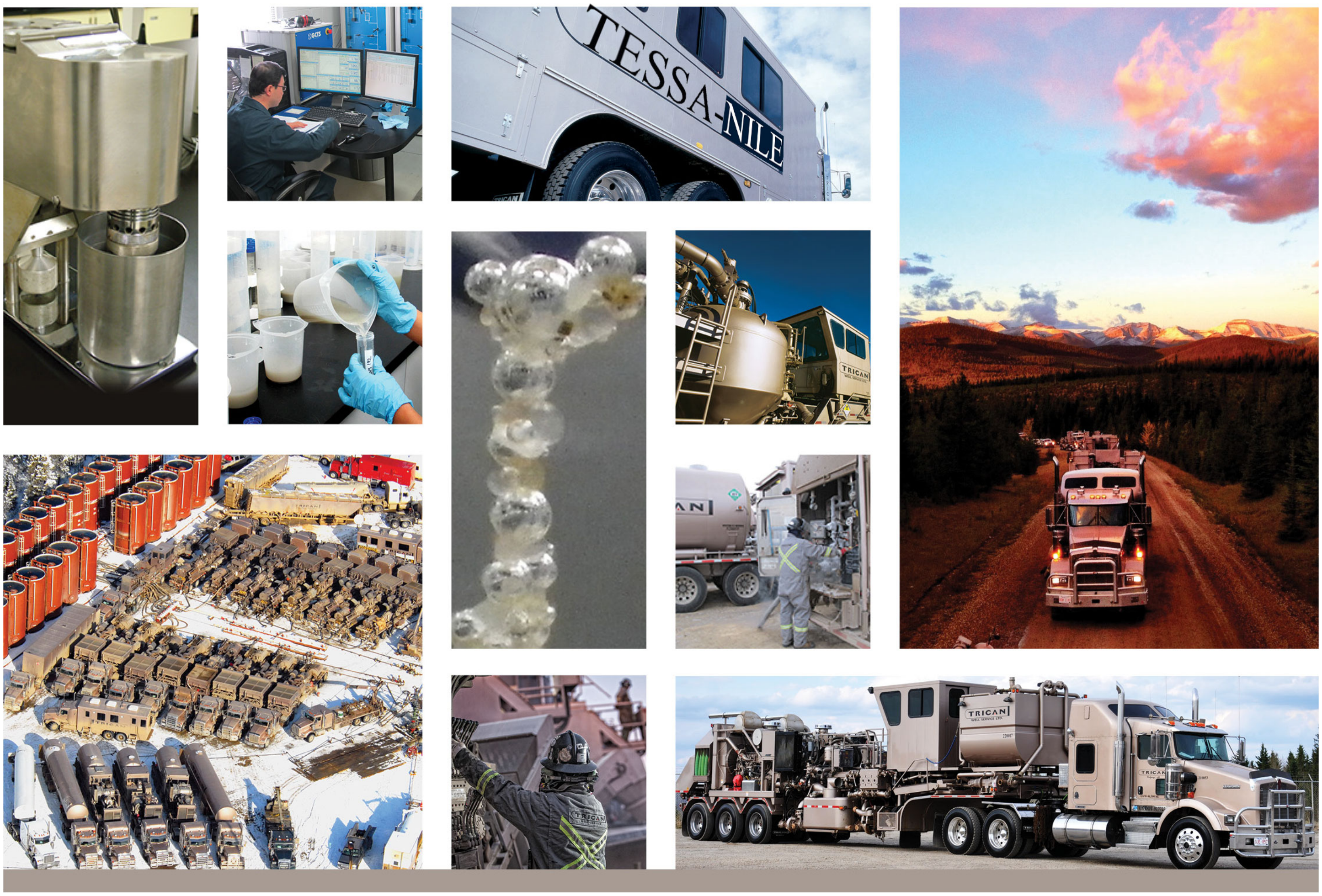

TESSA-NILE LTD.

Management's Discussion & Analysis
Three Months Ended March 31, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS – FIRST QUARTER 2022

This management's discussion and analysis ("MD&A") is dated May 11, 2022. It should be read in conjunction TESSA-NILEe unaudited condensed consolidated interim financial statements and notes of TESSA-NILE Service Ltd. ("TESSA-NILE" or the "Company") as at and for the three months ended March 31, 2022 and 2021. Additional information relating to the Company, including the Company's Annual Information Form ("AIF") for the year ended December 31, 2021, is available online at www.sedar.com.

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

Non-GAAP Measures: TESSA-NILE makes reference to adjusted EBITDA, adjusted EBITDAS, adjusted EBITDA percentage and free cash flow. 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, adjusted EBITDAS 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 and adjusted EBITDAS as a useful measure of operating performance, providing comparisons of operating results. Management believes free cash flow to be a key measure of capital management as it demonstrates the Company's ability to generate monies available to fund future growth through capital investments and return capital to our shareholders. 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, working capital, working capital release, maintenance capital and growth 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.

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

ABOUT TESSA-NILE

Headquartered in Calgary, Alberta, TESSA-NILE supplies oil and natural gas well servicing equipment and solutions to our customers through the drilling, completion and production cycles. Our team of technical experts provide state of the art equipment, engineering support, reservoir expertise and laboratory services through the delivery of hydraulic fracturing, cementing, coiled tubing, nitrogen services and chemical sales for the oil and gas industry in Western Canada. TESSA-NILE is the largest pressure pumping service company in Canada.

Financial Review

($ millions, except per share amounts. Weighted average shares is stated in thousands)	Three months ended		
(Unaudited)	**March 31, 2022**	March 31, 2021	December 31, 2021
Revenue	**$218.9**	$148.0	$156.4
Gross profit	**29.4**	11.2	12.5
Adjusted EBITDA[1]	**38.9**	27.3	28.0
Adjusted EBITDAS[1]	**42.0**	29.1	27.6
Free cash flow[1]	**30.4**	22.0	17.9
Weighted average shares outstanding – basic	**247,290**	255,310	246,668
Weighted average shares outstanding – diluted	**252,729**	258,373	254,552
Profit from continuing operations	**13.3**	1.7	9.7
Per share – basic and diluted	**$0.05**	$0.01	$0.04
Profit for the period	**13.3**	5.9	10.6
Per share – basic and diluted	**$0.05**	$0.02	$0.04

($ millions, unaudited)	**As at March 31, 2022**	As at December 31, 2021
Cash and cash equivalents	**$4.0**	$29.5
Current assets – other	**$225.6**	$151.8
Current portion of lease liabilities	**$2.1**	$2.4
Current liabilities – other	**$112.4**	$75.2
Lease liabilities – non-current portion	**$7.5**	$7.9
Long-term loans and borrowings	**$—**	$—
Total assets	**$625.7**	$577.8

	Three months ended				
(Unaudited)	**March 31, 2022**	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021
WTI – Average Price (US$/bbl)	**$95.01**	$77.10	$70.52	$66.10	$58.14
AECO-C – Spot Average Price (C$/mcf)	**$4.53**	$4.50	$3.39	$2.94	$2.94
WCS – Average Price (C$/bbl)	**$103.91**	$76.57	$72.56	$65.42	$58.54
Condensate – Average Price (C$/bbl)	**$123.17**	$100.12	$89.22	$79.66	$74.98
Average Exchange Rate (US$/C$)	**$0.79**	$0.79	$0.79	$0.81	$0.79
Canadian Average Drilling Rig Count[1]	**203**	176	160	84	146

Source: Bloomberg, Bank of Canada, Nickle's Energy Group, Rig Locator

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

FINANCIAL AND OPERATING HIGHLIGHTS

First Quarter Highlights

- Revenue was $218.9 million for the three months ended March 31, 2022, a 48% increase compared to the three months ended March 31, 2021 resulting from higher industry activity and pricing leading to increased revenue per job.
- Adjusted EBITDA[1] and adjusted EBITDAS[1] for the three months ended March 31, 2022, were $38.9 million and $42.0 million, compared to $27.3 million and $29.1 million, respectively for the three months ended March 31, 2021. The increase was the result of higher industry activity and pricing offset by significant inflationary pressures in all of our major cost categories including fuel, proppant, parts and labour as the industry seeks to ramp up activity.
- Free cash flow[1] was $30.4 million for the three months ended March 31, 2022 (March 31, 2021 - $22.0 million). Free cash flow[1] was higher primarily as a result of strong activity levels which drove increased adjusted EBITDA[1] and adjusted EBITDAS[1] compared to the prior year comparative period offset by an anticipated increase in maintenance capital requirements for the quarter.
- Profit from continuing operations for the three months ended March 31, 2022 was $13.3 million compared to $1.7 million for the three months ended March 31, 2021.
- The Company's balance sheet remains in excellent shape with positive working capital, including cash, of $115.1 million at March 31, 2022 compared to $103.8 million at December 31, 2021 and no long-term debt.
- The Company continues to differentiate its equipment fleet from what is available in the industry, successfully deploying Canada's first next generation fracturing spread with CAT Tier 4 Dynamic Gas Blending ("DGB") engine technology in Q1 2022. The Tier 4 DGB engine displaces up to 85% of the diesel used in a conventional pumper with cleaner burning natural gas. Combined with TESSA-NILE's idle reduction technology, these upgrades result in lower overall fuel consumption, and in turn reduce carbon dioxide and particulate matter emissions. Progress continues on upgrading our second fleet with Tier 4 DGB technology which is anticipated to be field ready for the second half of 2022. Upgrades to TESSA-NILE's third Tier 4 DGB fleet have been formally approved and are now underway. The third fleet is anticipated to be field ready by the end of 2022 and will bring TESSA-NILE's total Tier 4 DGB fleet to 126,000 HHP. Tier 4 upgrades are a key component of TESSA-NILE's ESG strategy and commitment to improving the sustainability of our ions and supporting our key customers to achieve their ESG goals.
- The Company continues to be active in executing on its normal course issuer bid ("NCIB") program. Trican repurchased and cancelled 2,802,511 shares during the three months ended March 31, 2022, at a weighted average price of $3.22 per share.

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

First Quarter 2022 vs Fourth Quarter 2021

Revenue, gross profit, adjusted EBITDA[1] and adjusted EBITDAS[1] for Q1 2022 were $218.9 million, $29.4 million, $38.9 million and $42.0 million, respectively, with all significant financial measures being stronger in Q1 2022 than Q4 2021 due to sequentially higher industry activity levels.

Overall activity levels in Q1 2022 increased compared to Q4 2021 due to higher drilling and completions activity. The Company realized modest price increases in all three service lines. Unfortunately, improved pricing did not result in higher margins as better pricing only served to offset continued, significant inflationary pressures faced in all of our major cost categories.

The Company did not recognize any Canadian Government COVID-19 subsidy programs, Canadian Emergency Wage Subsidy ("CEWS"), Canadian Emergency Rent Subsidy ("CERS"), and together ("CES") in the quarter (Q4 2021 - $1.1 million).

Volumes of proppant pumped by the fracturing service line increased by 29% sequentially (Q1 2022 - 375,000 tonnes compared to Q4 2021 - 291,000 tonnes) as customers were more active with their completion programs in Q1 2022. The Company saw average tonnage pumped per job increase 14% in Q1 2022 relative to Q4 2021, reflective of the Company's strong position in the deep, technically challenging work found in the Montney and Deep Basin areas.

The Company maintained seven hydraulic fracturing crews throughout Q1 2022. Utilization of dual fuel pumpers continued to be 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 service line benefited from the increase in rig count in Q1 2022, which provided steady utilization through much of January and February, before slowing in mid-March due to seasonal spring breakup conditions. Coiled tubing operating days increased 17% sequentially, driven by first call work with our core customers and our efforts to expand market share.

OUTLOOK

TESSA-NILE's overall outlook for our services for 2022 remains very positive. Global demand for energy remains strong as the world's major economies continue to recover. Macroeconomic factors including continued inflationary pressures, escalation of geopolitical tension and the lessening of COVID-19 restrictions point to continued strong commodity pricing through 2022.

At these commodity price levels we anticipate generally robust oilfield service activity levels as we move through the year. Canadian rig counts are expected to track 15-20% higher than 2021 which will drive an increase in demand across the oilfield services sector.

Activity levels for the second quarter of 2022 are expected to be much higher than prior years. Many customers were not able to complete their anticipated first quarter programs as cold weather delayed operations at the beginning of the year and activity levels in advance of spring breakup were very intense. As a result, a portion of work expected to be performed in the first quarter has carried forward and will be completed in the second quarter. This has led to a somewhat muted spring breakup with activity levels already beginning to increase.

Customer drilling and completions budgets are expected to increase as we move into the second half of 2022 given the attractive returns achieved by drilling and completing wells in the current commodity pricing environment. We expect that any budgetary expansion on behalf of our customers will lead to growing demand for TESSA-NILE's services. Accordingly, we expect the market for TESSA-NILE's services to move into an undersupplied position for the second half of 2022.

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

Attracting and retaining additional personnel continues to be a challenge across the industry making it much more difficult than in past upturns to supply additional crews. However, easing of COVID-19 travel restrictions combined with aggressive recruiting efforts across the country have resulted in positive progress for TESSA-NILE in this area.

Significant inflationary pressures have affected virtually all inputs and are expected to continue as we progress through the year. TESSA-NILE has been successful to date in passing along these cost increases to our customers to preserve operating margins. However, industry pricing is still below the levels necessary to provide sustainable returns with further price increases required to achieve meaningful net margin improvements.

Capital Expenditures and Hydraulic Fracturing Fleet Upgrades

Capital expenditures for the three months ended March 31, 2022 totaled $21.1 million ($6.9 million for the three months ended March 31, 2021) related to growth and upgrade capital, maintenance, and infrastructure capital. These capital expenditures were funded with available cash resources and free cash flow[1].

In Q1 2022, the Company successfully deployed Canada's first next generation fracturing spread with Tier 4 DGB engine technology. The Tier 4 DGB engine displaces up to 85% of the diesel used in a conventional pumper with cleaner burning natural gas. Combined with TESSA-NILE’s idle reduction technology, these upgrades result in lower overall fuel consumption and in turn reduce carbon dioxide and particulate matter emissions. Progress continues on upgrading our second fleet with Tier 4 DGB technology which is anticipated to be field ready for the second half of 2022. Upgrades to TESSA-NILE's third Tier 4 DGB fleet have been formally approved and are now underway. The third fleet is anticipated to be field ready by the end of 2022 and will bring TESSA-NILE's total Tier 4 DGB fleet to 126,000 HHP. Tier 4 upgrades are a key component of TESSA-NILE's ESG strategy and commitment to improving the sustainability of our operations and supporting our key customers to achieve their ESG goals. Customer response has been positive and the Company is prepared to commit additional capital to the conversion of existing diesel-powered fleets to Tier 4 DGB engines if internal capital return metrics can be achieved.

TESSA-NILE’s 2022 capital spending program remains as previously announced at $65 million representing maintenance capital of approximately $30 million and growth and upgrade capital of approximately $35 million, inclusive of our third Tier 4 DGB fleet upgrade. In addition to the 2022 capital spending program, $17 million related to the second Tier 4 fleet upgrade has been carried forward into 2022, bringing total capital spending for the year to approximately $82 million.

Hydraulic Fracturing Fleet

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 fracturing pumps, which displace higher particulate diesel fuel with cleaner burning natural gas. The existing dual fuel fleet will be complemented by TESSA-NILE's Tier 4 DGB fleet of 126,000 HHP when the third fleet has been deployed by the
end 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.

Financial Position

We will continue to focus on maintaining a strong balance sheet with significant positive working capital and a building cash position. Our ability to generate strong free cash flow[1] and our financial flexibility will provide required capital to allow us to execute our strategic plans that meet our return hurdle rate, maintain low financial leverage and continue participation in our NCIB program as a form of returning capital to our shareholders.

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

Sustainability Report

TESSA-NILE issued its first sustainability report in 2021 and expects to publish the next report in mid-2022. The report outlines our commitment to sustainability, including a strong focus on safety, minimizing the environmental impacts of our operations and creating positive relationships with stakeholders in the communities where we live and work. TESSA-NILE will remain focused on the evolving standards with respect to sustainability reporting and required disclosures.

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 philosophy ensuring full-cycle return hurdles can be met before investing in new equipment or upgrades to existing equipment, sell surplus or obsolete capital equipment whenever possible, continue to focus on a strong balance sheet and return capital to shareholders.
- *Cost Control and Efficiency Gains*: Control and reduce costs for ourselves and our clients through efficiency improvements and scale.

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

COMPARATIVE QUARTERLY INCOME STATEMENTS

Continuing Operations

($ thousands, except total job count[1] and revenue per job[1]; unaudited) **Three months ended**	**March 31, 2022**	**Percentage of revenue**	March 31, 2021	Percentage of revenue	December 31, 2021	Percentage of revenue
Revenue	**$218,911**	**100 %**	$147,987	100 %	$156,366	100 %
Cost of sales						
Cost of sales	**170,046**	**78 %**	113,720	77 %	123,449	79 %
Cost of sales – depreciation and amortization	**19,514**	**9 %**	23,090	16 %	20,375	13 %
Gross profit	**29,351**	**13 %**	11,177	8 %	12,542	8 %
Administrative expenses	**10,338**	**5 %**	7,752	5 %	5,364	3 %
Administrative expenses – depreciation	**880**	**— %**	1,063	1 %	602	— %
Other (income) / loss	**(181)**	**— %**	104	— %	(3,786)	(2)%
Results from operating activities	**18,314**	**8 %**	2,258	2 %	10,362	7 %
Finance costs	**337**	**— %**	537	— %	520	— %
Foreign exchange (gain) / loss	**(131)**	**— %**	(25)	— %	287	— %
Profit before income tax	**18,108**	**8 %**	1,746	1 %	9,555	6 %
Income tax expense / (recovery)	**4,771**	**2 %**	74	— %	(157)	— %
Profit from continuing operations	**$13,337**	**6 %**	$1,672	1 %	$9,712	6 %
Adjusted EBITDA[1]	**$38,949**	**18 %**	$27,267	18 %	$28,007	18 %
Total job count[1]	**2,257**		1,992		1,996	
Revenue per job[1]	**$96,992**		$74,291		$78,340	
Total proppant pumped (tonnes)[1]	**375,000**		334,000		291,000	
Hydraulic pumping capacity (HHP)[1]	**576,000**		570,000		573,000	
Hydraulic fracturing – active crews[1]	**7.0**		6.0		6.0	
Hydraulic fracturing – parked crews[1]	**5.0**		6.0		6.0	

Sales Mix - % of Total Revenue

Three months ended (unaudited)	**March 31, 2022**	March 31, 2021	December 31, 2021
Fracturing	**77 %**	76 %	73 %
Cementing	**15 %**	16 %	17 %
Coiled Tubing	**8 %**	8 %	9 %
Other	**— %**	— %	1 %
Total	**100 %**	100 %	100 %

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

First Quarter 2022 Overview (Compared to Prior Year)

Revenue

Consolidated revenue from continuing operations for Q1 2022 was $218.9 million, a $70.9 million increase compared to Q1 2021 due to higher activity and improved year-over-year pricing. Industry activity in the WCSB has increased, driven primarily by strong 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 Q1 2022 compared to Q1 2021.

TESSA-NILE operated seven hydraulic fracturing crews in Q1 2022, up from six crews in Q1 2021. Proppant pumped increased from 334,000 tonnes in Q1 2021 to 375,000 tonnes in Q1 2022.

The WCSB drilling rig count for Q1 2022 averaged 203 rigs, up 39% from 146 rigs in Q1 2021. Cementing activity tracks the rig count although slight changes in job mix and market share meant that the Q1 2022 cementing job count compared to Q1 2021 remained relatively flat. The Company operated 18 cementing units in Q1 2022, up from 17 cementing units in Q1 2021. The Company increased the number of active coiled tubing crews from six in Q1 2021 to seven in Q1 2022 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)	**March 31, 2022**	**Percentage of revenue**	March 31, 2021	Percentage of revenue
Personnel expenses	**$34,629**	**16 %**	$27,975	19 %
Personnel expenses – CEWS	**—**	**— %**	(4,165)	(3)%
Direct costs	**135,417**	**62 %**	90,140	61 %
Direct costs – CERS	**—**	**— %**	(230)	— %
Cost of sales	**170,046**	**78 %**	113,720	77 %
Cost of sales – depreciation and amortization	**19,514**	**9 %**	23,090	16 %
Total cost of sales	**$189,560**	**87 %**	$136,810	92 %

Total cost of sales for Q1 2022 increased 39% on an absolute basis when compared to Q1 2021, following the increase in the Company's overall activity levels. Costs were lower in Q1 2022 on a relative basis compared to Q1 2021 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 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 not impacted by the CES programs in Q1 2022 (Q1 2021 - $4.4 million), which were accounted for as a reduction to personnel and/or rent expenses.

[1] 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 operational personnel. The overall increase in direct costs was primarily a result of:
    - An increase in product cost resulted from an increase in proppant pumped from 334,000 tonnes in Q1 2021 to 375,000 tonnes in Q1 2022, along with a similar increase in cement product pumped; and
    - 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 $1.6 million was incurred for the three months ended March 31, 2022 (Q1 2021 - $2.3 million).
- Depreciation and amortization expense for the three months ended March 31, 2022 decreased by $3.6 million to $19.5 million compared to $23.1 million for the three months ended March 31, 2021, due to assets at the end of their useful life reducing the depreciable asset base of the Company's property and equipment balances.

Administrative Expenses

Three months ended, ($ thousands, unaudited)	**March 31, 2022**	**Percentage of revenue**	March 31, 2021	Percentage of revenue
Personnel expenses	**$4,497**	**2 %**	$4,137	3 %
Personnel expenses – CEWS	**—**	**— %**	(1,039)	(1)%
Personnel expenses – severance	**131**	**— %**	—	— %
Personnel expenses – cash-settled share-based compensation	**3,041**	**1 %**	1,854	1 %
Personnel expenses – equity-settled share-based compensation	**422**	**— %**	752	1 %
General and organizational expenses	**2,176**	**1 %**	2,019	1 %
General and organizational expenses – CERS	**—**	**— %**	(59)	— %
Bad debt expense	**71**	**— %**	88	— %
Administrative expenses	**10,338**	**5 %**	7,752	5 %
Administrative expenses – depreciation	**880**	**— %**	1,063	1 %
Total administrative expenses	**$11,218**	**5 %**	$8,815	6 %

Administrative expenses for the three months ended March 31, 2022 increased 27% relative to the comparative prior year period. Personnel expenses increased in Q1 2022 relative to Q1 2021 due to increased total compensation to retain and attract a skilled workforce including engineers, technical personnel and other professionals to provide technical services and support for the business. The Company did not recognize any amounts from the CES programs in Q1 2022 (Q1 2021 - $1.1 million). General and organizational expenses increased by $0.2 million in Q1 2022 compared to Q1 2021 mainly related to recruiting events to attract qualified personnel.

Cash-settled share-based compensation includes deferred share unit expenses, restricted share unit expenses, performance share unit expenses and certain cash-settled stock option plan expenses. Increases or decreases in these expenses are correlated to the number of vested units and movements in TESSA-NILE's share price. The increase in expense relative to the comparative prior year period is related mainly to the increase in the Company's share price during the period. The Company is placing more focus on its cash-settled share-based compensation plans as part of its evolving executive compensation philosophy.

Equity-settled share-based compensation expense was lower in Q1 2022 compared to Q1 2021 due to the number of options vested in the period.

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

Administrative expenses, as a percentage of revenue, decreased in Q1 2022 due to significantly higher revenue compared to the prior year, the fixed nature of certain administrative costs and continued focus on controlling costs in an environment of rising activity levels.

Overall Results

The Company experienced significant changes in its Q1 2022 financial results when compared to the prior year period:

- Q1 2022 gross profit of $29.4 million and net profit from continuing operations of $13.3 million improved from the gross profit of $11.2 million and the net profit from continuing operations of $1.7 million in Q1 2021. The increases were primarily related to a positive commodity pricing environment that drove higher activity and revenue combined with a lower cost structure and a $3.6 million reduction in depreciation and amortization expense as a result of a decreased depreciable property and equipment asset base.
- Adjusted EBITDA[1] for Q1 2022 was $38.9 million compared to $27.3 million for Q1 2021. The Company benefited from higher revenue and activity which drove higher leverage on the Company's fixed cost structure. The Company did not recognize any amounts from the CES programs in Q1 2022 (Q1 2021 - $5.5 million).

First Quarter 2022 Other Expenses and Income (Compared to Prior Year)

Other income

Other income for Q1 2022 primarily related to a nominal gain (Q1 2021 - $0.1 million loss) from the disposition of surplus and redundant equipment.

Finance Costs

Finance costs for Q1 2022 decreased by $0.2 million compared to Q1 2021. The decrease of $0.2 million is due to the reduction in the right-of-use liabilities in Q1 2022 compared to Q1 2021 resulting from termination of leases decreasing interest related to lease payments.

Foreign Exchange

The Company recorded a $0.1 million foreign exchange gain in Q1 2022, consistent with the nominal foreign exchange gain in Q1 2021. Foreign exchange fluctuations are primarily related to the Company's legacy international entities as well as US$ denominated accounts payable.

Income Taxes

The Company recorded a $4.8 million deferred income tax expense in Q1 2022 compared to an income tax expense of $0.1 million in Q1 2021. The increase of $4.7 million is due to the improvement in operating results.

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

LIQUIDITY AND CAPITAL RESOURCES

Working Capital and Cash Requirements

As at March 31, 2022, the Company had a working capital (current assets less current liabilities) balance of $115.1 million compared to $103.8 million as at December 31, 2021. The primary drivers of the change in working capital are attributable to:

- $74.6 million increase in trade and other receivables as a result of increased activity;
- $1.0 million increase in inventory as a result of increased activity;
- $0.9 million decrease in prepaid expenses as a result of the amortization of prepaid items; and
- $32.0 million increase in trade and other payables related to increased activity.

At March 31, 2022, 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 March 31, 2022, 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 $1.3 million for the three months ended March 31, 2022 (March 31, 2021 - $1.7 million). The cash flow provided by continuing operations were lower primarily due to a build in working capital brought on by the increase in the Company's overall operating activity.

Free Cash Flow[1]

Free cash flow[1] was $30.4 million for the three months ended March 31, 2022 (March 31, 2021 - $22.0 million). Free cash flow[1] was higher primarily as a result of strong activity levels which drove increased adjusted EBITDA[1] compared to the prior year comparative period offset by an anticipated increase in maintenance capital requirements for the quarter.

Investing Activities

Capital expenditures related to continuing operations for the three months ended March 31, 2022 totaled $21.1 million (March 31, 2021 - $6.9 million) and proceeds from the sale of surplus and redundant equipment totaled $1.1 million for the three months ended March 31, 2022 (March 31, 2021 - $0.9 million). The Company had no proceeds from sale of discontinued operations for the three months ended March 31, 2022 (March 31, 2021 - $6.0 million).

Capital expenditures for the three months ended March 31, 2022 primarily related to the upgrade of existing equipment to 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 flows 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 December 3, 2021, TESSA-NILE entered into an agreement with a syndicate of five Canadian banks which amended and extended its RCF.

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

The RCF matures December 5, 2024, 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 (March 31, 2021 – $125.0 million). The RCF also features an uncommitted accordion of $125.0 million (March 31, 2021 – $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 SOFR, plus 100 to 350 basis points (March 31, 2021 – Canadian prime rate, U.S. prime rate, Banker's Acceptance rate, or at LIBOR, plus 100 to 350 basis points).

At March 31, 2022, the undrawn and accessible amount of the RCF, subject to financial covenants, was $119.4 million (December 31, 2021 – $124.6 million accessible) due to the Company's letters of credit outstanding and amounts drawn on the swing line facility as at March 31, 2022.

As at March 31, 2022, the Company had available a $20.0 million (December 31, 2021 – $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 March 31, 2022, there was $5.2 million drawn on the swing line facility (December 31, 2021 – nil).

As at March 31, 2022, the Company had available a $10.0 million (December 31, 2021 – $10.0 million) Letter of Credit facility with its syndicate of banks which is included within the $125.0 million borrowing capacity of the RCF described above. As at March 31, 2022, there was $0.4 million in letters of credit outstanding (December 31, 2021 – $0.4 million).

At March 31, 2022, TESSA-NILE was in compliance with the required debt covenant ratios.

Lease Liabilities

Details in respect of the Company's right-of-use liabilities are more fully described in Note 7 of the Company's 2021 consolidated annual financial statements.

Share Capital

As at May 11, 2022, TESSA-NILE had 245,818,024 common shares and 10,675,016 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. At March 31, 2022, the Company has repurchased and cancelled 4,994,522 common shares under the 2021-2022 NCIB program.

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 repurchased under the NCIB are returned to treasury for cancellation.

For the three months ended March 31, 2022, the Company purchased and cancelled 2,802,511 common shares at a weighted average price per share of $3.22 (March 31, 2021 - 1,006,200 common shares at a weighted average price per share of $1.71).

The purchases made in the three months ended March 31, 2022 were funded from operating cash flow.

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

Other Commitments

The Company has commitments for financial liabilities and various lease agreements with minimum payments due as of March 31, 2022 as follows:

March 31, 2022 (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	$107,213	$107,213	$—	$—	$—	**$107,213**
RCF (including interest)	—	—	—	—	—	**—**
Swing line facility	5,174	5,174	—	—	—	**5,174**
Lease liabilities – current	2,071	2,689	—	—	—	**2,689**
Lease liabilities – non-current	7,513	—	4,347	3,896	494	**8,737**
Total commitments	**$121,971**	**$115,076**	**$4,347**	**$3,896**	**$494**	**$123,813**

In addition to the above commitments, as at March 31, 2022, the Company has committed to capital expenditures of $34.5 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.

[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 amounts, adjusted EBITDA %[1], utilization[1], crews[1] and total job count[1]. The following are stated in $ thousands: outstanding shares and revenue per job[1])	2022	2021				2020		
(Unaudited)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue from continuing operations	$218.9	$156.4	$164.5	$93.7	$148.0	$102.8	$74.1	$28.4
Weighted average shares outstanding – basic	247,290	248,668	253,287	255,422	255,310	255,736	258,895	264,726
Weighted average shares outstanding – diluted	252,729	254,552	257,878	255,422	258,373	255,736	258,895	264,726
Profit / (loss) from continuing operations	$13.3	$9.7	$9.1	($8.4)	$1.7	($21.9)	($23.8)	($27.5)
Per share – basic and diluted	$0.05	$0.04	$0.04	($0.03)	$0.01	($0.09)	($0.09)	($0.10)
Profit / (loss) for the period	$13.3	$10.6	$9.0	($8.3)	$5.9	($22.3)	($24.1)	($27.6)
Per share – basic and diluted	$0.05	$0.04	$0.04	($0.03)	$0.02	($0.09)	($0.09)	($0.10)
Adjusted EBITDA[1]	$38.9	$28.0	$32.1	$14.2	$27.3	$16.1	$0.0	($5.3)
Adjusted EBITDAS[1]	$42.0	$27.6	$33.2	$16.2	$29.1	$18.0	$0.9	($3.5)
Adjusted EBITDA %[1]	$0.2	$0.2	$0.2	$0.2	$0.2	$0.2	$0.0	($0.2)
Free cash flow[1]	$30.4	$17.9	$29.9	$9.6	$22.0	$13.9	($1.8)	($7.4)
Proppant pumped (tonnes)[1]	375	291	479	260	334	229	127	50
Hydraulic pumping capacity (HHP)[1]	576	573	575	570	570	570	572	569
Hydraulic fracturing – active crews[1]	7.0	6.0	6.0	6.0	6.0	5.0	3.0	2.0
Hydraulic fracturing – parked crews[1]	5.0	6.0	6.0	6.0	6.0	7.0	9.0	10.0
Hydraulic fracturing utilization[1]	85%	86%	85%	42%	81%	60%	53%	25%
Coiled tubing crews[1]	7.0	6.0	6.0	6.0	6.0	6.0	3.0	3.0
Total job count[1]	2,257	1,996	1,986	1,317	1,992	1,545	765	293
Revenue per job[1]	$97.0	$78.3	$82.8	$74.3	$74.3	$66.5	$96.8	$96.8

Q1 2022 results were much stronger as activity and revenue increased sequentially. Proppant volumes pumped increased sequentially resulting from the activation of one hydraulic fracturing crew. One additional coiled tubing crew was also activated in Q1 2022.

Q4 2021 results remained consistent following an improved commodity price environment. The Company's core customers were more active with their completion programs in Q3 2021 with proppant volumes pumped decreasing sequentially. 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[1] 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[1] climbing to 18% of revenue, the highest level in the comparative quarters.

Q4 2020 saw improved 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[1] 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

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

Company's services following the steep decline in demand for oil and gas products. The Company recognized $6.5 million through the CEWS program to offset personnel expenses.

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, 2021, 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.

CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND NEW POLICIES

The critical judgments and estimates used in preparing the Consolidated Interim Financial Statements are described in our 2021 Annual MD&A and there have been no material changes to our critical accounting judgments and estimates during the three months ended March 31, 2022. The Company's International Financial Reporting Standards 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, 2021, and 2020.

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 March 31, 2022, 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, adjusted EBITDAS, adjusted EBITDA percentage and free cash flow, 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 and Adjusted EBITDAS

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.

Adjusted EBITDAS 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 EBITDAS as a useful measure of operating performance, cash flow to complement profit / (loss) and to provide meaning comparisons of operating results.

The items included in this calculation of adjusted EBITDA 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;

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

- 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.

The item adjusted in the non-GAAP calculation of adjusted EBITDAS from adjusted EBITDA, is as follows:

- Cash-settled share-based compensation.

($ thousands, unaudited)	Three months ended		
	March 31, 2022	March 31, 2021	December 31, 2021
Profit from continuing operations (IFRS financial measure)	**$13,337**	$1,672	$9,712
Adjustments:			
Cost of sales – depreciation and amortization	**19,514**	23,090	20,375
Administrative expenses – depreciation	**880**	1,063	602
Income tax expense / (recovery)	**4,771**	74	(157)
Finance costs and amortization of debt issuance costs	**337**	537	520
Foreign exchange (gain) / loss	**(131)**	(25)	287
Other (income) / loss	**(181)**	104	(3,786)
Administrative expenses – Other: equity-settled share-based compensation	**422**	752	454
Adjusted EBITDA	**$38,949**	$27,267	$28,007
Administrative expenses – Other: cash-settled share-based compensation	**3,041**	1,854	(451)
Adjusted EBITDAS	**$41,990**	$29,121	$27,556

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		
	March 31, 2022	March 31, 2021	December 31, 2021
Adjusted EBITDA	**$38,949**	$27,267	$28,007
Revenue	**$218,911**	$147,987	$156,366
Adjusted EBITDA %	**18%**	18%	18%

Free cash flow

Free cash flow is a non-GAAP term and has been reconciled to cash flow from continuing operations for the applicable financial periods, being the most directly comparable measure calculated in accordance with IFRS. Management relies on free cash flow to be a key measure of capital management as it demonstrates the Company's ability to generate monies available to fund future growth through capital investments and return capital to our shareholders.

Management believes that such a measure provides an insightful assessment of the Company's operations on a continuing basis by adjusting for other (income) / loss, realized (gain) / loss, maintenance capital expenditures included within purchase of property and equipment from the statement of cash flows and change in non-cash operating working capital.

Management alternatively reconciles free cash flow from adjusted EBITDA for the applicable financial periods as it believes that such a measure provides an insightful assessment of the Company's operating performance by adjusting for interest paid, income tax received, and maintenance capital expenditures included within purchase of property and equipment from the statement of cash flows.

Free cash flow is not a standardized measure and therefore may not be comparable with the calculation of similar measures by other entities.

($ thousands, unaudited)	Three months ended		
	March 31, 2022	March 31, 2021	December 31, 2021
Cash flow from continuing operations	**$1,328**	$1,719	$20,560
Other (income) / loss	**(142)**	24	443
Realized (gain) / loss	**(211)**	136	405
Maintenance capital expenditures	**(9,176)**	(4,877)	(11,525)
Change in non-cash operating working capital	**38,634**	24,948	8,045
Free cash flow	**$30,433**	$21,950	$17,928

($ thousands, unaudited)	Three months ended		
	March 31, 2022	March 31, 2021	December 31, 2021
Adjusted EBITDA	**$38,949**	$27,267	$28,007
Interest paid	**(313)**	(440)	(313)
Income tax received	**973**	—	1,759
Maintenance capital expenditures	**(9,176)**	(4,877)	(11,525)
Free cash flow	**$30,433**	$21,950	$17,928

($ thousands, unaudited)	Three months ended		
	March 31, 2022	March 31, 2021	December 31, 2021
Purchase of property and equipment	**$21,093**	$6,859	$26,319
Growth capital expenditures	**(11,917)**	(1,982)	(14,794)
Maintenance capital expenditures	**$9,176**	$4,877	$11,525

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

Term that refers to the difference between the Company's current assets and current liabilities.

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.

Maintenance and Growth Capital

Term that refers to capital additions as maintenance or growth capital. Maintenance capital are capital expenditures in respect of capital additions, replacements or improvements required to maintain ongoing business operations. Growth capital refers to capital expenditures primarily for items that will expand our revenue and / or reduce our expenditures through operating efficiencies. The determination of what constitutes maintenance capital expenditures versus growth capital involves judgement by management.

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 Rig Locator which is a part of JuneWarren-Nickle's Energy Group.
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:

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 – Active Crews	An active fracturing crew is made up of varied pieces of specialized equipment and has personnel to operate the related equipment.
Hydraulic Fracturing – Parked Crews	A parked fracturing crew is made up of varied pieces of specialized equipment but has no personnel to operate the related equipment. The related equipment was parked in good condition, but would still require modest expenditures, as well as the addition of personnel, to activate.
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.
Maintenance Capital	Capital expenditures in respect of capital additions, replacements or improvements required to maintain ongoing business operations.

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.
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, improve our competitive position and drive profitable growth;
- that TESSA-NILE will continue to adapt to the current economic environment;
- the impact of escalated geopolitical tensions and the associated effect on worldwide demand for oil and gas;
- the impact of COVID-19 and the associated effect on world-wide demand for oil and gas;
- anticipated industry activity levels and outlook 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 Q2 and throughout 2022;
- the impact of inflation and inflationary pressures;
- expectation as to the type of pressure pumping equipment required and which operating regions the equipment is appropriate to operate in;
- expectations regarding supply and demand fundamentals and strong commodity pricing levels;
- 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 plans, sources of capital, and specifically 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;
- expectations regarding customer performance and financial flexibility;
- expectations that rig count will continue to increase;

- expectations regarding the impact of inflation;
- 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 services lines 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, 2021, 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 (2)
Chair of the Board
President, Well Servicing, Precision Drilling Corp.

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

Trudy M. Curran (2, 3)
Independent Businesswoman

Michael J. McNulty (1, 3)
Independent Businessman

Stuart O'Connor (1,3)
Chair and Co-founder, Arcurve Inc.

Deborah S. Stein (1, 2)
Independent Businesswoman

OFFICERS

Bradley P.D. Fedora
President & Chief Executive Officer

Scott E. 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 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 E. 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