ENSIGN®

2015 Q1

FIRST QUARTER REPORT For the three months ended March 31, 2015

FINANCIAL AND OPERATING HIGHLIGHTS

(Unaudited, in thousands of Canadian dollars, except per share data and operating information)

Three months ended March 31	**2015**	2014	% Change
Revenue	**449,289**	624,194	(28)
Adjusted EBITDA (1)	**112,333**	160,069	(30)
Adjusted EBITDA per share (1)			
Basic	**$0.74**	$1.05	(30)
Diluted	**$0.74**	$1.04	(29)
Adjusted net income (1)	**27,713**	53,958	(49)
Adjusted net income per share (1)			
Basic	**$0.18**	$0.35	(49)
Diluted	**$0.18**	$0.35	(49)
Net Income	**15,427**	60,411	(74)
Net income per share			
Basic	**$0.10**	$0.40	(75)
Diluted	**$0.10**	$0.39	(74)
Funds from operations (1)	**109,761**	137,011	(20)
Funds from operations per share (1)			
Basic	**$0.72**	$0.90	(20)
Diluted	**$0.72**	$0.89	(19)
Weighted average shares – basic *(000s)*	**152,525**	152,864	–
Weighted average shares – diluted *(000s)*	**152,805**	153,654	(1)
Drilling			
Number of rigs			
Canada (2)	**90**	104	(13)
United States	**97**	111	(13)
International (3)	**56**	55	2
Rigs in transit (4)	**-**	2	(100)
Operating days			
Canada	**2,759**	4,792	(42)
United States	**3,723**	5,673	(34)
International	**2,540**	3,152	(19)
Well Servicing			
Number of marketed rigs			
Canada	**72**	91	(21)
United States	**47**	45	4
Operating hours			
Canada	**18,746**	34,680	(46)
United States	**19,754**	28,861	(32)

(1) Adjusted EBITDA, Adjusted EBITDA per share, Adjusted net income, Adjusted net income per share, Funds from operations and Funds from operations per share are not measures that have any standardized meaning prescribed by International Financial Reporting Standards and accordingly, may not be comparable to similar measures used by other companies. Non-GAAP measures are defined on page 3.

(2) Excludes coring rigs.

(3) Includes workover rigs.

(4) Drilling rigs being retrofitted and transferred to a new geographic market.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Ensign Energy Services Inc. and all of its subsidiaries and partnerships ("Ensign" or the "Company") should be read in conjunction with the unaudited interim consolidated financial statements for the three months ended March 31, 2015, as well as the audited consolidated financial statements and the notes thereto for the year ended December 31, 2014, which are available on SEDAR at www.sedar.com. This MD&A and the interim consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All financial measures presented in this MD&A are expressed in Canadian dollars unless otherwise indicated. All financial measures are stated in thousands, except for per share amounts, number of drilling rigs and operating days. This MD&A is dated April 30, 2015.

ADVISORY REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this document constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule" or other expressions of a similar nature suggesting future outcome or statements regarding an outlook.

Disclosures related to expected future energy commodity pricing or trends, revenue rates, equipment utilization or operating activity levels, operating costs, capital expenditures and other future guidance provided throughout this MD&A, including, but not limited to, information provided in the "Funds from Operations and Working Capital" section regarding the Company's expectation that funds generated by operations combined with current and future credit facilities will support current operating and capital requirements, information provided in the "Financing Activities" section regarding the anticipated payment of a dividend in July 2015, information provided in the "New Builds and Major Retrofits" sections regarding the new build program for 2015, information provided in the "Financial Instruments" section regarding Venezuela and information provided in the "Outlook" section regarding the general outlook for 2015, constitute forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks. The reader should not place undue reliance on these forward-looking statements as there can be no assurance that the plans, initiatives or expectations upon which they are based will occur.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks, uncertainties and other factors that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others: general economic and business conditions which will, among other things, impact demand for and market prices of the Company's services and the ability of the Company's customers to pay accounts receivable balances; volatility of and assumptions regarding oil and natural gas prices; fluctuations in currency and interest rates; economic conditions in the countries and regions in which the Company conducts business; political uncertainty and civil unrest; ability of the Company to implement its business strategy; impact of competition; the Company's defense of lawsuits; availability and cost of labor and other equipment, supplies and services; ability of the Company and its subsidiaries to complete their capital programs; operating hazards and other difficulties inherent in the operation of the Company's oilfield services equipment; availability and cost of financing; timing and success of integrating the business and operations of acquired companies; actions by governmental authorities; government regulations and the expenditures required to comply with them (including safety and environmental laws and regulations and the impact of climate change initiatives on capital and operating costs); the adequacy of the Company's provision for taxes; and other circumstances that may affect revenues and expenses.

The Company's operations and levels of demand for its services have been, and at times in the future may be, affected by political developments and by national, regional and local laws and regulations such as changes in taxes, royalties and other amounts payable to governments or governmental agencies and environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are interdependent upon other factors, and the Company's course of action may depend upon its assessment of the future considering all information then available.

For additional information refer to the "Risks and Uncertainties" section of this MD&A. Readers are cautioned that the foregoing list of important factors is not exhaustive. Unpredictable or unknown factors not discussed in this report could also have material adverse effects on forward-looking statements or results of operations. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. Except as required by law, the Company assumes no obligation to update forward-looking statements should circumstances or the Company's estimates or opinions change.

NON-GAAP MEASURES

This MD&A contains references to Adjusted EBITDA, Adjusted EBITDA per share, Adjusted net income, Adjusted net income per share, Funds from operations and Funds from operations per share. Adjusted EBITDA is defined as "income before interest, income taxes, depreciation, asset decommissioning and write-downs, share-based compensation and foreign exchange and other". Management believes that in addition to net income, Adjusted EBITDA is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how these activities are financed, how the results are taxed in various jurisdictions, how the results are impacted by non-cash charges for equipment depreciation and write-downs, how the results are impacted by foreign exchange, or how the results are impacted by the accounting standards associated with the Company's share-based compensation plans.

Adjusted net income is defined as "net income before asset decommissioning and write-downs, share-based compensation and foreign exchange and other, tax-effected using the expected income tax rate for each item or an estimate of 35 percent". Adjusted net income is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities prior to consideration of how the results are impacted by non-cash charges for equipment write-downs, how the results are impacted by foreign exchange and how the results are impacted by the accounting standards associated with the Company's share-based compensation plans, net of income taxes. Funds from operations is defined as "cash provided by operating activities before the change in non-cash working capital". Funds from operations is a measure that provides additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Management utilizes this measure to assess the Company's ability to finance operating activities and capital expenditures.

Adjusted EBITDA, Adjusted EBITDA per share, Adjusted net income, Adjusted net income per share, Funds from operations and Funds from operations per share are not measures that have any standardized meaning prescribed by IFRS and accordingly, may not be comparable to similar measures used by other companies.

ADJUSTED EBITDA

($ thousands)	Three months ended March 31 **2015**	2014
Income before income taxes	**23,625**	91,598
Interest expense	**6,077**	5,426
Interest income	**(98)**	(336)
Depreciation	**63,827**	73,309
Share-based compensation	**792**	(913)
Foreign exchange and other	**18,110**	(9,015)
Adjusted EBITDA	**112,333**	160,069

ADJUSTED NET INCOME

($ thousands)	Three months ended March 31 **2015**	2014
Net Income	**15,427**	60,411
Share-based compensation, net of income taxes	**514**	(593)
Foreign exchange and other, net of income taxes	**11,772**	(5,860)
Adjusted net income	**27,713**	53,958

FUNDS FROM OPERATIONS

($ thousands)	Three months ended March 31 **2015**	2014
Net Income	**15,427**	60,411
Non-cash items:		
Depreciation	**63,827**	73,309
Share-based compensation, net of cash paid	**1,944**	(182)
Unrealized foreign exchange and other	**17,537**	(8,326)
Accretion on long-term debt	**99**	88
Deferred income tax	**10,927**	11,711
Funds from operations	**109,761**	137,011

OVERVIEW

Revenue for the first quarter of 2015 was $449.3 million, a decrease of 28% from revenue for the first quarter of 2014 of $624.2 million. Adjusted EBITDA totaled $112.3 million ($0.74 per common share) in the first quarter of 2015, 30% lower than adjusted EBITDA of $160.1 million ($1.05 per common share) in the first three months of 2014. Net income for the first quarter of 2015 decreased 74% to $15.4 million ($0.10 per common share), compared to net income of $60.4 million ($0.40 per common share) for the first quarter of 2014. Adjusted net income for the first quarter of 2015 was $27.7 million ($0.18 per common share), 49% lower than adjusted net income of $54.0 million for the first quarter of 2014 ($0.35 per common share). Funds from operations decreased 20% to $109.8 million ($0.72 per common share) in the first three months of 2015 as compared to $137.0 million ($0.90 per common share) in the first three months of the prior year. Operating days across the Company's fleet were lower in the first quarter of 2015 when compared to the first quarter of 2014 due to weaker demand for oilfield services caused by low oil and natural gas commodity prices. A strengthening of the United States dollar against the Canadian dollar positively impacted United States and international financial results on translation to Canadian dollars. The average United States exchange rate versus the Canadian dollar for the first three months of 2015 increased 12.5%, compared to the first three months of 2014.

Gross margin decreased to $133.8 million (30% of revenue) for the first quarter of 2015 compared to a gross margin of $182.2 million (29% of revenue) for the first quarter of 2014. The decrease in gross margin in the first quarter of 2015 compared to the first quarter of 2014 was primarily attributed to weaker activity levels and revenue rates across the oilfield service equipment fleet, costs related to field office restructuring and costs associated with moving idle equipment to storage facilities.

Working capital at March 31, 2015 was $183.8 million, compared to $189.7 million at December 31, 2014. The Company's bank credit facilities provide available borrowings of $156.4 million at March 31, 2015, compared to $161.5 million at December 31, 2014.

REVENUE AND OILFIELD SERVICES EXPENSE

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Revenue				
Canada	**117,990**	226,468	(108,478)	(48)
United States	**186,400**	248,363	(61,963)	(25)
International	**144,899**	149,363	(4,464)	(3)
Total revenue	**449,289**	624,194	(174,905)	(28)
Oilfield services expense	**315,442**	442,020	(126,578)	(29)
Gross margin	**133,847**	182,174	(48,327)	(27)
Gross margin percentage *(%)*	**29.8**	29.2		

Revenue recorded in the first quarter of 2015 totaled $449.3 million, a decrease of 28% from the first quarter of 2014. As a percentage of revenue, gross margin for the first quarter of 2015 increased to 30% from 29% for the first quarter of 2014.

The oil and natural gas commodity price decline that commenced in the second half of 2014 and continued through the first quarter of 2015 reduced the demand for oilfield services and caused the Company to achieve lower equipment utilization and revenue rates compared to the first quarter of 2014. The United States dollar strengthened by 12.5% relative to the Canadian dollar in the first three months of 2015 compared to the first three months of 2014, which served to reduce the impact of some of the revenue rate declines during the quarter.

CANADIAN OILFIELD SERVICES

Revenue decreased 48% to $118.0 million for the three months ended March 31, 2015, from $226.5 million for the three months ended March 31, 2014. Canadian revenue accounted for 26% of the Company's total revenue in the first quarter of 2015, compared with 36% in the first quarter of 2014. Demand for the Company's Canadian oilfield services was lower compared to prior quarters due to the decrease in oil and natural gas commodity prices.

The Company recorded 2,759 drilling days in the first quarter of 2015, a 42% decrease from the 4,792 drilling days recorded in the first quarter of 2014. Canadian well servicing hours were also lower than the prior year, decreasing 46% in the first quarter of 2015 to 18,746 operating hours, compared with 34,680 operating hours in the corresponding period of 2014. During the three months ended March 31, 2015 two new build ADR® drilling rigs and one new ASR™ well servicing rig were completed and added to the Company's Canadian fleet.

UNITED STATES OILFIELD SERVICES

The Company's United States operations recorded revenue of $186.4 million in the first quarter of 2015, a 25% decrease from the $248.4 million recorded in the corresponding period of the prior year. The Company's United States operations accounted for 42% of the Company's revenue in the first quarter of 2015, compared to 40% in the first quarter of 2014. Drilling rig operating days decreased by 34% to 3,723 drilling days in the first quarter of 2015 as compared to 5,673 drilling days in the first quarter of 2014. Well servicing activity decreased by 32% in the first quarter of 2015 to 19,754 operating hours from 28,861 operating hours in the first quarter of 2014.

Activity levels and revenue rates in the United States oilfield service operations began to decline in the fourth quarter of 2014. The decline continued into the first quarter of 2015 resulting in lower activity levels compared to the first quarter of the prior year. The activity and pricing declines have been offset somewhat by the positive translational impact of a stronger United States dollar, which increased 12.5% versus the Canadian dollar when compared to the first quarter of 2014. The new builds and the upgrades that the Company made to its United States equipment fleet throughout the previous years have allowed the Company to maintain revenue rates in some operating jurisdictions. The Company added two new ADR® drilling rigs and two new well servicing rigs to the United States fleet in the first quarter of 2015.

INTERNATIONAL OILFIELD SERVICES

The Company's international operations recorded revenue of $144.9 million in the first quarter of 2015, a 3% decrease from $149.4 million recorded in the corresponding period of the prior year. International operations contributed 32% of the Company's revenue in the first quarter of 2015, compared with 24% in the same period of 2014. International operating days for the three months ended March 31, 2015 totaled 2,540 drilling days, a decrease of 19% compared to 3,152 drilling days for the three months ended March 31, 2014.

Similar to the Company's United States operations, international operations were positively impacted from the strengthening United States dollar versus the Canadian dollar on translation into Canadian dollars for reporting purposes in the first quarter of 2015 as compared to the first quarter of the prior year.

DEPRECIATION

	Three months ended March 31			
($ thousands)	**2015**	2014	Change	% change
Depreciation	**63,827**	73,309	(9,482)	(13)

Depreciation expense decreased 13% to $63.8 million for the three months ended March 31, 2015, compared with $73.3 million for the three months ended March 31, 2014. Depreciation expense in the current quarter when compared to the first quarter of 2014 was lower due to the decrease in operating activity, which was partially offset by the impact of the reduction in the residual value of certain equipment from 20% to 10% implemented during the quarter and from the negative translational impact of a stronger United States dollar compared to the Canadian dollar on United States and international depreciation in the current quarter.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended March 31			
($ thousands)	**2015**	2014	Change	% change
General and administrative	**21,514**	22,105	(591)	(3)
% of revenue	**4.8**	3.5		

General and administrative expense was $21.5 million (4.8% of revenue) for Q1, 2015 compared with $22.1 million (3.5% of revenue) for the first quarter of 2014, a decrease of 2.1%. The decrease in general and administrative expense reflects the Company's initiatives to reduce fixed costs in reaction to lower oil and natural gas commodity prices. The decrease was partially offset by restructuring costs incurred during the quarter and the negative translational impact on United States and international administrative expenses of a stronger United States dollar versus the Canadian dollar in the current quarter.

SHARE-BASED COMPENSATION

	Three months ended March 31			
($ thousands)	**2015**	2014	Change	% change
Share-based compensation expense (recovery)	**792**	(913)	1,705	(187)

Share-based compensation expense (recovery) arises from the Black-Scholes valuation accounting associated with the Company's share-based compensation plans, whereby the liability associated with share-based compensation is adjusted for the effect of granting and vesting of employee stock options and changes in the underlying market price of the Company's common shares.

For the three months ended March 31, 2015, share-based compensation was an expense of $0.8 million, compared with a recovery of $0.9 million recorded in the first quarter of 2014. The increase in the share-based compensation expense in the first quarter of 2015 was a result of the amortization of stock options offset by the change in the fair value of the share-based compensation liability primarily due to a decrease in the price of the Company's common shares during the first three months of 2015. The closing price of the Company's common shares was $9.93 at March 31, 2015 ($16.34 at March 31, 2014), compared with $10.20 at December 31, 2013 ($16.73 at December 31, 2013).

INTEREST EXPENSE

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Interest expense	**6,077**	5,426	651	12
Interest income	**(98)**	(336)	238	(71)
	5,979	5,090	889	(17)

Interest expense is incurred on the Company's $10.0 million Canadian-based revolving credit facility (the "Canadian Facility"), the $600.0 million global revolving credit facility (the "Global Facility") and the United States dollar $300.0 million senior unsecured notes (the "Notes") issued in February 2012. The amortization of deferred financing costs associated with the issuance of the Notes is included in interest expense.

Interest expense in the first quarter of 2015 increased over interest expense in the first quarter of 2014 primarily due to the negative translational impact of a stronger United States dollar versus the Canadian dollar on United States and international interest expense in the current quarter.

FOREIGN EXCHANGE AND OTHER

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Foreign exchange and other	**18,110**	(9,015)	27,125	(301)

Included in this amount are foreign currency movements in the Company's subsidiaries that have functional currencies other than Canadian dollars. During the three months ended March 31, 2015, the Australian dollar weakened by approximately 6% against the United States dollar causing a foreign currency loss on translation of the Company's United States dollar denominated debt into Australian dollars. In general, when compared to other world currencies, the United States dollar was stronger in the first three months of 2015, compared to the first three months of 2014.

INCOME TAXES

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Current income tax	**(2,729)**	19,476	(22,205)	(114)
Deferred income tax	**10,927**	11,711	(784)	(7)
Total income tax	**8,198**	31,187	(22,989)	(74)
Effective income tax rate *(%)*	**34.7**	34.0		

The effective income tax rate for the three months ended March 31, 2015 was 34.7%, compared with 34.0% for the three months ended March 31, 2014. The current income tax recovery of $2.7 million in the three months ended March 31, 2015, was primarily due to a loss for income tax purposes in the Company's Canadian operations as operating activity decreased significantly from the first quarter of the prior year.

FINANCIAL POSITION

The following chart outlines significant changes in the consolidated statement of financial position from December 31, 2014 to March 31, 2015:

($ thousands)	Change	Explanation
Cash and cash equivalents	(628)	See consolidated statements of cash flows.
Accounts receivable	(75,248)	Decrease is due to an increase in collections and a decline in activity in the first quarter of 2015 compared to the fourth quarter of 2014.
Inventories and other	4,275	Increase is due to additional inventory and prepaid expenses offset by normal course use of consumables and amortization of prepaid expenses and foreign exchange fluctuations on the United States dollar-denominated balances.
Property and equipment	173,757	Increase is due to additions from the new build and major retrofit construction program, and the impact of an increase in the quarter-end foreign exchange rate on the consolidation of the property and equipment of the Company's foreign subsidiaries, offset by depreciation.
Accounts payable and accruals	(60,568)	Decrease is due to the reduction in operating activity in the current quarter as well as the reduction in the size of the Company's new build and major retrofit construction program.
Share-based compensation	836	Increase is due to the amortization of stock options, offset by a decline in the price of the Company's common shares as at March 31, 2015 compared with December 31, 2014.
Long-term debt	37,350	Increase is primarily due to foreign exchange fluctuations on the United States dollar-denominated long-term debt.
Deferred income taxes	3,076	Increase is primarily due to accelerated tax depreciation of assets added during the quarter and utilization of non-capital losses.
Shareholders' equity	127,110	Increase is due to net income for the current quarter and the impact of foreign exchange rate fluctuations on net assets of foreign subsidiaries, offset by the amount of dividends declared in the first quarter.

FUNDS FROM OPERATIONS AND WORKING CAPITAL

	Three months ended March 31			
($ thousands, except per share amounts)	**2015**	2014	Change	% change
Funds flow from operations	**109,761**	137,011	(27,250)	(20)
Funds flow from operations per share	**$ 0.72**	$ 0.90	$ (0.18)	(20)
Working capital (1)	**183,752**	189,698	(5,946)	(3)

(1) Comparative figure as of December 31, 2014.

During the three months ended March 31, 2015, the Company generated funds from operations of $109.8 million ($0.72 per common share), compared with funds from operations of $137.0 million ($0.90 per common share) for the three months ended March 31, 2014, a decrease of 20%. This decrease was due to reduced operating and financial results for the Company in the first quarter of 2015 compared to the first quarter of the prior year.

At March 31, 2015, the Company's working capital totaled $183.8 million, compared to $189.7 million at December 31, 2014. The decrease in working capital in the first three months of 2015 was mainly related to reduced financial results in the first quarter of 2015 and the residual spend on the new build and major retrofit construction program. The Company expects funds generated by operations, combined with current and future credit facilities, to fully support current operating and capital requirements. Existing revolving credit facilities provide for total borrowings of $610.0 million, of which $156.4 million was available at March 31, 2015.

INVESTING ACTIVITIES

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Purchase of property and equipment	**(78,685)**	(120,753)	42,068	(35)
Net change in non-cash working capital	**(40,851)**	5,491	(46,342)	NM
Cash used in investing activities	**(119,536)**	(115,262)	(4,274)	4

NM is "not meaningful"

Purchases of property and equipment during the first quarter of 2015 totaled $78.7 million (2014 – $120.8 million). The purchase of property and equipment relates to the expenditures made pursuant to the Company's current new build and major retrofit program, and for capital maintenance costs incurred in the quarter.

FINANCING ACTIVITIES

($ thousands)	Three months ended March 31 **2015**	2014	Change	% change
Net (decrease) increase in bank credit facilities	**(29,995)**	18,042	(48,037)	(266)
Purchase of shares held in trust	**(554)**	(489)	(65)	13
Dividends	**(18,367)**	(18,019)	(348)	2
Net change in non-cash working capital	**3,640**	3,224	416	13
Cash (used in) provided by financing activities	**(45,276)**	2,758	(48,034)	NM

NM is "not meaningful"

The Company's available bank credit facilities consist of a $600.0 million Global Facility and a $10.0 million Canadian Facility. The Global Facility is available to the Company and certain of its wholly owned subsidiaries, and may be drawn in Canadian, United States or Australian dollars, up to the equivalent value of $600.0 million Canadian dollars. The Global Facility has a three-year term that expires in June, 2017. The amount available under the Canadian Facility is $10.0 million or the equivalent in United States dollars.

In addition, the Company has a $20.0 million uncommitted facility, solely for issuing letters of credit, primarily used for bidding on contracts in the normal course of business.

Net draws of the operating lines of credit were mainly used to fund the current new build and major retrofit program. As of March 31, 2015, the bank credit facilities are primarily being used to fund capital expenditures and to support international operations.

The Board of Directors of the Company has declared a second quarter dividend of $0.12 per common share to be payable July 3, 2015 to all Common Shareholders of record as of June 19, 2015. The dividend is pursuant to the quarterly dividend policy adopted by the Company. Pursuant to subsection 89(1) of the Canadian Income Tax Act ("ITA"), the dividend being paid is designated as an eligible dividend, as defined in subsection 89(1) of the ITA.

FINANCIAL INSTRUMENTS

CREDIT RISK

The Company is subject to credit risk on accounts receivable balances, which totaled $388.6 million at March 31, 2015. Reduced levels of oil and natural gas commodity prices negatively impacts the cash flows of the Company's customers and, consequently, increases the collection risk of accounts receivable balances.

As part of the Company's international operations, it provides oilfield services in Venezuela pursuant to long-term contracts. As at March 31, 2015, the Company had net accounts receivable of approximately $44.8 million for work performed in Venezuela and, due to the continuing political unrest in Venezuela, there is and there can be no assurance that the Company will be successful in collecting all or any of such outstanding balance.

NEW BUILDS AND MAJOR RETROFITS

During the three months ended March 31, 2015, the Company commissioned two new ADR® drilling rigs in Canada and two new ADR® drilling rigs in the United States. In addition, one new ASR™ well servicing rig was added to the Canadian well servicing fleet and two new well servicing rigs were added to the United States fleet.

The Company continues to build new ADR® drilling rigs and upgrade existing rigs to meet the increasing technical demands of its customers. However, the recent decline in oil and natural gas commodity prices has resulted in the Company proactively and aggressively reducing the rig build program. The Company's new build program currently consists of plans to complete the construction of four new build ADRs that will be added to its fleet by the third quarter of 2015. A total of two major retrofits are currently planned for the United States market in 2015.

SUMMARY QUARTERLY RESULTS

($ thousands, except per share data)

	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2014	Q2-2013
Revenue	**449,289**	602,691	583,299	511,581	624,194	536,044	542,951	437,874
Adjusted EBITDA	**112,333**	143,012	137,295	97,137	160,069	112,461	123,123	85,746
Adjusted EBITDA per share								
Basic	**$ 0.74**	$ 0.94	$ 0.90	$ 0.64	$ 1.05	$ 0.74	$ 0.81	$ 0.56
Diluted	**$ 0.74**	$ 0.94	$ 0.89	$ 0.63	$ 1.04	$ 0.73	$ 0.80	$ 0.56
Adjusted net income	**27,713**	44,181	36,076	14,352	53,958	27,947	34,861	14,484
Adjusted net income per share								
Basic	**$ 0.18**	$ 0.29	$ 0.24	$ 0.09	$ 0.35	$ 0.18	$ 0.23	$ 0.09
Diluted	**$ 0.18**	$ 0.29	$ 0.24	$ 0.09	$ 0.35	$ 0.18	$ 0.23	$ 0.09
Net Income (loss)	**15,427**	(31,038)	26,505	15,242	60,411	26,895	33,699	3,284
Net income (loss) per share								
Basic	**$ 0.10**	$ (0.20)	$ 0.17	$ 0.10	$ 0.40	$ 0.18	$ 0.22	$ 0.02
Diluted	**$ 0.10**	$ (0.20)	$ 0.17	$ 0.10	$ 0.39	$ 0.18	$ 0.22	$ 0.02
Funds from operations	**109,761**	132,257	132,187	90,431	137,011	101,209	105,923	88,677
Funds from operations per share								
Basic	**$ 0.72**	$ 0.87	$ 0.87	$ 0.59	$ 0.90	$ 0.66	$ 0.69	$ 0.58
Diluted	**$ 0.72**	$ 0.86	$ 0.86	$ 0.59	$ 0.89	$ 0.66	$ 0.69	$ 0.58

Certain prior period amounts have been restated to reflect current period presentation.

Variability in the Company's quarterly results is driven primarily by the seasonal operating environment in Canada and fluctuations in oil and natural gas commodity prices. Financial and operating results for the Company's Canadian oilfield services division are generally strongest during the first and fourth quarters when the Company's customers conduct the majority of their drilling programs. Utilization rates typically decline during the second quarter as spring break-up weather conditions hinder mobility of the Company's equipment in Canada. Oil and natural gas commodity prices ultimately drive the level of exploration and development activities carried out by the Company's customers and the resultant demand for the oilfield services provided by the Company.

The quarterly results may also be impacted by the Black-Scholes valuation accounting associated with the Company's share-based compensation plans, which can fluctuate significantly from quarter to quarter as a result of changes in the valuation inputs, as well as changes in foreign currencies against the functional currencies of the Company's operating entities. Management utilizes Adjusted EBITDA and Adjusted net income to assess results from the Company's principal business activities prior to the impact of asset decommissioning and write-downs, share-based compensation and foreign exchange and other.

In addition to the seasonality noted above, the variability noted in the Company's quarterly results reflect improved levels of demand for oilfield services in the 2014 fiscal year compared to the prior year. Such demand for oilfield services was positively influenced by favorable oil and natural gas commodity prices for much of 2014, until oil prices started to sharply reduce late in the year in response to a global supply and demand imbalance for energy. The impact of lower oil and natural gas commodity prices on the demand for oilfield services, particularly in North America, can be seen in the reduction in the Company's financial results for the first quarter of 2015.

OUTSTANDING SHARE DATA

The following common shares and stock options were outstanding as of April 30, 2015:

	Number	Amount ($thousands)
Common Shares	152,526,900	170,714

	Outstanding	Exercisable
Stock options	7,471,600	2,649,500

OUTLOOK

The Company believes that the recovery in the global economy has not yet gained sufficient momentum to result in the increases in demand for energy required to offset recent supply increases and rebalance the energy market. Further, it appears that the lower energy commodity prices that have taken hold, since last year's strategic shift by Saudi Arabia to gain market share, have not meaningfully stimulated demand for additional energy. In this challenging environment, energy producers have quickly adjusted to dramatically reduced revenue streams by curtailing capital expenditures and reducing fixed costs in their operations. The current uncertainty in oil and natural gas commodity prices has resulted in reduced demand for oilfield services, particularly in North America. The lower energy commodity price environment has placed downward pressure on equipment utilization and revenue rates across the Company's fleet.

During the first three months of 2015, historicaly the busiest seasonal period of the year in Canada, the Canadian drilling industry has seen overall activity reduced by approximately 45% compared to the first quarter of the prior year. The Canadian Association of Oilwell Drilling Contractors has forecast that total industry operating days for 2015 will be reduced by 41% over the prior year. The Company's Canadian operations recorded a 42% reduction in days compared with the first quarter of 2014, and the Company expects operating levels for the balance of the year to track the industry average. During this period of industry malaise, Canadian activity levels will be subdued and there will be downward pressure on revenue rates due to the over-supply of oilfield service equipment in the market.

The number of active land-based drilling rigs in the United States has reduced every week since the start of the year. The Baker Hughes count of land-based drilling rigs operating in the United States was at 868 rigs as of May 1, 2015, down approximately 51% from a count of 1,786 rigs operating in the United States one year ago. Any sustained future recovery in the active drilling rig count will ultimately depend on increases in oil and natural gas commodity prices, the timing of which is dependent on energy commodity supply and demand fundamentals. Despite the large drop in operating drilling rigs in the United States, the Company's active rig count has remained somewhat resilient everywhere except in California, where operators reacted very quickly to a lower oil price environment. In the first three months of 2015, the Company's United States fleet recorded a 34% decrease in operating days compared to the same period in 2014. While the Company's utilization currently compares favorably with industry utilization in the United States, an over-supply of oilfield service equipment means that there will be continued pressures on demand and pricing for oilfield services such that the Company's utilization may soon begin to fall in line with United States onshore industry activity levels.

International drilling markets are more diverse and tend to be characterized by longer term contracts, consequently the Company's international activity levels in the first quarter of 2015 did not decrease as much as activity levels in North America compared to the prior year. The Company's international operations recorded a first quarter activity level that was 19% lower than the first quarter of 2014. Challenges in some of the Company's international operations persist due to geopolitical issues, civil unrest, economic constraints and other factors inherent in international operations; however, several of the Company's drilling rigs that were either newly built or significantly refurbished and transferred from other markets into the international fleet have commenced operations and this has partially mitigated such challenges. For the remainder of 2015, the Company expects to operate at similar utilization levels to those of the first quarter, due to a relatively high proportion of long-term contracts in its international operations.

Throughout the current industry downturn, the Company's priorities are balance sheet preservation, securing and retaining high-quality customer relationships, and effective cost management in its operations. Although the Company has addressed its administrative and supervisory structure to enable the Company to be cost effective in the oil and natural gas commodity price environment that is expected going forward, further action may be taken if industry conditions do not improve over the coming quarters. The Company believes that a proactive approach in meeting the challenges of these uncertain times is not only prudent, it is imperative.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company is required to comply with National Instrument 52-109 "*Certification of Disclosure in Issuer's Annual and Interim Filings*". This instrument requires that the Company disclose in the interim MD&A any changes in the Company's internal control over financial reporting that occurred during the most recent interim period that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. The Company confirms that no such changes occurred during the three months ended March 31, 2015.

RISKS AND UNCERTAINTIES

OIL AND NATURAL GAS PRICES

The most significant factors affecting the business of the Company are oil and natural gas commodity prices. Commodity price levels affect the capital programs of energy exploration and production companies, as the price they receive for the oil and natural gas they produce has a direct impact on the cash flow available to them and the subsequent demand for oilfield services provided by the Company. Oil and gas prices have been volatile in recent years and may continue to be so as supply/demand fundamentals, weather conditions, government regulations, political and economic environments, pipeline capacity, storage levels and other factors outside of the Company's control continue to influence commodity prices. Demand for the Company's services in the future will continue to be influenced by oil and natural gas commodity prices and the resultant impact on the cash flow of its customers, and may not be reflective of historical activity levels.

COMPETITION AND INDUSTRY CONDITIONS

The oilfield services industry is, and will continue to be, highly competitive. Contract drilling companies compete primarily on a regional basis and competition may vary significantly from region to region at any particular time. Most drilling and workover contracts are awarded on the basis of competitive bids, which result in price competition. Many drilling, workover and well servicing rigs can be moved from one region to another in response to changes in levels of activity, which can result in an oversupply of rigs in an area. In many markets in which the Company operates, the supply of rigs exceeds the demand for rigs, resulting in further price competition. Certain competitors are present in more than one of the regions in which the Company operates, although no one competitor operates in all of these areas. In Canada, the Company competes with several firms of varying size. In the United States there are many competitors with national, regional or local rig operations. Internationally, there are several competitors at each location where the Company operates and some of those international competitors may be better positioned in certain markets, allowing them to compete more effectively. There is no assurance that the Company will be able to continue to compete successfully or that the level of competition and pressure on pricing will not affect the Company's margins.

FOREIGN OPERATIONS

The Company provides oilfield services throughout much of North America and internationally in a number of onshore drilling areas. The Canadian and United States regulatory regimes are generally stable and, typically, supportive of energy industry activity. Internationally, the Company's operations are subject to regulations in various jurisdictions and support for the oil and natural gas industry can vary in these jurisdictions. There are risks inherent in foreign operations such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements. Risks to the Company's operations include, but are not limited to, loss of revenue, expropriation and nationalization, restrictions on repatriation of income or capital, currency exchange restrictions, contract deprivation, force majeure events and the potential for trade and economic sanctions or other restrictions to be imposed by the Canadian government or other governments or organizations. To mitigate these risks, the Company seeks to negotiate long-term service contracts for drilling services that ideally include early termination provisions and other clauses for the Company's protection. However, there is and there can be no assurance that the Company will be fully effective in mitigating foreign operation risks. Such risks could have material adverse impacts on the Company's financial condition and operating results.

OPERATING RISKS AND INSURANCE

The Company's operations are subject to risks inherent in the oilfield services industry. Where available and cost-effective, the Company carries insurance to cover the risk to its equipment and people, and each year the Company reviews the level of insurance for adequacy. Although the Company believes its level of insurance coverage to be adequate, there can be no assurance that the level of insurance carried by the Company will be sufficient to cover all potential liabilities.

FOREIGN EXCHANGE EXPOSURE

The Company's consolidated financial statements are presented in Canadian dollars. Operations in countries outside of Canada result in foreign exchange risk to the Company. The principal foreign exchange risk relates to the conversion of United States dollar denominated activity to Canadian dollars. The Canada/United States dollar exchange rate at March 31, 2015, was approximately 1.27 compared with 1.16 at December 31, 2014 and 1.11 at March 31, 2014. In addition, the Company has foreign exchange risk in relation to the conversion of United States dollar denominated debt to Australian dollars. The Australia/United States dollar exchange rate at March 31, 2015 was approximately 1.30, compared with 1.23 at December 31, 2014 and 1.08 at March 31, 2013.

Fluctuations in future exchange rates will impact the Canadian dollar equivalent of the results reported by foreign subsidiaries.

CHANGES IN LAWS AND REGULATIONS

The Company and its customers are subject to numerous laws and regulations governing its operations and the exploration and development of oil and natural gas, including environmental regulations. Existing and expected environmental legislation and regulations may increase the costs associated with providing oilfield services, as the Company may be required to incur additional operating costs or capital expenditures in order to comply with any new regulations. The costs of complying with increased environmental and other regulatory changes in the future, such as royalty regime changes, may also have an adverse effect on the cash flows of the Company's customers and may dampen demand for oilfield services provided by the Company.

LITIGATION AND LEGAL PROCEEDINGS

From time to time, the Company is subject to litigation and legal proceedings that may include employment, tort, commercial and class action suits. Amounts claimed in such suits or actions may be material and accordingly decisions against the Company could have an adverse effect on the Company's financial condition or results of operations.

ACCESS TO CREDIT FACILITIES AND DEBT CAPITAL MARKETS

The Company and its customers require reasonable access to credit facilities and debt capital markets as an important source of liquidity. Global economic events, outside the control of the Company or its customers, may restrict or reduce the access to credit facilities and debt capital markets. Tightening credit markets may reduce the funds available to the Company's customers for paying accounts receivable balances and may also result in reduced levels of demand for the Company's services. Additionally, the Company relies on access to credit facilities, along with its reserves of cash and cash flow from operating activities, to meet its obligations and finance operating activities. The Company believes it has adequate bank credit facilities to provide liquidity.

NEW BUILD AND MAJOR RETROFIT SCHEDULE DELAYS

As customer demand for oilfield service equipment increases, from time to time, the Company may undertake to increase its fleet through upgrades to equipment or through new construction. These projects are subject to risks of delay inherent in any large construction project resulting from numerous factors, including but not limited to shortages of equipment, materials or skilled labor; and unscheduled delays in the delivery of ordered materials and equipment. Project delays may affect the Company's ability to meet contractual commitments as well as the timely commencement of operations of the Company's drilling and well servicing rigs following delivery.

WORKFORCE

The Company's operations are dependent on attracting, developing and maintaining a skilled workforce. During periods of peak activity levels, the Company may be faced with a lack of personnel to operate its equipment. The Company is also faced with the challenge of retaining its most experienced employees during periods of low utilization, while maintaining a cost structure that varies with activity levels. To mitigate these risks, the Company has developed an employee recruitment and training program, and continues to focus on creating a work environment that is safe for its employees.

SEASONALITY AND WEATHER

The Company's Canadian oilfield services operations are impacted by weather conditions that hinder the Company's ability to move heavy equipment. The timing and duration of "spring break-up", during which time the Company is prohibited from moving heavy equipment on secondary roads, restricts movement of equipment in and out of certain areas, thereby negatively impacting equipment utilization levels. Further, the Company's activities in certain areas in northern Canada are restricted to winter months when the ground is frozen solid enough to support the Company's equipment. This seasonality is reflected in the Company's operating results, as rig utilization is normally at its lowest during the second and third quarters of the year. The Company continues to mitigate the impact of Canadian weather conditions through expansion into markets not subject to the same seasonality and by working with customers in planning the timing of their drilling programs. In addition, volatility in the weather across all areas of the Company's operations can create additional risk and unpredictability in equipment utilization rates and operating results.

RELIANCE ON KEY MANAGEMENT PERSONNEL

The success and growth of the Company is dependent upon its key management personnel. The loss of services of such persons could have a material adverse effect on the business and operations of the Company. No assurance can be provided that the Company will be able to retain key management members.

TECHNOLOGY

As a result of growing technical demands of resource plays, the Company's ability to meet customer demands is dependent on continuous improvement to the performance and efficiency of existing oilfield services equipment. There can be no assurance that competitors will not achieve technological advantages over the Company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	March 31 2015	December 31 2014
(Unaudited, in thousands of Canadian dollars)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents *(Note 10)*	**$ 53,369**	$ 53,997
Accounts receivable	**388,570**	463,818
Inventories and other	**69,137**	64,862
Income taxes receivable	**21,489**	15,841
	532,565	598,518
PROPERTY AND EQUIPMENT	**3,298,684**	3,124,927
	$ 3,831,249	$ 3,723,445
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals	**$ 327,990**	$ 388,558
Dividends payable	**18,367**	18,367
Share-based compensation *(Note 8)*	**2,456**	1,895
	348,813	408,820
LONG-TERM DEBT *(Note 5)*	**823,677**	786,327
SHARE-BASED COMPENSATION *(Note 8)*	**952**	677
DEFERRED INCOME TAXES	**485,460**	482,384
	1,658,902	1,678,208
SHAREHOLDERS' EQUITY		
Share capital *(Note 6)*	**170,714**	169,215
Contributed surplus	**1,048**	1,967
Foreign currency translation reserve	**243,350**	113,880
Retained earnings	**1,757,235**	1,760,175
	2,172,347	2,045,237
	$ 3,831,249	$ 3,723,445

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

For the three months ended	March 31 2015	March 31 2014
(Unaudited, in thousands of Canadian dollars, except per share data)		
REVENUE	**$ 449,289**	$ 624,194
EXPENSES		
Oilfield services	**315,442**	442,020
Depreciation	**63,827**	73,309
General and administrative	**21,514**	22,105
Share-based compensation	**792**	(913)
Foreign exchange and other	**18,110**	(9,015)
	419,685	527,506
INCOME BEFORE INTEREST AND INCOME TAXES	**29,604**	96,688
Interest income	**98**	336
Interest expense	**(6,077)**	(5,426)
INCOME BEFORE INCOME TAXES	**23,625**	91,598
INCOME TAXES		
Current tax	**(2,729)**	19,476
Deferred tax	**10,927**	11,711
	8,198	31,187
NET INCOME	**$ 15,427**	$ 60,411
NET INCOME PER SHARE *(Note 7)*		
Basic	**$ 0.10**	$ 0.40
Diluted	**$ 0.10**	$ 0.39

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three months ended		**March 31 2015**		March 31 2014
(Unaudited, in thousands of Canadian dollars, except per share data)				
NET INCOME	**$**	**15,427**	$	60,411
OTHER COMPREHENSIVE INCOME				
ITEM THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Foreign currency translation adjustment		**129,470**		50,942
COMPREHENSIVE INCOME	**$**	**144,897**	$	111,353

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31	Share Capital	Contributed Surplus	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
(Unaudited, in thousands of Canadian dollars)					
Balance, January 1, 2015	$ 169,215	$ 1,967	$ 113,880	$1,760,175	$2,045,237
Net income	–	–	–	15,427	15,427
Other comprehensive income	–	–	129,470	–	129,470
Total comprehensive income	–	–	129,470	15,427	144,897
Dividends	–	–	–	(18,367)	(18,367)
Share-based compensation	–	1,134	–	–	1,134
Shares vested previously held in trust	2,053	(2,053)	–	–	–
Purchase of shares held in trust	(554)	–	–	–	(554)
BALANCE MARCH 31, 2015	**$ 170,714**	**$ 1,048**	**$ 243,350**	**$1,757,235**	**$2,172,347**
Balance, January 1, 2014	$ 168,155	$ 4,614	$ 25,065	$1,764,735	$1,962,569
Net income	–	–	–	60,411	60,411
Other comprehensive income	–	–	50,942	–	50,942
Total comprehensive income	–	–	50,942	60,411	111,353
Dividends	–	–	–	(18,019)	(18,019)
Share-based compensation	–	1,355	–	–	1,355
Shares vested previously held in trust	2,380	(2,380)	–	–	–
Purchase of shares held in trust	(489)	–	–	–	(489)
Balance March 31, 2014	$ 170,046	$ 3,589	$ 76,007	$1,807,127	$2,056,769

See accompanying notes to the interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended	March 31 2015	March 31 2014
(Unaudited, in thousands of Canadian dollars)		
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net income	**$ 15,427**	$ 60,411
Items not affecting cash		
Depreciation	**63,827**	73,309
Share-based compensation, net of cash paid	**1,944**	(182)
Unrealized foreign exchange and other	**17,537**	(8,326)
Accretion on long-term debt	**99**	88
Deferred income tax	**10,927**	11,711
	109,761	137,011
Net change in non-cash working capital *(Note 10)*	**47,420**	(58,867)
	157,181	78,144
INVESTING ACTIVITIES		
Purchase of property and equipment	**(78,685)**	(120,753)
Net change in non-cash working capital *(Note 10)*	**(40,851)**	5,491
	(119,536)	(115,262)
FINANCING ACTIVITIES		
Net (decrease) increase in bank credit facilities	**(29,995)**	18,042
Purchase of shares held in trust *(Note 6)*	**(554)**	(489)
Dividends *(Note 6)*	**(18,367)**	(18,019)
Net change in non-cash working capital *(Note 10)*	**3,640**	3,224
	(45,276)	2,758
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(7,631)**	(34,360)
EFFECTS OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**7,003**	(4,005)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**53,997**	78,858
CASH AND CASH EQUIVALENTS – END OF PERIOD	**$ 53,369**	$ 40,493
SUPPLEMENTAL INFORMATION		
Interest paid	**$ 2,213**	$ 899
Income taxes paid	**$ 2,919**	$ 7,931

See accompanying notes to the interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2015 and 2014

(Unaudited, in thousands of Canadian dollars, except share and per share data)

1. NATURE OF BUSINESS

Ensign Energy Services Inc. is incorporated under the laws of the Province of Alberta, Canada. The address of its registered office is 1000, 400 – 5th Avenue S.W., Calgary, Alberta, Canada, T2P 0L6. Ensign Energy Services Inc. and its subsidiaries and partnerships (the "Company") provide oilfield services to the oil and natural gas industry in Canada, the United States and internationally.

2. BASIS OF PRESENTATION

These consolidated financial statements are presented in Canadian dollars which is the Company's functional currency.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34 - Interim Financial Reporting ("IAS 34"). The interim consolidated financial statements have been prepared following the same accounting policies and methods of computation as the consolidated financial statements for the year ended December 31, 2014. The calculation of depreciation includes assumptions related to useful lives and residual values that are regularly reviewed by management. Effective January 1, 2015 the Company has revised the residual value of the following property and equipment categories to 10% prospectively; drilling rigs and related equipment, well servicing rigs, oil sands coring rigs, and heavy oilfield service equipment. The impact of changes in depreciation in the current year are considered immaterial and management believes that there would be no material impact had changes been applied in prior years. The disclosures provided below do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements and the notes thereto for the year ended December 31, 2014, which have been prepared in accordance with IFRS as issued by the IASB. The Company has consistently applied the same accounting policies throughout all periods presented.

These consolidated financial statements were approved by the Company's Board of Directors on April 30, 2015, after review by the Company's Audit Committee.

3. SEASONALITY OF OPERATIONS

The Company's Canadian oilfield services operations are seasonal in nature and are impacted by weather conditions that may hinder the Company's ability to access locations or move heavy equipment. The lowest activity levels are experienced during the second quarter of the year when road weight restrictions are in place and access to wellsites in Canada is reduced. In addition, operations in certain international jurisdictions may be subject to seasonal weather conditions.

4. FOREIGN OPERATIONS

The Company provides oilfield services throughout much of North America and internationally in a number of onshore drilling areas. The Company's foreign operations, with the general exception of operations in the United States and Australia, are subject to a number of risks and uncertainties such as unstable government regimes, civil and/or labor unrest, strikes, terrorist threats, regulatory uncertainty and complex commercial arrangements.

The Company's operations in Venezuela and Argentina are subject to certain restrictions with respect to the transfer of funds into or out of such countries; however, such restrictions are not considered significant to the Company at this time due to the relatively small size of the operations and certain contractual provisions that have been put in place designed to protect the Company.

5. OPERATING LINES OF CREDIT AND LONG-TERM DEBT

	March 31, 2015	December 31, 2014
Drawings on the Global Facility	**$ 444,677**	$ 439,752
Senior unsecured notes		
Tranche A, due February 22, 2017, 3.43%	**126,830**	116,010
Tranche B, due February 22, 2019, 3.97%	**126,830**	116,010
Tranche C, due February 22, 2022, 4.54%	**126,830**	116,010
Unamortized deferred financing costs	**(1,490)**	(1,455)
Long-term debt	**$ 823,677**	$ 786,327

Interest accrued on the senior unsecured notes (the "Notes") at March 31, 2015 was $5,048 and has been included in accounts payable and accruals on the consolidated statement of financial position. The Company incurred financing costs associated with the Notes that are being deferred and amortized using the effective interest method.

6. SHARE CAPITAL

(a) Authorized

Unlimited common shares, no par value

Unlimited preferred shares, no par value, issuable in series

(b) Issued, fully paid and outstanding

	Number of Common Shares	Amount
Opening balance – January 1, 2015	152,432,134	$ 169,215
Changes in unvested shares held in trust	94,766	1,499
Closing balance – March 31, 2015	**152,526,900**	**$ 170,714**

The total amount of unvested shares held in trust for share-based compensation plans as at March 31, 2015 was 533,097 (December 31, 2014 – 627,862)

(c) Dividends

During the three months ended March 31, 2015, the Company declared dividends of $18,367 (2014 – $18,019), being $0.1200 per common share (2014 – $0.1175 per common share).

(d) Normal Course Issuer Bid

On September 25, 2014 the Company received approval from the Toronto Stock Exchange to acquire for cancellation up to three percent of the Company's issued and outstanding common shares under a Normal Course Issuer Bid (the "Bid"). The Company may purchase up to 4,600,477 common shares for cancellation. The Bid commenced on September 29, 2014 and will terminate on September 28, 2015 or such earlier time as the Bid is completed or terminated at the option of the Company.

No common shares have been purchased and cancelled pursuant to the Bid during the three months ended March 31, 2015.

7. NET INCOME PER SHARE

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period.

Diluted net income per share is calculated by dividing net income by the weighted average number of common shares outstanding during the period adjusted for conversion of all potentially dilutive common shares. Diluted net income is calculated using the treasury share method, which assumes that all outstanding share options are exercised, if dilutive, and the assumed proceeds are used to purchase the Company's common shares at the average market price during the period.

	March 31, 2015	March 31, 2014
Net income attributable to common shareholders:		
Basic and diluted	**$ 15,427**	$ 60,411
Weighted average number of common shares outstanding:		
Basic	**152,524,557**	152,864,209
Potentially dilutive share-based compensation plans	**280,628**	789,983
Diluted	**152,805,185**	153,654,192

Share options of 7,488,200 (2014 – 4,261,200) were excluded from the calculation of diluted weighted average number of common shares outstanding as they were anti-dilutive.

8. SHARE-BASED COMPENSATION

A summary of the Company's share option plan as of March 31, 2015 and the changes during the three month period then ended, is presented below:

	Number of Share Options	Weighted Average Exercise Price
Outstanding – January 1, 2015	7,943,600	$ 14.14
Forfeited	(455,400)	13.92
Outstanding – March 31, 2015	**7,488,200**	**$ 14.16**
Exercisable – March 31, 2015	**2,666,100**	**$ 15.57**

The following table lists the options outstanding at March 31, 2015:

Exercise Price	Options Outstanding	Average Vesting Remaining (in years)	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price
$10.37 to $12.18	2,287,000	4.75	$ 10.37	–	$ –
$12.19 to $15.89	1,746,300	0.93	14.23	1,295,800	14.17
$15.90 to $16.67	1,848,000	3.75	16.13	386,400	16.13
$16.68 to $17.20	1,606,900	1.75	17.20	983,900	17.20
	7,488,200	2.97	$ 14.16	2,666,100	$ 15.57

Share Appreciation Rights (SARs)

A summary of the Company's SARs plan as of March 31, 2015, and the changes during the three month period then ended, is presented below:

	Number of SARs	Weighted Average Exercise Price
Outstanding – January 1, 2015	972,600	$ 14.32
Forfeited	(76,000)	13.63
Outstanding – March 31, 2015	896,600	$ 14.37
Exercisable – March 31, 2015	311,200	$ 15.77

The following table lists the SARs outstanding at March 31, 2015:

Exercise Price	SARs Outstanding	Average Vesting Remaining (in years)	Weighted Average Exercise Price	SARs Exercisable	Weighted Average Exercise Price
$10.37 to $12.18	253,500	4.75	$ 10.37	–	$ –
$12.19 to $16.67	433,600	2.65	15.35	180,300	14.73
$16.68 to $17.20	209,500	1.75	17.20	130,900	17.20
	896,600	3.04	$ 14.37	311,200	$ 15.77

9. SEGMENTED INFORMATION

The Company determines its operating segments based on internal information regularly reviewed by management to allocate resources and assess performance. The Company operates in three geographic areas within one operating segment. Oilfield services are provided in Canada, the United States and internationally. The amounts related to each geographic area are as follows:

	March 31, 2015	March 31, 2014
Revenue		
Canada	**$ 117,990**	$ 226,468
United States	**186,400**	248,363
International	**144,899**	149,363
	$ 449,289	$ 624,194

Revenues are attributed to geographical areas based on the location in which the services are rendered.

	March 31, 2015	December 31, 2014
Property and equipment, net		
Canada	**$ 1,089,751**	$ 1,061,565
United States	**1,565,781**	1,432,905
International	**643,152**	630,457
	$ 3,298,684	$ 3,124,927

The segment presentation of property and equipment is based on the geographical location of the assets.

10. SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

(a) Non-cash working capital

	March 31, 2015	March 31, 2014
Net change in non-cash working capital		
Accounts receivable	**$ 105,494**	$ (101,876)
Inventories and other	**2,013**	13,718
Accounts payable and accruals	**(92,434)**	23,230
Income taxes (receivable) payable	**(4,864)**	14,776
Total net change in non-cash working capital	**$ 10,209**	$ (50,152)
Relating to:		
Operating activities	**$ 47,420**	$ (58,867)
Investing activities	**(40,851)**	5,491
Financing activities	**3,640**	3,224
Total net change in non-cash working capital	**$ 10,209**	$ (50,152)

(b) Cash and cash equivalents

	March 31, 2015	March 31, 2014
Cash	**$ 53,369**	$ 31,097
Cash equivalents	**-**	22,900
Total cash and cash equivalents	**$ 53,369**	$ 53,997

11. FAIR VALUE MEASUREMENTS

The fair values of cash and cash equivalents, accounts receivable, operating lines of credit, accounts payable and accruals and dividends payable approximate their carrying value due to the short-term maturity of these financial instruments.

The estimated fair value of the senior unsecured notes has been determined based on available market information and appropriate valuation methods, including the use of discounted future cash flows using current rates for similar instruments with similar risks and maturities. The estimated fair value of the senior unsecured notes approximates their carrying value.

Financial assets and liabilities recorded or disclosed at fair value in the consolidated statement of financial position are categorized using a three-level hierarchy that reflects the level of judgment associated with the inputs used to measure their fair value. The fair values of financial assets and liabilities included in Level 1 are determined by reference to unadjusted quoted prices in active markets for identical assets and liabilities.

Fair values of financial assets and liabilities in Level 2 are based on inputs other than Level 1 quoted prices that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices). The fair values in Level 3 financial assets and liabilities are not based on observable market data.

The estimated fair value of senior unsecured notes was based on Level 2 inputs and was estimated using the risk free interest rates on government debt instruments of similar maturities, adjusted for estimated credit risk and market risk premiums.

CORPORATE INFORMATION

BOARD OF DIRECTORS

N. MURRAY EDWARDS
President,
Edco Financial Holdings Ltd.

ROBERT H. GEDDES
President and COO,
Ensign Energy Services Inc.

JAMES B. HOWE (1, 3)
President, Bragg Creek Financial Consultants Ltd.

LEN KANGAS (2, 4)
Independent Businessman

CARY A. MOOMJIAN, JR (2, 3)
President,
CAM OilServ Advisors LLC

SELBY PORTER
Vice Chairman,
Ensign Energy Services Inc.

JOHN SCHROEDER (1, 3)
Independent Businessman

KENNETH J. SKIRKA (2, 4)
Independent Businessman

GAIL SURKAN (2, 3)
Independent Businesswoman

BARTH WHITHAM (1,4)
President and CEO,
Enduring Resources LLC

COMMITTEE MEMBERS

1 Audit
2 Corporate Governance, Nominations and Risk
3 Compensation
4 Health, Safety and Environment

CORPORATE MANAGEMENT

N. MURRAY EDWARDS
Chairman

SELBY PORTER
Vice Chairman

ROBERT H. GEDDES
President and
Chief Operating Officer

ED KAUTZ
President United States Operations

GLENN DAGENAIS
Executive Vice President Finance and Chief Financial Officer

BRAGE JOHANNESSEN
Executive Vice President
International Operations

TIMOTHY LEMKE
Vice President Finance

MICHAEL GRAY
Corporate Controller

ROBERT RAIMONDO
Vice President Health, Safety and Environment

CATHY ROBINSON
Vice President,
Global Human Resources

SUZANNE DAVIES
General Counsel
and Corporate Secretary

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Royal Bank of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

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LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

TRANSFER AGENT

Computershare Trust Company of Canada

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