

TAX INFORMATION FOR SAVANNA SHAREHOLDERS WHO DISPOSED OF THEIR COMMON SHARES PURSUANT TO THE AMALGAMATION

This information is provided by Total Energy Services Inc. ("**Total Energy**") to holders ("**Savanna Shareholders**") of common shares ("**Savanna Shares**") of Savanna Energy Services Corp. ("**Savanna**") who held their shares as capital property and disposed of their shares pursuant to the amalgamation of Savanna and 2043324 Alberta Ltd. ("**2043324**"), a wholly-owned subsidiary of Total Energy (the "**Amalgamation**"), effective June 20, 2017. The Amalgamation enabled Total Energy to acquire all of the Savanna Shares that Total Energy did not acquire under its offer to purchase all of the outstanding Savanna Shares (the "**Offer**"), which expired on April 27, 2017 or pursuant to purchases of Savanna Shares by Total Energy in market transactions.

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 Savanna Shareholder. Savanna 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 Savanna Shareholders is available in the Information Circular and Proxy Statement with respect to the Amalgamation, dated May 19, 2017.

Pursuant to the Amalgamation Agreement, each Savanna Shareholder (other than Total Energy or any Savanna Shareholder who validly exercised dissent rights in relation to the Amalgamation (a "**Dissenting Shareholder**") received 0.1300 of a common share of Total Energy (each whole share being a "**Total Share**") and one redeemable preferred share of Total Energy (each, a "**Redeemable Preferred Share**", for each Savanna Share. The Redeemable Preferred Shares issued by Total Energy were automatically redeemed immediately following the completion of the Amalgamation for \$0.20 in cash per Redeemable Preferred Share.

Exchange of Savanna Shares for Redeemable Preferred Shares and Total Shares on the Amalgamation

For Canadian federal income tax purposes, a Savanna Shareholder resident in Canada (other than a Dissenting Shareholder) will not realize a capital gain (or loss) on the exchange of Savanna Shares for Redeemable Preferred Shares and Total Shares pursuant to the Amalgamation. Such shareholder will be deemed to have disposed of its Savanna Shares for proceeds of disposition equal the aggregate adjusted cost base of such Savanna Shares to the shareholder immediately before the disposition. The Savanna Shareholder will be deemed to have acquired the Redeemable Preferred Shares and the Total Shares at an aggregate cost equal to the aggregate adjusted cost base of the Savanna Shares immediately before the disposition. The aggregate adjusted cost base of the Savanna Shares must be allocated between the Redeemable Preferred Shares and the Total Shares, according to the relative fair market value of the shares of the particular class acquired by the Savanna Shareholder as compared to the fair market value of all the shares acquired by the Savanna Shareholder.

Using a fair market value of the Total Shares immediately following the Amalgamation of \$12.87956 per share, being the volume weighted average price of the Total Shares over the period of June 13 to June 19, 2017 (inclusive), a Savanna Shareholder would allocate 10.67041% and 89.32959% of the aggregate adjusted cost base of its Savanna Shares to the Redeemable Preferred

Shares and Total Shares it received on the Amalgamation, respectively.¹ If the Savanna Shareholder separately owns other Total Shares as capital property at the time of the Amalgamation, the adjusted cost base of all Total Shares owned by the Savanna Shareholder as capital property immediately after the Amalgamation will be determined by averaging the cost of the Total Shares acquired on the Amalgamation with the adjusted cost base of those other Total Shares.

Example 1: Mr. X, a resident of Canada, held 6,000 Savanna Shares as capital property with an aggregate adjusted cost base of \$20,000. On the Amalgamation, Mr. X received 6,000 Redeemable Preferred Shares and 780 Total Shares. Mr. X must allocate the aggregate adjusted cost base of his Savanna Shares between the two classes of shares based on the fair market value of the shares of each class he acquired as compared to the fair market value of all the shares he acquired. Accordingly, Mr. X would allocate:

- \$2,134.08 of the adjusted cost base of his Savanna Shares to his 6,000 Redeemable Preferred Shares (equal to $\$20,000 * ((6,000 \text{ shares} * \$0.20/\text{share}) / (6,000 \text{ shares} * \$0.20/\text{share} + 780 \text{ shares} * \$12.87956/\text{share}))$), or simply $\$20,000 * 10.67041\%$); and
- \$17,865.92 of the adjusted cost base of his Savanna Shares to his 780 Total Shares (equal to $\$20,000 * ((780 \text{ shares} * \$12.87956/\text{share}) / (6,000 \text{ shares} * \$0.20/\text{share} + 780 \text{ shares} * \$12.87956/\text{share}))$), or simply $\$20,000 * 89.32959\%$).

Redemption of the Total Redeemable Preferred Shares

Immediately following the completion of the Amalgamation, the Redeemable Preferred Shares received by a Savanna Shareholder on the Amalgamation were redeemed by Total Energy for \$0.20 in cash, per Redeemable Preferred Share. As a result of the redemption, a Savanna Shareholder will realize a capital gain (or capital loss) to the extent that the proceeds of disposition (i.e., \$0.20 multiplied by the number of Redeemable Preferred Shares redeemed) exceed (or are less than) the Savanna Shareholder's adjusted cost base of the Redeemable Preferred Shares (as determined above), and any reasonable costs of disposition. No deemed dividend resulted from the redemption of the Redeemable Preferred Shares as the paid-up capital of the shares was \$0.20 per share.

A Savanna Shareholder will generally be required to include in its income one-half of any capital gain ("**taxable capital gain**") and may apply one-half of any capital loss against taxable capital gains, in accordance with detailed rules in the *Income Tax Act* (Canada).

¹ The percentage values represent a fraction. In regards to the Redeemable Preferred Shares, the numerator of the fraction is the fair market value of each Redeemable Preferred Share immediately after the Amalgamation (\$0.20). In regards to the Total Shares, the numerator of the fraction is the fair market of each 0.13 of a Total Share immediately after the Amalgamation. Total Energy has calculated the fair market of each 0.13 of a Total Share using the volume weighted average price of the Total Shares over the period June 13 to June 19, 2017 (inclusive) as \$12.87956 per Total Share. Accordingly, the fair market value of 0.13 of a Total Share immediately after the Amalgamation has been calculated as \$1.67434. In regards to both classes of shares, the denominator of the fraction equals the fair market value of the consideration received for each Savanna Share immediately after the amalgamation, being \$1.87434 (\$0.20 plus \$1.67434).

Example 2: Continuing Example 1, the 6,000 Redeemable Preferred Shares Mr. X received on the Amalgamation were redeemed by Total Energy immediately following the Amalgamation for total proceeds of \$1,200 (6,000 shares * \$0.20/share). As noted in Example 1, Mr. X was required to allocate \$2,134.08 of the aggregate adjusted cost base of his Savanna Shares to the Redeemable Preferred Shares. Accordingly, on the redemption, Mr. X would realize a capital loss of \$934.08 (equal to his proceeds of disposition (\$1,200) less the adjusted cost base of his Redeemable Preferred Shares (\$2,134.08)). Mr. X may be able to apply one-half of this capital loss against taxable capital gains, in accordance with detailed rules in the Income Tax Act (Canada).

Non-Resident Savanna Shareholders

Savanna Shareholders that are non-residents of Canada should generally not be subject to tax on the exchange of Savanna Shares for Redeemable Preferred Shares and Total Shares pursuant to the Amalgamation, or on the subsequent redemption of the Redeemable Preferred Shares by Total Energy, unless the Redeemable Preferred Shares are "taxable Canadian property", as defined in the *Income Tax Act* (Canada). More information is available with respect to the tax consequences to non-residents in the Information Circular and Proxy Statement with respect to the Amalgamation, dated May 19, 2017.