms that may be used in this MD&A, refer to the *Common Industry Terms* section of this MD&A.

Risks and Forward-Looking Statements: The Company's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in the *Business Risks* section in this MD&A, the Risk Factors described in the AIF, and the Company's other disclosure documents.

This MD&A includes forward-looking information based on the Company's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, many of which are beyond the Company's control. Users of this information are cautioned that the actual results may differ materially from this forward-looking information. Refer to the *Forward-Looking Statements* section in this MD&A for information on material risk factors and assumptions underlying our forward-looking information.

SUMMARY

The current global pandemic resulting from COVID-19 is incomparable to any global economic event that our industry has experienced. Governments domestically and across the world have taken a number of steps based on the advice of medical and scientific professionals to help mitigate the effect of the pandemic. Reviewing the most recent quarter's financial results, although necessary, seems trivial in comparison to the day-to-day health concerns and the impact this crisis is having on so many people's livelihoods, including our own personnel. We hope that the proactive measures being taken by governments will allow a return to more normal living conditions, but realistically, we do not know when that will happen.

The Company was continuing to see the benefits of the business optimization and cost reduction efforts we had made during 2019. Despite revenue levels in Q1 2020 that were lower than Q1 2019 by 19%, our profitability and adjusted EBITDA margins¹ were showing improvements. However, as we disclosed in our April 6, 2020 news release ("**Market Update**"), our quarterly results were negatively affected by several items due to COVID-19 and the actions by OPEC in relation to crude oil production (collectively "**Market Events**"). The Q1 2020 financial results were in line with the Market Update we issued on April 6, 2020, with the exception of the impairment of trade receivables (see *First Quarter 2020 vs. Fourth Quarter 2019 Sequential Overview* for further details). Overall, these were relatively strong financial results despite the macro headwinds that arose late in the first quarter.

The result of the recent Market Events will make it difficult to translate the Company's Q1 financial results into near-term future quarterly results, as the expected demand for our services is still vague until our customers define their second half drilling and completion programs. These Market Events will have a significant impact on our business and operations, however, we have created a strong culture of resiliency at TESSA-NILE as we have faced significant headwinds for the last number of years due to pipeline constraints and a low level of drilling and completions in Canada. As a result, we are confident that our business will be able to adapt to these changing market conditions.

Our near term business objectives in response to the current Market Events are:

- Ensure the safety of our employees in response to the COVID-19 pandemic, while also ensuring continuity of our operations.
- Perform high quality, efficient and cost effective service for our loyal group of clients who have supported us through the last number of years.
- Maintain our balance sheet strength to position us to withstand this downturn and come out of it in a strong position to take advantage of opportunities once the market returns to normal.
- Adjust equipment levels and cost structure levels to market conditions to minimize cash flow losses, while not sacrificing the long-term intrinsic value of the existing business.
- Evaluate investments that might provide a unique opportunity to provide significant returns given recent Market Events.

Our goal remains to achieve top quartile return on invested capital in our sector, and therefore our primary objectives remain unchanged:

- Strengthen Existing Business: Maintain our market leading position in Fracturing and Cementing service lines and strengthen auxiliary service lines, specifically Coiled Tubing.
- Opportunities for Improved Profitability on Existing Asset Base: Improve operating efficiencies to generate more profit from existing assets, find opportunities to generate returns from idle assets, and implement Lean Six Sigma efficiency initiatives that will make us a leaner and more cost efficient company.

¹ See Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms described in this MD&A.

- Shareholder Return: Continue our disciplined investment into future growth, ensuring full-cycle return hurdles can be met before investing in new equipment and sell excess and permanently stranded capital equipment, returning proceeds to the balance sheet. This level of capital discipline will allow the Company to return value to shareholders, most recently evidenced by our ongoing share buyback program.

OVERVIEW

Headquartered in Calgary, Alberta, TESSA-NILE has a highly trained workforce dedicated to safety and operational excellence who provide a comprehensive array of specialized products and services using equipment required for the exploration and development of oil and gas reserves.

Financial Review

(\$ millions, except per share amounts; total proppant pumped¹ (thousands); internally sourced proppant pumped¹ (thousands); total job count¹; and HHP¹ (thousands))

	Three months ended		
(\$ millions, unaudited)	March 31, 2020	March 31, 2019	December 31, 2019
Revenue	\$191.8	\$237.6	\$163.3
Gross profit / (loss)	3.8	9.6	(6.1)
Adjusted EBITDA ¹	9.5	26.4	14.6
Net loss	(155.0)	(6.6)	(20.6)
Net loss per share - basic	(\$0.58)	(\$0.01)	(\$0.07)
Net loss per share - diluted	(\$0.58)	(\$0.01)	(\$0.07)
Total proppant pumped (tonnes) ¹	285	332	262
Internally sourced proppant pumped (tonnes) ¹	285	332	241
Total job count ^{1, 2}	2,665	2,684	2,147
Hydraulic Pumping Capacity ¹	572	672	583
Active crewed HHP ¹	321	370	324
Active, maintenance/not crewed HHP ¹	69	212	67
Parked HHP ¹	182	90	192

² Effective Q1 2020, the Company has adopted a new methodology for calculating job count. Comparative periods have been updated to reflect the change in methodology.

(\$ millions)	As at March 31, 2020	As at December 31, 2019
Cash and cash equivalents	\$28.3	\$7.2
Current assets - other	\$197.8	\$225.5
Current portion of lease liabilities	\$4.7	\$4.5
Current liabilities - other	\$85.8	\$88.4
Lease liabilities - non-current portion	\$14.5	\$15.0
Long-term loans and borrowings	\$51.9	\$46.2
Total assets	\$761.8	\$926.5

FINANCIAL AND OPERATING HIGHLIGHTS

Summary of Key Items in Consideration of Market Events

- Key cost and discretionary spending plan adjustments were implemented in late March 2020, as disclosed in our Market Update
- Planned capital expenditures have been and will continue to be limited to only necessary sustaining expenditures, estimated at less than 4% of revenue, reflective of reduced levels of activity.
- Financial position and liquidity:
 - Cash and cash equivalents of \$28.3 million (December 31, 2019 - \$7.2 million).
 - Positive non-cash working capital of \$107.4 million which includes \$14.5 million of assets held for sale (December 31, 2019 - \$132.6 million which includes \$38.1 million of assets held for sale).
 - Long-term loans and borrowings of \$51.9 million (December 31, 2019 - \$46.2 million).
- Outstanding share balance of 266,731,435, which includes the repurchase and cancellation of 4,758,600 shares at a weighted average price per share of \$1.04 pursuant to its Normal Course Issuer Bid ("NCIB"). The effect of Market Events resulted in the Company pausing share repurchases. First quarter share repurchases were substantially completed in January and February.

First Quarter 2020 vs First Quarter 2019

- Consolidated revenue from continuing operations for Q1 2020 was \$191.8 million, a \$45.8 million decrease compared to Q1 2019.
- Net loss for Q1 2020 was \$155.0 million (Q1 2019 – net loss of \$6.6 million). The Q1 2020 net loss was affected by \$141.1 million of impairment of non-financial assets, \$10.6 million of impairment of trade receivables, and \$4.7 million of severance expenditures. These expenses were primarily a result of the Market Events that occurred late in the first quarter.
- Adjusted EBITDA¹ for Q1 2020 was \$9.5 million, which includes expenditures resulting from Market Events (\$10.6 million for an impairment of trade receivables and \$4.7 million severance costs), and \$4.0 million in expenses for stainless steel fluid ends¹. Q1 2019 adjusted EBITDA was \$26.4 million, which includes \$1.7 million of severance costs and \$1.6 million in expenses for stainless steel fluid ends¹.
- The sale of surplus assets and the Fluid management business in Q1 2020 generated \$14.5 million (Q1 2019 - \$4.5 million) in proceeds which strengthened our financial position and allowed for continued investment in our core business and NCIB program.

First Quarter 2020 vs Fourth Quarter 2019 Sequential Overview

Revenue in the first quarter of 2020 increased 17% compared to the fourth quarter of 2019. Activity levels increased compared to the previous quarter as more stable gas prices, combined with normal seasonal Q1 activity increases resulted in customers being more active. January and February had strong fracturing utilization, while March saw the typical spring break-up activity declines exacerbated by the Market Events, slowing activity more than is typical. Hydraulic Fracturing utilization increased to 84% from 71% in Q4 2019 and proppant volumes increased from the fourth quarter by 9%. TESSA-NILE operated through much of Q1 2020 with eight Fracturing Crews and 321,000 HHP operating, similar to Q4 2019 levels of eight Fracturing Crews and 324,000 HHP.

Cementing activity generally tracks closely with the WCSB¹ Rig Count¹, although variations in the job mix can affect revenue. The number of jobs completed increased by 17% from Q4 2019, resulting in a sequential revenue

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

increase of 21% relative to Q4 2019. The number of Coiled Tubing Operating Days¹ for Q1 2020 was relatively flat compared to the fourth quarter of 2019, at 465 days, although revenue increased sequentially by 16% in Q1 2020 compared to Q4 2019. The increase in revenue is primarily driven by a job and customer mix that transitioned to deeper and more complex jobs.

Gross profit and adjusted EBITDA¹ for the first quarter of 2020 were \$3.8 million and \$9.5 million respectively, compared to the Q4 2019 gross loss of \$6.1 million, and adjusted EBITDA of \$14.6 million, respectively. Increased activity levels, combined with the business optimization efforts undertaken throughout 2019, resulted in improved sequential gross profit. Adjusted EBITDA¹ levels in the first quarter decreased primarily as a result of COVID-19 related Market Events that resulted in the recognition of \$10.6 impairment on trade receivables and severance costs of \$4.7 million. The Company initially expected impairment of trade receivables at March 31, 2020 of \$5 million, however, subsequent to the Market Update being issued, a customer with a current account receivable balance entered into a court-supervised creditor protection process. Although this specific account receivable may still be recovered, the speed with which the banks acted resulted in the Company re-evaluating its allowance for doubtful accounts estimate and increase the impairment of trade receivables.

OUTLOOK

Our Outlook remains largely unchanged from our Market Update. The impact of Market Events has caused an oversupply of crude oil. This has resulted in a significant decline in crude oil prices and, therefore, significant uncertainty for our customers' activity plans. Our customers have already reduced capital expenditure plans and we anticipate they will continue to adjust their programs downward if oil prices remain weak. Despite this uncertainty, AECO¹ natural gas prices have shown some resiliency as a result of enhancements to certain natural gas transmission lines and supply agreements, combined with expected declines in natural gas production resulting from oil shut-ins. Although the relative stability in natural gas prices is cushioning some of the oil related activity drop, we are anticipating that industry activity will drop by approximately 60% in the second half of the year. Consequently, we have reduced our Hydraulic Fracturing crew count from eight to three crews and will reduce our Cement and Coiled Tubing businesses by similar amounts. We will continue to monitor our clients' plans going forward and will adjust our active and staffed fleet to accommodate future changes.

Q2 2020 Activity

The second quarter WCSB¹ rig count has already dipped below historically low levels in Q2. Therefore, we expect Q2 operating activity metrics to decrease significantly both sequentially and year-over-year. We are committed to right-sizing our fleet and adjusting costs to market conditions, managing our capital spending, and maintaining a healthy balance sheet that will position the Company well in the future. Given already depressed pricing levels for our services, TESSA-NILE will be unable to grant further price reductions. Therefore, we expect to park additional equipment fleets rather than operate at negative operating cash flow levels.

The Government of Canada has introduced the Canadian Emergency Wage Subsidy ("CEWS") to help businesses that have experienced a significant decrease in revenues during the period from mid-March through early June. The Company expects to qualify for the CEWS, but the amount expected to be recognized is not yet known.

Capital Expenditures

Our capital expenditures for the three months ended March 31, 2020, of \$5.9 million have been focused primarily on maintenance and infrastructure projects, along with certain projects that brought immediate efficiencies and cost reductions. We fully funded the Q1 2020 capital expenditures with \$14.5 million of proceeds from the sale of surplus or obsolete assets and the Fluid management business.

¹ See Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms described in this MD&A.

Our focus for 2020 will be to complete the projects already underway and limit additional expenditures to sustaining capital items. We have identified non-core real estate and obsolete or surplus equipment for disposal, and will be seeking out additional disposal opportunities provided we can earn a fair price on disposition.

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

COMPARATIVE QUARTERLY INCOME STATEMENTS

Continuing Operations

(\$ thousands, except total job count, and revenue per job¹, unaudited)

Three months ended	March 31, 2020	Percentage of revenue	March 31, 2019	Percentage of revenue	December 31, 2019	Percentage of revenue
Revenue	\$191,794	100 %	\$237,594	100 %	\$163,318	100 %
Cost of sales						
Cost of sales – Other	159,814	83 %	198,722	84 %	139,040	85 %
Cost of sales – Depreciation and amortization	28,230	15 %	29,311	12 %	30,402	19 %
Gross profit / (loss)	3,750	2 %	9,561	4 %	(6,124)	(4)%
Administrative expenses – Other	12,504	7 %	13,450	6 %	10,344	6 %
Administrative expenses - Depreciation	1,335	1 %	1,405	1 %	1,356	1 %
Impairment - Non-financial assets	141,065	74 %	—	— %	10,091	6 %
Impairment - Trade receivables	10,573	6 %	277	— %	372	— %
Other income	(218)	— %	(1,932)	(1)%	(4,865)	(3)%
Results from operating activities	(161,509)	(84)%	(3,639)	(2)%	(23,422)	(14)%
Finance costs	1,127	1 %	1,324	1 %	1,219	1 %
Foreign exchange (gain) / loss	(184)	— %	75	— %	136	— %
Loss before income tax	(162,452)	(85)%	(5,038)	(2)%	(24,777)	(15)%
Income tax recovery	(7,972)	(4)%	(943)	— %	(5,303)	(3)%
Loss from continuing operations	(\$154,480)	(81)%	(\$4,095)	(2)%	(\$19,474)	(12)%
Adjusted EBITDA ¹	\$9,533	5 %	\$26,426	11 %	\$14,605	9 %
Total job count ^{1, 2}	2,665		2,684		2,147	
Revenue per job ¹	70,620		87,120		74,157	
Total proppant pumped (tonnes) ¹	285,000		332,000		262,000	

² Effective Q1 2020, the Company has adopted a new methodology for calculating job count. Comparative periods have been updated to reflect the change in methodology.

Sales Mix

Three months ended (unaudited)	March 31, 2020	March 31, 2019	December 31, 2019
% of Total Revenue			
Fracturing	73 %	77 %	73 %
Cementing	17 %	15 %	17 %
Coiled Tubing	8 %	6 %	8 %
Industrial Services	1 %	1 %	2 %
Other	1 %	1 %	— %
Total	100 %	100 %	100 %

¹ See Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms described in this MD&A.

First Quarter 2020 Overview (Compared to Prior Year)

Revenue

Industry activity was relatively flat year-over-year, as the Rig Count¹ for Q1 2020 averaged 200 rigs (Q1 2019 - 190 rigs). Despite the relatively flat drilling rig count, revenue was down approximately 19% due partially to a drop in activity in the second half of March. Additionally, in 2019 the Company reduced its crewed complement in cement and hydraulic fracturing services to better align equipment and fixed cost infrastructure levels to annualized activity levels. The Company ran eight hydraulic fracturing crews, compared to 10 in Q1 2019, and reduced crewed cement trucks to 20 (Q1 2019 - 24). Utilization in January and February was higher year-over-year for the active equipment running in Q1 with March being behind last year as the industry slowed due in part to Market Events. The Company ran nine coiled tubing fleets in Q1 2020, an increase of one over Q1 2019. Growth in our coiled tubing business had been a focus area for us during 2019 as we added more units to our active fleet. Q1 2020 revenue per job decreased 19% year-over-year as Hydraulic Fracturing, which typically has a higher revenue per job, represented a smaller proportion of overall revenue in 2020 due to the 20% reduction in crew count. Changes in job mix, customer mix and lower average pricing for Hydraulic Fracturing services also contributed to the decrease in the average revenue per job.

We experienced steady demand for our Hydraulic Fracturing services throughout the quarter with utilization averaging 84% (Q1 2019 - 83%). Since we ran two less Fracturing crews, we pumped 285,000 tonnes of proppant in Q1 2020, which was 14% lower from Q1 2019 levels.

Cementing activity closely tracks the Rig Count¹. Despite the rig count being relatively flat, the Company's job count declined by 9% as the Company elected to park four cement trucks during 2019 to better align equipment and fixed cost infrastructure levels to annualized activity levels. As the Company was able to increase the number of jobs per cement truck operating in Q1 2020 compared to Q1 2019, TESSA-NILE retained a relative market position, with very high utilization in January and February, and continued to generate a positive return on capital in this service line.

Coil Tubing Revenue in Q1 2020 increased 7% relative to Q1 2019. We had nine 24-hour crews mobilized in the first quarter of 2020 (Q1 2019 - eight crews).

Cost of Sales

Cost of sales includes materials, products, transportation, repair costs, unit and base costs, personnel benefits expense and depreciation of equipment. The following table provides a summary of cost of sales:

Three months ended, (\$ thousands, unaudited)	March 31, 2020	Percentage of revenue	March 31, 2019	Percentage of revenue
Personnel expenses	\$41,410	22 %	\$55,135	23 %
Direct costs	118,404	62 %	143,587	60 %
Cost of sales - Other	159,814	83 %	198,722	84 %
Cost of sales - Depreciation and amortization	28,230	15 %	29,311	12 %
	\$188,044	98 %	\$228,033	96 %

Total cost of sales for Q1 2020 decreased 18% when compared to Q1 2019, primarily due to the Company's continued cost optimization efforts and reduced overall activity.

- Personnel expenses primarily relate to field operational employee day rates and job bonuses, operational support personnel costs (i.e. mechanics), senior operational personnel salaries, performance bonuses, and all operational benefits and employer portions of withholdings.
 - The decrease in personnel expenses was primarily a result of the decrease in activated equipment and therefore operating activity. The Company aligned personnel levels with the reduced equipment levels.

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

- Reduced personnel costs were also a result of ongoing business optimization efforts.
- Direct costs primarily relate to repairs and maintenance, product costs, fuel, trucking expenses, and travel expenses for our operational personnel.
 - The overall decrease in direct expenses was primarily a result of the decrease in activated equipment and therefore operating activity.
 - Reduced direct costs were also a result of ongoing business optimization efforts.
 - Included in repairs and maintenance costs is \$4.0 million for stainless steel fluid ends¹ for the three months ended March 31, 2020 (Q1 2019 - \$1.6 million). Stainless steel fluid ends¹ have an expected life of less than 12 months, but the replacement is impacted by the type of work that the equipment was performing. The intensity of the work performed is correlated with useful life expectation, and this will vary from period to period.
- Depreciation and amortization expense for the three months ended March 31, 2020, decreased by \$1.1 million to \$28.2 million compared to \$29.3 million for the three months ended March 31, 2019, due to a decrease in the depreciable equipment base of the Company's property and equipment.

Administrative Expenses

Three months ended, (\$ thousands, unaudited)	March 31, 2020	Percentage of revenue	March 31, 2019	Percentage of revenue
Administrative expenses - Other	\$12,504	7 %	\$13,450	6 %
Administrative expenses - Depreciation	1,335	1 %	1,405	1 %
	\$13,839	8 %	\$14,855	6 %

Administrative expenses for the three months ended March 31, 2020 decreased 8% relative to the comparative prior year period due to a reduction in personnel expenses following the significant and ongoing optimization process over the last several quarters. Included in the Q1 2020 administrative expenses are increased severance costs of \$3.0 million resulting from Market Events, which were offset by a \$3.1 million decrease in cash-settled share-based compensation due to the decrease in the Company's share price. Q1 2020 also reflects legal fees related to the sale of the fluid management business and profit sharing expense.

Management separately identifies the following components of administrative expenses to better understand administrative expenses that are non-cash in nature or useful to predict future quarterly administrative expenses:

Three months ended, (\$ thousands, unaudited)	March 31, 2020	March 31, 2019
Severance costs	\$4,704	\$1,670
Equity-settled share-based compensation	\$630	\$1,281
Cash-settled share-based compensation	(\$1,854)	\$1,236

Cash-settled share-based compensation includes restricted share unit expenses, deferred share unit expenses and performance share unit expenses. Increases or decreases in these expenses are correlated to the number of vested units and the movement in TESSA-NILE's share price.

Administrative expenses, as a percentage of revenue, increased in Q1 2020 due to lower revenue when compared to the prior year period.

Overall Results Summary

Gross profit for Q1 2020 was \$3.8 million compared to \$9.6 million for the first quarter of 2019, as the efforts made by the Company to reduce costs and improve efficiencies partially mitigated the effect of reduced revenue.

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

Net loss in Q1 2020 increased by \$148.4 million to \$155.0 million from the net loss of \$6.6 million recorded in Q1 2019. Market Events resulted in the recognition of certain costs in Q1 2020 results, including \$141.1 million for impairment of non-financial assets, \$10.6 million of impairment loss on trade receivables related to the change in the Company's customer credit risk and \$4.7 million of severance costs associated with employee reductions.

Adjusted EBITDA¹ for Q1 2020 was \$9.5 million compared to \$26.4 million for the first quarter of 2019. Adjusted EBITDA¹ was primarily affected by the \$10.6 million impairment loss on trade receivables related to the change in the Company's customer credit risk and \$4.7 million of severance costs associated with employee reductions. Stainless steel fluid end¹ expense for Q1 2020 was \$4.0 million (Q1 2019 - \$1.6 million).

First Quarter 2020 Other Expenses and Income (Compared to Prior Year)

Other income

Other income for the three months ended March 31, 2020 mainly related to the \$0.4 million gain from the disposition of equipment. For the three months ended March 31, 2019, the Company realized a \$1.5 million gain from the disposition of certain equipment.

Impairment - Non-financial assets

As required by IAS 36, the Company is required to assess whether there are any external and internal indicators of impairment at the end of each reporting period. Due to the Market Events, the Company performed an impairment test on its non-financial assets within the Pressure Pumping Cash Generating Unit ("CGU") and the Cement CGU. A comparison of the recoverable amounts with the carrying amounts resulted in an impairment against goodwill of \$131.0 million in the three months ended March 31, 2020 (March 31, 2019 - nil). Following the impairment there remains no further goodwill. In addition to the determination that goodwill has been impaired, the Company's ongoing asset evaluations identified certain assets for which the carrying value is not expected to be fully recoverable. An impairment charge of \$10.1 million, including \$3.9 million of assets currently held for sale, was determined based on the estimated fair value of these assets.

Impairment - Trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The calculation reflects the probability-weighted outcome, the time value of money and reasonable supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Due to the recent deterioration of the global economic conditions and in accordance with the Company's accounting policy to evaluate impairment of financial assets, credit risk has increased since initial recognition of the financial asset (trade receivables). Therefore, at March 31, 2020 the Company recognized a \$10.6 million impairment of trade receivables for this increased credit risk (March 31, 2019 - \$0.3 million).

Finance Costs

Finance costs for the first quarter of 2020 decreased 15% when compared to the same period of 2019. The decrease of \$0.2 million is due to a reduction of interest rates as well as a decrease to the average balance of the net revolving credit facility, which had a balance of \$51.9 million at March 31, 2020 (March 31, 2019 - \$56.9 million).

Foreign Exchange

A foreign exchange gain of \$0.2 million was recorded in the first quarter of 2020, compared to a \$0.1 million loss recorded for the first quarter in 2019 related to the foreign exchange fluctuations in the period.

Income Taxes

The Company recorded an income tax recovery of \$8.0 million during the first quarter of 2020, compared to an income tax recovery of \$0.9 million for the same period of 2019. The income tax recovery was recognized due to the net loss recorded during the period.

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Requirements

As at March 31, 2020, the Company had a working capital (current assets less current liabilities) balance of \$135.7 million compared to \$139.8 million as at December 31, 2019. The reduction is attributable to:

- \$21.1 million increase in cash on hand, as a result of the Company's increased collection efforts near the end of the quarter;
- \$1.7 million increase in trade and other receivables, primarily due to increased activity compared to December 31, 2019 partially offset by increased collections;
- \$2.8 million decrease in inventory, due to the Company's ongoing efforts to reduce spare parts inventory;
- \$20.7 million decrease in net assets held for sale, related primarily to the sale of the Company's Fluid Management business partially offset by additional items marketed for disposal; and
- \$3.3 million decrease in prepaid expenses, as a result of the amortization of prepaid items.

At March 31, 2020, the Company's working capital and available operating credit facilities exceed the level required to manage timing differences between cash collections and cash payments.

Operating Activities

Cash flow from continuing operations was \$13.3 million during the three months ended March 31, 2020 (March 31, 2019 - \$3.0 million). The net increase in cash flows provided by continuing operations was primarily due to a larger collection of accounts receivable relative to a smaller build of accounts receivable during Q1 2020 compared to the prior year.

Investing Activities

Capital expenditures related to continuing operations for the three months ended March 31, 2020, totaled \$5.9 million (March 31, 2019 - \$11.7 million) and proceeds from the sale of surplus and/or non-core property and equipment, including the Fluid management business, totaled \$14.5 million for the three months ended March 31, 2020 (March 31, 2019 - \$4.4 million).

Capital expenditures during the three months ended March 31, 2020, related primarily to maintaining the productive capability of TESSA-NILE's Hydraulic Fracturing services fleet. TESSA-NILE regularly reviews its capital equipment requirements and will continue to follow its policy of adjusting the capital budget on a quarterly basis to reflect changing operating conditions, cash flow, and capital equipment needs. See *Outlook* for further discussion.

Financing Activities

Revolving Credit Facility ("RCF")

On December 6, 2018, as a part of an overall restructuring of the Company's credit facilities, TESSA-NILE entered into an agreement with its RCF providers which amended and extended its RCF ("**Amended RCF**").

The Amended RCF matures December 5, 2021, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to \$275.0 million (December 31, 2019 – \$275.0 million). The Amended RCF has a general security charge against the assets of the Company and bears interest at the applicable Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points (December 31, 2019 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points). At March 31, 2020, the undrawn and accessible amount of the RCF, subject to financial covenants, is

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

\$222.1 million (December 31, 2019 – \$227.6 million accessible) due to the Company's Letters of Credit and amounts drawn on the swing line as at March 31, 2020.

As at March 31, 2020, the Company had a \$20.0 million (December 31, 2019 – \$20.0 million) swing line facility with its lead bank included in the \$275.0 million amended RCF described above. As at March 31, 2020, \$4.5 million was drawn on the swing line facility (December 31, 2019 – nil).

As at March 31, 2020, the Company had a \$10.0 million (December 31, 2019 – \$10.0 million) Letter of Credit facility with its syndicate of banks included in the \$275.0 million amended RCF described above. As at March 31, 2020, TESSA-NILE had \$0.5 million in letters of credit outstanding (December 31, 2019 – \$0.4 million).

The Company is required to comply with covenants that are applicable to the Amended RCF. TESSA-NILE is required to comply with the following leverage and interest coverage ratio covenants, based on the last twelve-month calculation basis:

- Leverage Ratio <3.5x
- Interest Coverage Ratio >2.5x

At March 31, 2020, TESSA-NILE was in compliance with the required debt covenant ratios.

The Leverage Ratio is defined as debt excluding Non-Recourse Debt plus Letter of Credit facility minus cash divided by Bank EBITDA¹. As at March 31, 2020, the Leverage Ratio was 1.6 (December 31, 2019 – 0.4).

The Interest Coverage Ratio is defined as Bank EBITDA¹ divided by interest expense. As at March 31, 2020, the Interest Coverage Ratio was 5.6 (December 31, 2019 – 9.6).

Certain non-cash expenses (including depreciation, amortization, impairment expenses, equity-settled stock based compensation), certain personnel based expenses such as severance and certain other items, are permitted to be adjusted to EBITDA¹ to arrive at Bank EBITDA¹ for covenant calculation purposes. In accordance with the definition under the Amended RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16.

Right-of-Use Lease Liabilities

Details in respect of the Company's right-of-use liabilities are more fully described in Note 4 of the interim financial statements. The application of IFRS 16 - Leases for the three months ended March 31, 2020 resulted in administrative expenses not including \$0.3 million (March 31, 2019 - \$0.7 million) of rent expense. Rent expense is deducted from Bank EBITDA for purposes of the Amended RCF covenant calculations.

As at May 13, 2020, TESSA-NILE had 266,731,435 common shares and 15,814,795 employee stock options outstanding.

Normal Course Issuer Bid

On September 30, 2019, the Company announced its renewal of its ongoing NCIB program, commencing October 3, 2019, to purchase up to 24.7 million of its common shares for cancellation before October 2, 2020.

All purchases are to be made at the prevailing market price at the time of purchase and are subject to a maximum daily purchase volume of 220,020 (being 25% of the average daily trading volume of the common shares traded on the TSX for the six months ending August 31, 2019 of 880,081 common shares) except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB will be returned to treasury for cancellation.

For the quarter ended March 31, 2020, the Company purchased and canceled 4,758,600 common shares at a weighted average price per share of \$1.04 (March 31, 2019 - 7,041,600 common shares at a weighted average price per share of \$1.36).

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

Other Commitments and Contingencies

The Company has commitments for financial liabilities and various lease agreements, with minimum payments due as of March 31, 2020, as follows:

March 31, 2020	Payments due by period			Total
	1 year or less	1 to 5 years	5 years and thereafter	
Trade AP, other payables, liabilities held for sale (net of interest on RCF)	\$85,752	\$—	\$—	\$85,752
RCF (including interest)	1,603	53,577	—	55,180
Lease liabilities (IFRS 16)	5,880	12,950	4,334	23,164
Total commitments	\$93,235	\$66,527	\$4,334	\$164,096

In addition to the above commitments, the Company has committed to, or expects to commit to:

- Capital expenditures of \$2.9 million;
- Proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due within the next two years. Prices and volumes in the contracts are subject to change based on market conditions.

The tax regulations and legislation in the various jurisdictions that the Company operates in, or has previously operated in, are continually changing. As a result, there are usually some tax matters under review. Management believes that it has adequately met, provided and/or recognized tax assets and liabilities based on the Company's interpretation of relevant tax legislation and regulations and likelihood of recovery and/or payment.

¹ See *Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms* described in this MD&A.

SUMMARY OF QUARTERLY RESULTS

(\$ millions, except per share, and adjusted EBITDA % ¹ ; total proppant pumped ¹ (thousands); internally sourced proppant pumped ¹ (thousands); HHP ¹ (thousands); crews ¹ ; and total job count ^{1, 2} , unaudited)	2020	2019				2018		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue from continuing operations	\$191.8	\$163.3	\$129.9	\$105.2	\$237.6	\$161.0	\$242.3	\$164.4
Loss on investments in Keane	\$—	\$—	\$—	\$—	\$—	(\$4.3)	(\$9.0)	(\$8.4)
Profit / (loss) from continuing operations								
Per share - basic	(\$0.58)	(\$0.07)	(\$0.06)	(\$0.11)	(\$0.01)	(\$0.52)	(\$0.04)	(\$0.09)
Per share - diluted	(\$0.58)	(\$0.07)	(\$0.06)	(\$0.11)	(\$0.01)	(\$0.52)	(\$0.04)	(\$0.09)
Profit / (loss) from discontinued operations								
Per share - basic and diluted	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$—	\$(0.01)
Loss for the period	(\$154.9)	(\$20.9)	(\$16.7)	(\$29.0)	(\$6.9)	(\$158.5)	(\$12.6)	(\$34.2)
Per share - basic	(\$0.58)	(\$0.07)	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)
Per share - diluted	(\$0.58)	(\$0.07)	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)
Adjusted EBITDA ¹	\$9.5	\$14.6	\$3.5	(\$16.5)	\$26.4	(\$1.8)	\$35.2	(\$4.8)
Adjusted EBITDA % ¹	5 %	9 %	3 %	(14)%	11 %	(1)%	14 %	(1)%
Proppant pumped ¹ (tonnes)	285	262	166	138	332	205	486	383
Internally sourced proppant pumped ¹ (tonnes)	285	241	166	138	332	197	227	110
Hydraulic Fracturing capacity (HHP) ¹	572	583	583	593	672	672	672	672
Active crewed HHP ¹	321	324	297	347	370	340	464	445
Active, maintenance, not crewed (HHP) ¹	69	67	86	235	212	242	201	185
Parked HHP ¹	182	192	200	11	90	90	7	42
Average active, crewed HHP ¹	155	155	105	73	225	121	283	207
Hydraulic Fracturing crews ¹	8.0	8.0	8.0	9.0	10.0	10.5	11.0	11.5
Hydraulic Fracturing utilization ¹	84 %	71 %	57 %	27 %	83 %	44 %	75 %	42 %
Coiled Tubing crews ¹	9.0	9.0	9.0	8.0	8.0	7.5	7.0	6.0
Total job count ^{1, 2}	2,665	2,147	1,988	1,150	2,684	2,151	2,634	1,592
Revenue per job ¹	70.6	74.2	63.3	84.8	87.1	69.5	84.0	93.6

² Effective Q1 2020, the Company has adopted a new methodology for calculating job count. Comparative periods have been updated to reflect the change in methodology.

Q1 2020 was negatively affected by Market Events including recognition of \$141.1 million for impairment of non-financial assets, \$10.6 million impairment loss on trade receivables related to the change in the Company's customer credit risk and \$4.7 million of severance costs associated with employee reductions. Pipeline construction delays and ongoing imposed supply quotas for our customers' oil production contributed to reduced operating

¹ See Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms described in this MD&A.

activity throughout all quarters in 2019 as well as Q4 2018. Continued optimization efforts to streamline operations contributed to stronger year-over-year results from continuing operations in Q4 2019 relative to the fourth quarter of 2018. In addition, Q4 2018 included a non-financial asset impairment of \$134 million. In Q2 2019 and Q2 2018, revenue was negatively impacted by seasonal weather-related delays typical of spring break-up¹. Q3 2018 and Q1 2018 benefited from a more constructive operating environment. 2018 financial results were affected by fluctuations in value of the Company's Investments in Keane. The Company sold its remaining Investments in Keane in Q4 2018.

BUSINESS RISKS

A discussion of certain business risks faced by TESSA-NILE may be found under the "Risk Factors" section of our

AIF, and

"Business Risks" in our management's discussion and analysis for the year ended December 31, 2019, which are available under TESSA-NILE's profile at www.sedar.com. Other than risks described within this MD&A, including within this section, the Company's risk factors and management of those risks has not changed substantially from the most recently filed AIF.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. COVID-19's impact on global markets was significant through the first quarter of 2020 and as the situation continues to rapidly evolve, the magnitude of its effects on the economy, on TESSA-NILE's financial and operational performance and on our personnel is uncertain at this time.

In late March, TESSA-NILE responded to the significant global impacts of the COVID-19 pandemic with a series of operational measures including extensive capacity reductions and reductions in capital spending for 2020.

Significant health and safety measures have been implemented at TESSA-NILE's offices, facilities and work sites, grounded in the recommendations of public health officials. These include restricting all travel, mandating self-isolation for returned travelers and any employees exhibiting symptoms or exposed to the virus, implementing physical distancing parameters between individuals, increasing cleaning and sanitization in workplaces, and where possible, instructing employees to work remotely to reduce interpersonal contact. The energy business, including TESSA-NILE's services, has been deemed an essential service in all the jurisdictions where TESSA-NILE operates.

The Company will continue to closely monitor the COVID-19 situation and should the duration, spread or intensity of the pandemic further develop in 2020 then further negative impacts on our supply chain, our personnel, market pricing and customer demand can be expected. These factors may further impact the Company's operating plan, its liquidity and cash flows, and the valuation of its long-lived assets.

Credit Risk and Dependence on Major Customers

The Company's accounts receivable are due from customers that operate in the oil and gas exploration and production industry and are subject to typical industry credit risks that include oil and natural gas price fluctuations and the customers' ability to secure appropriate financing. The Company has a customer base of more than 60 exploration and production entities, ranging from large multinational public entities to small private companies. Notwithstanding the Company's significant customer base, for the three months ended March 31, 2020, two customers accounted for 21.0% of the Company's revenue (three months ended March 31, 2019 – two customers accounted for 28.9% of revenue). At March 31, 2020, two customers accounted for 25.7% of accounts receivable (March 31, 2019 – two customers accounted for 41.0% of accounts receivable).

Standard payment terms for the industry are 30-60 days from the invoice date, however industry practice allows payment for up to 70 days after the invoice date. See discussion of impairment - trade receivables in the

¹ See Non-GAAP Measures, Other Non-Standard Financial Terms and Common Industry Terms described in this MD&A.

Comparative Quarterly Income Statement section of the MD&A for additional ECL provisions recognized due to Market Events.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash and debt management, which includes monitoring forecasts of the Company's cash and cash equivalents and borrowing facilities on the basis of projected cash flow. This is generally carried out at the consolidated level in accordance with practices and policies established by the Company.

The current challenging economic climate may lead to further adverse changes in cash flows, working capital levels and/or bank indebtedness balances. These and other factors may adversely affect the Company's liquidity and the Company's ability to generate income and cash flows in the future. At March 31, 2020, the Company remains in compliance with all terms of our revolving credit facility and based on current available information, the Company expects to have sufficient liquidity during the next year to support its ongoing operations. The current challenging economic climate may have significant adverse impacts on the Company including, but not exclusively:

- material declines in revenue and cash flows as a result of the decline in commodity prices;
- impairment charges;
- reduced capital programs;
- increased risk of non-performance by the Company's customers and suppliers;
- interruptions in operations as we adjust personnel to the dynamic environment.

The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Company is not known at this time. Estimates and judgments made by management in the preparation of the financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical judgments and estimates used in preparing the Interim Financial Statements are described in our 2019 Annual MD&A and there have been no material changes to our critical accounting judgments and estimates during the three months ended March 31, 2020, except for those critical estimates resulting from Market Events, including impairment of non-financial assets and trade receivables. The Company's International Financial Reporting Standards (IFRS) accounting policies and future accounting pronouncements are provided in note 2 of the Annual Consolidated Financial Statements as at and for the years ended December 31, 2019 and 2018.

Internal Controls Over Financial Reporting

There have been no changes in TESSA-NILE's internal control over financial reporting ("ICFR") that occurred during the quarter ended March 31, 2020, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

In response to the COVID-19 pandemic, several social distancing measures taken by the Company and third parties are reasonably likely to impact the design and performance of internal controls at the Company and its service organizations if such measures remain in place for an extended period of time. The Company will continue to monitor and mitigate the risks associated with changes to its control environment in response to COVID-19.

NON-GAAP MEASURES

Certain terms in this MD&A, including adjusted EBITDA and adjusted EBITDA percentage, do not have any standardized meaning as prescribed by IFRS and therefore, are considered non-GAAP measures and may not be comparable to similar measures presented by other issuers.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP term and has been reconciled to profit / (loss) for the applicable financial periods, being the most directly comparable measure calculated in accordance with IFRS. Management relies on adjusted EBITDA to better translate historical variability in our principal business activities into future forecasts. By isolating incremental items from net income, including income / expense items related to how the Company chooses to manage financing elements of the business, management can better predict future financial results from our principal business activities. The items included in this calculation have been specifically identified as they are either non-cash in nature, subject to significant volatility between periods, and / or not relevant to our principal business activities. Items adjusted in the non-GAAP calculation of adjusted EBITDA, are as follows:

- non-cash expenditures, including depreciation, amortization, and impairment of non-financial assets; and equity-settled share-based compensation;
- consideration as to how we chose to generate financial income and incur financial expenses, including foreign exchange expenses and gains/losses on Investments in Keane;
- taxation in various jurisdictions;
- transaction costs, as this cost is subject to significant volatility between periods and is dependent on the Company making significant acquisitions and divestitures which may be less reflective, and / or useful in segregating, for purposes of evaluating the Company's ongoing financial results; and
- other income / expense which generally result from the disposition of equipment, as these transactions generally do not reflect quarterly operational field activity.

(\$ thousands, unaudited)	Three months ended		
	March 31, 2020	March 31, 2019	December 31, 2019
Loss from continuing operations (IFRS financial measure)	(\$154,480)	(\$4,095)	(\$19,474)
Adjustments:			
Cost of sales – Depreciation and amortization	28,230	29,311	30,402
Administrative expenses – Depreciation	1,335	1,405	1,356
Income tax recovery	(7,972)	(943)	(5,303)
Finance costs and amortization of debt issuance costs	1,127	1,324	1,219
Foreign exchange (gain) / loss	(184)	75	136
Impairment – Non-financial assets	141,065	—	10,091
Other expense / (income)	(218)	(1,932)	(4,865)
Administrative expenses – Other: equity-settled share-based compensation	630	1,281	1,043
Adjusted EBITDA	\$9,533	\$26,426	\$14,605

Shaunavon	A light oil formation in the WCSB with oilfield activity primarily focused in south western Saskatchewan.
Viking	A light oil formation in the WCSB with oilfield activity primarily focused in central Alberta and west central Saskatchewan.

Common Business Terms:

AECO	The CDN\$ Alberta natural gas price traded on the Natural Gas Exchange. The price is generally quoted per thousand cubic feet of natural gas (MCF).
CLS	A light sweet crude conventionally produced in Western Canada.
Differentials	The difference between the WTI price and the prices received by producers of WCS and CLS. There are three main variables that drive price differences between the different benchmarks, namely (1) Quality, which is mostly defined by American Petroleum Institute (API) standards for density and sulphur content; (2) Marketability, which is governed by supply and demand fundamentals; and (3) Logistics, which refers to the transportation method used to get a specific crude from the producer to its final customer.
Dry Gas	Natural gas that produces little condensable heavier hydrocarbon compounds such as propane and butane when brought to the surface.
Dual Fuel Engine	A dual fuel engine utilizes a mixture of diesel and natural gas when a load is applied.
Market Egress	The means that producers use to transport their oil and gas out of the WCSB, which is typically done through pipelines or train rail car.
Natural Gas Liquids	Natural gas liquids (NGL), typically found in liquids rich natural gas, include ethane, propane, butane, isobutane, pentane, and condensate. These liquids are produced as part of natural gas production, but their pricing is influenced by crude oil pricing rather than natural gas pricing.
Rig Count	The estimated average number of drilling rigs operating in the WCSB at a specified time reported in this MD&A as annual and quarterly averages, sourced from Baker Hughes North American Rotary Rig Count.
Spring Break-Up	During the spring season in the WCSB, provincial governments and rural municipalities (or counties) ban heavy equipment from roads to prevent damage. It becomes difficult, and in some case impossible, to continue to work during this period and therefore activity in the oilfield is often reduced.

Stainless Steel Fluid End	Hydraulic Fracturing pumpers have a multiplex pump that pressurizes fracturing fluid for transfer down the wellbore. The multiplex pump consists of a power end and a stainless steel fluid end. The power end houses a crankshaft that is connected to a spacer block that contains connecting rods that drive the individual plungers contained in the fluid end. The abrasive proppant and fluid mixture are pumped through the stainless steel fluid end at pressures of up to 15,000 pound-force per square inch (PSI), or 103 megapascals (MPa), which will cause wear on the stainless steel fluid end. It is a modular unit that can be replaced independent of the power end and spacer block.
WCS	A grade of heavy crude oil derived from of a mix of heavy crude oil and crude bitumen blended with diluents. The price of WCS is often used as a representative price for Canadian heavy crude oils.
WTI	The US\$ quoted price on the New York Stock Exchange for West Texas Intermediate crude oil is a trading classification of crude oil and a benchmark in oil prices. The price is generally quoted per barrel (bbl).
Company Specific Industry Terms:	
Active crewed HHP currently	Represents the total HHP that TESSA-NILE has activated or is operating. This figure is presented as at the end of a specified period.
Active, Maintenance/Not Crewed HHP	This is Fracturing equipment that is in the periodic maintenance cycle, which includes equipment that has completed a routine maintenance period and is ready for work, but no available crew is available to operate the equipment.
Bank EBITDA	An EBITDA based measure used in the calculation of covenants, based on a definition contained in the Company's borrowing agreements that permits certain non-cash expenses (including depreciation, amortization, impairment expenses, equity settled stock based compensation), gains and losses resulting from Investments in Keane, personnel based expenses (such as severance), and certain other items, to be adjusted to EBITDA.
Cementing	After drilling a well, steel casing is inserted into the wellbore. Cement is then pumped down the pipe and circulated up the annulus to create a strong barrier of protection between the well and rock formations, preventing any unintended water or hydrocarbon migration in or out of the wellbore.
Coiled Tubing	Coiled Tubing is a continuous length of steel pipe, spooled onto a large diameter reel. The pipe comes in a variety of sizes and can be run into any well. Coiled Tubing is commonly used to convey tools, mill out Fracturing ports or ball seats, and circulate liquids and gases into and out of the wellbore without relieving the wellbore pressure.
Coiled Tubing Crews	The average number of 24-hour Coiled Tubing crews available for operations during the period.

Coiled Tubing Operating Days	The number of 24-hour periods (days) Coiled Tubing Crews operate within a reporting period.
Growth Capital	Capital expenditures primarily for items that will expand our revenue and/or reduce our expenditures through operating efficiencies.
Hard or Soft Commitments	Contracts with firm commitments for a period of time lasting at least one quarter are considered hard commitments. Contracts for a shorter duration, or on a best efforts' basis, are considered soft commitments.
HHP	Hydraulic horsepower, which is generally the measure of an individual Hydraulic Fracturing pump and a company's Hydraulic Fracturing fleet size.
Hydraulic Fracturing	Many formations are too tight to produce oil and natural gas and require a stimulation process to extract the resources. In Hydraulic Fracturing, fluids carrying proppant are pumped into the ground with enough pressure to crack the rock. The proppant is left behind to hold open the cracks, while the fluid is flowed back allowing oil and gas the ability to flow to the surface.
Hydraulic Fracturing Crews/Fracturing Crews	The number of 24-hour Hydraulic Fracturing crews operating at the end of a reporting period.
Hydraulic Fracturing Job Intensity	Generally measured in terms of the amount of Hydraulic Fracturing pumps required for a specific job and / or by the pressure rating generally measured in megapascals (MPa). The Company considers jobs at pressure ratings below 50 MPa to be low intensity jobs, 50 to 65 MPa as moderate intensity jobs, and jobs greater than 65 MPa to be high intensity rate jobs.
Hydraulic Fracturing Utilization	The number of Fracturing crews that are operating (Fracturing job revenue day) in proportion to the Company's total Fracturing crews available.
Hydraulic Pumping Capacity Fracturing fleet.	Refers to the total available HHP in the TESSA-NILE Hydraulic Fracturing fleet. The figures are presented in both the average available during the given period and the HHP available at the end of a specified period.
Infrastructure Capital	Capital expenditures primarily for the improvement of operational and base infrastructure.
Internally Sourced Proppant Pumped	Proppant purchased by the Company and resold to its customers in conjunction with a Fracturing operation utilizing the Company's equipment. Certain of the Company's customers purchase proppant directly from third party suppliers. As the Company does not generate revenue from selling proppant to these customers, this metric assists in evaluating changing job mix with changing revenue levels.
Sustaining Capital	Capital expenditures primarily for the replacement or refurbishment of worn out equipment.

Parked HHP	Fracturing equipment that is not included in the Active Crewed HHP category or the Active, Maintenance/not crewed HHP category and would require minimal reactivation costs to move into the Active Crewed HHP category.
Average Active, Crewed HHP	Fracturing equipment that has, on average, been active and crewed for the period. Fracturing equipment is considered active if it is on a customer location.
Proppant	A solid material, typically sand, treated sand or man-made ceramic materials, designed to keep an induced hydraulic fracture open during and following a Fracturing treatment.
Total Job Count	A job is typically represented by an invoice. The frequency of invoices may differ as to how often the customer requests to be billed during a project. Additionally, the size and scope of a job can impact the length of time and cost on a job. Therefore, a job can vary greatly in time and expense. Effective Q1 2020, the Company has adopted a new methodology for calculating job count since updated systems no longer supported the prior calculation methodology. The methodology is based on the new system calculated job metric which generally reflects days for hydraulic fracturing and coil, and invoices for cement. Comparative periods have been updated to reflect the change in methodology.
Total Proppant Pumped	The Company uses this as one measure of activity levels of Hydraulic Fracturing activity. The correlation of proppant pumped to Pressure Pumping activity may vary in the future depending upon changes in Hydraulic Fracturing intensity, weight of proppant used, and job mix.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this document constitute forward-looking information and statements (collectively "forward-looking statements"). These statements relate to future events or our future performance. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "estimate", "expect", "intend", "plan", "planned", and other similar terms and phrases. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. We believe the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this document should not be unduly relied upon. These statements speak only as of the date of this document.

In particular, this document contains forward-looking statements pertaining to, but not limited to, the following:

- that first quarter results will not be a good predictor of future financial results;
- that TESSA-NILE will adapt to the current economic environment;
- near-term and long-term objectives;
- the impact of COVID-19 and the associated effect of the world-wide weakness in demand for oil and gas as a result of quarantine measures;

- anticipated industry activity levels in jurisdictions where the Company operates, as well as expectations regarding our customers' work programs and expectations on timing of completion thereof, TESSA-NILE's capital expenditure plans, business plans and equipment utilization levels;

- pricing reductions will result in TESSA-NILE parking additional

equipment TESSA-NILE TESSA-NILE TESSA-NILE TESSA-NILE

- the expectation that we will be able to generate positive operating cash flow;
- expectations regarding our client's ability to pay for goods and services;
- expectation that we are adequately staffed for current industry activity levels;
- expectations regarding the Company's cost structure, cost savings and optimization levels;
- we will be able to maintain a strong balance sheet through this downturn;
- the anticipated impact of pipeline improvements on AECO prices;
- expectations regarding the Company's equipment utilization levels and demand for our services in 2020;
- expectation that we will maintain pricing levels to generate positive cash flow margins on our equipment;
- expectations regarding credit risk and impairment of trade receivables;
- expectation that TESSA-NILE's strong financial position will allow the Company to withstand uncertainty and

invest

opportunistically;

- expectation as to the type of Hydraulic Fracturing equipment required and which operating regions the equipment is appropriate to operate in;
- expectations regarding TESSA-NILE's financial results, working capital levels, liquidity and profits;
- expectations regarding TESSA-NILE's capital spending;
- expectations that certain components of administrative expenses will be useful in future predictions of quarterly administrative expenses;
- expectations that adjusted EBITDA will help predict future earnings;
- anticipated ability of the Company to meet foreseeable funding requirements;
- anticipated compliance with debt and other covenants under our revolving credit facilities;
- expectations regarding the potential outcome of contingent liabilities;
- expectations regarding provincial income tax rates;
- expectations surrounding weather and seasonal slowdowns; and
- expectations regarding the impact of new accounting standards and interpretations not yet adopted.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and in the "Risk Factors" section of our AIF dated March 28, 2019:

- volatility in market prices for oil and natural gas;
- liabilities inherent on oil and natural gas operations;
- impact of COVID-19 on the Company's customers, business, operations and personnel;
- the success of our efforts and response to the COVID-19 pandemic;
- our customers' ability to obtain adequate credit or financing to support their exploration and completion activities TESSA-NILE

- competition from other suppliers of oil and gas services;
- competition for skilled personnel;
- changes in income tax laws or changes in other laws and incentive programs relating to the oil and gas industry; and
- changes in political, business, military and economic conditions in key regions of the world.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Forward-looking statements are based on a number of factors and assumptions, which have been used to develop such statements and information, but which may prove to be incorrect. Although management of TESSA-NILE believes that the expectations reflected in such forward-looking statements or information are reasonable, undue reliance should not be placed on forward-looking statements because TESSA-NILE can give no assurance that such expectations will prove to be correct. In addition to other factors and assumptions which may be identified in this document, assumptions have been made regarding, among other things: crude oil and natural gas prices; the impact of increasing competition; the general stability of the economic and political environment; the timely receipt of any required regulatory approvals; the Company's ability to continue its operations for the foreseeable future and to realize its assets and discharge its liabilities and commitments in the normal course of business; industry activity levels; TESSA-NILE's policies with respect to acquisitions; the ability of TESSA-NILE to obtain qualified staff, equipment and services in a timely and cost efficient manner; the ability to operate our business in a safe, efficient and effective manner; the ability of TESSA-NILE to obtain capital resources and adequate sources of liquidity; the performance and characteristics of various business segments; the regulatory framework; the timing and effect of pipeline, storage and facility construction and expansion; and future commodity, currency, exchange and interest rates.

The forward-looking statements contained in this document are expressly qualified by this cautionary statement. We do not undertake any obligation to publicly update or revise any forward-looking statements except as required by applicable law.

Additional information regarding TESSA-NILE including TESSA-NILE's most recent AIF, is available under TESSA-NILE's profile on SEDAR (www.sedar.com).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Bradley P.D. Fedora ⁽⁴⁾

Chairman

G. Allen Brooks ^(2, 3, 5)

President

G. Allen Brooks, LLC

Kevin L. Nugent ^(1, 2, 3)

Independent Businessman

Deborah S. Stein ^(1, 2, 3)

Independent Businesswoman

Michael B. Rapps ^(1, 4)

President, CEO & Director

Clarke Inc.

Dale M. Dusterhoft ⁽⁴⁾

President & Chief Executive Officer

TESSA-NILE Well Service Ltd.

OFFICERS

Dale M. Dusterhoft

President & Chief Executive Officer

Michael A. Baldwin

Executive Vice President

Robert Skilnick

Chief Financial Officer

Robert J. Cox

Senior Vice President, Operations

Chika B. Onwuekwe

Vice President, Legal, General Counsel and

Corporate Secretary

CORPORATE OFFICE

TESSA-NILE Well Service Ltd.

2900, 645 - 7th Avenue S.W.

Calgary, Alberta T2P 4G8

Telephone: (403) 266-0202

Facsimile: (403) 237-7716

Website: www.TESSA-NILEwellservice.com

AUDITORS

KPMG LLP, Chartered Professional

Accountants

Calgary, Alberta

BANKERS

The Bank of Nova Scotia

Calgary, Alberta

REGISTRAR & TRANSFER AGENT

Computershare Trust Company of Canada

Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange

Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Dale M. Dusterhoft

President & Chief Executive Officer

Robert Skilnick

Chief Financial Officer

(1) Member of the Audit Committee

(2) Member of the Human Resources and Compensation Committee

(3) Member of the Corporate Governance Committee

(4) Member of the Health, Safety and Environment Committee

(5) Lead Director