

## **TAX INFORMATION FOR SAVANNA COMMON SHAREHOLDERS WHO ARE NOT MAKING A TAX ELECTION**

This information is provided by Total Energy Services Ltd. ("**Total Energy**") to registered holders ("**Common Shareholders**") of common shares ("**Savanna Common Shares**") of Savanna Energy Services Corp. ("**Savanna**") who accepted the offer made by Total Energy to purchase all of the issued and outstanding Savanna Common Shares, as set out in the Offer to Purchase and accompanying Take-Over Bid Circular of Total Energy, dated December 9, 2016, as amended by the Notice of Change and Notice of Variation dated March 1, 2017, and the Notice of Change and Notice of Variation, dated March 13, 2017, and as extended by a Notice of Extension, dated March 27, 2017, and a second Notice of Extension, dated April 10, 2017 (the "**Offer**").

This information is of a general nature only and is not, and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular Common Shareholder. Common Shareholders are urged to consult their own legal and tax advisors with respect to the tax consequences to them having regard to their particular circumstances. Further tax information for Common Shareholders is available in the Offer materials.

Pursuant to the terms of the Offer, each Common Shareholder whose Savanna Common Shares were taken up by Total Energy will receive, in respect of each Savanna Common Share tendered:

- (a) 0.1300 of a common share (a "**Total Common Share**") of Total Energy (the "**Share Consideration**"); and
- (b) \$0.20 in cash (the "**Cash Consideration**").

For Canadian federal income tax purposes, a Common Shareholder who tendered Savanna Common Shares pursuant to the Offer, but who was not an "Eligible Holder" (as defined in the Offer) that indicated an intention to make a joint tax election with Total Energy under subsection 85(1) or (2) of the *Income Tax Act* (Canada) (the "**Tax Act**"), was automatically considered as part of the Offer to have disposed of a portion of the Savanna Common Shares tendered as part of the Offer for Share Consideration and to have disposed of the remaining portion of such Savanna Common Shares for Cash Consideration.

In such circumstances, the Common Shareholder will realize a capital gain (or capital loss) in respect of that portion of the Savanna Common Shares which are disposed of for Cash Consideration to the extent that the Cash Consideration, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base ("**ACB**") of such Savanna Common Shares to the Common Shareholder. In respect of the portion of the Savanna Common Shares which are disposed of for Share Consideration, the Common Shareholder will generally be deemed to have disposed of such Savanna Common Shares under a tax-deferred share-for-share exchange pursuant to subsection 85.1(1) of the Tax Act, unless such Common Shareholder recognizes the capital gain (or capital loss) in the Common Shareholder's tax return for the taxation year which includes the disposition date. Savanna Common Shareholders should consult their own tax advisors regarding whether it is appropriate to opt out of the automatic tax deferral under subsection 85.1(1) of the Tax Act and report any capital gain (or capital loss).

For purposes of computing the relative portions of Savanna Common Shares that shall be considered to be disposed of for Cash Consideration and Share Consideration, Total Energy has determined, based on the facts and circumstances of the Offer, that it is appropriate to value each Savanna Common Share tendered using the aggregate of the Cash Consideration and the Share Consideration. In this regard, Total Energy has computed the value of the Share Consideration using the volume weighted average price of the Total Common Shares for the five trading days preceding the take up with respect to the Offer. Although Total Energy believes this value is reasonable, it is not binding on any party (including the Canada Revenue Agency ("**CRA**")) and it has not been pre-approved by the CRA.

For Eligible Holders who are making a joint tax election with Total Energy under subsection 85(1) or (2) of the Tax Act, please see the Tax Election Package at [Link].

Non-residents of Canada should generally not be subject to tax on the disposition of Savanna Common Shares unless their shares are taxable Canadian property. More information is available with respect to the tax consequences to non-residents in the Offer materials.

#### **Apportionment in respect of Savanna Common Shares Tendered prior to 11:59 p.m. (Pacific Time) on March 24, 2017**

For Common Shareholders who tendered Savanna Common Shares pursuant to the Offer prior to 11:59 p.m. (Pacific Time) on March 24, 2017 (the "**Initial Deposit Period**"), Total Energy has calculated the volume weighted average price of the Total Common Shares over the period March 20 to March 24, 2017 (inclusive) as \$13.19355 per Total Common Share. Accordingly, Total Energy has determined that it is appropriate to value the Savanna Common Shares tendered during the Initial Deposit Period as \$1.91516 per Savanna Common Share.

On the basis of the foregoing, the relative portion of a Common Shareholder's Savanna Common Shares that shall be considered to be disposed of for Cash Consideration shall be 10.44299%, and the relative portion that shall be considered to be disposed of for Share Consideration shall be 89.55701%.

#### **Apportionment in respect of Savanna Common Shares Tendered after 11:59 p.m. (Pacific Time) on March 24, 2017 and prior to 12:00 p.m. (Pacific Time) on April 7, 2017**

For Common Shareholders who tendered Savanna Common Shares pursuant to the Offer after 11:59 p.m. (Pacific Time) on March 24, 2017 and prior to 12:00 p.m. (Pacific Time) on April 7, 2017 (the "**Second Deposit Period**"), Total Energy has calculated the volume weighted average price of the Total Common Shares over the period of April 3 to April 7, 2017 (inclusive) as \$13.27704 per Total Common Share. Accordingly, Total Energy has determined that it is appropriate to value the Savanna Common Shares tendered during the Second Deposit Period as \$1.92602 per Savanna Common Share.

On the basis of the foregoing, the relative portion of a Common Shareholder's Savanna Common Shares that shall be considered to be disposed of for Cash Consideration shall be 10.38413%, and the relative portion that shall be considered to be disposed of for Share Consideration shall be 89.61587%.

**Apportionment in respect of Savanna Common Shares Tendered after 11:59 a.m. (Pacific Time) on April 7, 2017 and prior to 12:00 p.m. (Pacific Time) on April 27, 2017**

Information for Common Shareholders who tendered Savanna Common Shares pursuant to the Offer after 11:59 a.m. (Pacific Time) on April 7, 2017 and prior to 12:00 p.m. (Pacific Time) on April 27, 2017 is forthcoming.

**Example**

*Mr. X tendered 10,000 Savanna Common Shares pursuant to the Offer prior to the Initial Take Up Time. The ACB of Mr. X's Savanna Common Shares is \$14,000 (\$1.40 per share). Pursuant to the Offer, Mr. X will receive \$2,000 cash ( $\$0.20 * 10,000$ ), and 1,300 Total Common Shares ( $0.1300 * 10,000$ ), with a computed value of \$17,151.62. Mr. X holds his 10,000 Savanna Common Shares as capital property.*

*As Mr. X is not an "Eligible Holder" that indicated an intention to make a joint tax election with Total Energy under subsection 85(1) or (2) of the Tax Act, he was automatically considered as part of the Offer to have disposed of 1,044.299 (10.44299%) of his Savanna Common Shares tendered for Cash Consideration and to have disposed of 8,955.701 (89.55701%) of his Savanna Common Shares for Share Consideration.*

*In respect of the 1,044.299 Savanna Common Shares which are exchanged for Cash Consideration, the ACB of such shares would be \$1,462.02, being 1,044.299 Savanna Common Shares multiplied by \$1.40 of ACB per share. Mr. X will thus be considered to realize a capital gain on such portion of the Savanna Common Shares equal to \$537.98, being \$2,000 less \$1,462.02.*

*In respect of the 8,955.701 Savanna Common Shares which were exchanged for Share Consideration, Mr. X would, subject to the comments below, be deemed to have disposed of such Savanna Common Shares under an automatic tax-deferred share-for-share exchange pursuant to subsection 85.1(1) of the Tax Act. Thus, Mr. X would not realize a gain or loss on the share exchange. The ACB of such shares would be \$12,537.98, being 8,955.701 shares multiplied by \$1.40 of ACB per share. Pursuant to subsection 85.1(1) of the Tax Act, the cost of the 1,300 Total Common Shares received by Mr. X would be deemed to be \$12,537.98. The cost of the 1,300 Total Common Shares will need to be averaged with the cost of any other Total Common Shares held by Mr. X to determine the ACB of any particular Total Common Share. Alternatively, Mr. X could choose to recognize all of the capital gain by reporting the capital gain on his 2017 personal income tax return.*