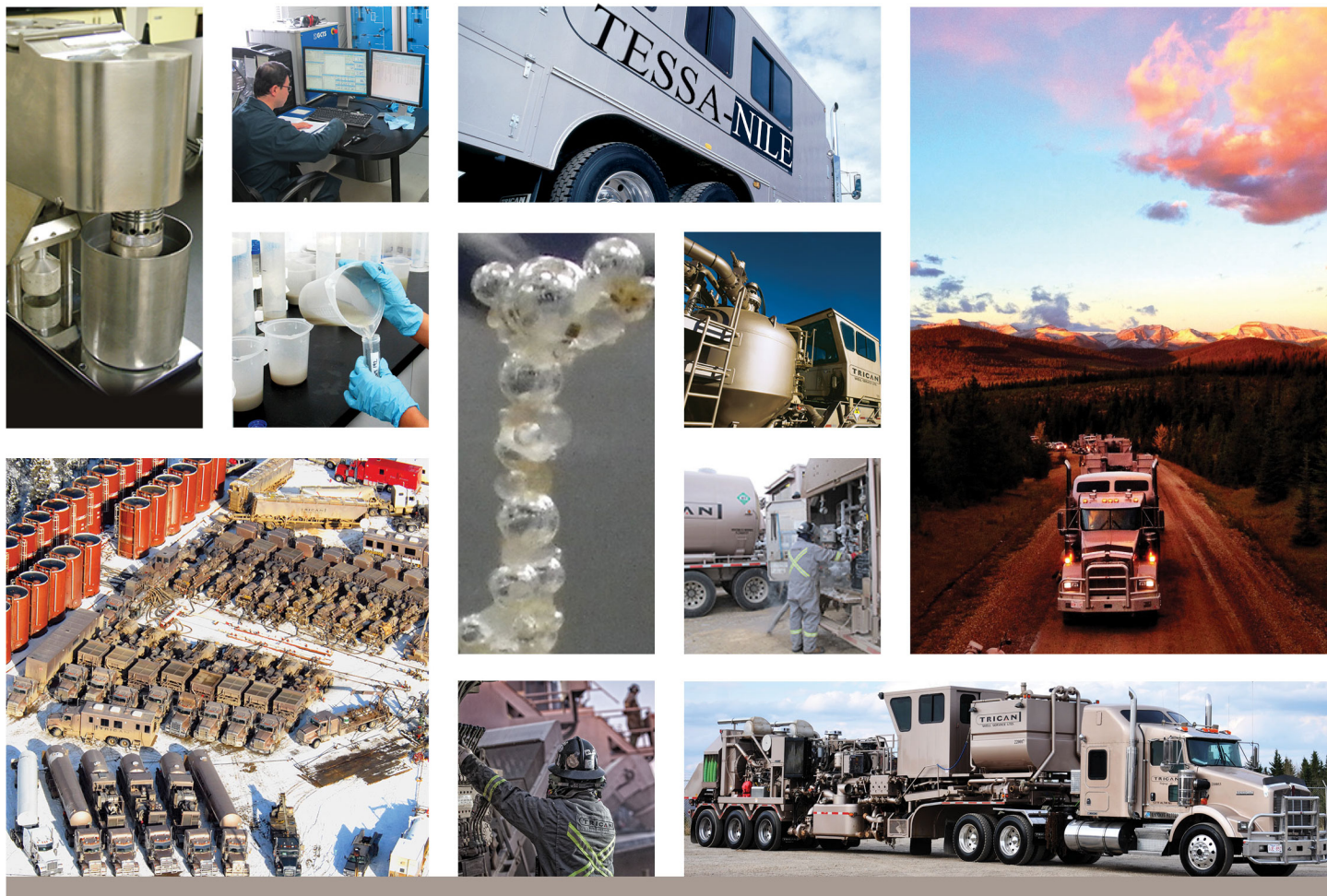




TESSA-NILE WELL SERVICE LTD. Q3 2019 INTERIM REPORT

Management's Discussion & Analysis
Three and Nine Months Ended September 30, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS—THIRD QUARTER 2019

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This management's discussion and analysis ("**MD&A**") is dated November 6, 2019. 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, 2019 as well as the audited consolidated financial statements and notes as at and for the year ended December 31, 2018 and 2017. Additional information relating to the Company, including the Company's Annual Information Form ("**AIF**") for the year ended December 31, 2018, 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.

The Company adopted IFRS 16 - *Leases* effective January 1, 2019 using the modified retrospective approach; therefore, comparative information has not been restated. Refer to the

Critical Accounting Estimates and Judgments section of 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.

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 pumped ¹ (thousands); internally sourced proppant pumped ¹ (thousands); total job count ¹ ; and HHP ¹ (thousands))					
	Three months ended			Nine months ended	
(\$ millions); (unaudited)	September 30, 2019	September 30, 2018	June 30, 2019	September 30, 2019	September 30, 2018
Revenue	\$136.1	\$253.7	\$110.0	\$491.8	\$732.5
Gross (loss) / profit	(11.2)	14.7	(37.6)	(40.6)	35.6
Adjusted EBITDA ¹	4.0	36.7	(14.3)	16.0	90.1
Net loss	(16.8)	(12.3)	(28.6)	(52.1)	(74.9)
Net loss per share - basic	(\$0.06)	(\$0.04)	(\$0.10)	(\$0.18)	(\$0.23)
Net loss per share - diluted	(\$0.06)	(\$0.04)	(\$0.10)	(\$0.18)	(\$0.23)
Total proppant pumped (tonnes) ¹	166	486	138	636	1,353
Internally sourced proppant pumped (tonnes) ¹	166	227	138	636	600
Total job count ¹	1,775	3,390	1,215	5,829	9,330
Hydraulic Pumping Capacity ¹	583	672	593	583	672
Active crewed HHP ¹	297	464	347	297	464
Active, maintenance/not crewed HHP ¹	86	201	235	86	201
Parked HHP ¹	200	7	11	200	7

(\$ millions)	As at September 30, 2019	As at December 31, 2018
Cash and cash equivalents	\$—	\$8.2
Current assets - other	\$154.9	\$193.3
Current portion of lease liabilities	\$5.1	\$—
Current liabilities - other	\$60.9	\$85.8
Lease liabilities - non-current portion	\$16.8	\$—
Long-term loans and borrowings	\$36.1	\$45.9
Total assets	\$924.8	\$1,037.8

¹ 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 for Q3 2019 was \$136.1 million, a 46% decrease compared to Q3 2018.
- Net loss for Q3 2019 was \$16.8 million (Q3 2018 – net loss of \$12.3 million).
- Adjusted EBITDA¹ for Q3 2019 was \$4.0 million, which includes the negative effect of \$6.5 million of severance costs and \$1.6 million in expenses for stainless steel fluid ends¹ compared to \$36.7 million for Q3 2018, which includes the negative impact of \$1.2 million of severance costs and \$8.3 million in expenses for stainless steel fluid ends¹.
- For the three months ended September 30, 2019, the Company purchased and canceled 6,957,745 common shares at a weighted average price per share of \$1.06 pursuant to its Normal Course Issuer Bid ("NCIB").
- Proceeds from surplus asset sales of \$5.2 million to help support continued investment in our core business and NCIB program.
- Aggressive cost reduction measures taken at the end of 2018 and thus far in 2019 have resulted in more than \$32 million of annualized cost savings and helped mitigate the effects of reduced industry activity and a more competitive pricing environment.
- The adoption of IFRS 16 - *Leases* for the three months ended September 30, 2019, resulted in a \$1.3 million decrease to rent expense (increase to adjusted EBITDA¹), a \$1.0 million increase to depreciation expense, and a \$0.3 million increase to interest expense in Q3 2019.

Third Quarter 2019 vs Second Quarter 2019 Sequential Overview

Third quarter of 2019 revenue increased 24% compared to the second quarter of 2019. Although activity levels increased when compared to the previous quarter, Q3 2019 activity levels continue to be negatively affected by the ongoing egress constraints and weak commodity pricing, which continues to temper exploration and production ("E&P") companies' capital spending. In addition, the Company's activity levels were negatively affected by customer work programs being deferred from the third quarter into the fourth quarter of 2019. As a result, job count and the volume of proppant pumped only increased modestly from the second quarter by 46% and 20%, respectively. Overall, the industry experienced lower utilization and an oversupply of fracturing equipment however, pricing has remained relatively stable. TESSA-NILE exited Q3 2019 with eight Fracturing Crews and 297,000 HHP operating as compared to nine Fracturing Crews and 347,000 HHP operating in Q2 2019 as we idled one active crew during the quarter.

Cementing services activity generally tracks closely with the WCSB Rig Count. As a result, the number of jobs completed and revenue both increased from Q2 2019 with revenue increasing by 23% relative to Q2 2019. The number of Coiled Tubing Operating Days¹ for Q3 2019 increased by 63% from the second quarter of 2019 to 351 days contributing to a 90% sequential increase in revenue from Coiled Tubing operations in Q3 2019 relative to Q2 2019.

Gross profit and adjusted EBITDA¹ for the third quarter of 2019 was negative \$11.2 million and positive \$4.0 million, respectively. Gross profit and adjusted EBITDA¹ are reported net of \$6.5 million in severance costs. Increased activity levels resulted in improved sequential gross profit and adjusted EBITDA¹ levels. During the third quarter of 2019, adjusted EBITDA¹ margins were positive across all of our service lines with the exception of Pipeline and Industrial Services.

We have continued to right-size all business lines for current and future anticipated activity levels and have implemented additional optimization efforts that should result in \$15 million of incremental annualized cost savings, effective September 2019. These efforts resulted in a reduction in our overall workforce during Q3 2019, and \$6.5 million of

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

severance costs (Q2 2019 - \$0.8 million, see *Comparative Quarterly Income Statements - Administrative Expenses* for further discussion). We expect these cost reductions to contribute toward improved financial performance on a sequential and year-over-year basis starting in the fourth quarter.

The Company continues to look at opportunities to sell equipment that is no longer competitive in the WCSB¹. During the third quarter of 2019, the Company received proceeds of \$5.2 million through selling equipment with a net book value of \$3.7 million. This compares to second quarter of 2019 asset sales resulting in proceeds of \$12.5 million on equipment with a net book value of \$9.4 million. All asset sales of specialized oil and gas equipment have been to purchasers outside of Canada. For a further discussion on the Company's outlook for hydraulic fracturing asset requirements, please refer to the *Outlook* section of this MD&A.

OUTLOOK

Customer Environment

Customers have maintained tight capital discipline in the face of challenging market dynamics, spending less than cash flow. The oil directed activity continues to be impacted by the lack of pipeline take-away capacity, which creates little incentive for producers to invest capital beyond what is needed to maintain current production. There has been a recent improvement in natural gas prices as a result of enhancements to certain of the natural gas transmission lines and supply agreements, combined with reduced natural gas storage levels. Natural gas storage levels are at their lowest level in five years and are a contributing factor to the steady improvement seen in the AECO gas price since the summer pricing lows.

Q4 2019 Activity

We have a constructive view on Q4 2019, driven by the cost reductions made in our business as well as sequential increases in customer activity. Producers shifted activity to the fourth quarter of 2019 due to low gas prices in the third quarter of 2019, and we expect Q4 2019 will be sequentially busier than Q3 2019. Hydraulic Fracturing is running at approximately 80% utilization in October, which is expected to continue into November before slowing down in late November and December as customers likely finalize 2019 capital budget spending. We saw very little work canceled in the second half of 2019 however, the shift of our clients' work to Q4 2019 has negatively affected our Q3 2019 results and will positively affect our Q4 2019 results.

Demand for Cementing services continues to remain steady in the technically challenging deep-well market where TESSA-NILE has a strong market share. The Rig Count is approximately 30% lower than Q1 2019 levels and we reduced our active Cementing crew count during Q4 2019 to match this drop in drilled wells. In addition to the crew count reductions, we closed two Cement bases to reduce our cost structure ahead of Q4 2019 to match the expected industry Rig Count. Currently, we expect Rig Count to increase modestly to 135 average drilling rigs in Q4 2019 (Q4 2018 -166) from 129 rigs in Q3 2019.

The investments we have made into our Coiled Tubing service line are leading to sustained demand for these services, and we will have all our units engaged throughout most of the fourth quarter of 2019.

Q1 2020 Activity

If current market fundamentals hold, we expect a reasonable level of utilization will continue into the first quarter of 2020. We have firm commitments on six of our eight Hydraulic Fracturing crews, with soft commitments on the remaining two. We have retained our strong loyal customer base and have added a few new customers to our Q1 2020 work scope. We anticipate the Rig Count will increase to 175-180 rigs in the first quarter of 2020 (Q1 2019 - 187 rigs), with our Cementing service line tracking this metric. Demand for our Coiled Tubing service line is expected to remain strong, with the service line expected to be at or near full utilization for much of the first quarter of 2020.

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

Pricing for Our Services

Pricing remains extremely competitive, but pricing for contracted services in Q4 2019 will be flat against Q3 2019, although there can be some spot market pressure that could result in lower average pricing, in particular, in December. We will continue to work with our customers to sustain pricing that will allow us to reinvest in our business, ensuring we can modernize our fleet and upgrade our technology in order to continue providing them with industry leading service solutions.

Hydraulic Fracturing Asset Requirements

As at September 30, 2019, all TESSA-NILE's 2,250 HHP Hydraulic Fracturing pumps have been sold. These legacy pumps ranged in age from 12 to 19 years old and were not well suited towards the high intensity Hydraulic Fracturing work prevalent in today's market. The Company believes the pressure pumping industry will continue to skew towards high intensity hydraulic fracturing jobs and the sale of this legacy equipment will not significantly affect the Company's future earnings capacity even if WCSB¹ completions activity improves from 2019 forecast levels. In addition, the Company believes being able to offer customers dual fuel (natural gas and diesel fuel consumption) will result in better overall activity levels. The Company currently has a fleet of 143,000 HHP of dual fuel fracturing pumps. The Company's fleet of Hydraulic Fracturing equipment at September 30, 2019 is presented in the table below:

		At September 30, 2019		
Fracturing Fleet:	Type of Pump	Pumps (#)	HHP	% of Fleet
Continuous Duty	2,700 / 3,000 HHP	126	345,000	59%
Mid Tier	2,500 HHP	95	237,500	41%
Total Fracturing Fleet		221	582,500	

The Mid Tier and Continuous Duty fracturing pumps have lower operating costs and lower manpower requirements than legacy 2,250 HHP Hydraulic Fracturing pumps. It is our belief there will continue to be an increased demand in the high intensity formations such as the Montney, Duvernay, and others. Hydraulic fracturing companies that have or can add Continuous Duty and Mid Tier equipment will be able to generate scale and create more efficient operations.

Capital Expenditures

Our capital expenditures for the nine months ended September 30, 2019 totaled \$30.1 million and have been focused primarily on maintenance and infrastructure projects, along with certain projects that brought immediate efficiencies and cost reductions. Significant components of our 2019 spend are as follows:

- \$4 million for the replacement of equipment that was written-off in a 2018 insured fire event;
- \$4 million for upgrades to our Fracturing equipment, including increasing the total number of dual fuel capable pumps by 10 to 53 (approximately 143,000 HHP). Investments made offer incremental revenue and/or reduced costs;
- \$2 million for upgrades to our Coiled Tubing fleet that has helped improve activity, revenue and cash flow of this service line. The modernization of our Coiled Tubing fleet has taken the form of legacy equipment refurbishments, as well as equipment to handle the demands of today's deeper wells.
- \$3 million for system infrastructure upgrades. Our information technology systems are being improved to provide our operators and customers with more precise and detailed data, all of which are driving higher pumping efficiency and lowering costs; and
- \$17 million for capital maintenance expenditures.

Our focus for the remainder of 2019 will be to complete the projects already underway and limit discretionary expenditures unless there is a quick payback on the investment. However, our strong financial position, potential

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

incremental proceeds from asset sales, and modest operating cash flow, may allow us to make further investments that improve our business and / or provide a competitive advantage.

We have funded a majority of 2019 capital expenditures with approximately \$22.2 million of proceeds from the sale of surplus or obsolete equipment and \$4.0 million of proceeds from an insured fire event that occurred in Q1 2018. 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.

COMPARATIVE QUARTERLY INCOME STATEMENTS

Continuing Operations

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

Three months ended	September 30, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue	June 30, 2019	Percentage of revenue
Revenue	\$136,103	100%	\$253,744	100%	\$110,028	100%
Cost of sales						
Cost of sales – Other	117,321	86%	205,198	81%	115,248	105%
Cost of sales – Depreciation and amortization	29,996	22%	33,845	13%	32,337	29%
Gross (loss) / profit	(11,214)	(8%)	14,701	6%	(37,557)	(34%)
Administrative expenses – Other	15,489	11%	13,788	5%	10,205	9%
Administrative expenses – Depreciation	1,347	1%	1,382	1%	1,562	1%
Other (income) / expenses	(4,964)	(4%)	(910)	—%	(3,439)	(3%)
Results from operating activities	(23,086)	(17%)	441	—%	(45,885)	(42%)
Finance costs	1,018	1%	1,631	1%	1,121	1%
Loss on Investments in Keane	—	—%	8,958	4%	—	—%
Foreign exchange (gain) / loss	(285)	—%	926	—%	250	—%
(Loss) / profit before income tax	(23,819)	(18%)	(11,074)	(4%)	(47,256)	(43%)
Income tax recovery / expense	(7,221)	(5%)	976	—%	(18,662)	(17%)
(Loss) / profit from continuing operations	(\$16,598)	(12%)	(\$12,050)	(5%)	(\$28,594)	(26%)
Adjusted EBITDA ¹	\$4,038	3%	\$36,733	14%	(\$14,348)	(13%)
Total job count ¹	1,775		3,390		1,215	
Revenue per job ¹	76,678		74,851		90,558	
Total proppant pumped (tonnes) ¹	166,000		486,000		138,000	

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

Sales Mix

Three months ended (unaudited)	September 30, 2019	September 30, 2018	June 30, 2019
% of Total Revenue			
Fracturing	64%	69%	64%
Cementing	18%	14%	18%
Coiled Tubing	10%	5%	6%
Fluid Management	4%	4%	5%
Industrial Services	2%	2%	4%
Other	2%	6%	3%
Total	100%	100%	100%

Third Quarter 2019 Overview (Compared to Prior Year)

Revenue

Wet weather delays, continued political uncertainty surrounding pipeline take-away capacity for oil and NGLs¹ in the WCSB¹ and the ongoing imposed oil supply quotas have limited E&P companies' capital spending, slowing demand for TESSA-NILE's services. Slow demand during Q3 2019 lead to increased competitive pricing for Hydraulic Fracturing services, and the Company responded by passing specific product cost discounts through to our core customers. TESSA-NILE maintained a relatively disciplined pricing approach for its Hydraulic Fracturing services, which limited our ability to replace most of this work with spot market clients and instead, chose to idle equipment rather than work at unsustainable pricing. As a result, utilization declined during Q3 2019 when compared to Q3 2018. Rig Count for Q3 2019 averaged 129 rigs, a 37% decline from Rig Counts in Q3 2018. The reduction in demand and change in job mix resulted in 166,000 tonnes of proppant pumped in Q3 2019, which was down from 486,000 tonnes of proppant pumped during Q3 2018.

TESSA-NILE continued to maintain its strong position in the Cementing market. Cementing services revenue declined in the third quarter of 2019 as a result of lower overall industry drilling activity relative to Q3 2018. Cementing activity generally tracks closely with the Rig Count.

The investments made to upgrade our Coiled Tubing service line are earning higher customer acceptance, as revenue in Q3 2019 increased 9% relative to Q3 2018, despite the industry slow-down. We had nine 24-hour crews mobilized by the end of the third quarter (Q3 2018 - seven crews). We continue to see growth potential in this service line and will continue to selectively invest to meet customer demand.

Q3 2019 revenue per job increased 2% year-over-year as the Company supplied 100% of the proppant during the third quarter of 2019. During the third quarter of 2018, 47% of proppant was supplied by TESSA-NILE (the Company earns less revenue when the client supplies the proppant).

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

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, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue	June 30, 2019	Percentage of revenue
Personnel expenses	\$39,620	29%	\$62,824	25%	\$37,848	34%
Direct costs	77,701	57%	142,374	56%	77,400	70%
Cost of sales - Other	117,321	86%	205,198	81%	115,248	105%
Cost of sales - Depreciation and amortization	29,996	22%	33,845	13%	32,337	29%
	\$147,317	108%	\$239,043	94%	\$147,585	134%

Total cost of sales for Q3 2019 decreased 38% when compared to Q3 2018, primarily due to lower operating activity levels and an improved fixed cost structure resulting from the previous years' significant cost optimization efforts. Cost of sales as a percentage of revenue increased during the quarter due to the reduction in operating activity which resulted in fixed operating costs and straight-line depreciation being a larger percentage of total cost of sales.

- 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 operating activity and the Company's ongoing optimization process over the past year.
- 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 lower operating activity.
 - * Direct costs as a percentage of revenue increased as the Company supplied 100% of the proppant during the third quarter of 2019. During the third quarter of 2018, 47% of proppant was supplied by TESSA-NILE (the Company earns less revenue when the client supplies the proppant).
 - * Included in repairs and maintenance costs is \$1.6 million for stainless steel fluid ends¹ for the three months ended September 30, 2019 (Q3 2018 - \$8.3 million). Expenditures related to stainless steel fluid ends¹ are dependent upon activity levels, the customer mix and intensity of work performed and will vary from period to period.
 - * The adoption of IFRS 16 - *Leases* resulted in reduced operating rent expense by \$0.8 million in Q3 2019 relative to Q3 2018.
- Depreciation and amortization expense for the three months ended September 30, 2019 decreased by \$3.8 million to \$30.0 million compared to \$33.8 million for the three months ended September 30, 2018, due to a decrease in the depreciable equipment base of the Company's property and equipment. The Company recorded \$0.6 million in depreciation expense related to its operating right-of-use assets, representing the impact of the adoption of IFRS 16 - *Leases* as noted in the "Critical Accounting Estimates and Judgments" section.

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

Administrative Expenses

Three months ended, (\$ thousands, unaudited)	September 30, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue	June 30, 2019	Percentage of revenue
Administrative expenses - Other	\$15,489	11%	\$13,788	5%	\$10,205	9%
Administrative expenses - Depreciation	1,347	1%	1,382	1%	1,562	1%
	\$16,836	12%	\$15,170	6%	\$11,767	10%

Overall, administrative expenses in Q3 2019 increased 11% relative to the comparative prior year period due to increased severance costs and an increase in cash-settled share-based compensation expense. Included in Q3 2019 administrative expenses is an increase to severance costs of \$5.3 million and a \$1.0 million increase to the cash-settled share-based compensation expense. Isolating the effect of these two significant changes, significant cost optimization efforts over the past year resulted in a 35% decrease to Administrative expenses - Other in Q3 2019 when compared to Q3 2018.

Corporate rent expense decreased by \$0.5 million in Q3 2019 when compared to the previous period in 2018, as a result of the adoption of IFRS 16 - *Leases*. Additionally, \$0.3 million in depreciation was recorded in Q3 2019 for corporate assets as a result of IFRS 16 - *Leases*. Administrative expenses, as a percentage of revenue increased in Q3 2019 due to lower revenue when compared to the prior year period.

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)	September 30, 2019	September 30, 2018	June 30, 2019
Amortization of debt issuance costs	\$—	\$551	\$—
Severance costs	\$6,468	\$1,188	\$808
Equity-settled share-based compensation	\$745	\$1,424	\$1,077
Cash-settled share-based compensation	\$265	(\$778)	(\$280)

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.

Overall Results Summary

Gross profit for Q3 2019 was negative \$11.2 million compared to \$14.7 million for the third quarter of 2018. Gross profit was negatively affected by reduced demand for pressure pumping services due to the ongoing over-supply of oil and gas services and equipment as previously described.

Net loss in Q3 2019 increased by \$4.5 million to \$16.8 million from the net loss recorded in Q3 2018 of \$12.3 million primarily due to decreased operational activity. Net loss in Q3 2018 was negatively affected by a \$9.0 million loss on TESSA-NILE's investments in Keane Group, Inc. ("**Investments in Keane**"). The Company sold its remaining Investments in Keane during Q4 2018.

Adjusted EBITDA¹ for Q3 2019 was \$4.0 million compared to \$36.7 million for the third quarter of 2018. Adjusted EBITDA¹ was negatively affected by reduced demand for pressure pumping services and by \$6.5 million of severance expenses (Q3 2018 - \$1.2 million) but benefited from a \$1.3 million decrease to rent expense from the adoption of IFRS 16 - *Leases*. Stainless steel fluid end¹ expenses for Q2 2019 was \$1.6 million (Q3 2018 - \$8.3 million).

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

Third Quarter 2019 Other Expenses and Income (Compared to Prior Year)

Other Income / (Loss)

Other Income for the three months ended September 30, 2019 was primarily due to a \$4.0 million insurance recovery as a 2018 insurable event was settled.

Gain/Loss on Investments in Keane

Net loss in Q3 2018 was negatively affected by a \$9.0 million loss on Investments in Keane. The Company sold its remaining Investments in Keane during Q4 2018.

Finance Costs

Finance costs for the third quarter of 2019 decreased 38% when compared to the same period of 2018. The change is due to a \$0.9 million decrease in interest expense as the Company repaid all its senior and subordinated notes during Q4 2018, which was offset by a \$0.3 million increase in interest expense as a result of adopting IFRS 16 - Leases. See *Critical Accounting Estimates and Judgments* for further discussion.

Foreign Exchange

A foreign exchange gain of \$0.3 million was recorded in the third quarter of 2019, compared to a \$0.9 million loss recorded for the same period in 2018. In 2018, the Company realized more significant foreign exchange fluctuations related to the Company's Investments in Keane. The Company sold its remaining Investments in Keane in Q4 2018.

Income Taxes

The Company recorded an income tax recovery of \$7.2 million during the third quarter of 2019, compared to an income tax expense of \$1.0 million for the same period of 2018. The income tax recovery was recognized due to the net loss recorded during the period and the previously mentioned change to the Alberta provincial income tax rates. Despite the net loss for the third quarter of 2018, the Company recognized an income tax expense primarily due to the Investments in Keane loss not impacting tax expense. The non-deductibility of certain expenditures such as equity-settled share-based compensation expenses do not impact the tax recovery.

¹ 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, and revenue per job¹, unaudited)

Nine months ended	September 30, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue	Year-over year change	Percentage change
Revenue	\$491,808	100%	\$732,452	100%	(\$240,644)	(33%)
Cost of sales						
Cost of sales – Other	438,297	89%	603,859	82%	(164,481)	(27%)
Cost of sales – Depreciation and amortization	94,128	19%	93,042	13%	1,086	1%
Gross (loss) / profit	(40,617)	(8%)	35,551	5%	(77,249)	(217%)
Administrative expenses – Other	40,647	8%	44,745	6%	(4,098)	(9%)
Administrative expenses – Depreciation	4,314	1%	3,464	—%	850	25%
Other (income) / expenses	(10,390)	(2%)	179	—%	(11,650)	(6,508%)
Results from operating activities	(75,188)	(15%)	(12,837)	(2%)	(62,351)	486%
Finance costs	3,494	1%	7,272	1%	(3,778)	(52%)
Loss on Investments in Keane	—	—%	71,797	10%	(71,797)	(100%)
Foreign exchange loss / (gain)	40	—%	(7,673)	(1%)	7,713	(101%)
(Loss) / profit before income tax	(78,722)	(16%)	(84,233)	(12%)	5,511	(7%)
Income tax (recovery) / expense	(27,377)	(6%)	(9,376)	(1%)	(18,001)	192%
(Loss) / profit from continuing operations	(\$51,345)	(10%)	(\$74,857)	(10%)	\$23,512	(31%)
Adjusted EBITDA ¹	\$15,967	3%	\$90,117	12%	(\$74,150)	(82%)
Total job count ¹	5,829		9,330			
Revenue per job ¹	84,373		78,505			
Total proppant pumped (tonnes) ¹	636,000		1,353,000			

Sales Mix

Nine months ended (unaudited)	September 30, 2019	September 30, 2018
% of Total Revenue		
Fracturing	70%	69%
Cementing	16%	16%
Coiled Tubing	7%	4%
Fluid Management	4%	4%
Industrial Services	1%	2%
Other	2%	5%
Total	100%	100%

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

Nine Months of 2019 Overview (Compared to Prior Year)

Revenue

Industry activity rates and overall profitability have been negatively affected by the current challenging oil and gas business climate. As a result, revenue for the nine months ended September 30, 2019 was down 33% to \$491.8 million when compared to the nine months ended September 30, 2018.

There were fewer large Hydraulic Fracturing multi-well pad jobs during the nine months ended September 30, 2019, when compared to the same period in 2018, contributing to less utilization as we experienced more mobilization days relative to pumping days. The reduction in demand, and change in job mix, resulted in 636,000 tonnes of proppant pumped¹ for the nine months ended September 30, 2019, which was down from the 1,353,000 tonnes of proppant pumped¹ for the nine months ended September 30, 2018.

TESSA-NILE continued to maintain a strong position in the Cementing market however, Cementing service revenue declined during the nine months ended September 30, 2019 as a result of lower industry drilling activity relative to the comparable 2018 period. Cement activity generally tracks closely with the Rig Count.

Coiled Tubing revenue grew during the nine months ended September 30, 2019, with nine crews mobilized compared to seven crews mobilized for the nine months ended September 30, 2018. We continue to see growth potential in this service line and will continue to selectively invest to meet customer demand.

Revenue per job for the nine months ended September 30, 2019, increased 7% year-over-year primarily due to the lower proportion of activity weighted to customer supplied proppant (the Company earns revenue from selling proppant to clients).

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, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue
Personnel expenses	\$135,153	27%	\$188,013	26%
Direct costs	303,144	62%	415,846	57%
Cost of sales - Other	438,297	89%	603,859	82%
Cost of sales - Depreciation and amortization	94,128	19%	93,042	13%
	\$532,425	108%	\$696,901	95%

Total cost of sales for the nine months ended September 30, 2019 decreased by 24% when compared to the same period in 2018 primarily due to lower operating activity levels and an improved fixed cost structure resulting from the ongoing personnel optimization efforts over the past year. Cost of sales as a percentage of revenue increased for the nine months ended September 30, 2019 primarily due to the reduction in operating activity which resulted in fixed operating costs being a larger percentage of total cost of sales.

- Personnel expenses primarily relate to field operational employee day rates and job bonuses, operational support personnel costs (i.e. mechanics), senior operational personnel salaries and performance bonuses, and all operational benefits and employer portions of withholdings. An overall decrease in personnel expenses was due to the decrease in operating activity and the Company's ongoing optimization efforts over the past year.
- Direct costs primarily relate to repairs and maintenance, product costs, fuel, trucking expenses, and travel expenses for our operational personnel.

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

- * The overall decrease in direct expenses was primarily a result of lower operating activity.
- * Direct costs as a percentage of revenue increased as the Company supplied 100% of the proppant for the nine months ended September 30, 2019. For the nine months ended September 30, 2018, 44% of proppant was supplied by TESSA-NILE (the Company earns less revenue when the client supplies the proppant).
- * Included in repairs and maintenance costs is \$6.1 million related to the inclusion of stainless steel fluid ends¹ (2018 - \$20.4 million) within cost of sales. Expenditures related to stainless steel fluid ends¹ are dependent upon activity levels, the customer mix and intensity of work performed and will vary from period to period.
- * The adoption of IFRS 16 - *Leases* resulted in reduced operating rent expense by \$1.7 million for the nine months ended September 30, 2019, relative to the comparable 2018 period.
- Depreciation and amortization expense for the nine months ended September 30, 2019 increased by \$1.1 million to \$94.1 million when compared to the same period in 2018. The increase is due to an increase in the depreciable equipment base as certain equipment that was not yet activated and previously classified as construction in progress, is now subject to depreciation. The Company also had a change of plan to sell certain of its Coiled Tubing assets which were reclassified from assets held for sale to property and equipment during the nine months ended September 30, 2019. The Company recorded \$1.8 million in depreciation expense for the nine months ended September 30, 2019, related to its operating right-of-use assets, representing the impact of the adoption of IFRS 16 - *Leases* as noted in the "Critical Accounting Estimates and Judgments" section.

Administrative Expenses

Nine months ended, (\$ thousands, unaudited)	September 30, 2019	Percentage of revenue	September 30, 2018	Percentage of revenue
Administrative expenses - Other	\$40,647	8%	\$44,745	6%
Administrative expenses - Depreciation	4,314	1%	3,464	—%
	\$44,961	9%	\$48,209	6%

Administrative expenses for the nine months ended September 30, 2019, decreased 7% when compared to the prior year period primarily due to a reduction in personnel expenses following the significant and ongoing optimization process over the last several quarters. Included in administrative expenses for the nine months ended September 30, 2019, are severance costs of \$8.9 million (nine months ended September 30, 2018 - \$3.7 million) and a cash-settled share-based compensation expense of \$1.2 million (nine months ended September 30, 2018 - \$1.8 million recovery).

Corporate rent expense decreased by \$1.2 million for the nine months ended September 30, 2019, when compared to the previous years' comparative period as a result of the adoption of IFRS 16 - *Leases*. Additionally, \$1.0 million in depreciation was recorded for the nine months ended September 30, 2019, for corporate assets as a result of IFRS 16 - *Leases*. Administrative expenses, as a percentage of revenue increased for the nine months ended September 30, 2019, due to lower revenue when compared to the prior year period.

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

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

Nine months ended, (\$ thousands, unaudited)	September 30, 2019	September 30, 2018
Amortization of debt issuance costs	\$—	\$1,828
Severance costs	\$8,947	\$3,668
Equity-settled share-based compensation	\$3,103	\$4,441
Cash-settled share-based compensation	\$1,221	(\$1,823)

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.

Overall Results Summary

Gross profit for the nine months ended September 30, 2019, was negative \$40.6 million, compared to \$35.6 million for the nine months ended September 30, 2018, respectively. Gross profit was negatively affected by reduced demand for pressure pumping services due to the over-supply of oil and gas services and equipment, as previously described, with no corresponding decrease to depreciation and amortization expenses.

Net loss for the nine months ended September 30, 2019, of \$52.1 million improved by \$22.8 million from a net loss of \$74.9 million for the nine months ended September 30, 2018. Net loss for the nine months ended September 30, 2018, was negatively affected by a \$71.8 million loss on Investments in Keane. The Company sold its remaining Investments in Keane during Q4 2018.

Adjusted EBITDA¹ for the nine months ended September 30, 2019 was \$14.9 million, compared to \$90.1 million for the nine months ended September 30, 2018. Adjusted EBITDA¹ for the nine months ended September 30, 2019, was negatively affected by reduced demand for pressure pumping services and by \$8.9 million of severance expenses (nine months ended September 30, 2018 - \$3.7 million), but benefited from a \$2.9 million decrease to rent expense from the adoption of IFRS 16 - *Leases*. Stainless steel fluid end¹ expenses for the nine months ended September 30, 2019 was \$6.1 million (nine months ended September 30, 2018 - \$20.4 million).

Nine Months of 2019 Other Expenses and Income (Compared to Prior Year)

Other Income / (Loss)

Other Income for the nine months ended September 30, 2019, consisted of a \$4.0 million insurance recovery from the settlement of a 2018 insurable event, a \$6.1 million gain from the disposition of equipment, and \$0.3 million of interest. For the nine months ended September 30, 2018, the Company realized a loss on the disposition of certain of the Company's property and equipment.

Gain/Loss on Investments in Keane

Net loss for the nine months ended September 30, 2018, was affected by the \$71.8 million loss on Investments in Keane. The Company sold its remaining Investments in Keane during Q4 2018.

Finance Costs

Finance costs for the nine months ended September 30, 2019, decreased 52% when compared to the same period of 2018. The change is due to a \$4.7 million decrease in interest expense as the Company repaid all its senior and subordinated notes during Q4 2018, which was offset by a \$0.9 million increase in interest expense as a result of adopting IFRS 16 - *Leases*. See *Critical Accounting Estimates and Judgments* for further discussion.

Foreign Exchange

A \$7.7 million foreign exchange gain was recorded for the nine months ended September 30, 2018. In 2018, the Company realized more significant foreign exchange gains related to the Company's Investments in Keane, as well

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

as the valuation of the currency derivatives, which were tied to fluctuations in the exchange rate between Canadian and US dollars.

Income Taxes

For the nine months ended September 30, 2019, the deferred tax recovery includes \$6.5 million attributable to the decrease in the Alberta provincial income tax rate for the periods from July 1, 2019 to January 1, 2022, which reduces the provincial rate to 11% effective July 1, 2019, and further reduces it by 1% on January 1st for the years 2020, 2021, and 2022, bringing the provincial rate to 8%.

The Company recorded an income tax recovery of \$27.4 million for the nine months ended September 30, 2019, compared to an income tax recovery of \$9.4 million for the comparative 2018 period. The 2019 income tax recovery was recognized due to the net loss recorded during the period and the previously mentioned change to the Alberta provincial income tax rates. The recovery for the 2018 comparable period was primarily due to the reduction of the deferred tax liability associated with losses incurred by the Company for its Investments in Keane and a taxable loss in Canadian continuing operations. The non-deductibility of certain expenditures such as equity-settled share-based compensation expenses do not impact the tax recovery.

Discontinued Operations and Assets Held for Sale

During the nine months ended September 30, 2019, the Company had a change of plan to sell certain of its Coiled Tubing assets. These Coiled Tubing assets, with a carrying value of approximately \$3.1 million, were reclassified to property and equipment as they were put back into service. At September 30, 2019, the net carrying value of the assets and liabilities held for sale was \$nil (December 31, 2018 - \$3.1 million).

Results from discontinued operations have not been included in the continuing operations discussion and analysis. For information related to TESSA-NILE's discontinued operations, please see the unaudited condensed consolidated interim financial statements for the three and nine months ended September 30, 2019, and the audited annual consolidated financial statements and accompanying notes for the years ended December 31, 2018 and 2017.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Requirements

As at September 30, 2019, the Company had a working capital (current assets less current liabilities) balance of \$88.8 million compared to \$115.7 million as at December 31, 2018.

- \$32.4 million decrease in trade and other receivables as a result of an overall decrease in activity;
- \$3.6 million decrease in inventory due to reduced activity and the Company's ongoing efforts to reduce inventory;
- \$3.1 million decrease in assets held for sale due to assets being put back into use;
- \$1.1 million increase in prepaid expenses as a result of insurance policy and vehicle registration renewals;
- \$24.7 million decrease in trade and other payables as a result of decreased activity;
- \$5.1 million increase in the current portion of lease liabilities as a result of the adoption of the new accounting standard, IFRS 16 - *Leases*. The increase includes \$3.4 million that was previously included in trade accounts payable as it related to finance leases under the previous accounting standard, IAS 17.

At September 30, 2019, the Company's working capital and available operating credit facilities exceed the level required to manage timing differences between cash collections and cash payments.

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

Operating Activities

Cash flow from continuing operations was \$32.2 million during the nine months ended September 30, 2019 (nine months ended September 30, 2018 - \$52.4 million). The net decrease in cash flows provided by continuing operations is primarily due the impact of reduced operating results, partially offset by a significant working capital release resulting from the decline in operating activity.

Investing Activities

Capital expenditures related to continuing operations for the nine months ended September 30, 2019 totaled \$30.1 million (September 30, 2018 - \$58.7 million) and proceeds from the sale of surplus and/or non-core property and equipment during the period totaled \$22.2 million for the nine months ended September 30, 2019 (September 30, 2018 - \$14.8 million).

Capital expenditures during the nine months ended September 30, 2019 primarily related to maintaining the productive capability of TESSA-NILE's Hydraulic Fracturing services fleet and strategic selective investments in its Coiled Tubing business to expand our capabilities, improve our competitive position, and improve the profitability of our Coiled Tubing services. 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.

Subsequent to September 30, 2019, the Company conditionally sold a redundant operational base for total consideration of approximately \$5.0 million.

Subsequent to September 30, 2019, the Company entered into an asset purchase agreement for the sale of substantially all of the assets of its Fluid Management service line for estimated cash proceeds of \$17.6 million, subject to customary **Financing Activities** and certain conditions.

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 amends and extends 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, 2018 – \$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, 2018 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 45 to 300 basis points). At September 30, 2019, the undrawn and accessible amount of the RCF, subject to financial covenants, is \$229.9 million (December 31, 2018 – \$229.1 million accessible) due to the Company's Letters of Credit and amounts drawn on the swing line as at September 30, 2019.

As at September 30, 2019, the Company had a \$20 million (December 31, 2018 – \$20 million) swing line facility with its lead bank included in the \$275.0 million amended RCF described above. As at September 30, 2019, \$9.0 million was drawn on the swing line facility (December 31, 2018 – \$3.8 million).

As at September 30, 2019, the Company had a \$10 million (December 31, 2018 – \$10 million) Letter of Credit facility with its syndicate of banks included in the \$275.0 million amended RCF described above. As at September 30, 2019, TESSA-NILE had \$2.1 million in letters of credit outstanding (December 31, 2018 – \$2.1 million).

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

The Company is required to comply with the following leverage and interest coverage ratio covenants, applicable to the RCF and to the Senior Notes based on a trailing twelve-month basis:

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

At September 30, 2019, TESSA-NILE was in compliance with the required debt covenant ratios and we continue to forecast compliance with our covenants in future periods.

The Leverage Ratio is defined as debt excluding Non-Recourse Debt plus Letter of Credit facility minus cash divided by Bank EBITDA¹. As at September 30, 2019, the Leverage Ratio was 1.1 (December 31, 2018 – 0.4).

The Interest Coverage Ratio is defined as Bank EBITDA¹ divided by interest expense. As at September 30, 2019, the Interest Coverage Ratio was 8.7 (December 31, 2018 – 15.6).

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, are permitted to be adjusted to EBITDA to arrive at bank EBITDA for covenant calculation purposes. In accordance with the definition under the Amended RCF, the covenant calculation excludes the impact of leases recognized under IFRS 16.

Share Capital

As at November 6, 2019, TESSA-NILE had 277,999,122 common shares and 12,959,625 employee stock options outstanding.

Normal Course Issuer Bid

The Company completed its 2018-2019 NCIB announced on October 1, 2018. Pursuant to the 2018-2019 NCIB, the Company purchased and canceled the maximum allowable number of its common shares under the bid, totaling 30,923,345 common shares for a total consideration of \$45.4 million at a weighted average price per share of \$1.47 before broker commission.

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 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 three months ended September 30, 2019, the Company purchased and canceled 6,957,745 common shares at a weighted average price per share of \$1.06 (September 30, 2018 - 13,532,586 common shares at a weighted average price per share of \$2.94).

For the period from October 1, 2019 to November 6, 2019, the Company purchased and canceled an additional 4,294,000 common shares at a weighted average price per share of \$0.92 pursuant to its NCIB.

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, primarily for office space, with minimum payments due as of September 30, 2019 as follows:

September 30, 2019	Payments due by period			Total
	1 year or less	1 to 5 years	5 years and thereafter	
Trade AP, other payables (net of interest on RCF)	\$59,780	\$—	\$—	\$59,780
RCF (including interest)	1,161	38,374	—	39,535
Lease liabilities (IFRS 16)	5,122	13,634	3,174	21,930
Other leases	83	—	—	83
Total commitments	\$66,146	\$52,008	\$3,174	\$121,328

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

- capital expenditures of \$3.0 million.
- proppant supply arrangements to certain vendors with payments based on volumetric thresholds, due over the next two years. Prices and volumes in the contracts are subject to change based on market conditions.

The Company received confirmation of final settlement on its equipment claim relating to a 2018 insured fire event. Net insurance recoveries of approximately \$4.0 million were recognized during the period.

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 ; (unaudited)	2019			2018				2017
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue from continuing operations	\$136.1	\$110.0	\$245.7	\$168.1	\$253.7	\$172.0	\$306.7	\$280.5
Gain / (loss) on investments in Keane	\$—	\$—	\$—	(\$4.3)	(\$9.0)	(\$8.4)	(\$54.4)	\$20.7
Profit / (loss) from continuing operations	(\$16.6)	(\$28.6)	\$6.2	(\$158.8)	(\$12.1)	(\$34.4)	(\$28.4)	\$17.2
Per share - basic	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)	(\$0.08)	\$0.05
Per share - diluted	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)	(\$0.08)	\$0.05
Profit / (loss) from discontinued operations	(\$0.1)	(\$0.4)	(\$0.7)	\$0.2	(\$0.5)	\$0.2	\$1.1	(\$2.4)
Profit / (loss) for the period	(\$16.7)	(\$29.0)	(\$6.9)	(\$158.5)	(\$12.6)	(\$34.2)	(\$27.4)	\$14.8
Per share - basic	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)	(\$0.08)	\$0.05
Per share - diluted	(\$0.06)	(\$0.10)	(\$0.02)	(\$0.52)	(\$0.04)	(\$0.10)	(\$0.08)	\$0.05
Adjusted EBITDA ¹	\$4.0	(\$14.3)	\$26.3	(\$0.3)	\$36.7	(\$1.5)	\$54.9	\$47.0
Adjusted EBITDA % ¹	3%	(13%)	11%	—%	14%	(1%)	18%	17%
Proppant pumped ¹ (tonnes)	166	138	332	205	486	383	484	397
Internally sourced proppant pumped ¹ (tonnes)	166	138	332	197	227	110	263	281
Hydraulic Fracturing capacity (HHP) ¹	583	593	672	672	672	672	672	680
Active crewed HHP ¹	297	347	370	340	464	445	433	455
Active, maintenance, not crewed (HHP) ¹	86	235	212	242	201	185	162	114
Parked HHP ¹	200	11	90	90	7	42	77	111
Average active, crewed HHP ¹	105	73	225	121	283	207	322	300
Hydraulic Fracturing crews ¹	8.0	9.0	10.0	10.5	11.0	11.5	11.5	11.5
Hydraulic Fracturing utilization ¹	57%	27%	83%	44%	75%	42%	19%	80%
Coiled Tubing crews ¹	9.0	8.0	8.0	7.5	7.0	6.0	6.0	6.0
Total job count ¹	1,775	1,215	2,839	2,054	3,390	1,997	3,943	2,909

New pipeline construction delays and ongoing imposed supply quotas for our customers' oil production contributed to reduced operating activity in Q3 2019, Q2 2019 and Q1 2019. Narrowing oil and NGL¹ differentials, and continued optimization efforts to streamline operations contributed to stronger sequential results from continuing operations in Q1 2019 relative to the fourth quarter of 2018. Increased oil and NGL¹ differentials contributed to reduced operating activity and revenue in Q4 2018. In Q2 2019 and Q2 2018, revenue was negatively impacted by seasonal weather-related delays typical of spring break-up. Q3 2018, Q1 2018 and Q4 2017 benefited from a more constructive operating environment. Q4 2017 to Q4 2018 financial results were affected by fluctuations in value of the Company's Investments in Keane, following Keane's IPO on January 20, 2017. 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, 2018, 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.

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 and nine months ended September 30, 2019, two customers accounted for 22.4% and 22.5% respectively, of the Company’s revenue (three and nine months ended September 30, 2018 - two customers accounted for 21.3% and 25.3% of revenue, respectively). At September 30, 2019, one customer accounted for 26% of accounts receivable (December 31, 2018 - two customers accounted for 41% of accounts receivable).

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The critical judgments and estimates used in preparing the Interim Financial Statements are described in our 2018 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, 2019 except for those impacted by the adoption of new accounting standards. 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, 2018 and 2017.

Changes in Accounting Policy and Initial Adoption

New Accounting Policies

TESSA-NILE has adopted IFRS 16 - *Leases* effective January 1, 2019. The new standard requires lessees to recognize assets and liabilities for most leases on their statements of financial position under a single accounting model for all leases based on a “right-of-use”. The Company applied IFRS 16 using the modified retrospective approach, whereby the incremental increase to right-of-use assets and lease obligations was \$15.9 million in respect to property leases. The Company had pre-existing vehicle finance lease assets and liabilities of \$10.2 million. The right-of-use assets recognized were measured at amounts equal to the lease obligation.

Comparative information in the Company's condensed consolidated interim statements of financial position, condensed consolidated interim statements of comprehensive loss, condensed consolidated interim statement of changes in equity and condensed consolidated interim statements of cash flows are not restated. The impact of the adoption of IFRS 16 - *Leases* to the condensed consolidated statements of financial position is disclosed in the table below:

(Stated in thousands)	Reported as at December 31, 2018	Incremental lease under IFRS 16	Pre-existing lease adjustments ¹	Restated as at January 1, 2019
Property and equipment	\$660,395	\$—	(\$10,187)	\$650,208
Right-of-use assets	—	15,928	10,187	26,115
Trade and other payables	(85,833)	—	3,385	(82,448)
Current portion of lease liabilities	—	(2,242)	(3,385)	(5,627)
Lease liabilities - non-current portion	—	(13,686)	(6,802)	(20,488)
Loans and borrowings	(39,108)	—	6,802	(32,306)
Total	\$535,454	\$—	\$—	\$535,454

¹ Recategorized previous finance leases under IAS 17

The right-of-use assets and lease obligations recognized consist of property and vehicle leases. The weighted average incremental borrowing rate used to determine the lease obligation at adoption is approximately 7%.

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 September 30, 2019, which have materially affected or are reasonably likely to materially affect the Company's ICFR.

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 expenses; 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
- costs resulting in payment of the legal claims made against the Company as they can give rise to significant volatility between periods that are less likely to correlate with changes in the Company's activity levels.

IFRS 16 - Leases was adopted January 1, 2019, using the modified retrospective approach therefore, comparative information for adjusted EBITDA has not been restated. For the three and nine months ended September 30, 2019, the adoption of IFRS 16 provided a net benefit of \$1.3 and \$2.9 million, respectively to adjusted EBITDA due to a \$1.3 and \$2.9 million decrease in rent expense.

(\$ thousands; unaudited)	Three months ended			Nine months ended	
	September 30, 2019	September 30, 2018	June 30, 2019	September 30, 2019	September 30, 2018
Profit/ (loss) from continuing operations (IFRS financial measure)	(\$16,598)	(\$12,050)	(\$28,594)	(\$51,345)	(\$74,857)
Adjustments:					
Cost of sales - Depreciation and amortization	29,996	33,845	32,337	94,128	93,042
Administrative expenses - Depreciation	1,347	1,382	1,562	4,314	3,464
Income tax expense / (recovery)	(7,221)	976	(18,662)	(27,377)	(9,376)
Loss on Investments in Keane	—	8,958	—	—	71,797
Finance costs and amortization of debt issuance costs	1,018	2,182	1,121	3,494	9,100
Foreign exchange (gain) / loss	(285)	926	250	40	(7,673)
Other expense / income	(4,964)	(910)	(3,439)	(10,390)	179
Administrative expenses – Other: equity-settled share-based compensation	745	1,424	1,077	3,103	4,441
Adjusted EBITDA	\$4,038	\$36,733	(\$14,348)	\$15,967	\$90,117

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, 2019	September 30, 2018	June 30, 2019	September 30, 2019	September 30, 2018
Adjusted EBITDA	\$4,038	\$36,733	(\$14,348)	\$15,967	\$90,117
Revenue	\$136,103	\$253,744	\$110,028	\$491,808	\$732,452
Adjusted EBITDA %	3%	14%	(13%)	3%	12%

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 from 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 may fluctuate based on both pricing, sales mix and method with which the client requests its invoices be prepared.

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 oilfieldservices businesses and may not be comparable. Some of the terms which may be used in this MD&A are as follows:

Measurement:	Metric tonne
Places and Currencies:	
US	United States
\$ or CDN\$	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 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 API 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.
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 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 operating.	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.
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 hole. 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 penetration.
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 Fracturing Pump Capability	The pressure pumping industry utilizes different types of pumps to complete Hydraulic Fracturing services for its customers. Some of the most common types of pumps are as follows: <u>Continuous Duty</u>: Capable of operating efficiently and on a continuous duty basis and for competitive prices in approximately 80% of the WCSB (based on 2018 wells drilled data and our internal estimates). Currently not strategic to operate a Continuous Duty pump in low HHP intensity formations such as the Viking. <u>Mid Tier</u>: Capable of operating efficiently and on an intermittent duty basis in approximately 70% of the WCSB (based on 2018 wells drilled data and our internal estimates). <u>Legacy/2250</u>: Capable of operating efficiently in approximately 20% of the WCSB (based on 2018 wells drilled data and our internal estimates).
Hydraulic Pumping Capacity fleet. The	Refers to the total available HHP in the TESSA-NILE Hydraulic Fracturing 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 sold to its customers in proportion with the proportion of the Company's total HHP. 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.
Maintenance 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.
Period 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.
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:

- 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;
- expectations on the level of increase in the Rig Count in the WCSB for the remainder of the year;
- the anticipated impact of production curtailment and pipeline capacity;
- expectation that we are adequately staffed for current industry activity levels;
- expectations regarding the Company's cost structure, cost savings and optimization levels;
- anticipated pricing for Hydraulic Fracturing services;
- expectations regarding demand for our services in higher intensity formations;
- expectations regarding the Company's equipment utilization levels and demand for our services in 2019;
- expectation that we will maintain pricing levels to generate positive cash flow margins on our equipment;
- anticipation that commodity price improvements will not result in increased customer spending for the remainder of 2019 and that if Canadian commodity prices fall, our customers could reduce spending levels;
- 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 the Company's financial results, working capital levels, liquidity and profits;

- expectations regarding TESSA-NILE's capital spending for 2019;
- 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;
- the anticipated timing of closing the Fluid Management service line asset sale and proceeds therefrom, the ability of TESSA-NILE to meet its closing conditions and TESSA-NILE's use of proceeds from the Fluid Management service line asset sale; 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 in oil and natural gas operations;
- 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, 3)
Independent Businessman

Alexander J. Pourbaix ^(2, 3)
President & Chief Executive Officer
Cenovus Energy Inc.

Deborah S. Stein ^(1, 2)
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

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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