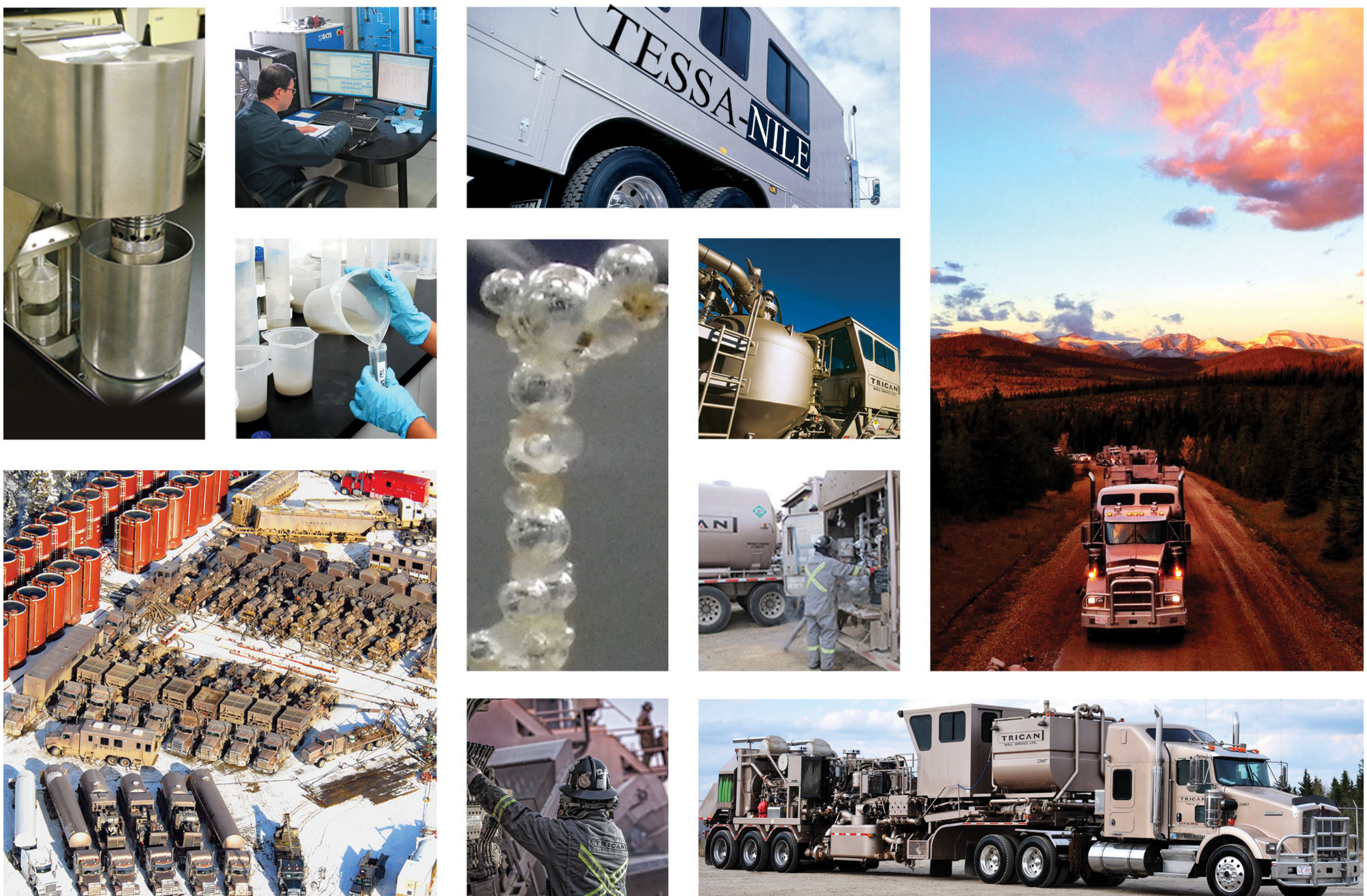
TESSA-NILE



TESSA-NILE WELL SERVICE LTD.
Q3 2021 INTERIM REPORT

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Management's Discussion & Analysis
Three and Nine Months Ended September 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS – THIRD QUARTER

This management's discussion and analysis ("MD&A") is dated October 26, 2021. 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 and nine months ended September 30, 2021 and 2020 as well as the audited consolidated financial statements and notes as at and for the years ended December 31, 2020 and 2019. Additional information relating to the Company, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2020, is available online at www.sedar.com.

The Company recast prior year comparative results for the year ended December 31, 2020 to reflect an understatement in the recognition of the Canadian Emergency Wage Subsidy ("CEWS") program in the second, third and fourth quarters of 2020. Additional information relating to the recast is available in Note 13 of the Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021 and 2020.

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 and Non-Cash Working Capital. These terms and / or calculation of amounts related to these terms may not be comparable to other issuers. These terms are described in the *Other Non-Standard Financial Terms* section of this MD&A.

Common Industry and Company Specific Terms: For a list of abbreviations and capitalized 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.

OVERVIEW

Headquartered in Calgary, Alberta, TESSA-NILE has a highly trained workforce dedicated to safety and operational excellence which provides a comprehensive array of specialized pressure pumping services critical for the development of oil and gas reserves.

Financial Review[1]

($ millions, except per share amounts and total job count[2]. The following are stated in thousands: weighted average shares, proppant pumped[2] and HHP[2])	Three months ended			Nine months ended	
(Unaudited)	**September 30, 2021**	September 30, 2020	June 30, 2021	**September 30, 2021**	September 30, 2020
Revenue	**$164.5**	$74.1	$93.7	**$406.1**	$294.3
Gross profit / (loss)	**19.8**	(8.8)	(0.2)	**30.7**	(33.2)
Adjusted EBITDA[2]	**32.1**	—	14.2	**73.6**	4.2
Weighted average shares outstanding - basic	**253,287**	263,491	255,422	**254,665**	266,065
Weighted average shares outstanding - diluted	**257,878**	263,491	255,422	**258,988**	266,065
Profit / (loss) from continuing operations	**9.1**	(23.8)	(8.4)	**2.3**	(205.7)
Per share - basic	**$0.04**	($0.09)	($0.03)	**$0.01**	($0.77)
Per share - diluted	**$0.04**	($0.09)	($0.03)	**$0.01**	($0.77)
Profit / (loss) for the period	**9.0**	(24.1)	(8.3)	**6.6**	(206.7)
Per share - basic	**$0.04**	($0.09)	($0.03)	**$0.03**	($0.78)
Per share - diluted	**$0.04**	($0.09)	($0.03)	**$0.03**	($0.78)
Total proppant pumped (tonnes)[2]	**479**	127	260	**1,073**	462
Internally sourced proppant pumped (tonnes)[2]	**277**	127	148	**664**	445
Total Job Count[2]	**1,986**	765	1,317	**5,295**	3,723
Hydraulic Pumping Capacity (HHP)[2]	**575**	572	570	**575**	572
Active Crewed (HHP)[2]	**194**	200	179	**194**	200
Active, Maintenance/Not Crewed (HHP)[2]	**144**	114	97	**144**	114
Parked (HHP)[2]	**237**	258	294	**237**	258

($ millions)	**As at September 30, 2021**	As at December 31, 2020
Cash and cash equivalents	**$37.6**	$22.6
Current assets - other	**$150.3**	$105.5
Current portion of lease liabilities	**$2.7**	$3.5
Current liabilities - other	**$81.2**	$57.2
Lease liabilities - non-current portion	**$8.4**	$10.3
Total assets	**$580.0**	$568.9

[1] The Company recast prior year comparative results for the year ended December 31, 2020 to reflect an understatement in the recognition of the Canadian Emergency Wage Subsidy program in the second, third and fourth quarters of 2020. Additional information relating to the recast is available in Note 13 of the Condensed Consolidated Interim Financial Statements for the three and nine months ended September 30, 2021 and 2020.

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

FINANCIAL AND OPERATING HIGHLIGHTS

Third Quarter Highlights

- Consolidated revenue from continuing operations was $164.5 million in Q3 2021, a 122% increase compared to Q3 2020.
- Adjusted EBITDA[2] for the three months ended September 30, 2021, was $32.1 million, compared to nil for the three months ended September 30, 2020. Adjusted EBITDA[2] for the three months ended September 30, 2021, was positively affected by higher activity levels as a result of stronger commodity pricing and continued focus on maintaining a lower cost structure.
- Net profit from continuing operations for Q3 2021 was $9.1 million (Q3 2020 – net loss from continuing operations of $23.8 million).
- Financial position and liquidity:
  - Positive working capital of $104.0 million (December 31, 2020 - $67.5 million).
  - Cash and cash equivalents of $37.6 million (December 31, 2020 - $22.6 million).
  - At September 30, 2021 the Company had no bank debt outstanding (December 31, 2020 - nil).
  - The Company's strong balance sheet and liquidity provides significant financial flexibility to improve its competitive position and invest in profitable growth opportunities to deliver shareholder value.
- At September 30, 2021, the outstanding share balance was 248,810,070 (December 31, 2020 - 255,735,611), which reflects the repurchase and cancellation of 8,106,800 shares for the nine months ended September 30, 2021 at a weighted average price per share of $2.49 pursuant to the Company's TSX approved normal course issuer bid ("NCIB") program.
- In Q3 2021, the Company announced that it would be building a second low emissions fracturing fleet in Canada following a successful trial in Q1 2021. The expansion of the next generation fleet involves upgrading existing pumping equipment with CAT Tier 4 Dynamic Gas Blending ("DGB") engines that displace up to 85% of the diesel used in a conventional pumper with clean burning natural gas. These upgrades in turn reduce carbon dioxide and particulate matter emissions, demonstrating TESSA-NILE's ESG commitment and supporting our key customers to further advance their ESG goals.

Third Quarter 2021 vs Second Quarter 2021 Sequential Overview

Revenue in the third quarter of 2021 increased 76%, or $70.8 million, from second quarter 2021 levels. Commodity prices continued to move higher through the third quarter which encouraged customers to continue their completion programs.

	Three months ended		
(Unaudited)	September 30, 2021	September 30, 2020	June 30, 2021
WTI - Average Price (US$/bbl)[2]	$70.52	$40.92	$66.10
AECO-C Spot Average Price (C$/mcf)[2]	$3.39	$2.14	$2.94
WCS - Average Price (C$/bbl)[2]	$72.56	$41.50	$65.55
Condensate - Average Price (US$/bbl)[2]	$89.22	$51.71	$79.40
Average Exchange Rate (US$/C$)[2]	$0.79	$0.75	$0.81
Canadian Average Drilling Rig Count[2]	160	52	84

Source: Bloomberg, Bank of Canada, Rig Locator

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

The second quarter is typically our most challenging quarter due to the seasonal effects of spring break up and, as expected, most key financial metrics increased in Q3 2021 compared to Q2 2021.

Gross profit and adjusted EBITDA[2] for the third quarter of 2021 were $19.8 million and $32.1 million, respectively, an improvement over the Q2 2021 results of $0.2 million gross loss and $14.2 million adjusted EBITDA[2]. Net profit of $9.0 million in Q3 was significantly higher than the $8.3 million net loss in Q2 2021. Activity levels in the third quarter increased sequentially following continued improvement in commodity prices. Combined with strong cost control, particularly related to the management of personnel, third party charges and equipment maintenance, the sharp increase in activity produced positive financial results. TESSA-NILE recognized a total of $0.3 million (Q2 2021 - $6.1 million) from Canadian Government COVID-19 subsidies (CEWS, CERS, and together "CES" programs) in the quarter.

The Canadian rig count averaged 160 for Q3 2021 which was higher sequentially over Q2 2021 levels and significantly stronger than the same period last year. This provided a positive backdrop for the quarter with demand for pressure pumping services remaining strong as a result of the increased drilling activity. The Company's core customers were significantly more active with their completion programs with proppant volumes pumped increasing by 84% sequentially (Q3 2021 - 479,000 tonnes compared to Q2 2021 - 260,000 tonnes). TESSA-NILE maintained six hydraulic fracturing crews through the third quarter, although utilization increased to 85% from 42% in the prior period. Utilization of dual fuel pumpers was prioritized through the quarter, supporting customer ESG and cost control objectives through a reduction in the amount of diesel used in favour of cleaner burning, less expensive natural gas.

The cementing division had a robust third quarter, with activity higher than anticipated due to the increase in rig count. Activity skewed towards larger jobs resulting from primary work in the Montney and Deep Basin. Tonnage pumped per job increased approximately 12% in line with the change in job type. Coiled tubing operating days decreased by 3% sequentially, backstopped with steady utilization driven by ranging operations and first call work for a number of core customers.

OUTLOOK

TESSA-NILE's outlook for the balance of the year remains positive with momentum continuing to build as we move through
Q4 2021 and look forward into the first half of 2022.

Commodity prices continue to fluctuate in reaction to market events such as OPEC deliberations or continued concerns related to COVID-19. However, we believe that the supply and demand fundamentals for both oil and natural gas will provide support to pricing and lead to continued improved industry activity and subsequent oilfield service utilization as we exit 2021 and move into 2022.

The Canadian rig count has not increased as rapidly as expected given the continued strong commodity pricing as customers experienced COVID-19 related delays in the field and they remain disciplined in their capital allocation strategies with a continual focus on improving their balance sheets, and returning capital to shareholders.

Our customers are recognizing that the Canadian market is tightening and are actively looking to secure equipment and crews to ensure the success of their capital programs in the upcoming winter drilling season. Availability of labour continues to be a top focus for all service providers and we are keenly focused on retaining existing staff and attracting new talent.

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

Pricing for our Services

TESSA-NILE has been vocal about the need for higher pricing in the pressure pumping sector. The sector has been challenged by successive years of weak or negative returns on capital, creating an environment that is not sustainable. A sustainable industry needs to earn reasonable returns on capital in order to reinvest in their asset base and allow for development of technologies that help customers meet their goals.

TESSA-NILE has been successful in achieving some pricing gains which at this point have largely gone to offsetting continuing inflationary pressures which continue to become more acute. We are experiencing inflationary pressure in all of our major cost categories including fuel, proppant, parts and particularly wages as the industry seeks to ramp up activity.

Continued price improvement is essential to support a strong and diversified industry, and we will continue to work with our customers to achieve a level of pricing that delivers a sustainable return to TESSA-NILE while meeting our customers' needs for safe, efficient and environmentally conscious pressure pumping services.

Capital Expenditures and Divestitures

Capital expenditures for the nine months ended September 30, 2021 were $27.6 million ($8.6 million for the nine months ended September 30, 2020) related to growth capital, maintenance, and infrastructure capital. These capital expenditures were funded from cash flows from continuing operations of $53.4 million.

TESSA-NILE announced in Q3 2021 that it will deliver a 48,000 HHP Tier 4 DGB engine powered fracturing fleet to the market with deployment of the second low emissions fleet anticipated in the spring of 2022, bringing the Company's total Tier 4 fleet to 84,000 HHP. The Tier 4 engines powering this fleet substitute up to 85% of diesel consumption with cleaner burning natural gas, a key metric for many forward-thinking companies that are advancing their ESG targets. Customer response has been favourable and TESSA-NILE is prepared to commit additional capital to the conversion of existing Tier 2 diesel-powered fleets to Tier 4 DGB engines if internal capital return metrics can be achieved on the capital investment required.

The cost of the upgrade for the second low emissions fleet is expected to be approximately $28 million with $18 million in capital to be spent in 2021. Accordingly, the Company's 2021 capital budget has been increased to $58 million. The capital budget is expected to be fully funded from available cash resources and free cash flow generated through the year.

We will continue to manage our balance sheet prudently, ensuring financial returns are commensurate with any balance sheet risk assumed. Our ability to generate strong operating cash flows and our financial flexibility will provide required capital to allow for selective investments that meet our return hurdle rate, including ongoing participation in our recently renewed NCIB program.

Hydraulic Fracturing Asset Requirements

TESSA-NILE's hydraulic fracturing equipment is specifically designed to meet the demands of the higher intensity regions of the WCSB, including the Montney, Duvernay and Deep Basin formations. These regions account for approximately 80% of the required hydraulic horsepower demand in Canada. Additionally, TESSA-NILE's fleet also includes an industry leading 170,000 HHP of conventional dual fuel engine Tier 4 fracturing pumps, which displace higher particulate diesel fuel with cleaner burning natural gas. The existing dual fuel fleet will be complemented by an additional 48,000 HHP when the second Tier 4 DGB fleet with deployment anticipated to be spring of 2022. These investments reflect TESSA-NILE's commitment to becoming an industry leader in ESG practices by reducing the environmental footprint of our operations.

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

The Company's fleet of hydraulic fracturing pumps at September 30, 2021, is presented in the table below:

		At September 30, 2021		
Fracturing Fleet:	Type of Pump	Pumps (#)	HHP	% of Fleet
Continuous Duty[2]	2,700 / 3,000 HHP	127	357,300	62 %
Mid Tier[2]	2500 HHP	87	217,500	38 %
Legacy Tier[2]	2250 HHP	—	—	— %
Total Fracturing Fleet		214	574,800	

Primary Objectives

Our goal remains to achieve top quartile return on invested capital in our sector. Our primary objectives are:

- *Strengthen Existing Businesses*: Maintain our market leading position in the fracturing and cementing divisions and grow our market share in the coiled tubing division.
- *Environmental, Social, and Governance*: Deepen the integration of ESG into our business to improve value for our stakeholders. We will differentiate with new technologies that reduce our environmental impact. We will build strong community relationships in the areas we live and work in.
- *Shareholder Return*: Continue our disciplined investment into future growth, ensuring full-cycle return hurdles can be met before investing in new equipment. We will endeavor to sell surplus or obsolete capital equipment, to further strengthen the balance sheet.
- *Cost Control and Efficiency Gains*: Control and reduce costs for ourselves and our client through efficiency improvements and scale.

[2] 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[2], and revenue per job[2], unaudited) **Three months ended**	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue	June 30, 2021	Percentage of revenue
Revenue	**$164,472**	**100 %**	$74,088	100 %	$93,654	100 %
Cost of sales						
Cost of sales	**124,916**	**76 %**	56,931	77 %	72,800	78 %
Cost of sales – Depreciation and amortization	**19,784**	**12 %**	25,978	35 %	21,056	22 %
Gross profit / (loss)	**19,772**	**12 %**	(8,821)	(12)%	(202)	— %
Administrative expenses	**7,956**	**5 %**	17,617	24 %	7,254	8 %
Administrative expenses – Depreciation	**886**	**1 %**	1,206	2 %	953	1 %
Impairment / (recovery) – Trade receivables	**—**	**— %**	—	— %	(138)	— %
Other loss / (income)	**1,470**	**1 %**	630	1 %	(409)	— %
Results from operating activities	**9,460**	**6 %**	(28,274)	(38)%	(7,862)	(8)%
Finance costs	**431**	**— %**	673	1 %	486	1 %
Foreign exchange (gain) / loss	**(63)**	**— %**	860	1 %	67	— %
Profit / (loss) before income tax	**9,092**	**6 %**	(29,807)	(40)%	(8,415)	(9)%
Income tax (recovery) / expense	**—**	**— %**	(6,026)	(8)%	3	— %
Profit / (loss) from continuing operations	**$9,092**	**6 %**	($23,781)	(32)%	($8,418)	(9)%
Adjusted EBITDA[2]	**$32,114**	**20 %**	$—	— %	$14,182	15 %
Total job count[2]	**1,986**		765		1,317	
Revenue per job[2]	**82,816**		96,823		71,112	
Total proppant pumped (tonnes)[2]	**479,000**		127,000		260,000	

Sales Mix

Three months ended (unaudited)	**September 30, 2021**	September 30, 2020	June 30, 2021
% of Total Revenue			
Fracturing	**78 %**	77 %	70 %
Cementing	**16 %**	14 %	16 %
Coiled Tubing	**6 %**	8 %	11 %
Other	**— %**	1 %	3 %
Total	**100 %**	100 %	100 %

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

Third Quarter 2021 Overview (Compared to Prior Year)

Revenue

Consolidated revenue from continuing operations for Q3 2021 was $164.5 million, a $90.4 million increase compared to Q3 2020 due to higher activity and improved year-over-year pricing. Industry activity in the WCSB has shown a recovery, driven primarily by increased commodity prices, leading to a significant improvement in demand for pressure pumping services, increasing active equipment and utilization across all of the Company's service lines in Q3 2021. In comparison, Q3 2020 was impacted by the effects of the COVID-19 pandemic and the oil price war ("Market Events"), resulting in a drastic reduction in activity.

TESSA-NILE operated six hydraulic fracturing crews in Q3 2021 with 167,000 average active crewed HHP, up from three crews in Q3 2020 with 60,000 average active crewed HHP. Proppant pumped increased from 127,000 tonnes in Q3 2020 to 479,000 tonnes in Q3 2021.

The WCSB drilling rig count for Q3 2021 averaged 160 rigs, up more than threefold from the 52 in Q3 2020. Cementing activity tracks the rig count, and the number of jobs in Q3 2021 increased similarly. The Company operated 17 cementing units in Q3 2021, up from the 10 in Q3 2020. The Company increased the number of active coiled tubing crews from three in Q3 2020 to six in Q3 2021 in response to greater demand for these services.

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)	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue
Personnel expenses	**$25,989**	**16 %**	$16,513	22 %
Personnel expenses - CEWS	**—**	**— %**	(5,650)	(8)%
Direct costs	**99,187**	**60 %**	46,068	62 %
Direct costs - CERS[3]	**(260)**	**— %**	—	— %
Cost of sales	**124,916**	**76 %**	56,931	77 %
Cost of sales - Depreciation and amortization	**19,784**	**12 %**	25,978	35 %
Total cost of sales	**$144,700**	**88 %**	$82,909	112 %

[3]Canadian Emergency Rent Subsidy ("CERS")

Total cost of sales for Q3 2021 increased 75% on an absolute basis when compared to Q3 2020, following the significant increase in the Company's overall activity levels. Costs were lower in Q3 2021 on a relative basis compared to Q3 2020 due to better operating leverage on fixed costs showing the benefits of higher activity levels.

- Personnel expenses primarily relate to field-based employees, operational support personnel (i.e. mechanics), senior operational personnel salaries, and associated employee benefits. The increase in personnel expenses was primarily a result of the increase in operating activity resulting in higher direct operational field labour.
- Total cost of sales was reduced by $0.3 million from the CES programs (Q3 2020 - $5.7 million), which was accounted for as a reduction to personnel and/or rent expenses.
- Direct costs primarily relate to product costs, repairs and maintenance, fuel, trucking costs and travel expenses for our operational personnel. The overall increase in direct costs was primarily a result of:
  - An increase in product cost that resulted from an increase in proppant pumped from 127,000 tonnes in Q3 2020 to 479,000 tonnes in Q3 2021, along with a similar increase in cement product pumped; and

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

   - An increase in active equipment that resulted in higher repair and maintenance costs. A key item that can affect the variability of repair and maintenance expenses are stainless steel fluid ends, of which a cost of $2.3 million was incurred for the three months ended September 30, 2021 (Q3 2020 - $0.4 million).

- Depreciation and amortization expense for the three months ended September 30, 2021, decreased by $6.2 million to $19.8 million compared to $26.0 million for the three months ended September 30, 2020, due to assets at the end of their useful life reducing the depreciable asset base of the Company's property and equipment.

Administrative Expenses

Three months ended, ($ thousands, unaudited)	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue
Personnel expenses	**$4,310**	**3 %**	$2,929	4 %
Personnel expenses - CEWS	**—**	**— %**	(1,104)	(1)%
Personnel expenses - Severance	**172**	**— %**	11,717	16 %
Personnel expenses - Cash-settled Share-based compensation	**1,112**	**1 %**	894	1 %
Personnel expenses - Equity-settled Share-based compensation	**514**	**— %**	460	1 %
General and organizational expenses	**1,937**	**1 %**	2,721	4 %
General and organizational expenses - CERS	**(89)**	**— %**	—	— %
Administrative expenses	**7,956**	**5 %**	17,617	24 %
Administrative expenses - Depreciation	**886**	**1 %**	1,206	2 %
Total administrative expenses	**$8,842**	**5 %**	$18,823	25 %

Administrative expenses for the three months ended September 30, 2021 decreased 53% relative to the comparative prior year period. Personnel expenses decreased in Q3 2021 relative to Q3 2020 due to severance costs of $11.7 million in Q3 2020, which resulted from Market Events induced temporary layoffs that transitioned to permanent layoffs, combined with changes to executive management. Administrative expenses for the three months ended September 30, 2021 benefited from the recognition of $0.1 million (Q3 2020 - $1.1 million) from the CES programs.

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. The increase in the Company's share price resulted in a corresponding increase to cash-settled share-based compensation expense in Q3 2021 relative to the comparative quarter in Q3 2020. Equity-settled share-based compensation expense is higher in Q3 2021 compared to the comparative quarter in Q3 2020 due to options granted offset with the options exercised in the period.

Administrative expenses, as a percentage of revenue, decreased in Q3 2021 due to significantly higher revenue compared to the prior year, and the fixed nature of certain administrative costs.

Overall Results Summary

The Company experienced significant changes in its Q3 2021 financial results when compared to the prior year period:

- Q3 2021 gross profit of $19.8 million and net profit of $9.0 million improved from the gross loss of $8.8 million and the net loss of $24.1 million in Q3 2020. The increases were primarily due to a more positive commodity pricing environment that drove higher activity and revenue combined with a lower cost structure

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

and a $6.2 million reduction in depreciation and amortization expense as a result of a decreased depreciable property and equipment asset base.

- Adjusted EBITDA[2] for Q3 2021 was $32.1 million compared to nil for the third quarter of 2020. The Company benefited from higher revenue which drove higher leverage on the Company's fixed cost structure. The Company also recognized $0.3 million (Q3 2020 - $6.8 million) from the CES programs.

Third Quarter 2021 Other Expenses and Income (Compared to Prior Year)

Other income / (loss)

Other income / (loss) for the three months ended September 30, 2021, primarily related to a $1.5 million loss on the disposal of surplus and redundant assets. Other income / (loss) for the three months ended September 30, 2020 primarily related to a $0.7 million loss from the disposal of surplus and redundant assets.

Finance Costs

Finance costs for the third quarter of 2021 decreased 36% when compared to the same period of 2020. The decrease of $0.2 million is a due to the average balance of the net revolving credit facility, which remained undrawn during the quarter ended September 30, 2021.

Foreign Exchange

The Company recorded a $0.1 million foreign exchange gain in the third quarter of 2021 compared to a $0.9 million loss recorded for the prior year comparative period. Foreign exchange fluctuation primarily related to the Company's legacy international entities as well as US$ denominated accounts payable.

Income Taxes

The Company recorded a nominal income tax expense during the third quarter of 2021, compared to an income tax recovery of $6.0 million for the prior year comparative period. As the Company has not recognized the value of its tax loss carry-forwards, the effective tax rate on net profit will be reduced as the value of these carry-forwards are recognized.

For the three months ended September 30, 2021, due to accumulated financial losses, the Company did not recognize certain tax assets associated with operating losses. As a result, there is no deferred tax asset or deferred tax liability recognized on the Company's financial statements at September 30, 2021 or December 31, 2020.

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

COMPARATIVE YEAR-TO-DATE INCOME STATEMENTS

Continuing Operations

($ thousands, except total job count[2], and revenue per job[2], unaudited) **Nine months ended**	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue	Year-over year change	Percentage change
Revenue	**$406,113**	**100 %**	$294,252	100 %	$111,861	38 %
Cost of sales						
Cost of sales	**311,436**	**77 %**	245,356	83 %	66,080	27 %
Cost of sales – Depreciation and amortization	**63,930**	**16 %**	82,074	28 %	(18,144)	(22)%
Gross profit / (loss)	**30,747**	**8 %**	(33,178)	(11)%	63,925	193 %
Administrative expenses	**22,874**	**6 %**	36,600	12 %	(13,726)	(38)%
Administrative expenses – Depreciation	**2,902**	**1 %**	3,844	1 %	(942)	(25)%
Impairment – Non-financial assets	**—**	**— %**	141,065	48 %	(141,065)	(100)%
Impairment / (recovery) – Trade receivables	**(50)**	**— %**	9,682	3 %	(9,732)	(101)%
Other loss / (income)	**1,165**	**— %**	(409)	— %	1,574	385 %
Results from operating activities	**3,856**	**1 %**	(223,960)	(76)%	227,816	102 %
Finance costs	**1,454**	**— %**	2,575	1 %	(1,121)	(44)%
Foreign exchange (gain) / loss	**(21)**	**— %**	774	— %	(795)	103 %
Profit / (loss) before income tax	**2,423**	**1 %**	(227,309)	(77)%	229,732	101 %
Income tax expense / (recovery)	**77**	**— %**	(21,590)	(7)%	21,667	(100)%
Profit / (loss) from continuing operations	**$2,346**	**1 %**	($205,719)	(70)%	$208,065	101 %
Adjusted EBITDA[2]	**$73,563**	**18 %**	$4,196	1 %	$69,367	1,653 %
Total job count[2]	**5,295**		3,723			
Revenue per job[2]	**76,697**		78,071			
Total proppant pumped (tonnes)[2]	**1,073,000**		462,000			

Sales Mix

Nine months ended (unaudited)	**September 30, 2021**	September 30, 2020
% of Total Revenue		
Fracturing	**76 %**	73 %
Cementing	**16 %**	16 %
Coiled Tubing	**7 %**	9 %
Other	**1 %**	2 %
Total	**100 %**	100 %

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

2021 Overview (Compared to Prior Year)

Revenue

Strengthened commodity prices in the first nine months of 2021 drove the recovery from Market Events that characterized the first nine months of 2020. The increase in commodity prices sustained a higher rig count in 2021 relative to the prior year comparative period, leading to higher activity for the Company.

Revenue for the nine months ended September 30, 2021 increased 38% to $406.1 million when compared to the nine months ended September 30, 2020. Revenue per job for the nine months ended September 30, 2021 was flat year-over-year. This calculation is significantly impacted by factors such as the relative revenue contribution by service line, changes in pricing and the magnitude of customer supplied consumables and inputs.

Hydraulic fracturing services pumped 1,073,000 tonnes of proppant for the nine months ended September 30, 2021, an increase from the 462,000 tonnes of proppant pumped for the nine months ended September 30, 2020, representative of the significant increase in activity.

TESSA-NILE continued to maintain a strong position in the cementing market, with the increase in rig count and metres drilled per well leading to an increase in cementing service revenue during the nine months ended September 30, 2021 relative to the 2020 period. The Company operated an average of 16 units for the nine months ended September 30, 2021 versus 12 units in for the same period in 2020.

The number of coiled tubing operating days increased by 45% for the nine months ended September 30, 2021 compared to the same period in 2020. The Company operated an average of six coiled tubing crews for the nine months ended September 30, 2021 compared to an average of five coiled tubing crews for the comparative period.

Cost of Sales

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

Nine months ended, ($ thousands, unaudited)	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue
Personnel expenses	**$73,875**	**18 %**	$69,822	24 %
Personnel expenses - CEWS	**(9,185)**	**(2)%**	(11,251)	(4)%
Direct costs	**247,568**	**61 %**	186,785	63 %
Direct costs - CERS	**(822)**	**— %**	—	— %
Cost of sales	**311,436**	**77 %**	245,356	83 %
Cost of sales - Depreciation and amortization	**63,930**	**16 %**	82,074	28 %
Total cost of sales	**$375,366**	**92 %**	$327,430	111 %

Total cost of sales for the nine months ended September 30, 2021 increased by 15% on an absolute basis when compared to the same period in 2020. Costs were lower on a percentage basis for the nine months ended September 30, 2021 relative to the prior year comparative period due in part to better operating leverage on fixed costs as a result of higher activity levels.

- Personnel expenses primarily relate to field-based employees, operational support personnel (i.e. mechanics), senior operational personnel salaries, and associated employee benefits. The decrease in personnel expenses relative to revenue was primarily a result of significantly reduced personnel levels, particularly in support areas.
- The Company recognized $10.0 million from the CES programs for the nine months ended September 30, 2021, which mainly accounted for as a reduction to personnel expenses (nine months ended September 30, 2020 - $11.3 million).

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

- Direct costs primarily relate to product costs, repairs and maintenance, fuel, trucking costs and travel expenses for our operational personnel. The overall increase in direct expenses was primarily a result of:
    - The increase in active equipment and related direct cost expenditures due to the higher operating activity; and
    - Included in repairs and maintenance costs within cost of sales is $6.6 million related to the inclusion of stainless steel fluid ends for the nine months ended September 30, 2021 (nine months ended September 30, 2020 - $4.5 million).
- Depreciation and amortization expense for the nine months ended September 30, 2021 decreased by $18.1 million to $63.9 million when compared to the same period in 2020 due to assets reaching the end of their useful life and disposal of surplus and redundant assets decreasing the depreciable asset base of the Company's property and equipment.

Administrative Expenses

Nine months ended, ($ thousands, unaudited)	**September 30, 2021**	**Percentage of revenue**	September 30, 2020	Percentage of revenue
Personnel expenses	**$11,679**	**3 %**	$11,640	4 %
Personnel expenses - CEWS	**(1,680)**	**— %**	(2,002)	(1)%
Personnel expenses - Severance	**418**	**— %**	16,459	6 %
Personnel expenses - Cash-settled Share-based compensation	**4,952**	**1 %**	840	— %
Personnel expenses - Equity-settled Share-based compensation	**1,710**	**— %**	1,582	1 %
General and organizational expenses	**6,072**	**1 %**	8,081	3 %
General and organizational expenses - CERS	**(277)**	**— %**	—	— %
Administrative expenses	**22,874**	**6 %**	36,600	12 %
Administrative expenses - Depreciation	**2,902**	**1 %**	3,844	1 %
Total administrative expenses	**$25,776**	**6 %**	$40,444	14 %

Total administrative expenses for the nine months ended September 30, 2021 decreased 36% relative to the comparative prior year period. Total personnel expenses decreased due to workforce rationalizations following the Market Events while general and organizational expenses decreased due to ongoing efforts to reduce costs and optimize support structures. Administrative expenses for the nine months ended September 30, 2021 benefited from the recognition of $2.0 million from the CES programs consistent with the $2.0 million recognized in the comparative prior year period.

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. Equity-settled share-based compensation expense is higher compared to the prior year period due to options granted offset with the options exercised in the year.

Overall Results Summary

The Company experienced significant changes in its financial results for the nine months ended September 30, 2021 relative to the nine months ended September 30, 2020.

- Revenue increased to $406.1 million for the nine months ended September 30, 2021 from $294.3 million in the comparative period.
- Gross profit of $30.7 million for the nine months ended in September 30, 2021 improved compared to a $33.2 million gross loss for the comparative period.

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

- Net profit for the nine months ended September 30, 2021 was $6.6 million compared to a $206.7 million net loss for the comparative period.
- Adjusted EBITDA[2] for the nine months ended September 30, 2021 was $73.6 million compared to $4.2 million for the comparative period.

The year-over-year improvement in financial results was primarily due to an improved commodity price environment driving higher activity and revenue, combined with significant cost reduction and efficiency efforts implemented in the wake of the 2020 Market Events and reduced depreciation and amortization expense. The comparative 2020 period incurred certain expenses related to the Market Events, including $141.1 million for impairment of non-financial assets, $9.7 million for impairment of trade receivables related to the change in the Company's customer credit risk profile and $16.5 million of severance costs associated with employee reductions. The Company recognized a total of $12.0 million from the CES programs for the nine months ended September 30, 2021 compared to $13.3 million in the comparative period.

2021 Other Expenses and Income (Compared to Prior Year)

Other Income

Other income for the nine months ended September 30, 2021 primarily related to a $1.7 million loss from the disposition of surplus and redundant assets offset by the forgiveness of the US Government's Paycheck Protection Program loan, a COVID-19 relief program obtained by TESSA-NILE's US subsidiary. Other income for the nine months ended September 30, 2020 related primarily to a $0.5 million gain on the disposal of surplus and redundant assets.

Impairment - Non-financial assets

As required by IAS 36, the Company is required to assess whether there are any external or internal impairment indicators that exist at the end of each reporting period. The Company has determined that there were no external or internal indicators of impairment at September 30, 2021.

Due to the Market Events in 2020, the Company performed an impairment test on its non-financial assets within the Pressure Pumping Services CGU and the Cementing Services 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. Following the impairment there remains no further goodwill. In addition to the determination that goodwill had 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 that were held for sale, was determined based on the estimated fair value of these assets. The Company determined that there were no external or internal indicators of impairment at September 30, 2020 and therefore an impairment test was not performed for the three months ended September 30, 2020.

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. For the nine months ended September 30, 2021, the Company recognized a $0.1 million recovery of previously impaired trade receivables (September 30, 2020 - $9.7 million impairment).

Finance Costs

Finance costs for the nine months ended September 30, 2021, decreased 44% when compared to the same period of 2020. The decrease of $1.1 million is due to the average balance of the net revolving credit facility, which remained undrawn in 2021. For the nine months ended September 30, 2020, the Company repaid $45.4 million in cash, bringing the revolving credit facility balance to $1.1 million recognized on the Company's statement of financial position at September 30, 2020.

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

Foreign Exchange

A nominal foreign exchange gain was recorded for the nine months ended September 30, 2021, compared to a $0.8 million loss recorded for the same period in 2020. Foreign exchange fluctuations are primarily related to the Company's legacy international entities as well as US$ denominated accounts payable.

Income Taxes

The Company recorded an income tax expense of $0.1 million for the nine months ended September 30, 2021, compared to an income tax recovery of $21.6 million for the comparative 2020 period.

For the nine months ended September 30, 2021, due to accumulated financial losses, the Company did not recognize certain tax assets associated with operating losses. As a result, there is no deferred tax asset or deferred tax liability recognized on the Company's financial statements at September 30, 2021 or December 31, 2020.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Requirements

As at September 30, 2021 the Company had a working capital (current assets less current liabilities) balance of $104.0 million compared to $67.5 million as at December 31, 2020. The primary drivers of the change in working capital are attributable to:

- $15.0 million increase in cash as a result of working capital release;
- $49.2 million increase in trade and other receivables as a result of increased activity;
- $2.5 million decrease in inventory, primarily due to lower spare parts balances;
- $0.9 million decrease in prepaid expenses as a result of the amortization of prepaid items; and
- $24.0 million increase in trade and other payables, primarily due to increased activity.

At September 30, 2021, the Company's working capital and available operating credit facilities exceed the level required to manage timing differences between cash collections and cash payments.

Availability of the revolving credit facility is dependent on compliance with certain covenants. As at September 30, 2021, the Company is in compliance with all terms of the revolving credit facility. Based on currently available information, the Company expects to maintain compliance with the covenants and will have sufficient liquidity during the next year, and beyond, to support its ongoing operations.

Operating Activities

Cash flow from continuing operations was $53.4 million for the nine months ended September 30, 2021 (September 30, 2020 - $47.2 million). TESSA-NILE experienced a rapid and much more significant decline in activity levels for the ninemonths ended September 30, 2020 due to Market Events which led to a significant working capital release. Activity levels in Q3 2021 improved sequentially from Q2 2021, reflecting typical seasonal effects of spring break up, resulting in a working capital build during the quarter.

Investing Activities

Capital expenditures related to continuing operations for the nine months ended September 30, 2021 totalled $27.6 million (September 30, 2020 - $8.6 million) and proceeds from the sale of surplus and redundant equipment totalled $4.9 million for the nine months ended September 30, 2021 (September 30, 2020 - $9.2 million). The Company had proceeds from sale of discontinued operations of $7.8 million for the nine months ended September 30, 2021 (September 30, 2020 - $12.4 million).

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

Capital expenditures for the nine months ended September 30, 2021 related primarily to the upgrade of existing equipment to the Tier 4 specifications, in addition to investments made to maintain the productive capability of TESSA-NILE's active equipment and to make selective upgrades to the fleet to improve efficiencies or reduce costs.

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. Growth capital investments will only be made if the investments meet minimum economic investment hurdle rates. See *Outlook* for further discussion.

Financing Activities

Revolving Credit Facility ("RCF")

On November 30, 2020, TESSA-NILE entered into an agreement with a syndicate of five Canadian banks which amended and extended its RCF.

The RCF matures December 5, 2022, a date that may be extended on an annual basis upon agreement of the RCF lenders, and the Company may draw up to $125.0 million (December 31, 2020 – $125.0 million). The RCF also features an uncommitted accordion of $125.0 million (December 31, 2020 – $125.0 million), which is accessible subject to approval by the syndicate of lenders. The RCF has a General Security Agreement registered 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 100 to 350 basis points (December 31, 2020 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 100 to 350 basis points).

At September 30, 2021, the undrawn and accessible amount of the RCF, subject to financial covenants, was $124.6 million (December 31, 2020 – $124.7 million accessible) due to the Company's $0.4 million letters of credit outstanding as at September 30, 2021.

As at September 30, 2021, the Company had available a $20.0 million (December 31, 2020 – $20.0 million) swing line facility with its lead bank, which is included within the $125.0 million borrowing capacity of the RCF described above. As at September 30, 2021, there was nil drawn on the swing line facility (December 31, 2020 – nil).

As at September 30, 2021, the Company had available a $10.0 million (December 31, 2020 – $10.0 million) Letter of Credit facility with its syndicate of banks included within the $125.0 million borrowing capacity of the RCF described above. As at September 30, 2021, TESSA-NILE had $0.4 million in letters of credit outstanding (December 31, 2020 – $0.3 million).

The Company is required to comply with covenants that affect how much can be drawn on the RCF. TESSA-NILE is required to comply with the following leverage and interest coverage ratio covenants, the calculation is based on the last twelve months:

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

At September 30, 2021, 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 EBITDA. As at September 30, 2021, the Leverage Ratio was 0.0x (December 31, 2020 – 0.0x).

The Interest Coverage Ratio is defined as Bank EBITDA divided by interest expense. As at September 30, 2021, the Interest Coverage Ratio was 63.6x (December 31, 2020 – 14.1x).

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

Bank EBITDA is a Non-GAAP measure that is only calculated for purposes of the Company's financial covenants. 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 normalized to adjusted EBITDA[2] to arrive at Bank EBITDA for covenant calculation purposes. In accordance with the definition under the RCF, the covenant calculation excludes the impact of certain leases recognized under IFRS 16.

Lease Liabilities

Details in respect of the Company's right-of-use liabilities are more fully described in note 4 of the consolidated financial statements.

Share Capital

As at October 26, 2021, TESSA-NILE had 248,944,293 common shares and 15,575,936 employee stock options outstanding.

Normal Course Issuer Bid

On October 1, 2021, the Company announced the renewal of its NCIB program, commencing October 5, 2021, to purchase up to 24.7 million of its common shares for cancellation before October 4, 2022.

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 287,437 (being 25% of the average daily trading volume of the common shares traded on the TSX for the six calendar months ending August 31, 2021 of 1,149,750 common shares), except as otherwise permitted under the TSX NCIB rules. All common shares purchased under the NCIB are returned to treasury for cancellation.

For the nine months ended September 30, 2021, the Company purchased and cancelled 8,106,800 common shares at a weighted average price per share of $2.49 (September 30, 2020 - 13,583,500 common shares at a weighted average price per share of $1.03).

The purchases made in the nine months ended September 30, 2021, were funded from operating cash flow.

Other Commitments and Contingencies

The Company has commitments for financial liabilities and various lease agreements, with minimum payments due as of September 30, 2021, as follows:

September 30, 2021 (Stated in thousands)	**Carrying Value**	**Less than 1 year**	**1 to 3 years**	**4 to 5 years**	**Greater than 5 years**	**Total**
Trade and other payables	$81,153	$81,153	$—	$—	$—	**$81,153**
RCF (including interest)	—	—	—	—	—	**—**
Lease liabilities - current	2,682	3,379	—	—	—	**3,379**
Lease liabilities - non-current	8,449	—	4,574	3,911	1,479	**9,964**
Total commitments	**$92,284**	**$84,532**	**$4,574**	**$3,911**	**$1,479**	**$94,496**

In addition to the above commitments, as at September 30, 2021, the Company has committed to capital expenditures of $25.1 million.

Management is satisfied that the Company has sufficient liquidity and capital resources, including access to the undrawn portion of the RCF and cash on hand, to meet the Company's obligations and commitments as they come due. See *Outlook* section for further discussion on the Company's capital expenditure plans and the *Liquidity Risk* section for a discussion surrounding risks around funding availability.

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

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.

SUMMARY OF QUARTERLY RESULTS

($ millions, except per share amounts, adjusted EBITDA %[2], utilization, crews and total job count. The following are stated in $ thousands: outstanding shares, proppant pumped, HHP, and revenue per job)		2021			2020			2019
(Unaudited)	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**
Revenue from continuing operations	$164.5	$93.7	$148.0	$102.8	$74.1	$28.4	$191.8	$163.3
Weighted average shares outstanding - basic	253,287	255,422	255,310	255,736	258,895	264,726	266,731	271,490
Weighted average shares outstanding - diluted	257,878	255,422	258,373	255,736	258,895	264,726	266,731	271,490
Profit / (loss) from continuing operations	$9.1	($8.4)	$1.7	($21.9)	($23.8)	($27.5)	($154.5)	($19.5)
Per share - basic	$0.04	($0.03)	$0.01	($0.09)	($0.09)	($0.10)	($0.58)	($0.07)
Per share - diluted	$0.04	($0.03)	$0.01	($0.09)	($0.09)	($0.10)	($0.58)	($0.07)
Profit / (loss) for the period	$9.0	($8.3)	$5.9	($22.3)	($24.1)	($27.6)	($154.9)	($20.9)
Per share - basic	$0.04	($0.03)	$0.02	($0.09)	($0.09)	($0.10)	($0.58)	($0.07)
Per share - diluted	$0.04	($0.03)	$0.02	($0.09)	($0.09)	($0.10)	($0.58)	($0.07)
Adjusted EBITDA[2]	$32.1	$14.2	$27.3	$16.1	$0.0	($5.3)	$9.5	$14.6
Adjusted EBITDA %[2]	20 %	15 %	18 %	16 %	0 %	(19)%	5 %	9 %
Proppant pumped[2] (tonnes)	479	260	334	229	127	50	285	262
Internally sourced proppant pumped[2] (tonnes)	277	148	239	162	127	33	285	241
Hydraulic Fracturing capacity (HHP)[2]	575	570	570	570	572	569	572	583
Active crewed HHP[2]	194	179	179	190	200	166	321	324
Active, maintenance, not crewed HHP[2]	144	97	98	85	114	172	69	67
Parked HHP[2]	237	294	293	295	258	231	182	192
Average active, crewed HHP[2]	167	108	186	105	60	17	155	155
Hydraulic Fracturing Crews[2]	6.0	6.0	6.0	5.0	3.0	2.0	8.0	8.0
Hydraulic Fracturing Utilization[2]	85 %	42 %	81 %	60 %	53 %	25 %	84 %	71 %
Coiled Tubing Crews[2]	6.0	6.0	6.0	6.0	3.0	3.0	9.0	9.0
Total Job Count[2]	1,986	1,317	1,992	1,545	765	293	2,665	2,147
Revenue per Job[2]	82.8	74.3	74.4	66.5	96.8	96.8	70.6	74.2

Q3 2021 results benefited from improved commodity prices which combined with the increase in WCSB rig count resulted in high activity levels throughout the quarter. Adjusted EBITDA[2] benefited from significant cost reductions and efficiency improvements made in the last 12-24 months. Q2 2021 results were positively affected by sustained strength in commodity prices, which kept activity levels high through the quarter, despite the seasonal spring break up conditions. Q1 2021 results were much stronger as activity and revenue increased sequentially. The higher leverage on our fixed cost structure, combined with $5.5 million from the CES programs, resulted in adjusted EBITDA[2] climbing to 18% of revenue, the highest level in the comparative quarters. Q4 2020 saw improved

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

demand for TESSA-NILE's services as commodity prices stabilized. Despite improved demand, results were negatively affected by specific asset impairment charges of $22.3 million. Loss from continuing operations for Q4 2020 was partially offset by the recognition of $6.5 million from the CES programs. Q3 2020 had a soft recovery as the Company was able to reactivate some equipment, although it also incurred $11.7 million in severance costs. Adjusted EBITDA[2] for Q3 2020 was supported by recognition of $6.8 million from the CEWS program to offset personnel expenses. Q2 2020 was negatively affected by continued weak demand for the Company's services following the steep decline in demand for oil and gas products as a result of the Market Events. The Company recognized $6.5 million through the CEWS program to offset personnel expenses. In Q1 2020 the Company was negatively affected by the Market Events, which led to the impairment of $141.1 million for 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 activity throughout all quarters in 2019.

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 MD&A for the year ended December 31, 2020, 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.

Adverse Economic Conditions

The demand for energy, including commodity prices, is generally linked to broad-based economic activities. A significant slowdown in economic growth, an economic downturn or recession, or other adverse economic developments could result in significant negative impacts on commodity prices. These factors could have an adverse impact on the Company's operating results and cash flows.

Shortage of Qualified Personnel

The operations and management of the Company require the recruitment and retention of a skilled workforce, including engineers, technical personnel, and other professionals to provide technical services and support for the business. Competition for qualified personnel in the oilfield services sector intensifies as activity increases and there can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of its business. This could increase the Company's costs, delay its ability to reactivate parked equipment or have other negative impact on its operations and safety performance which could have an adverse effect on the Company's operating results and cash flows.

Cost Escalation

The Company sources raw materials, such as oilfield cement, proppant, industrial gases, coiled tubing, and spare parts from a variety of suppliers, most of whom are located in Canada and the United States. The Company's operating costs could increase and become uncompetitive due to inflationary pressures, equipment limitations or other input cost escalations. Our inability to manage costs may impact profitability and could have an adverse effect the Company's operating results and cash flows.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19's impact on global markets was significant through the year and as the situation continues to 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.

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

The Company continues to closely monitor the COVID-19 situation and if it deteriorates throughout the remainder of 2021, further negative impacts on supply chain, personnel, market pricing and customer demand can be expected. These factors may impact the Company's operating plan, liquidity and cash flows.

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 commodity price fluctuations and the customers' ability to secure appropriate financing. Standard payment terms for the industry are 30-60 days from the invoice date. The Company has a customer base of more than 60 exploration and production entities, ranging from large multinational public entities to small private companies. For the three and nine months ended September 30, 2021, one major customer accounted for approximately 30% and 28%, respectively, of the Company's revenue (September 30, 2020 – two major customers accounted for approximately 61% and 30%). As at September 30, 2021, one major customer accounted for approximately 29% of the Company's trade accounts receivable (December 31, 2020 – one major customer accounted for approximately 29%).

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 Company's ability to borrow from the RCF is dependent on compliance with covenants of the RCF agreement. As at September 30, 2021, the Company is in compliance with all terms of the revolving credit facility. Based on currently available information, the Company expects to maintain compliance with the covenants and will have sufficient liquidity during the next year to support its ongoing operations.

A deterioration in the economic climate may lead to reduced capital programs by our customers, increased risk of non-performance by the Company's customers and suppliers, and interruptions in operations as we adjust to the dynamic environment. This would result in adverse changes in cash flows, working capital levels and/or bank indebtedness balances. Estimates and judgments made by management in the preparation of the financial statements are subject to a higher degree of measurement uncertainty during periods of higher volatility.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND NEW POLICIES

The critical judgments and estimates used in preparing the Consolidated Interim Financial Statements are described in our 2020 Annual MD&A and there have been no material changes to our critical accounting judgments and estimates during the three and nine months ended September 30, 2021. 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, 2020, and 2019.

Internal Controls Over Financial Reporting

There have been no changes in TESSA-NILE's internal control over financial reporting ("ICFR") that occurred during the three months ended September 30, 2021, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

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

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, 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 finance costs;
- Taxation in various jurisdictions; 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**			**Nine months ended**	
	September 30, 2021	September 30, 2020	June 30, 2021	**September 30, 2021**	September 30, 2020
Profit / (loss) from continuing operations (IFRS financial measure)	**$9,092**	($23,781)	($8,418)	**$2,346**	($205,719)
Adjustments:					
Cost of sales – Depreciation and amortization	**19,784**	25,978	21,056	**63,930**	82,074
Administrative expenses – Depreciation	**886**	1,206	953	**2,902**	3,844
Income tax (recovery) / expense	**—**	(6,026)	3	**77**	(21,590)
Finance costs and amortization of debt issuance costs	**431**	673	486	**1,454**	2,575
Foreign exchange (gain) / loss	**(63)**	860	67	**(21)**	774
Impairment – Non-financial assets	**—**	—	—	**—**	141,065
Other loss / (income)	**1,470**	630	(409)	**1,165**	(409)
Administrative expenses – Other: equity-settled share-based compensation	**514**	460	444	**1,710**	1,582
Adjusted EBITDA	**$32,114**	$—	$14,182	**$73,563**	$4,196

Adjusted EBITDA %

Adjusted EBITDA % is determined by dividing adjusted EBITDA by revenue from continuing operations. The components of the calculation are presented below:

($ thousands, unaudited)	Three months ended			Nine months ended	
	September 30, 2021	September 30, 2020	June 30, 2021	**September 30, 2021**	September 30, 2020
Adjusted EBITDA	**$32,114**	$—	$14,182	**$73,563**	$4,196
Revenue	**$164,472**	$74,088	$93,654	**$406,113**	$294,252
Adjusted EBITDA %	**20 %**	— %	15 %	**18 %**	1 %

OTHER NON-STANDARD FINANCIAL TERMS

In addition to the above non-GAAP financial measures, this MD&A makes reference to the following non-standard financial terms. These terms may differ and may not be comparable to similar terms used by other companies.

Revenue Per Job

Calculation is determined based on total revenue from continuing operations divided by total job count. This calculation is significantly impacted by factors such as the relative revenue contribution by service line, changes in pricing and the magnitude of customer supplied consumables and inputs.

Working Capital Release

Term that refers to a reduction to working capital balances primarily resulting from a reduction to inventory levels and cash collections related to collections of accounts receivable exceeding outgoing payments for accounts payable.

COMMON INDUSTRY TERMS

The following is a list of abbreviations, terms and other items that are commonly referred to in the oilfield services business and internally at TESSA-NILE. The terms, calculations and definitions may differ from those used by other oilfield services businesses and may not be comparable. Some of the terms which may be used in this MD&A, or prior
MD&As, are as follows:

Measurement:	
Tonne	Metric tonne
MCF or mcf	One thousand cubic feet
BBL or bbl	Barrel of oil
Places and Currencies:	
US	United States
$ or C$ or CAD	Canadian dollars
US$ or USD	United States dollars
WCSB	Western Canadian Sedimentary Basin (an oil and natural gas producing area of Canada generally considered to cover a region from south west Manitoba to north east BC)
Montney/Duvernay	An oil and natural gas formation in the WCSB with oilfield activity focused in north west Alberta and north east BC.
Deep Basin	A natural gas and liquids rich formation in the WCSB with oilfield activity primarily focused in north west Alberta.

Cardium	A light oil formation in the WCSB with oilfield activity primarily focused in west central Alberta.
Bakken	A light oil formation in the WCSB with oilfield activity focused in south eastern Saskatchewan, and for purposes of this MD&A, excludes the US Bakken.
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 Alberta natural gas price traded on the Natural Gas Exchange, priced in C$. The price is generally quoted per thousand cubic feet of natural gas (MCF).
CBM	Coal bed methane is an unconventional form of natural gas found in coal deposits or coal seams.
CLS	A light sweet crude conventionally produced in Western Canada.
Condensate	A blend of hydrocarbon liquids of low-density, which are usually found in a gaseous state. When extracted out of the gas field, the sudden drop of temperature condenses it and turns it into liquid.
Dynamic Gas Blending Engine	The 3512E CAT Dynamic Gas Blending (DGB) engine is a compression ignition diesel engine specifically designed to be fueled by diesel or a mixture of diesel and natural gas. A Tier 4 DGB Engine can operate on up to 85% natural gas and 15% diesel when under load.
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 compression ignition diesel engine retrofitted with a kit to enable the fuel consumption of diesel or a mixture of diesel and natural gas. A Tier 2 Dual fuel engine can operate on up to 65% natural gas and 35% diesel when under load.
ESG	Environmental, Social, and Governance
Idle Reduction Technology	Idle Reduction Technology is an engine standby system that allows the powertrain to shut down during non-operating time. The system maintains engine readiness during non-operating time and restarts upon engine load request.
LNG	Liquified natural gas
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.
OPEC	Organization of Petroleum Exporting Countries
Rig Count	The estimated average number of drilling rigs operating in the WCSB at a specified time. Sourced from the Baker Hughes North American Rotary Rig Count.
Spring Break Up	During the spring season in the WCSB, provincial governments and rural municipalities (or counties) limit weights of heavy equipment or at times ban access to roads to prevent damage. The roadbeds become soft due to the thawing of the ground after winter. It becomes difficult, and in some case impossible, to continue to work during this period and therefore activity in the oilfield is often reduced during this period.
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	Represents the total HHP that TESSA-NILE has activated or is currently 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.
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.
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.
Continuous Duty	Continuous duty fracturing pumps are positive displacement pumps utilized to pressurize fluid. These pumps are rated for 2700 and 3000 hydraulic horsepower and can operate long hours continuously under pumping load in hydraulic fracturing operations. Capable of operating efficiently and on a continuous duty basis in approximately 80% of the WCSB.
Growth Capital	Capital expenditures primarily for items that will expand our revenue and/ or reduce our expenditures through operating efficiencies.
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 the 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 for specified period.
Hydraulic Pumping Capacity	Refers to the total available HHP in the TESSA-NILE hydraulic fracturing fleet.
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.
Legacy Tier	Legacy tier fracturing pumps are positive displacement pumps utilized to pressurize fluid. These pumps are rated for 2250 hydraulic horsepower and can operate intermittently under pumping load in hydraulic fracturing operations. Capable of operating efficiently in approximately 20% of the WCSB.
Market Events	Term used to collectively refer to the negative impacts of the COVID-19 health pandemic and volatility of commodity prices.

Mid Tier	Mid tier fracturing pumps are positive displacement pumps utilized to pressurize fluid. These pumps are rated for 2500 hydraulic horsepower and can operate long hours intermittently under pumping load in hydraulic fracturing operations. Capable of operating efficiently and on an intermittent duty basis in approximately 70% of the WCSB.
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.
Pressure Pumping	Pressure pumping includes completion and production services that are performed on oil and gas wells and are delivered downhole using pressurized fluids as a base or means of conveyance. TESSA-NILE's pressure pumping services include cementing, coiled tubing and hydraulic fracturing.
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.
Sustaining Capital	Capital expenditures primarily for the replacement or refurbishment of worn out equipment.
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 coiled tubing, and invoices for cementing. 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:

- we will advance our business;
- we have sufficient liquidity to invest in new opportunities and profitable growth;
- that TESSA-NILE will continue to adapt to the current economic environment;
- the impact of COVID-19 and the associated effect on world-wide demand for oil and gas;
- anticipated industry activity levels as well as expectations regarding our customers' work and capital programs and the associated impact on the Company's equipment utilization levels and demand for our services in 2021;
- expectation as to the type of pressure pumping equipment required and which operating regions the equipment is appropriate to operate in;
- expectations regarding credit risk and that we have an adequate provision for trade receivables;
- expectation that we are adequately staffed for current industry activity levels, that we will be able to retain and attract staff and that we will maintain the Company’s lean cost structure;
- expectations regarding the Company's ability to work with customers to achieve long-term pricing objectives;
- expectations regarding the Company’s financial results, working capital levels, liquidity and profits;
- expectations regarding TESSA-NILE's capital spending, and specifically regarding the timing and cost of the roll out of TESSA-NILE's Tier 4 DGB pumpers;
- expectations regarding TESSA-NILE's utilization of its NCIB program;
- expectations that adjusted EBITDA will help predict future earnings;
- anticipated compliance with debt and other covenants under our revolving credit facilities;
- expectations that the Company can maintain its market leading position in the fracturing and cementing divisions and strengthen auxiliary services;
- expectations that the Company will deepen the integration of ESG into its business and be supported by its customers in doing so;
- expectations regarding provincial income tax rates and ongoing tax evaluations; and
- expectations surrounding weather and seasonal slowdowns.

Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth herein and in the "Risk Factors" section of our AIF for the year ended December 31, 2020, available on SEDAR (www.sedar.com).

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; 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

Thomas M. Alford (1, 2, 3)
Chairperson of the Board
President, Well Servicing, Precision Drilling Corp.

Bradley P.D. Fedora
President & Chief Executive Officer
TESSA-NILE Well Service Ltd.

Trudy M. Curran (2, 3)
Independent Businesswoman

Michael J. McNulty (1, 3)
Independent Businessman

Deborah S. Stein (1, 2)
Independent Businesswoman

OFFICERS

Bradley P.D. Fedora
President & Chief Executive Officer

Scott Matson
Chief Financial Officer

Todd G. Thue
Chief Operating Officer

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

Olympia Trust Company
Calgary, Alberta

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: TCW

INVESTOR RELATIONS INFORMATION

Bradley P.D. Fedora
President & Chief Executive Officer

Scott Matson
Chief Financial Officer

(1) Member of the Audit Committee
(2) Member of the Corporate Governance Committee
(3) Member of the Safety, Human Resources and Compensation Committee