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FOCUS DISCIPLINE GROWTH

First Quarter Report 2025

TOTAL ENERGY SERVICES INC.

Total Energy Services Inc. ("Total Energy" or the "Company") is a public energy services company based in Calgary, Alberta that provides a variety of products and services to the energy and other resource industries through its subsidiaries and aboriginal partnerships. Total Energy is involved in four businesses: contract drilling services, the rental and transportation of equipment used in the drilling, completion and production of oil and natural gas wells, the fabrication, sale, rental and servicing of new and used natural gas compression and oil and natural gas process equipment and well servicing. Together these businesses provide a platform for building long-term shareholder value. Total Energy has achieved its growth by maintaining a disciplined acquisition strategy and undertaking strategic internal growth.

The shares of Total Energy are listed and trade on the Toronto Stock Exchange under the symbol TOT.

REPORT TO SHAREHOLDERS

Total Energy's results for the first quarter of 2025 reflect relatively stable industry conditions in Canada and Australia and continued weakness in United States drilling and completion activity. Strong demand for compression and process equipment in North America and improved results from Australia following the reactivation of several drilling and service rigs during the second half of 2024 drove the significant year over year improvement in first quarter financial results.

In the context of relatively stable industry conditions and a strong financial position, the Board of Directors of Total Energy approved an 11% increase to the Company's dividend commensurate with the 2025 first quarter dividend of $0.10 per share.

LOOKING FORWARD

Significant uncertainty exists regarding global economic conditions. Recent announcements of substantial tariffs by the U.S. government on global trading partners and retaliatory action thereto combined with the potential for OPEC to increase production despite concerns over near term economic growth have put pressure on oil prices. The impact on natural gas prices has been somewhat less severe.

Despite these headwinds, industry conditions in North America and Australia have remained relatively stable, at least thus far, in large part due to capital discipline by oil and natural gas producers over the past several years. Specifically, producers have moved towards stable capital programs that focus on maintaining production and generating free cash flow that has been returned to their shareholders through dividends and share buybacks. While this discipline has limited activity levels during periods of high commodity prices, it has also served to moderate activity declines during periods of price weakness. Additionally, significant consolidation and rationalization in the energy services industry over the past several years has rebalanced the supply demand dynamics of the industry in a positive way. Total Energy's exposure to the ongoing investment in North American energy infrastructure, as evidenced by the continued growth of the CPS segment's fabrication sales backlog, also provides a measure of stability to the Company.

While sensitive to the macro industry environment, Total Energy continues to pursue opportunities to upgrade and reactivate equipment as well as invest in new assets that will generate acceptable full cycle returns. In that regard, the Company has increased its 2025 capital expenditure budget by $12.0 million to $73.9 million. This increase is directed towards growth opportunities and includes the upgrade and reactivation of an idle Australian drilling rig that is scheduled to commence operations in the fourth quarter of 2025 under a long term contract, the upgrade of a Canadian drilling rig that has resumed operations and $3.9 million of new rental equipment for the RTS segment that is expected to be deployed by the fourth quarter of 2025. Total Energy intends to finance its 2025 capital expenditure budget with cash on hand and cash flow from operations.

On April 29, 2025, Total Energy repaid $40.4 million of current mortgage debt that matured with available cash on hand and the Company's revolving credit facility.

Finally, I would encourage shareholders to join us at our 29th Annual Meeting of Shareholders which will be held at 10:00 am on May 13, 2025 at the Petroleum Club in Calgary, Alberta.

Daniel Halyk

DANIEL K. HALYK
President and Chief Executive Officer

May 2025

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Note	**March 31, 2025**	December 31, 2024
		(unaudited)	(audited)
ASSETS			
Current assets:			
Cash and cash equivalents		**$ 65,081**	$ 38,419
Accounts receivable		**164,273**	149,048
Inventory		**110,268**	104,091
Prepaid expenses and deposits		**19,254**	17,640
		358,876	309,198
Property, plant and equipment		**635,171**	622,499
Deferred income tax asset		**1,471**	1,958
Goodwill		**4,053**	4,053
		$ 999,571	$ 937,708
LIABILITIES & SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued liabilities		**$ 157,476**	$ 125,106
Deferred revenue		**61,877**	47,225
Contingent consideration on business acquisition	4	**1,863**	2,878
Income taxes payable		**3,622**	4,508
Dividends payable		**3,790**	3,429
Current portion of lease liabilities		**6,277**	6,368
Current portion of long-term debt	5	**40,419**	40,947
		275,324	230,461
Long-term debt	5	**70,000**	70,000
Lease liabilities		**8,941**	9,171
Deferred income tax liability		**59,050**	57,033
Shareholders' equity:			
Share capital	6	**238,013**	239,269
Contributed surplus		**5,603**	5,279
Accumulated other comprehensive loss		**(9,433)**	(11,219)
Non-controlling interest		**231**	245
Retained earnings		**351,842**	337,469
		586,256	571,043
		$ 999,571	$ 937,708

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME

Unaudited (in thousands of Canadian dollars except per share amounts)

	Note	Three months ended March 31 2025	2024
REVENUE		$ 251,909	$ 204,686
Cost of services		189,128	148,229
Selling, general and administration		13,968	12,734
Other expense (income)		(308)	320
Share-based compensation	7	108	709
Depreciation		22,950	20,664
Operating income		26,063	22,030
Gain on sale of property, plant and equipment		1,475	596
Finance costs, net		(1,468)	(1,832)
Net income before income taxes		26,070	20,794
Current income tax expense		4,614	3,972
Deferred income tax expense		2,504	1,359
Total income tax expense		7,118	5,331
Net income		$ 18,952	$ 15,463
Net income (loss) attributable to:			
Shareholders of the Company		$ 18,966	$ 15,482
Non-controlling interest		(14)	(19)
Income per share			
Basic	6	$ 0.50	$ 0.39
Diluted		$ 0.49	$ 0.38

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three months ended March 31 2025	2024
Net income	$ 18,952	$ 15,463
Foreign currency translation	1,786	1,635
Total other comprehensive income for the period	1,786	1,635
Total comprehensive income	$ 20,738	$ 17,098
Total comprehensive income (loss) attributable to:		
Shareholders of the Company	$ 20,752	$ 17,117
Non-controlling interest	(14)	(19)

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

As at and for the three months ended March 31, 2025 and 2024, and year ended December 31, 2024
Unaudited (in thousands of Canadian dollars)

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non-controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2023		$ 251,283	$ 4,805	$ (25,506)	$ 521	$ 299,655	$ 530,758
Net income (loss)		–	–	–	(76)	60,801	60,725
Other comprehensive income		–	–	14,287	–	–	14,287
Transactions with shareholders, recorded directly in equity							
Dividends ($0.36 per common share)	6	–	–	–	–	(13,974)	(13,974)
Repurchase of common shares	6	(13,814)	–	–	–	(8,089)	(21,903)
Issue of share capital from exercise of stock options	7	1,800	(1,805)	–	–	(924)	(929)
Partnership distributions		–	–	–	(200)	–	(200)
Share-based compensation relating to stock options	7	–	2,279	–	–	–	2,279
		(12,014)	474	–	(200)	(22,987)	(34,727)
Balance at December 31, 2024		$ 239,269	$ 5,279	$ (11,219)	$ 245	$ 337,469	$ 571,043
Net income (loss)		–	–	–	(14)	18,966	18,952
Other comprehensive income		–	–	1,786	–	–	1,786
Transactions with shareholders, recorded directly in equity							
Dividends ($0.10 per common share)		–	–	–	–	(3,790)	(3,790)
Repurchase of common shares	6	(1,256)	–	–	–	(803)	(2,059)
Share-based compensation	7	–	324	–	–	–	324
		(1,256)	324	–	–	(4,593)	(5,525)
Balance at March 31, 2025		**$ 238,013**	**$ 5,603**	**$ (9,433)**	**$ 231**	**$ 351,842**	**$ 586,256**

	Note	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Loss	Non-controlling Interest	Retained earnings	Total Equity
Balance at December 31, 2023		$ 251,283	$ 4,805	$ (25,506)	$ 521	$ 299,655	$ 530,758
Net income (loss)		–	–	–	(19)	15,482	15,463
Other comprehensive income		–	–	1,635	–	–	1,635
Transactions with shareholders, recorded directly in equity							
Dividends ($0.09 per common share)		–	–	–	–	(3,596)	(3,596)
Repurchase of common shares	6	(473)	–	–	–	(251)	(724)
Issue of share capital from exercise of stock options	6	389	(743)	–	–	276	(78)
Partnership distributions		–	–	–	(200)	–	(200)
Share-based compensation	7	–	709	–	–	–	709
		(84)	(34)	–	(200)	(3,571)	(3,889)
Balance at March 31, 2024		$ 251,199	$ 4,771	$ (23,871)	$ 302	$ 311,566	$ 543,967

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)

	Note	Three months ended March 31	
		2025	2024
Cash provided by (used in):			
Operations:			
Net income for the period		**$ 18,952**	$ 15,463
Add (deduct) items not affecting cash:			
Depreciation		**22,950**	20,664
Share-based compensation	7	**108**	709
Gain on sale of property, plant and equipment		**(1,475)**	(596)
Finance costs, net		**1,468**	1,832
Foreign currency translation		**1,353**	(270)
Current income tax expense		**4,614**	3,972
Deferred income tax expense		**2,504**	1,359
Income taxes paid		**(5,540)**	(10,296)
Cashflow		**44,934**	32,837
Changes in non-cash working capital items:			
Accounts receivable		**(15,228)**	(8,562)
Inventory		**(6,177)**	(14,747)
Prepaid expenses and deposits		**(1,614)**	3,712
Accounts payable and accrued liabilities		**22,168**	17,332
Deferred revenue		**13,467**	7,065
Cash provided by operating activities		**57,550**	37,637
Investing:			
Purchase of property, plant and equipment		**(34,457)**	(29,635)
Cash paid on acquisition	4	**–**	(47,350)
Proceeds on disposal of property, plant and equipment		**2,492**	627
Changes in non-cash working capital items		**10,314**	4,006
Cash used in investing activities		**(21,651)**	(72,352)
Financing:			
Advances of long-term debt	5	**–**	60,000
Repayment of long-term debt	5	**(528)**	(10,508)
Repayment of lease liabilities		**(1,902)**	(1,629)
Dividends to shareholders		**(3,429)**	(3,198)
Repurchase of common shares		**(2,019)**	(724)
Partnership distributions		**–**	(200)
Interest paid		**(1,359)**	(11,922)
Cash (used in) provided by financing activities		**(9,237)**	31,819
Change in cash and cash equivalents		**26,662**	(2,896)
Cash and cash equivalents, beginning of period		**38,419**	47,935
Cash and cash equivalents, end of period		**$ 65,081**	$ 45,039

The notes on pages 6 to 13 are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three months ended March 31, 2025 and 2024
Unaudited (tabular amounts in thousands of Canadian dollars)

1. Reporting Entity

Total Energy Services Inc. (the "Company") is incorporated under the Business Corporations Act (Alberta) and its head office is located in Calgary, Alberta at Suite 1000, 734 – 7th Avenue S.W. The condensed interim consolidated financial statements include the accounts of the Company, its subsidiaries and aboriginal partnerships established in Canada, the United States of America (the "United States") and Australia.

The Company provides a variety of products and services to the energy and other resource industries primarily in Canada, the United States and Australia, including contract drilling services, the rental and transportation of equipment used in energy and other industrial operations, the fabrication, sale, rental and servicing of gas compression and process equipment and well servicing.

2. Basis of Presentation

Statement of Compliance

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" of International Financial Reporting Standards ("IFRS") and using the accounting policies outlined in the Company's audited consolidated financial statements for the year ended December 31, 2024 (the "2024 Financial Statements"). These condensed interim consolidated financial statements do not include all the necessary annual disclosures and should be read in conjunction with the 2024 Financial Statements.

These condensed interim consolidated financial statements were approved by the Board of Directors on May 8, 2025.

Seasonality

A significant portion of the Company's field operations are conducted in Canada where the ability to move heavy equipment is dependent on ground conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until such roads have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels and operating results in Canada. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Company's slowest period in Canada. Additionally, wet weather in Australia, normally in the first quarter, can restrict the Company's Australian operations. Consequently, quarterly operating results may not be indicative of full year operating results.

Unaudited (tabular amounts in thousands of Canadian dollars)

3. Segmented Information

The Company manages its business in five reportable segments: Contract Drilling Services, Rental and Transportation Services, Compression and Process Services, Well Servicing and Corporate. For each of the reporting segments, the Company's Chief Operating Decision Maker reviews internal management reports on at least a quarterly basis. Corporate includes activities related to corporate and public company affairs.

Inter-segment pricing is determined on an arm's length basis.

As at and for the three months ended March 31, 2025	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate(1)	Total
Revenue	$ 91,087	$ 23,024	$ 106,216	$ 31,582	$ –	$ 251,909
Cost of services	63,943	12,340	87,185	25,660	–	189,128
Selling, general and administration	2,661	2,281	3,595	1,019	4,412	13,968
Other income	–	–	–	–	(308)	(308)
Share-based compensation	–	–	–	–	108	108
Depreciation	12,349	5,060	2,935	2,334	272	22,950
Operating income (loss)	12,134	3,343	12,501	2,569	(4,484)	26,063
Gain on sale of property, plant and equipment	745	23	304	403	–	1,475
Finance costs, net	7	(41)	(91)	(15)	(1,328)	(1,468)
Net income (loss) before income taxes	12,886	3,325	12,714	2,957	(5,812)	26,070
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	449,682	167,067	291,774	85,352	5,696	999,571
Total liabilities	94,518	33,251	134,643	9,183	141,720	413,315
Capital expenditures	23,625	1,181	935	8,687	29	34,457

As at and for the three months ended March 31, 2025	Canada	United States	Australia	International	Total
Revenue	$ 119,347	$ 78,815	$ 50,074	$ 3,673	$ 251,909
Non-current assets(2)	373,223	133,742	132,259	–	639,224

(1) Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.

(2) Includes property, plant and equipment and goodwill.

Unaudited (tabular amounts in thousands of Canadian dollars)

As at and for the three months ended March 31, 2024	Contract Drilling Services	Rentals and Transportation Services	Compression and Process Services	Well Servicing	Corporate[1]	Total
Revenue	$ 81,211	$ 22,379	$ 77,526	$ 23,570	$ –	$ 204,686
Cost of services	55,892	10,915	63,551	17,871	–	148,229
Selling, general and administration	3,006	2,261	3,126	1,385	2,956	12,734
Other expense	–	–	–	–	320	320
Share-based compensation	–	–	–	–	709	709
Depreciation	10,343	5,064	2,589	2,399	269	20,664
Operating income (loss)	11,970	4,139	8,260	1,915	(4,254)	22,030
Gain on sale of property, plant and equipment	33	512	51	–	–	596
Finance costs, net	(22)	(41)	(102)	(23)	(1,644)	(1,832)
Net income (loss) before income taxes	11,981	4,610	8,209	1,892	(5,898)	20,794
Goodwill	–	2,514	1,539	–	–	4,053
Total assets	452,036	162,178	259,241	62,321	5,914	941,690
Total liabilities	87,200	32,233	100,016	6,867	171,407	397,723
Capital expenditures	12,801	2,785	10,455	3,594	–	29,635

	Canada	United States	Australia	International	Total
Revenue	$ 103,064	$ 79,117	$ 22,505	$ –	$ 204,686
Non-current assets[2]	389,623	137,198	95,241	–	622,062

(1) Corporate includes the Company's corporate activities and obligations pursuant to long-term credit facilities.

(2) Includes property, plant and equipment and goodwill.

Unaudited (tabular amounts in thousands of Canadian dollars)

4. Business acquisition

On January 17, 2024 the Company's wholly owned subsidiary Savanna Energy Services Pty Ltd. ("Savanna Australia") entered into an agreement with SLB to acquire all of the shares of Saxon Energy Services Australia Pty Ltd. ("Saxon") for U.S. $37.0 million (CAD $50.1 million) cash (the "Acquisition"). This Acquisition was completed on March 7, 2024 (the "Effective Acquisition Date").

The Acquisition has been accounted for as a business combination using the acquisition method whereby the net assets acquired, and liabilities assumed are recorded at fair value. The purchase price allocation was based on management's best estimates of fair values of Saxon's assets and liabilities as at the Effective Acquisition Date.

	March 7, 2024
Trade accounts receivable and accrued receivables	$ 10,478
Inventory	3,824
Property, plant and equipment	48,532
Deferred tax asset	1,775
Accounts payable and other liabilities	(14,554)
Net assets acquired	50,055
Cash paid on acquisition	47,350
Contingent consideration	2,705
Total consideration	$ 50,055

The fair values of trade accounts receivable and other current assets, and accounts payable and other liabilities approximate their carrying values due to the short-term maturity of the instruments. Fair value of property plant and equipment was determined by utilizing current market information for similar equipment, adjusted for the specific design, mechanical condition and marketability of such equipment. Key assumptions underlying managements' estimate of fair value include expectations as to future market conditions in the oil and gas industry, expected useful lives of equipment, discount rates, recoverability of available tax pools and collectability of accounts receivable.

Depreciation of property, plant and equipment acquired was recognized in the condensed interim consolidated statement of income from the Effective Acquisition Date and is consistent with the Company's existing depreciation estimates.

Acquisition costs of $0.5 million have been charged to selling, general and administration expenses in the condensed interim consolidated statement of income in 2024.

Contingent consideration, less any claims that might arise, is payable upon resolution of those outstanding claims. Contingent consideration was reduced during the first quarter of 2025 by $1.0 million as a result of the resolution of certain outstanding claims.

Saxon contributed $65.8 million to consolidated revenues and $2.8 million to consolidated net income from the Effective Acquisition Date to December 31, 2024.

Had the acquisition occurred on January 1, 2024, Saxon would have contributed $79.5 million to consolidated revenues and $4.6 million to consolidated net income for the year ended December 31, 2024.

Unaudited (tabular amounts in thousands of Canadian dollars)

5. Long-term Debt

At March 31, 2025 the Company's long-term debt consisted of the following:

	March 31, 2025	
	Interest rate	Principal Amount
Credit Facility	4.66%	$ 70,000
Mortgage loan (2025 maturity)	3.10%	40,419
	4.09%	110,419
Less current portion		40,419
		$ 70,000

On June 19, 2017 the Company entered into a three-year $225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company the Credit Facility was reduced to $170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian $18 million operating line, an Australian $2 million operating line and a Canadian $150 million revolving facility. The Company has the option to increase such facility by $75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates have replaced LIBOR, with no changes in pricing or premiums. At March 31, 2025, the applicable interest rate on amounts drawn on the Credit Facility was 4.66% and the standby rate was 0.25%. Letters of credit ("LOC") of $0.3 million were outstanding at March 31, 2025 which reduces the amount of credit available under the Credit Facility by an equivalent amount.

At March 31, 2025 amounts owing under the Credit Facility were denominated in Canadian dollars.

In August of 2018 a U.S. $20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. $10 million. At March 31, 2025 $2.5 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2024: $2.5 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At March 31, 2025 this facility was undrawn and fully available.

The Company's ability to access the Credit Facility is dependent, among other conditions, on compliance with the following financial ratios, the definitions and thresholds for which are further described below:

	March 31, 2025	Threshold
Twelve-month trailing Bank EBITDA to interest expense	26.82	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	0.09	maximum 3.00

Unaudited (tabular amounts in thousands of Canadian dollars)

Readers are cautioned that the ratios described above do not have standardized meanings under IFRS as the computation of these ratios excludes amounts from certain non-guarantor subsidiaries and limited partnerships partially owned by the Company. Key definitions for the purpose of calculating the Company's financial debt covenants are as follows:

- Bank EBITDA is determined (on a 12-month trailing basis) as earnings before finance expenses, income taxes, depreciation, share-based compensation and certain non-recurring and non-cash income and expenses as defined in the credit agreement and excludes amounts from certain non-guarantor subsidiaries and the limited partnerships partially owned by the Company.

- Senior Debt is determined as total long-term debt (including the current portions thereof but excluding the mortgage loans and certain other obligations identified in the credit agreement) minus cash on hand.

The Credit Facility is secured by a general security agreement over all the present and future property of the Company and its subsidiaries.

Mortgage Loan (2025 maturity) is a loan maturing on April 29, 2025 that is amortized over 20 years with blended monthly principal and interest payments of approximately $279,800. At maturity, approximately $40.4 million of principal will become due and payable assuming only regular monthly payments are made. This loan bears interest at a fixed rate of 3.10% and is secured by certain of the Company's real estate.

At March 31, 2025 the Company was in compliance with all debt covenants.

6. Share Capital

(a) Common Share Capital

Common shares of Total Energy Services Inc.

(i) Authorized:

Unlimited number of common voting shares, without nominal or par value.
Unlimited number of preferred shares.

(ii) Common shares issued:

	Number of shares (thousands)	Amount
Balance, December 31, 2023	39,975	$ 251,283
Repurchased and cancelled	(2,197)	(13,814)
Share options exercised	322	1,800
Balance, December 31, 2024	38,100	$ 239,269
Repurchased and cancelled	**(200)**	**(1,256)**
Balance, March 31, 2025	**37,900**	**$ 238,013**

During the three months ended March 31, 2025, 200,000 shares (March 31, 2024: 63,200 shares) were repurchased under the Company's normal course issuer bid at an average price of $10.29 (March 31, 2024: $10.25) per share including commissions.

Unaudited (tabular amounts in thousands of Canadian dollars)

(b) Per Share Amounts

Basic and diluted earnings per share have been calculated based on the weighted average number of common shares outstanding as outlined below:

	Three months ended March 31	
	2025	2024
Net income for the period attributable to shareholders	**$ 18,966**	$ 15,482
Weighted average number of shares outstanding – basic	**38,041**	39,971
Income per share – basic	**$ 0.50**	$ 0.39
Net income for the period attributable to shareholders	**$ 18,966**	$ 15,482
Weighted average number of shares outstanding – basic	**38,041**	39,971
Share option dilution	**644**	825
Weighted average number of shares outstanding – diluted	**38,685**	40,796
Income per share – diluted	**$ 0.49**	$ 0.38

For the three months ended March 31, 2025, 1,305,000 share options (March 31, 2024, 1,680,000 share options) were excluded from the diluted weighted average number of common shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for purposes of calculating the dilutive effect of share options was based on quoted market prices for the period during which the options were outstanding.

7. Share-Based Compensation Plan

Share option transactions during 2025 and 2024 were as follows:

	Weighted average exercise price	Number of Options
Balance, December 31, 2023	$ 7.61	4,109,997
Exercised	4.37	(322,364)
Surrendered	7.99	(931,967)
Forfeited	8.44	(128,333)
Balance, December 31, 2024 and March 31, 2025	**$ 7.82**	**2,727,333**

A total of 1,562,333 outstanding options were exercisable at March 31, 2025 at a weighted average price of $6.66 per option (March 31, 2024: 1,385,001 options at a weighted average price of $5.44 per options).

Unaudited (tabular amounts in thousands of Canadian dollars)

8. Share Appreciation Rights (SARs)

On August 8, 2024 the Company implemented a share appreciation rights plan (“SAR”). A SAR entitles the holder to receive a cash payment equal to the difference between the stated exercise price and the market price of the company’s common shares on the date the SAR is exercised and is accounted for as a cash-settled award. SARs have a five-year life and vest annually over a three year period.

The number of SARs expected to vest are measured at fair value at each reporting period on a mark-to-market basis. The recognition and valuation of SARs results in share-based compensation expense and a corresponding liability, which was included in accounts payable and accrued liabilities.

	Weighted average exercise price	Number of SARs
Balance, December 31, 2023	$ –	–
Granted	9.42	1,140,000
Balance, March 31, 2025 and December 31, 2024	**$ 9.42**	**1,140,000**

Outstanding SARs expire on August 8, 2029.

9. Financial Instruments

The Company’s financial instruments as at March 31, 2025 include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business acquisitions and long-term debt. The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, dividends payable, contingent consideration on business combinations, long-term debt and the Credit Facility approximate their carrying amounts due to their short terms to maturity.

10. Contingencies

In November of 2017 the Company received a Statement of Claim filed in the Alberta Court of Queen’s Bench by Her Majesty the Queen in Right of Alberta, by its agent, Alberta Investment Management Corporation (“AIMCo”) against the Company and Savanna Energy Services Corp. (“Savanna”), a wholly owned subsidiary of the Company. In early 2020 AIMCo amended its claim to remove the Company as a defendant. AIMCo’s claim relates to Savanna’s refusal to pay a $6 million change of control penalty (the “Additional Penalty”) to AIMCo. The Company and Savanna have received legal advice that AIMCo’s claim for the Additional Penalty is not enforceable and have filed a statement of defense. Savanna has also filed a third-party claim against its former directors that seeks indemnity in the event that AIMCo is successful in its claim against Savanna. Following the completion of discoveries, Savanna has filed a counterclaim against AIMCo and certain former directors of Savanna for $7.3 million.

11. Subsequent event

Mortgage loan (2025 maturity) was repaid on April 29, 2025 by utilizing available cash and the Credit Facility.

The following MD&A for Total Energy Services Inc. ("Total Energy" or the "Company") was prepared as at May 8, 2025 and focuses on information and key statistics from the unaudited condensed interim consolidated financial statements of the Company for the three months ended March 31, 2025 (the "Interim Financial Statements") and pertains to known risks and uncertainties relating to the energy services sector. This discussion should not be considered all-inclusive as it does not include all changes regarding general economic, political, governmental and environmental conditions.

This MD&A should be read in conjunction with the Company's Interim Financial Statements, the Company's 2024 Annual Report, the Annual Information Form ("AIF") for the year ended December 31, 2024 and the cautionary statement regarding forward-looking information and statements below. Additional information relating to Total Energy, including the Company's AIF, may be found on SEDAR+ at www.sedarplus.ca.

Unless otherwise indicated, all dollar amounts presented herein are in thousands of Canadian dollars except per share amounts which are presented in Canadian dollars.

FINANCIAL HIGHLIGHTS

	Three months ended March 31		
	2025	2024	Change
Revenue	**$ 251,909**	$ 204,686	23%
Operating income	**26,063**	22,030	18%
EBITDA[1]	**50,488**	43,290	17%
Cashflow	**44,934**	32,837	37%
Net income (loss)	**18,952**	15,463	23%
Attributable to shareholders	**18,966**	15,482	23%
Per share data (diluted)			
EBITDA[1]	**$ 1.31**	$ 1.06	24%
Cashflow	**$ 1.16**	$ 0.80	45%
Attributable to shareholders:			
Net income (loss)	**$ 0.49**	$ 0.38	29%
Common shares (000's)[3]			
Basic	**38,041**	39,971	(5%)
Diluted	**38,685**	40,796	(5%)
Financial Position at	**March 31, 2025**	Dec 31, 2024	Change
Total Assets	**$ 999,571**	$ 937,708	7%
Long-Term Debt and Lease Liabilities (excluding current portion)	**78,941**	79,171	–
Working Capital[2]	**83,552**	78,737	6%
Net Debt[1]	**–**	434	nm
Shareholders' Equity	**586,256**	571,043	3%

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 16 to the 2024 Financial Statements.

"nm" - calculation not meaningful

BUSINESS OF THE COMPANY

Total Energy is a public energy services company based in Calgary, Alberta that provides a variety of products and services to the energy and other resource industries through its subsidiaries and aboriginal partnerships. Total Energy is involved in four businesses: contract drilling services ("CDS"), the rental and transportation of equipment used in energy and other industrial operations ("RTS"), the fabrication, sale, rental and servicing of new and used gas compression and process equipment ("CPS") and well servicing, including completion, workover, maintenance and abandonment services ("WS"). The Company's operations are conducted within Canada, the United States of America ("United States" or "U.S.") and Australia. Corporate and public issuer affairs are conducted in the Company's Corporate segment.

Contract Drilling Services: At March 31, 2025, the Company operated a total fleet of 103 drilling rigs. The acquisition of Saxon Energy Services Australia Pty Ltd. ("Saxon") on March 7, 2024 added 11 land drilling rigs to the Company's Australian fleet. The rig fleet is supported by an extensive fleet of owned top drives, walking systems, pumps and other ancillary equipment. Composition of the Company's drilling rig fleet is as follows:

By Type	
AC triples	3
AC doubles	17
Mechanical doubles	35
TDS and singles	42
Australian shallow	6
	103

By Geography	
Canada	74
United States	12
Australia	17
	103

Rentals and Transportation Services: Total Energy's RTS business is presently conducted from 15 locations in western Canada and three locations in the United States. At March 31, 2025, this segment had approximately 7,813 pieces of major rental equipment (excluding access matting), a fleet of 65 heavy trucks and an inventory of small rental equipment and access matting.

Compression and Process Services: The Company fabricates a full range of natural gas compression equipment as well as oil, natural gas and other process equipment. At March 31, 2025 the CPS segment occupied approximately 225,000 square feet of production facilities located in Calgary, Alberta and a 100,000 square foot production facility in Weirton, West Virginia. As at March 31, 2025 the CPS segment also had a network of 13 branch locations throughout western Canada and the United States from which its natural gas compression parts and service business is conducted. This segment had 68,400 horsepower of compression in its rental fleet at March 31, 2025.

Well Servicing: At March 31, 2025, the Company operated a total fleet of 79 well servicing rigs across western Canada, northwest United States and Australia. The composition of the Company's service rig fleet is as follows:

By Type	
Singles	35
Doubles	31
Australian specification	9
Flush-by	4
	79

By Geography	
Canada	55
United States	12
Australia	12
	79

INDUSTRY OVERVIEW

The energy services industry is affected by numerous factors, including but not limited to, commodity prices, the availability and quality of competing equipment and services, access to qualified personnel and foreign exchange rates. The following table summarizes certain of these key factors:

	Three months ended March 31		
	2025	2024	Change
Average Crude Oil Prices			
West Texas Intermediate, US$/bbl(1)	**71.78**	77.50	(7.4%)
Western Canadian Select, US$/bbl(2)	**58.85**	60.07	(2.0%)
Average Natural Gas Prices			
Henry Hub, US$ per MMBtu(2)	**4.15**	2.13	94.8%
AECO natural gas, CND$ per GJ(2)	**1.86**	1.95	(4.6%)
LNG Asia, US$ per MMBtu(1)	**13.99**	9.28	50.8%
U.S. Oil and Natural Gas Inventories (period end)			
Crude Inventories (MMbbls)(3)	**439.8**	451.4	(2.6%)
Natural Gas Storage (bcf)(3)	**1,773**	2,259	(21.5%)
Average Active Land Drilling Rig Counts			
United States(4)	**588**	623	(5.6%)
Canada(5)	**225**	217	3.5%
Foreign Exchange Rates (period end)(6)			
US$ to CAD$	**1.4376**	1.3550	6.1%
AUS$ to CAD$	**0.8971**	0.8827	1.9%

(1) FRED Economic data; https://fred.stlouisfed.org/series/DCOILWTICO
(2) Alberta Energy Regulator
(3) U.S. Energy Information Administration
(4) The American Oil&Gas Reporter; https://www.aogr.com/web-exclusives/us-rig-count/2025
(5) CAOEC; https://caoec.ca/rig_reports; and https://boereport.com/caoec-rig-count/
(6) Bank of Canada

bbl – barrel
MMbtu – one million British thermal units
GJ – gigajoule
MMbbls – millions of barrels
Bcf – billion cubic feet

Continued political and economic uncertainty, exacerbated by threats of tariffs and trade wars, contributed to lower oil prices and weaker industry activity levels in the United States. Significant consolidation among oil and natural gas producers in the United States also contributed to continued weakness in U.S. onshore drilling and completion activity. Despite such lower activity, investment in U.S. energy infrastructure remained relatively strong during the first quarter of 2025, particularly in respect of the expansion of liquified natural gas ("LNG") export capacity.

Expansion of the Trans Mountain oil pipeline and the anticipated completion of the LNG Canada LNG export terminal in mid-2025, which will result in 1.8 billion cubic feet per day of incremental demand for Canadian natural gas, contributed to relatively stable Canadian industry activity levels during the first quarter of 2025 as compared to 2024.

Industry conditions remained stable in Australia during the first quarter of 2025 compared to the prior year, underpinned by relatively strong natural gas prices continuing to be realized by Australian natural gas producers.

OVERALL PERFORMANCE

Despite lower U.S. drilling and completion activity, Total Energy's financial results for the first quarter of 2025 improved compared to 2024. This improvement reflects relatively stable industry conditions in Canada and Australia, a full quarter of contribution from Saxon, improved CPS segment performance and the deployment of equipment upgraded pursuant to the Company's 2024 capital expenditure budget.

First quarter revenue was higher in 2025 compared to 2024. The acquisition of Saxon and increased activity in the CPS segment more than offset lower North American CDS and Well Servicing segment activity. First quarter operating income increased in 2025 compared to 2024 due primarily to increased Australian operating income arising from the deployment of upgraded drilling and service rigs and improved CPS segment financial results that more than offset weaker margins in the North American CDS, RTS and WS segments.

The Company's financial condition remains strong. Working capital increased by $4.8 million from December 31, 2024 to $83.6 million at March 31, 2025. Shareholders' equity was $586.3 million at March 31, 2025, a $15.2 million increase from the end of 2024 due to the realization of $19.0 million of net income and $1.8 million of other comprehensive income relating to foreign currency translation that was partially offset by $2.1 million of share repurchases under the Company's normal course issuer bid and $3.8 million of declared dividends.

Revenue

	Three months ended March 31		
	2025	2024	Change
Revenue	**$ 251,909**	$ 204,686	23%

Revenue for the first quarter of 2025 was higher than 2024. This was due primarily to increased activity in the CPS segment and the Australian CDS and Well Servicing segments following the acquisition of Saxon and the reactivation of several upgraded drilling and service rigs that more than offset lower North American CDS and Well Servicing segment activity, particularly in the United States.

Cost of Services and Gross Margin

	Three months ended March 31		
	2025	2024	Change
Cost of services	**$ 189,128**	$ 148,229	28%
Gross margin	**$ 62,781**	$ 56,457	11%
Gross margin, as a percentage of revenue	**25%**	28%	(11%)

The increase in first quarter cost of services for 2025 as compared to 2024 was primarily due to a change in the segmental revenue mix. Specifically, a four percentage point year over year increase in the relative revenue contribution of the CPS segment negatively impacted the consolidated gross margin as the CPS segment historically generates a lower gross margin percentage compared to the other business segments. Also negatively impacting the consolidated gross margin for the first quarter of 2025 was lower North American operating margins in the CDS, RTS and Well Servicing segments.

The increase in the cost of services in the first quarter of 2025 compared to the same period in 2024 was due primarily to higher Australian activity levels in the CDS segment following the acquisition of Saxon and the reactivation of several upgraded rigs as well as higher activity levels in the CPS segment.

Cost of services includes salaries and benefits for operations personnel, equipment repairs and maintenance, fuel, inventory used to manufacture compression and process equipment, utilities, property taxes and other occupancy costs related to manufacturing facilities and operations branches.

Selling, General and Administration Expenses

	Three months ended March 31		
	2025	2024	Change
Selling, general and administration expenses	**$ 13,968**	$ 12,734	10%

Selling, general and administration expenses for the first quarter ended March 31, 2025 were higher than in the same period in 2024 due primarily to cost-of-living wage increases and higher profit-based incentive compensation in certain segments as a result of higher profitability.

Included in selling, general and administration expenses are salaries and benefits for sales, office and administrative staff, utilities, property taxes and other occupancy costs related to the Company's various divisional offices and its corporate head office as well as professional fees and other costs incurred to maintain the Company's public listing and conduct investor relations activities. Also included is compensation for directors and officers pursuant to the Company's cash-based compensation plans.

Other expense (income)

	Three months ended March 31		
	2025	2024	Change
Other expense (income)	**$ (308)**	$ 320	nm

"nm" - calculation not meaningful

Other expense (income) arises from unrealized foreign exchange differences on translation of intercompany working capital balances between foreign subsidiaries. During the first quarter of 2025, a net unrealized foreign exchange gain was generated due to period end appreciation of the Canadian dollar relative to the U.S. dollar and deprecation of the Canadian dollar relative to the Australian dollar combined with the geographical mix of foreign currency denominated intercompany balances. The movement of net unrealized foreign exchange gains and losses in the comparable periods will depend on the geographical mix of foreign currency denominated intercompany balances combined with the impact of fluctuations in period end currency exchange rates.

Share-based Compensation Expense

	Three months ended March 31		
	2025	2024	Change
Share-based compensation expense	**$ 108**	$ 709	(85%)

Share-based compensation expense arises from share options granted pursuant to the share option plan implemented in 2015. Share-based compensation expense also reflects the impact share price changes have on the mark-to-market adjustments related to share appreciation rights ("SARs") granted pursuant to the Company's SARs plan implemented in 2024.

Share-based compensation expense for the first quarter of 2025 was lower than same period last year due to certain share options vesting and a reduction in the fair value of SARs following a decline in the Company's share price at quarter end.

Depreciation Expense

	Three months ended March 31		
	2025	2024	Change
Depreciation expense	**$ 22,950**	$ 20,664	11%

The increase in depreciation expense for the first quarter of 2025 as compared to the same period in 2024 is due to additions to property, plant and equipment during 2024, including the addition of property, plant and equipment from the acquisition of Saxon.

Operating Income

	Three months ended March 31		
	2025	2024	Change
Operating income	**$ 26,063**	$ 22,030	18%

Operating income for the first quarter of 2025 increased as compared to 2024 due primarily to increased activity in the CPS segment and increased contribution from Australia following the acquisition of Saxon and the reactivation of several upgraded drilling and service rigs. This was partially offset by reduced North American operating income contribution from the CDS, RTS and WS segments.

Gain on Sale of Property, Plant and Equipment

	Three months ended March 31		
	2025	2024	Change
Gain on sale of property, plant and equipment	**$ 1,475**	$ 596	147%
Proceeds on the sale of property, plant and equipment	**$ 2,492**	$ 627	297%

Disposals of property, plant and equipment ("PP&E") result from the rationalization, replacement and upgrade of older equipment in the Company's equipment fleet.

PP&E disposed of during the first quarter of 2025 included real estate, underutilized rental and drilling equipment and light duty vehicles. During the first quarter of 2024, PP&E disposals included real estate, underutilized rental and drilling equipment and light duty vehicles.

Finance Costs

	Three months ended March 31		
	2025	2024	Change
Finance costs, net	**$ 1,468**	$ 1,832	(20%)

Finance costs for the three months ended March 31, 2025 were lower as compared to the prior year comparable periods due to lower outstanding debt and lower interest rates on the variable rate portion of such debt.

Income Taxes and Net Income

	Three months ended March 31		
	2025	2024	Change
Current income tax expense	**$ 4,614**	$ 3,972	16%
Deferred income tax expense	**2,504**	1,359	84%
Total income tax expense	**$ 7,118**	$ 5,331	34%
Net income	**$ 18,952**	$ 15,463	23%

The current income tax expense for the first quarter of 2025 was higher as compared to 2024 due to higher pre-tax income, particularly in jurisdictions with higher income tax rates. The higher deferred income tax expense in the first quarter of 2025 as compared to 2024 is primarily due to a year over year increase in utilization of tax losses in Australia.

SEASONALITY

A significant portion of the Company's field operations are conducted in Canada where the ability to move heavy equipment is dependent on ground conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until such roads have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Company's activity levels and operating results in Canada. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support heavy equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is historically the Company's slowest period in Canada. Additionally, wet weather in Australia, normally in the first quarter, can restrict the Company's Australian operations. Consequently, quarterly operating results may not be indicative of full year operating results.

SUMMARY OF QUARTERLY RESULTS

	Financial Quarter Ended			
	March 31 2025	December 31 2024	September 30 2024	June 30 2024
Revenue	**$ 251,909**	$ 246,816	$ 241,940	$ 213,334
Operating income	**26,063**	15,892	27,308	14,612
EBITDA(1)	**50,488**	40,565	50,543	37,447
Cashflow	**44,934**	43,413	48,091	38,094
Cash provided by operating activities	**57,550**	38,743	60,353	29,187
Net income	**18,952**	10,102	19,706	15,454
Attributable to shareholders	**18,966**	10,116	19,731	15,472
Per share data (diluted)				
EBITDA(1)	**$ 1.31**	$ 1.04	$ 1.28	$ 0.93
Cashflow	**1.16**	1.12	1.22	0.95
Net income attributable to shareholders	**0.49**	0.26	0.50	0.39
Financial Position				
Total Assets	**$ 999,571**	$ 937,708	$ 963,743	$ 936,356
Long-Term Debt and Lease Liabilities (excluding current portion)	**78,941**	79,171	104,997	100,983
Working Capital(2)	**83,552**	78,737	97,274	71,816
Net Debt(1)	**–**	434	7,723	29,167
Shareholders' Equity	**586,256**	571,043	561,211	549,999
Common Shares (000's)(3)				
Basic	**38,041**	38,171	38,802	39,329
Diluted	**38,685**	38,828	39,489	40,060

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 6 to the Interim Financial Statements.

	Financial Quarter Ended			
	March 31 2024	December 31 2023	September 30 2023	June 30 2023
Revenue	$ 204,686	$ 213,758	$ 232,016	$ 208,845
Operating income	22,030	23,510	23,691	9,401
EBITDA(1)	43,290	45,276	44,955	30,255
Cashflow	32,837	44,457	40,784	29,408
Cash provided by operating activities	37,637	50,364	21,939	43,902
Net income (loss)	15,463	(7,861)	19,237	6,180
Attributable to shareholders	15,482	(7,847)	19,231	6,201
Per share data (diluted)				
EBITDA(1)	$ 1.06	$ 1.11	$ 1.10	$ 0.74
Cashflow	0.80	1.09	1.00	0.72
Net income (loss) attributable to shareholders	0.38	(0.19)	0.47	0.15
Financial Position				
Total Assets	$ 941,690	$ 861,658	$ 894,325	$ 888,117
Long-Term Debt and Lease Liabilities (excluding current portion)	149,847	100,834	111,159	111,244
Working Capital(2)	124,398	123,439	127,566	108,577
Net Debt(1)	25,449	–	–	2,667
Shareholders' Equity	543,967	530,758	542,528	529,954
Common Shares (000's)(3)				
Basic	39,971	39,975	40,149	40,325
Diluted	40,796	40,623	40,961	41,048

(1) Please see "Non-IFRS Measures" below for the definition of EBITDA and Net Debt.

(2) Working capital means current assets minus current liabilities.

(3) Basic and diluted shares outstanding reflect the weighted average number of common shares outstanding for the period. See note 6 to the Interim Financial Statements.

Aboriginal Partnerships

The Company conducts certain of its operations through limited partnerships in which each of the Company and an Aboriginal partner hold one half of the partnership interest. The Company fully consolidates all of these partnerships, with the Aboriginal partners' share in the equity and net earnings of the partnerships reported as non-controlling interests.

SEGMENTED RESULTS

Contract Drilling Services

	Three months ended March 31		
	2025	2024	Change
Revenue	$ 91,087	$ 81,211	12%
Canada	51,739	55,248	(6%)
United States	4,393	10,380	(58%)
Australia	34,955	15,583	124%
Operating income (loss)	$ 12,134	$ 11,970	1%
Canada	7,514	11,012	(32%)
United States	(1,830)	568	nm
Australia	6,450	390	1,554%
Operating days(1)	2,723	2,776	(2%)
Canada	1,889	2,011	(6%)
United States	144	359	(60%)
Australia	690	406	70%
Revenue per operating day(1), dollars	$ 33,451	$ 29,255	14%
Canada	27,245	27,473	(1%)
United States	30,507	28,914	6%
Australia	50,659	38,382	32%
Utilization	29%	31%	(6%)
Canada	28%	29%	(3%)
United States	13%	33%	(61%)
Australia	45%	56%	(20%)
Rigs, average for period	103	97	6%
Canada	74	77	(4%)
United States	12	12	–
Australia	17	8	113%

(1) Operating days include drilling and paid standby days.

"nm" - calculation not meaningful

CDS segment revenue for the first quarter ending March 31, 2025 increased compared to the same period in 2024 as a result of increased Australian activity and revenue per operating day following the acquisition of Saxon as well as the reactivation of upgraded drilling rigs contracted at higher day rates. Segment operating income for the first quarter of 2025 was higher than 2024 primarily due to increased Australian results more than offsetting a decline in North American operating income.

In Canada, revenue in the first quarter of 2025 was lower than 2024 due to slightly lower activity levels resulting from a modest loss of market share in more competitive areas of the Canadian market. Operating income for the first quarter of 2025 was lower compared to 2024 primarily due to lower operating days and competitive pricing for certain types of drilling rigs.

In the United States, revenue was lower during the first quarter of 2025 compared to the prior year period due to decreased activity. Pricing for the first quarter was higher compared to the same period in 2024 due to a change in the mix of equipment operating and strengthening of the U.S. dollar relative to the Canadian dollar. An operating loss was realized for the three months ended March 31, 2025 as a result of the substantial decline in activity levels.

In Australia, revenue was higher during the first quarter of 2025 compared to 2024. This increase in revenue was due to the acquisition of Saxon on March 7, 2024 and the deployment of a new and several upgraded drilling rigs subsequent to March 31, 2024. First quarter operating income increased substantially in 2025 compared to 2024 commensurate with the substantial year over year increase in activity and higher pricing received for upgraded drilling rigs.

Rentals and Transportation Services

	Three months ended March 31		
	2025	2024	Change
Revenue	**$ 23,024**	$ 22,379	3%
Canada	**14,318**	13,925	3%
United States	**8,706**	8,454	3%
Operating income	**$ 3,343**	$ 4,139	(19%)
Canada	**1,593**	1,974	(19%)
United States	**1,750**	2,165	(19%)
Operating income, % of revenue	**15%**	18%	(17%)
Canada	**11%**	14%	(21%)
United States	**20%**	26%	(23%)
Pieces of rental equipment	**7,813**	7,700	1%
Canada	**6,879**	6,790	1%
United States	**934**	910	3%
Rental equipment utilization	**19%**	21%	(10%)
Canada	**16%**	18%	(11%)
United States	**41%**	38%	8%
Heavy trucks	**68**	67	1%
Canada	**47**	46	2%
United States	**21**	21	–

Revenue from the RTS segment for the first quarter of 2025 increased slightly as compared to 2024 due primarily to the mix of equipment operating and the deployment of new and upgraded equipment.

In Canada, first quarter operating income was lower in 2025 as compared to 2024 as a result of the mix of equipment operating and expenses incurred to deploy new and upgraded equipment. In the U.S., first quarter operating income for 2025 decreased compared to 2024 due to a change in the mix of equipment operating and competitive market conditions.

This segment's relatively high fixed cost structure as compared to the Company's other business segments provides significant leverage to increased equipment utilization. Such fixed cost structure includes costs associated with its significant operating branch infrastructure, including maintenance and repairs, utilities, insurance, property taxes and other infrastructure costs.

Compression and Process Services

	Three months ended March 31		
	2025	2024	Change
Revenue	**$ 106,216**	$ 77,526	37%
Canada	**49,667**	26,088	90%
United States	**56,549**	51,438	10%
Operating income	**$ 12,501**	$ 8,260	51%
Canada	**3,863**	(271)	nm
United States	**8,638**	8,531	1%
Operating income, % of revenue	**12%**	11%	9%
Canada	**8%**	nm	nm
United States	**15%**	17%	(12%)
Horsepower of equipment on rent at period end	**43,558**	48,376	(10%)
Canada	**14,468**	13,856	4%
United States	**29,090**	34,520	(16%)
Rental equipment utilization during the period (HP)	**67%**	73%	(8%)
Canada	**62%**	69%	(10%)
United States	**74%**	76%	(3%)
Sales backlog at period end, $ million	**$ 265.4**	$ 185.7	43%

First quarter CPS segment revenue for 2025 was higher than 2024 due to increased North American fabrication and parts and service activity that more than offset a slight decrease in compression rental activity. The quarter end fabrication sales backlog increased to $265.4 million compared to the $185.7 million backlog at March 31, 2024. Sequentially the quarter-end fabrication sales backlog increased by $76.4 million, or 40%, compared to the $189.0 million backlog at December 31, 2024. The timeline for conversion of the sales backlog into revenue varies from order to order and often changes due to factors outside of the Company's control.

Operating income increased in both Canada and the United States during the three months ended March 31, 2025 compared to 2024 as a result of improved fabrication sales margins and increased parts and service activity. Also positively impacting results for 2025 compared to 2024 was the strengthening of the U.S. dollar relative to the Canadian dollar.

Well Servicing

	Three months ended March 31		
	2025	2024	Change
Revenue	**$ 31,582**	$ 23,570	34%
Canada	**14,510**	14,999	(3%)
United States	**2,049**	2,990	(31%)
Australia	**15,023**	5,581	169%
Operating income (loss)	**$ 2,569**	$ 1,915	34%
Canada	**1,913**	2,834	(32%)
United States	**(610)**	(557)	10%
Australia	**1,266**	(362)	nm
Service hours(1)	**29,068**	24,564	18%
Canada	**15,056**	15,407	(2%)
United States	**2,229**	3,515	(37%)
Australia	**11,783**	5,642	109%
Revenue per service hour, dollars	**$ 1,086**	$ 960	13%
Canada	**964**	974	(1%)
United States	**919**	851	8%
Australia	**1,275**	989	29%
Utilization(2)	**31%**	30%	7%
Canada	**30%**	30%	–
United States	**21%**	35%	(40%)
Australia	**45%**	22%	105%
Rigs, average for period	**79**	79	–
Canada	**55**	56	(2%)
United States	**12**	11	9%
Australia	**12**	12	–

"nm" – calculation not meaningful

(1) Service hours is defined as well servicing hours of service provided to customers and includes paid rig move and standby.

(2) The Company reports its service rig utilization for its operational service rigs in North America based on service hours of 3,650 per rig per year to reflect standard 10 hour operations per day. Utilization for the Company's service rigs in Australia is calculated based on service hours of 8,760 per rig per year to reflect standard 24 hour operations.

First quarter WS segment revenue increased in 2025 compared to 2024 due to the reactivation of several upgraded service rigs in Australia. Segment operating income for the first quarter also increased in 2025 as compared to 2024 due to increased Australian activity and higher pricing received for upgraded rigs that was partially offset by lower North American activity.

Canadian revenue for the first quarter of 2025 was lower compared to 2024 due to decreased activity levels arising from earlier than expected spring breakup shutdowns and marginally lower pricing due to competitive market conditions.

In the United States, first quarter revenue decreased in 2025 compared to 2024 as a result of a substantial decline in activity, which in turn resulted in an increased year over year operating loss.

Australian first quarter revenue increased substantially in 2025 compared to 2024 following the reactivation of several upgraded rigs. Higher utilization and improved pricing received for upgraded rigs resulted in a substantial year over year improvement in first quarter operating income.

Corporate

	Three months ended March 31		
	2025	2024	Change
Operating loss	**$ (4,484)**	$ (4,254)	5%

Total Energy's Corporate segment includes activities related to the Company's corporate and public issuer affairs. This segment does not generate any revenue but provides sales, operating, financial, treasury, analytical and other management services and support services to Total Energy's business segments and manages the corporate affairs of the Company. The increase in operating loss during the three months ended March 31, 2025 was primarily due to cost of living increases that were partially offset by lower share based compensation expense and a $0.3 million year over year increase in realized foreign exchange gain.

LIQUIDITY AND CAPITAL RESOURCES

Cash Provided by Operating Activities and Cashflow

	Three months ended March 31		
	2025	2024	Change
Cash provided by operating activities	**$ 57,550**	$ 37,637	53%
Per share (diluted)	**$ 1.49**	$ 0.92	62%
Cashflow	**$ 44,934**	$ 32,837	37%
Per share (diluted)	**$ 1.16**	$ 0.80	45%

The changes in cash provided by operating activities were due primarily to changes in the working capital requirements of the various business segments. Cash flow and cash provided by operating activities increased during the three months ended March 31, 2025 as compared to the same period in 2024 as a result of higher EBITDA, an increase in deferred revenue relating to increased activity in the CPS segment as well as the timing of working capital unwind.

Investing Activities

	Three months ended March 31		
	2025	2024	Change
Net cash used in investing activities	**$ (21,651)**	$ (72,352)	(70%)
Proceeds from sale of PP&E	**$ 2,492**	$ 627	297%
Purchase of PP&E and Acquisition	**$ (34,457)**	$ (76,985)	(55%)

Net cash used in investing activities in the first quarter of 2025 was $50.7 million lower than the prior year due primarily to $47.4 million cash paid on the acquisition of Saxon in March of 2024. Also contributing to the year over year decrease in first quarter net cash used in investing activities was a $1.9 million increase in proceeds from disposals of PP&E and a $1.4 million decrease in purchases of PP&E net of changes in non-cash working capital balances. Proceeds from the sale of PP&E are derived primarily from the disposal of equipment in the ordinary course of business and the replacement and upgrade of older equipment in the Company's fleet.

The following summarizes PP&E purchases by segment for the three months ended March 31, 2025.

	Three months ended March 31		
	2025	2024	Change
CDS	**$ 23,625**	$ 12,801	(7%)
RTS	**1,181**	2,785	79%
CPS	**935**	10,455	26%
WS	**8,687**	3,594	149%
Corporate	**29**	–	(94%)
Purchase of PP&E	**$ 34,457**	$ 29,635	21%

During the first quarter of 2025 PP&E purchases were as follows: drilling rig upgrades, recertifications and ancillary rig equipment purchases in the CDS segment, rental equipment in the RTS segment, additions to the compression rental fleet in the CPS segment and service rig recertifications and upgrades in the WS segment. Included in 2025 capital expenditures was approximately $16.6 million of capital commitments carried forward from 2024.

During the three months ended March 31, 2024 PP&E purchases were as follows: drilling rig upgrades, recertifications and ancillary rig equipment purchases in the CDS segment, rental equipment in the RTS segment, additions to the compression rental fleet in the CPS segment and service rig recertifications and upgrades in the WS segment. Included in 2024 capital expenditures was approximately $14.2 million of capital commitments carried forward from 2023.

Capital spending for the three months ended March 31, 2025 was funded by cash flow and $2.5 million of proceeds from the sale of PP&E.

Financing Activities

	Three months ended March 31		
	2025	2024	Change
Net cash (used in) provided by financing activities	**$ (9,237)**	$ 31,819	nm

"nm" – calculation not meaningful

During the first quarter of 2025 net cash used in financing activities related primarily to the payment of dividends and repurchase of common shares. During the first quarter of 2024 the cash provided by financing activities included a net $49.5 million draw of long-term debt during the first quarter of 2024 that was used to fund the acquisition of Saxon and the payment of $10.5 million of interest relating to the Canada Revenue Agency ("CRA") re-assessments of certain of the Company's income tax filings related to its conversion from an income trust to a corporation in 2009.

Liquidity and Capital Resources

The Company had a working capital surplus of $83.6 million as at March 31, 2025 compared to $78.7 million as at December 31, 2024. As at March 31, 2025 and the date of this MD&A, the Company was in compliance with all debt covenants.

On June 19, 2017 the Company entered into a three-year $225 million revolving syndicated credit facility (the "Credit Facility"). Following several renewals and at the request of the Company the Credit Facility was reduced to $170 million and the maturity date extended to November 10, 2026. The Credit Facility includes a Canadian $18 million operating line, an Australian $2 million operating line and a Canadian $150 million revolving facility. The Company has the option to increase such facility by $75 million subject to certain terms and conditions, including the agreement of the lenders to increase their commitments. The Credit Facility bears interest at the banks' Canadian prime rate plus 0.25% to 1.25%, bankers' acceptances, letters of credit, LIBOR or BBSY advances plus a 1.5% to 2.5% stamping fee. The applicable interest rate within such ranges is dependent on certain financial ratios of the Company. A standby fee ranging from 0.25% to 0.5% per annum is paid quarterly on the unused portion of the facility depending on certain financial ratios of the Company. In January of 2024, term CORRA rates have replaced bankers' acceptances and SOFR rates have replaced LIBOR, with no changes in pricing or premiums. At March 31, 2025, the applicable interest rate on amounts drawn on the Credit Facility was 4.66% and the standby rate was 0.25%. Letters of credit ("LOC") of $0.3 million were outstanding at March 31, 2025 which reduces the amount of credit available under the Credit Facility by an equivalent amount.

In August of 2018 a U.S. $20 million letter of credit facility was established (the "LOC Facility"). LOCs issued pursuant to the LOC Facility do not reduce availability under the Credit Facility. In April of 2020 this facility was reduced at the request of the Company to U.S. $10 million. At March 31, 2025 $2.5 million Canadian dollars of LOCs were outstanding under the LOC Facility (December 31, 2024: $2.5 million).

In addition to the Credit Facility, a subsidiary of the Company has established a $5 million revolving operating credit facility with a member of the Credit Facility lenders' syndicate. At March 31, 2025 this facility was undrawn and fully available.

At March 31, 2025 the Company's long-term debt consisted of the following:

	March 31, 2025	
	Interest rate	Principal amount
Credit Facility	4.66%	$ 70,000
Mortgage loan (2025 maturity)	3.10%	40,419
	4.09%	110,419
Less current portion		40,419
		$ 70,000

At March 31, 2025 amounts owing under the Credit Facility and the mortgage loan were denominated in Canadian dollars. The Company repaid the mortgage loan in full on April 29, 2025 using cash on hand and available credit facility.

The Company's ability to access the Credit Facility is dependent, among other conditions, on compliance with the following financial ratios, the definitions and thresholds for which are further described below:

	March 31, 2025	Threshold
Twelve-month trailing Bank EBITDA to interest expense	26.82	minimum 3.00
Total Senior Debt to twelve-month trailing Bank EBITDA	0.09	maximum 3.00

The Company was in compliance with all of its Credit Facility and other debt covenants at March 31, 2025. For further information regarding Credit Facility compliance requirements and details on the Company's borrowings, please refer to note 5 to the Condensed Interim Consolidated Financial Statements.

The Company expects that cash and cash equivalents, cash flow from operating activities and existing and available credit facilities will be sufficient to fund its presently anticipated requirements for investments in working capital and capital assets as well as required debt and lease liability payments.

Dividends

On March 6, 2025 the Board of Directors increased the dividend by 11% and declared a dividend of $0.10 per share for the quarter ended March 31, 2025. On March 7, 2024 the Board of Directors increased the dividend by 13% and declared a dividend of $0.09 per share for the quarter ended March 31, 2024.

Management and the Board of Directors of the Company continue to monitor the Company's dividend policy in the context of industry conditions and forecasted net income, cashflow, cash provided by operating activities, debt levels, capital expenditures and other investment opportunities and will aim to finance any future dividends through cash provided by operating activities.

CONTRACTUAL OBLIGATIONS

At March 31, 2025 the Company had the following contractual obligations:

	Payments due by year					
	Total	2025	2026	2027	2028	2029 and after
Long-term debt and bank indebtedness	$ 110,419	$ 40,419	$ 70,000	$ –	$ –	$ –
Commitments[1]	126	89	32	5	–	–
Lease liabilities	15,218	4,951	5,188	3,336	1,622	121
Purchase obligations[2]	40,260	40,260	–	–	–	–
Total contractual obligations	$ 166,023	$ 85,719	$ 75,220	$ 3,341	$ 1,622	$ 121

(1) Commitments are described in Note 25 to the 2024 Financial Statements.

(2) Purchase obligations are described in Note 25 to the 2024 Financial Statements. As at March 31, 2025 purchase obligations primarily relate to commitments to purchase inventory in the CPS segment.

OFF-BALANCE SHEET ARRANGEMENTS

During 2025 and 2024, the Company had no off-balance sheet arrangements other than short-term leases.

TRANSACTIONS WITH RELATED PARTIES

During 2025 and 2024 the Company had no material transactions with related parties.

OUTSTANDING COMPANY SHARE DATA

As at the date of this MD&A, the Company had 37,471,700 common shares outstanding.

Summary information with respect to share outstanding options is provided below:

Outstanding at March 31, 2025	Exercise Price	Remaining life (years)	Exercisable at March 31, 2025
124,000	$ 2.31	0.40	124,000
453,333	3.72	1.40	453,333
765,000	7.46	2.40	500,000
80,000	6.42	2.50	50,000
1,305,000	10.06	3.40	435,000
2,727,333	$ 7.82	2.92	1,562,333

OUTLOOK

Subsequent to March 31, 2025, oil prices have weakened following the announcement of substantial tariffs by the U.S. government on global trading partners and the potential increase of OPEC oil supply in May of 2025 despite concerns regarding future global economic growth. Consolidation of oil and natural gas producers and energy infrastructure limitations have also contributed to moderating North American drilling and completion activity, particularly in the United States. The recent expansion of the Trans Mountain pipeline and the expected startup of the LNG Canada liquified natural gas export terminal in mid-2025 have mitigated the negative impact of these factors on industry activity levels in Canada and relatively strong natural gas prices continue to support stable industry conditions in Australia. The near to medium term outlook for investment in North American energy infrastructure, including investment directed towards increasing LNG export capacity, remains positive at this time.

In the context of global economic uncertainty and significant equity market volatility, the Company is cautious and will manage its business and affairs in a manner to protect its balance sheet and financial liquidity. At the same time, the Company will continue to use its financial strength to capitalize on compelling investment opportunities that often arise during periods of market weakness and uncertainty.

RISK FACTORS AND RISK MANAGEMENT

In the normal course of business, Total Energy is exposed to financial and operating risks that may potentially and materially impact its operating results. A discussion of the Company's business risks is set out in its AIF under the heading "Risk Factors" and is incorporated herein. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis. There have been no significant changes in risk and risk management in 2025 other than as described below.

Industry Conditions

In the context of significant global economic uncertainty and commodity price volatility, North American oil and gas producers remain measured in their capital expenditure programs and visibility for future activity levels is limited. While capital discipline and a commitment to shareholder returns by oil and gas producers has moderated activity levels over the past several years, it has also served to stabilize North American drilling and completion activity relative to prior industry cycles. In addition, the severity of the downturn in 2020 and early 2021 resulted in substantial consolidation and rationalization of the North American energy service industry that has contributed to improved market conditions despite lower industry activity levels. Significant investment to increase North American LNG export capacity has resulted in strong demand for the products and services provided by the CPS segment as evidenced by the significant increase in the fabrication sales backlog during the first quarter of 2025. Industry conditions in Australia are currently expected to remain stable for the foreseeable future.

Credit Risk

A sustained increase in oil and gas prices has mitigated counterparty credit risk as a substantial portion of the Company's dealings are with entities involved in the oil and gas industry. Notwithstanding such an improvement in the industry environment, the Company remains focused on actively managing credit risk. Specifically, management has remained diligent in assessing credit levels granted to customers, monitoring the aging of receivables and taking proactive steps to secure and collect outstanding balances.

The Company did not have significant exposure to any individual customer or counter party that accounted for over 10% of the consolidated revenue in the quarter ended March 31, 2025 and 2024.

The Company's allowance for doubtful accounts receivable at March 31, 2025 was $1.6 million, which is consistent with the balance as at December 31, 2024.

CRITICAL ACCOUNTING ESTIMATES

Management is responsible for applying judgment in preparing accounting estimates. Certain estimates and related disclosures included within the financial statements are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. An accounting estimate is considered critical only if it requires the Company to make assumptions about matters that are highly uncertain at the time the accounting estimate is made, and different estimates the Company could have used would have a material impact on Total Energy's financial condition, changes in financial condition or results of operations.

There were no material changes to the Company's Critical Accounting Estimates during 2025.

Critical Judgments in Applying Accounting Policies

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

The Company's assets are aggregated into cash-generating units for the purpose of calculating impairment. Cash generating units ("CGU" or "CGUs") are based on management's judgments and assessment of the CGU's ability to generate independent cash inflows. Judgments are also required to assess when impairment indicators exist and impairment testing is required.

The Company is required to exercise judgment in assessing whether the criteria for recognition of a provision or a contingency have been met. The Company considers whether a present obligation exists, probability of loss and if a reliable estimate can be formulated.

The Company's functional currency is based on the primary economic environment in which it operates and is based on an analysis of several factors including which currency principally affects sales prices of products sold by the Company, which currency influences the main expenses of providing services, in which currency the Company keeps it receipts from operating activities and in which currency the Company has received financing.

The Company makes judgments regarding the determination of its reportable segments, including aggregation criteria (as appropriate), for segmented reporting.

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable earnings.

Key Sources of Estimation Uncertainty

The following are key estimates and their assumptions made by management affecting the measurement of balances and transactions in the consolidated financial statements.

Where impairment indicators exist or annually for goodwill, the recoverable amount of the asset or CGU is determined using the greater of fair value less costs to sell or value-in-use. Value-in-use calculations require assumptions for discount rates and estimations of the timing for events or circumstances that will affect future cash flows. Fair value less costs to sell requires management to make estimates of fair value using market conditions for similar assets as well as estimations for costs to sell taking into account dismantle and transportation costs.

The Company is required to estimate the amount of provisions and contingencies based on the estimated future outcome of the event.

The Company recognizes revenue over time in accounting for its equipment manufacturing contract revenue. Recognizing revenue over time requires estimates of the stage of completion of the contract to date as a proportion of the total work to be performed.

As pertains to property, plant and equipment the Company is required to estimate the residual value and useful lives of assets for purposes of depreciation.

As pertains to accounts receivable the Company is required to estimate allowances for doubtful accounts based on expected future credit losses and experiences with customers.

In a business combination, management makes estimates of the fair value of assets acquired and liabilities assumed which includes assessing the value of property, plant and equipment and intangible assets being acquired.

The Company's estimate of share-based compensation is dependent upon estimates of historic volatility and forfeiture rates.

The Company's estimate of the fair value of forward foreign exchange contracts is dependent on estimated forward prices / rates and volatility in those prices / rates.

The deferred tax liability is based on estimates as to the timing of the reversal of temporary differences, substantively enacted tax rates and the likelihood of assets being realized.

FUTURE ACCOUNTING POLICIES CHANGES

Certain pronouncements were issued recently by the International Accounting Standards Board ("IASB") of the International Financial Reporting Standards ("IFRS") Interpretations Committee that are mandatory for accounting periods beginning in future years. Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

NON-IFRS MEASURES

As described throughout this MD&A, the Company references the following financial measures that are not recognized under IFRS: EBITDA, operating income, cashflow, working capital and net debt. Management believes that, in addition to the amounts reported in the Consolidated Financial Statements, these measures are useful in assessing the Company's performance and liquidity. These measures are unlikely to be comparable to similar measures presented by other companies. The non-IFRS measures referenced in this MD&A reconcile to the IFRS measures reported in the Consolidated Financial Statements as follows, unless reconciled elsewhere:

	Three months ended March 31	
EBITDA	**2025**	2024
Net income	**$ 18,952**	$ 15,463
Add back:		
Depreciation	**22,950**	20,664
Finance costs, net	**1,468**	1,832
Income tax expense	**7,118**	5,331
EBITDA	**$ 50,488**	$ 43,290

Net debt is equal to long-term debt plus lease liabilities plus current liabilities minus current assets.

Net Debt	**As at March 31, 2025**
Long-term debt	**$ 70,000**
Lease liabilities	**8,941**
Add back (deduct):	
Current liabilities	**275,324**
Current assets	**(358,876)**
Net Debt (Asset)	**$ (4,059)**

RESPONSIBILITY OF MANAGEMENT AND THE BOARD OF DIRECTORS

Management is responsible for the information disclosed in this MD&A and the accompanying consolidated financial statements, and has in place appropriate information systems, procedures and controls to ensure that information used internally by management and disclosed externally is materially complete and reliable. In addition, the Company's Audit Committee, on behalf of the Board of Directors, provides an oversight role with respect to all public financial disclosures made by the Company, and has reviewed and approved this MD&A and the accompanying unaudited condensed interim consolidated Financial Statements.

Internal Control Over Financial Reporting ("ICFR")

There have been no significant changes in the design of the Company's ICFR during the quarter ended March 31, 2025 that would materially affect or is reasonably likely to materially affect the Company's ICFR.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information and statements contained in this MD&A constitute forward-looking information, including the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business divisions operated through affiliates of Total Energy, expectations respecting the competitive position of such business divisions, expectations concerning the financing of future business activities, statements as to future economic and operating conditions and expectations regarding the payment of dividends in the future. Readers should review the cautionary statement respecting forward-looking information that appears below.

The information and statements contained in this MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate" or "will" and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as global economic conditions, changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), pandemics (including COVID-19 pandemic), the credit risk to which the Company is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business divisions are, or may be, exposed in all aspects of their business, the ability of the Company's various business divisions to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Company's various business divisions to attract and maintain key personnel and other qualified employees, various environmental risks to which the Company's business divisions are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Company's business divisions operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws and regulations or changes in existing laws, regulations or administrative practices on the part of regulatory authorities, including without limitation taxation, tariffs, labour and environmental laws and regulations and changes in how such laws and regulations are interpreted and enforced. Forward-looking information respecting the anticipated costs associated with the purchase of capital equipment are based upon historical prices for various classes of equipment, expectations relating to the impact of inflation on the future cost of such equipment and management's views concerning the negotiating position of the Company and its affiliates. Forward-looking information concerning the nature and timing of growth within the various business divisions is based on the current budget of the Company (which is subject to change), factors that affected the historical growth of such business divisions, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the future competitive position of the Company's business divisions is based upon the current competitive environment in which those business divisions operate, expectations relating to future economic and operating conditions, current and announced build programs and other expansion plans of other organizations that operate in the energy service business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Company and its predecessors have historically relied and expectations relating to future economic and operating conditions. Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions, and opinions of third-party analysts respecting anticipated economic and operating conditions. Although management of the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this MD&A. All of the forward-looking statements of the Company contained in this MD&A are expressly qualified, in their entirety, by this cautionary statement. The various risks to which the Company is exposed are described in additional detail in this MD&A under the heading "Risk Factors" and in the Company's AIF. Except as required by law, the Company disclaims any intention or obligation to update or revise any forward-looking information or statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

BOARD OF DIRECTORS

George Chow [1]
Chairman of the Board

Daniel Halyk
President and Chief Executive Officer

Glenn Dagenais [2, 3]

Greg Melchin [1, 2]

Jessica Kirstine [1, 3]

Ken Mullen [2, 3]

[1] Member of the Compensation Committee
[2] Member of the Audit Committee
[3] Member of the Corporate Governance and Nominating Committee

MANAGEMENT TEAM

Daniel Halyk
President and Chief Executive Officer

Jeremy Busch-Howell
Vice President, Legal, General Counsel and Corporate Secretary

Yuliya Gorbach
Vice President, Finance and Chief Financial Officer

William Kosich
Vice President, Drilling Services

Brad Macson
Vice President, Operations

Muhammad Yasir Nisar
Assistant Vice President, Drilling Services

Golden Bhatia
Corporate Controller

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MNP LLP

Calgary, Alberta

TRUSTEE, REGISTRAR AND TRANSFER AGENT

Computershare

Calgary, Alberta

LEGAL COUNSEL

Bennett Jones, LLP

Calgary, Alberta

BANKERS

Royal Bank of Canada

The Toronto Dominion Bank

Alberta Treasury Branches

STOCK EXCHANGE LISTING

Toronto Stock Exchange

Common Shares: TOT

CANADIAN LOCATIONS

Brooks, AB • Calgary, AB • Clairmont, AB • Drayton Valley, AB • Drumheller, AB • Edson, AB • Fort McMurray, AB • Fox Creek, AB
Grande Prairie, AB • Lac La Biche, AB • Leduc, AB • Lloydminster, AB • Medicine Hat, AB • Red Deer, AB • Rocky Mountain House, AB
Slave Lake, AB • Whitecourt, AB • Dawson Creek, BC • Fort St. John, BC • Swift Current, SK • Weyburn/Midale, SK

U.S. LOCATIONS

Denver, CO • Greeley, CO • Dickinson, ND • Watford City, ND
Casper, WY • Gillette, WY • Weirton, WV • Midland, TX • Odessa, TX

AUSTRALIAN LOCATIONS

Brisbane, QLD • Toowoomba, QLD