ENSIGN®

2015 Q2

SECOND QUARTER REPORT For the three and six months ended June 30, 2015

FINANCIAL AND OPERATING HIGHLIGHTS

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

	Three months ended June 30			Six months ended June 30		
	2015	2014	% Change	**2015**	2014	% Change
Revenue	**333,800**	511,581	(35)	**783,089**	1,135,775	(31)
Adjusted EBITDA (1)	**69,534**	97,137	(28)	**181,867**	257,206	(29)
Adjusted EBITDA per share (1)						
Basic	**$0.46**	$0.64	(28)	**$1.19**	$1.68	(29)
Diluted	**$0.46**	$0.63	(27)	**$1.19**	$1.68	(29)
Adjusted net income (1)	**1,316**	14,352	(91)	**29,029**	68,310	(58)
Adjusted net income per share (1)						
Basic	**$0.01**	$0.09	(89)	**$0.19**	$0.45	(58)
Diluted	**$0.01**	$0.09	(89)	**$0.19**	$0.45	(58)
Net income (loss)	**(1,036)**	15,242	(107)	**14,391**	75,653	(81)
Net income (loss) per share						
Basic	**$(0.01)**	$0.10	(110)	**$0.09**	$0.50	(82)
Diluted	**$(0.01)**	$0.10	(110)	**$0.09**	$0.49	(82)
Funds from operations (1)	**69,389**	90,431	(23)	**179,150**	227,442	(21)
Funds from operations per share (1)						
Basic	**$0.46**	$0.59	(22)	**$1.18**	$1.49	(21)
Diluted	**$0.46**	$0.59	(22)	**$1.17**	$1.48	(21)
Weighted average shares – basic *(000s)*	**152,295**	152,684	–	**152,409**	152,772	–
Weighted average shares – diluted *(000s)*	**152,295**	153,411	(1)	**152,668**	153,469	(1)
Drilling						
Number of rigs						
Canada (2)	**90**	103	(13)	**90**	103	(13)
United States	**98**	111	(12)	**98**	111	(12)
International (3)	**54**	58	(7)	**54**	58	(7)
Rigs in transit (4)	**–**	1	(100)	**–**	1	(100)
Operating days						
Canada (2)	**902**	2,235	(60)	**3,661**	7,027	(48)
United States	**2,987**	5,990	(50)	**6,710**	11,663	(42)
International (3)	**2,206**	2,828	(22)	**4,746**	5,980	(21)
Well Servicing						
Number of marketed rigs						
Canada	**72**	91	(21)	**72**	91	(21)
United States	**46**	45	2	**46**	45	2
Operating hours						
Canada	**14,330**	28,703	(50)	**33,076**	63,383	(48)
United States	**17,452**	30,599	(43)	**37,206**	59,460	(37)

(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 thus may not be comparable to similar measures used by other companies. Non-GAAP measures are defined on page 3.

(2) Excludes coring rigs. Includes coring drilling days in Q1, 2015.

(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 period ended June 30, 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 unaudited 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 of dollars, except for: per share amounts, number of drilling rigs and operating days. This MD&A is dated July 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.

Disclosure 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 October 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

	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Income (loss) before income taxes	**(858)**	23,948	**22,767**	115,546
Interest expense	**5,484**	5,462	**11,561**	10,888
Interest income	**(95)**	(123)	**(193)**	(459)
Depreciation	**61,384**	69,219	**125,211**	142,528
Share-based compensation	**4,684**	615	**5,476**	(298)
Foreign exchange and other	**(1,065)**	(1,984)	**17,045**	(10,999)
Adjusted EBITDA	**69,534**	97,137	**181,867**	257,206

ADJUSTED NET INCOME

	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Net income (loss)	**(1,036)**	15,242	**14,391**	75,653
Share-based compensation, net of income taxes	**3,045**	400	**3,559**	(194)
Foreign exchange and other, net of income taxes	**(693)**	(1,290)	**11,079**	(7,149)
Adjusted net income	**1,316**	14,352	**29,029**	68,310

FUNDS FROM OPERATIONS

	Three months ended June 30 2015	2014	Six months ended June 30 2015	2014
Net income (loss)	**(1,036)**	15,242	**14,391**	75,653
Non-cash items:				
Depreciation	**61,384**	69,219	**125,211**	142,528
Share-based compensation, net of cash paid	**6,872**	789	**8,816**	607
Unrealized foreign exchange and other	**203**	(1,399)	**17,740**	(9,725)
Accretion on long-term debt	**98**	87	**197**	175
Deferred income tax	**1,868**	6,493	**12,795**	18,204
Funds from operations	**69,389**	90,431	**179,150**	227,442

OVERVIEW

Revenue for the second quarter of 2015 was $333.8 million, a decrease of 35 percent from revenue for the second quarter of 2014 of $511.6 million. Revenue for the six months ended June 30, 2015 was $783.1 million, 31 percent lower than revenue of $1,135.8 million for the six months ended June 30, 2014. Adjusted EBITDA totaled $69.5 million ($0.46 per common share) in the second quarter of 2015, 28 percent lower than adjusted EBITDA of $97.1 million ($0.64 per common share) in the second quarter of 2014. For the first six months of 2015 adjusted EBITDA was $181.9 million ($1.19 per common share), 29 percent lower than adjusted EBITDA of $257.2 million ($1.68 per common share) for the first six months of 2014.

Net loss for the second quarter of 2015 was $1.0 million ($0.01 per common share), having decreased 107 percent compared to net income of $15.2 million ($0.10 per common share) for the second quarter of 2014. Net income for the six months ended June 30, 2015 decreased 81 percent to $14.4 million ($0.09 per common share) compared to net income of $75.7 million ($0.50 per common share) for the first six months of 2014. Adjusted net income for the second quarter of 2015 was $1.3 million ($0.01 per common share), 91 percent lower than adjusted net income of $14.4 million for the second quarter of 2014 ($0.09 per common share). For the six months ended June 30, 2015 adjusted net income was $29.0 million ($0.19 per common share), 58 percent lower than adjusted net income of $68.3 million ($0.45 per common share) for the six months ended June 30, 2014. The net loss recorded in the second quarter and net income recorded in the first six months of 2015 included a one-time provision of $7.1 million ($0.05 per common share) for the recent 20 percent increase in the Alberta corporate income tax rate.

Funds from operations decreased 23 percent to $69.4 million ($0.46 per common share) in the second quarter of 2015 compared to $90.4 million ($0.59 per common share) in the second quarter of the prior year. For the six months ended June 30, 2015, funds from operations were $179.1 million ($1.18 per common share), 21 percent lower than $227.4 million ($1.49 per common share) for the six months ended June 30, 2014.

Operating days across the Company's fleet were lower in the second quarter of 2015 when compared to the second quarter of 2014 due to weaker demand for oilfield services caused by continued 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 six months of 2015 increased 13 percent compared to the first six months of 2014.

Gross margin decreased to $88.8 million (26.6 percent of revenue) for the second quarter of 2015 compared to a gross margin of $120.8 million (23.6 percent of revenue) for the second quarter of 2014. For the six months ended June 30, 2015, gross margin decreased to $222.7 million (28.4 percent of revenue) compared to $303.0 million (26.7 percent of revenue) for the six months ended June 30, 2014. The decrease in gross margin in the first six months of 2015 compared to the first six months of 2014 was primarily due 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. Effective cost management has contributed to higher gross margin percentages when compared to prior periods.

Working capital at June 30, 2015 was $133.4 million, compared to $189.7 million at December 31, 2014. The Company's bank credit facilities provide available borrowings of $205.9 million at June 30, 2015, compared to $161.5 million at December 31, 2014 as the Company has reduced its capital spending and focused on further strengthening of its balance sheet over the first six months of 2015.

REVENUE AND OILFIELD SERVICES EXPENSE

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Revenue						
Canada	**45,607**	110,687	(59)	**163,597**	337,155	(51)
United States	**146,910**	246,185	(40)	**333,310**	494,548	(33)
International	**141,283**	154,709	(9)	**286,182**	304,072	(6)
Total revenue	**333,800**	511,581	(35)	**783,089**	1,135,775	(31)
Oilfield services expense	**244,975**	390,742	(37)	**560,417**	832,762	(33)
Gross margin	**88,825**	120,839	(26)	**222,672**	303,013	(27)
Gross margin percentage *(%)*	**26.6**	23.6		**28.4**	26.7	

Revenue for the three months ended June 30, 2015 totaled $333.8 million, a decrease of 35 percent from the second quarter of 2014 of $511.6 million. Revenue for the six months ended June 30, 2015 was $783.1 million, 31 percent lower than revenue for the six months ended June 30, 2014 of $1,135.8 million. As a percentage of revenue, gross margin for the second quarter of 2015 increased to 26.6 percent (2014 – 23.6 percent) and increased to 28.4 percent for the six months ended June 30, 2015 (2014 – 26.7 percent).

The decline in the oil and natural gas commodity prices that commenced in the second half of 2014 has continued to reduce the demand for oilfield services and has caused the Company to achieve lower equipment utilization rates and revenue rates compared to the first half of 2014. The United States dollar strengthened by 13 percent relative to the Canadian dollar in the first six months of 2015 compared to the first six months of 2014, which served to reduce the impact of some of the revenue rate declines experienced during the period.

CANADIAN OILFIELD SERVICES

Revenue decreased 59 percent to $45.6 million for the three months ended June 30, 2015, from $110.7 million for the three months ended June 30, 2014. For the six months ended June 30, 2015, revenue decreased 51 percent to $163.6 million compared to $337.2 million for the same period in 2014. Canadian revenues accounted for 14 percent of the Company's total revenue in the second quarter of 2015, compared to 22 percent in the second quarter of 2014. During the six months ended June 30, 2015, Canadian revenues were 21 percent of total revenue (2014 – 30 percent).

The Company's Canadian operations recorded 902 drilling days in the second quarter of 2015, compared to 2,235 drilling days for the second quarter of 2014, a decrease of 60 percent. For the six months ended June 30, 2015, the Company recorded 3,661 drilling days compared to 7,027 drilling days for the six months ended June 30, 2014, a decrease of 48 percent. Canadian well servicing hours decreased by 50 percent to 14,330 operating hours in the second quarter of 2015 compared to 28,703 operating hours in the corresponding period of 2014. For the six months ended June 30, 2015, well servicing hours decreased by 48 percent to 33,076 operating hours compared with 63,383 operating hours for the six months ended June 30, 2014.

Demand for the Company's Canadian oilfield services was lower compared to prior quarters due to lower oil and natural gas commodity prices. The industry has shifted towards deeper, longer reach drilling and the Company continues to transition its Canadian drilling fleet to deeper drilling rigs. Demand levels for oil and gas services were lower for the first six months of 2015 compared to the comparable prior year period, reducing Canadian operating and financial results. Consistent with prior years, Canadian operations were also negatively impacted in the second quarter of 2015 by the seasonal operating environment where spring break-up weather conditions hindered the mobility of the Company's equipment.

During the six months ended June 30, 2015 two new build ADR® drilling rigs and one new ASR™ new well servicing rig were completed and delivered to the Canadian fleet.

UNITED STATES OILFIELD SERVICES

The Company's United States operations recorded revenue of $146.9 million in the second quarter of 2015, a 40 percent decrease from the $246.2 million recorded in the corresponding period of the prior year. During the six months ended June 30, 2015, revenue of $333.3 million was recorded, a decrease of 33 percent from the $494.5 million recorded for the six months ended June 30, 2014. The Company's United States operations accounted for 44 percent of the Company's revenue in the second quarter of 2015 (2014 – 48 percent) and 43 percent of total revenue in the six months ended June 30, 2015 (2014 – 44 percent).

Drilling rig operating days decreased by 50 percent to 2,987 drilling days in the second quarter of 2015 from 5,990 drilling days in the second quarter of 2014. For the six months ended June 30, 2015, drilling days decreased 42 percent to 6,710 drilling days from 11,663 drilling days in the six months ended June 30, 2014. Well servicing activity decreased by 43 percent in the second quarter of 2015 to 17,452 operating hours from 30,599 operating hours in the second quarter of 2014. For the six months ended June 30, 2015 well servicing activity decreased 37 percent to 37,206 operating hours from 59,460 operating hours in the first six months of 2014.

Activity levels and revenue rates in the United States oilfield service operations started to decline in the fourth quarter of 2014. The decline continued into the first half of 2015 resulting in lower activity levels compared to the first half of the prior year. The activity and pricing declines were partially offset by a strengthening of the United States dollar, which increased 13 percent versus the Canadian dollar when compared to the first six months of 2014. The new builds and the upgrades that the Company made to its United States fleet throughout the previous years have allowed the Company to maintain revenue rates in some operating jurisdictions. The Company added three new ADR® drilling rigs and two new well servicing rigs to the United States equipment fleet, offset by one well service rig being removed from the marketed fleet in the first half of 2015.

INTERNATIONAL OILFIELD SERVICES

The Company's international operations recorded revenue of $141.3 million in the second quarter of 2015, a nine percent decrease from the $154.7 million recorded in the corresponding period of the prior year. Similarly, international revenues for the six months ended June 30, 2015, decreased by six percent to $286.2 million from $304.1 million recorded for the six months ended June 30, 2014. International operations contributed 42 percent of the Company's revenue in the second quarter of 2015 (2014 – 30 percent) and 36 percent of the Company's revenue in the first six months of 2015 (2014 – 26 percent).

International operating days for the three months ended June 30, 2015, totaled 2,206 drilling days compared to 2,828 drilling days in 2014, a decrease of 22 percent. For the six months ended June 30, 2015, international operating days totaled 4,746 drilling days compared to 5,980 drilling days for the six months ended June 30, 2014, a decrease of 21 percent.

Similar to the Company's United States operations, international operations were positively impacted by the strengthening United States dollar versus the Canadian dollar on translation into Canadian dollars for reporting purposes in the first six months of 2015 compared to the same period of the prior year. During the six month period ended June 30, 2015, the Company decommissioned two rigs from the international fleet.

DEPRECIATION

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Depreciation	**61,384**	69,219	(11)	**125,211**	142,528	(12)

Depreciation expense totaled $61.4 million for the second quarter of 2015 compared with $69.2 million for the second quarter of 2014, a decrease of 11 percent. Depreciation expense for the first six months of 2015 was $125.2 million, a decrease of 12 percent from $142.5 million recorded for the first six months of 2014. Depreciation expense in the first six months when compared to the first six months 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 15%-25% to 10% during the first six months of 2015, the impact of higher dollar value equipment being utilized in the six month period ended June 30, 2015, and the negative translational impact of a stronger United States dollar compared to the Canadian dollar on United States and international depreciation in the first half of the current year.

GENERAL AND ADMINISTRATIVE EXPENSE

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
General and administrative	**19,291**	23,702	(19)	**40,805**	45,807	(11)
% of revenue	**5.8**	4.6		**5.2**	4.0	

General and administrative expense decreased 19 percent to $19.3 million (5.8 percent of revenue) for the second quarter of 2015 compared to $23.7 million (4.6 percent of revenue) for the second quarter of 2014. For the six months ended June 30, 2015, general and administrative expense totaled $40.8 million (5.2 percent of revenue) compared to $45.8 million (4.0 percent of revenue) recorded for the six months ended June 30, 2014, a decrease of 11 percent. The decrease in general and administrative expense resulted from the Company's initiatives to reduce fixed costs in reaction to lower oil and natural gas commodity prices. The decrease in the first six months of 2015, when compared to the corresponding period of 2014, was partially offset by one-time restructuring costs incurred during the first quarter and the negative translational impact of a strengthening United States dollar versus the Canadian dollar on United States and international general and administrative expenses in the current year.

SHARE-BASED COMPENSATION

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Share-based compensation	**4,684**	615	662	**5,476**	(298)	(1,938)

Share-based compensation 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 June 30, 2015, share-based compensation was an expense of $4.7 million compared with an expense of $0.6 million recorded in the second quarter of 2014. For the six months ended June 30, 2015, share-based compensation was an expense of $5.5 million compared with a recovery of $0.3 million for the six months ended June 30, 2014. The increase in the share-based compensation expense in the first six months of 2015 was a result of the amortization of stock options and the change in the fair value of the share-based compensation liability primarily due to an increase in the price of the Company's common shares during the period. The closing price of the Company's common shares was $12.24 at June 30, 2015 ($16.57 at June 30, 2014), compared with $9.93 at March 31, 2015 ($16.34 at March 31, 2014) and $10.20 at December 31, 2014 ($16.73 at December 31, 2013).

INTEREST EXPENSE

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Interest expense	**5,484**	5,462	–	**11,561**	10,888	6
Interest income	**(95)**	(123)	(23)	**(193)**	(459)	(58)
	5,389	5,339	1	**11,368**	10,429	9

Interest 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 six months of 2015 increased over interest expense in the same period of 2014 due to negative translational impact of a strengthening United States dollar versus the Canadian dollar on United States and international interest expense.

FOREIGN EXCHANGE AND OTHER

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Foreign exchange and other	**(1,065)**	(1,984)	(46)	**17,045**	(10,999)	(255)

Included in this amount is the impact of foreign currency fluctuations in the Company's subsidiaries that have functional currencies other than Canadian dollars. During the three months ended June 30, 2015, the Australian dollar strengthened by approximately one percent against the United States dollar causing a foreign currency gain on translation of the Company's United States dollar-denominated debt into Australian dollars. During the six months ended June 30, 2015, the Australian dollar weakened against the United States dollar by approximately six percent, compared with the Australian dollar strengthening against the United States dollar by five percent during the six months ended June 30, 2014. In general, the United States dollar strengthened when compared to other world currencies in the first six months of 2015 compared to the same period of 2014.

INCOME TAXES

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Current income tax	**(1,690)**	2,213	(176)	**(4,419)**	21,689	(120)
Deferred income tax	**1,868**	6,493	(71)	**12,795**	18,204	(30)
Total income tax	**178**	8,706	(98)	**8,376**	39,893	(79)
Effective income tax rate *(%)*	**(20.7)**	36.4		**36.8**	34.5	

The effective income tax rate for the three months ended June 30, 2015 was negative 20.7 percent compared to 36.4 percent for the three months ended June 30, 2014. The effective tax rate for the current quarter is not considered meaningful, due to the small amounts used in the calculation. The effective income tax rate for the six months ended June 30, 2015 was 36.8 percent compared with 34.5 percent for the six months ended June 30, 2014. The increase in the effective tax rate in the first six months of 2015, in comparison to the corresponding period in 2014, is due to a higher proportion of taxable income earned in jurisdictions outside Canada as well as the $7.1 million impact of the corporate income tax rate increase enacted in Alberta, as applied to tax liabilities estimated for future years (deferred taxes). The current income tax recovery of $1.7 million in the three months ended June 30, 2015, is primarily due to a loss for income tax purposes in the Company's Canadian operations as operating activity has decreased significantly from the second 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 June 30, 2015:

	Change	Explanation
Cash and cash equivalents	(2,750)	See consolidated statements of cash flows.
Accounts receivable	(185,999)	Decrease is due to an increase in collections and a decline in activity in the second quarter of 2015 compared to the fourth quarter of 2014.
Inventories and other	4,551	Increase is due to the impact of an increase in the quarter-end foreign exchange rate on the consolidation of the inventory and prepaid balances of the Company's foreign subsidiaries as well as additional prepaid expenses, offset by normal course usage of consumables and amortization of prepaid expenses during the quarter.
Property and equipment	124,024	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	(133,884)	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	5,838	Increase is due to the amortization of stock options and an increase in the price of the Company's common shares as at June 30, 2015 compared with December 31, 2014.
Long-term debt	(18,421)	Decrease is due to repayments offset by foreign exchange fluctuations on the United States dollar-denominated long-term debt.
Deferred income taxes	4,964	Increase is primarily due to accelerated tax depreciation of assets added during the quarter and utilization of non-capital losses as well as the corporate income tax rate increase enacted in Alberta, effective July 1, 2015.
Shareholders' equity	79,536	Increase is due to net income for the six month period ended June 30, 2015 and the impact of foreign exchange rate fluctuations on net assets of foreign subsidiaries, offset by the amount of dividends declared in the first half of 2015.

FUNDS FROM OPERATIONS AND WORKING CAPITAL

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Funds from operations	**69,389**	90,431	(23)	**179,150**	227,442	(21)
Funds from operations per share	**$ 0.46**	$ 0.59	(22)	**$ 1.18**	$ 1.49	(21)
Working capital [(1)]	**133,449**	189,698	(30)	**133,449**	189,698	(30)

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

During the three months ended June 30, 2015, the Company generated funds from operations of $69.4 million ($0.46 per common share) compared to funds from operations of $90.4 million ($0.59 per common share) for the three months ended June 30, 2014, a decrease of 23 percent. For the six months ended June 30, 2015, the Company generated funds from operations of $179.1 million ($1.18 per common share), which was 21 percent lower than funds from operations of $227.4 million ($1.49 per common share) generated in the first six months of 2014. This decrease was due to reduced operating and financial results for the Company in the first half of 2015 compared to the first half of the prior year.

At June 30, 2015, the Company's working capital totaled $133.4 million, compared to $189.7 million at December 31, 2014. The decrease in working capital in the six month period of 2015 was mainly related to reduced financial results in the first half of 2015 and the amount spent on the new build and major retrofit 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 $205.9 million was available at June 30, 2015.

INVESTING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Purchase of property and equipment	**(47,116)**	(136,916)	(66)	**(125,801)**	(257,669)	(51)
Net change in non-cash working capital	**(586)**	(7,625)	(92)	**(41,437)**	(2,134)	1,842
Cash used in investing activities	**(47,702)**	(144,541)	(67)	**(167,238)**	(259,803)	(36)

Purchases of property and equipment during the second quarter of 2015 totaled $47.1 million (2014 – $136.9 million). Purchases of property and equipment during the first six months of 2015 totaled $125.8 million (2014 – $257.7 million). The purchase of property and equipment relates predominantly to expenditures made pursuant to the Company's new build and major retrofit program.

FINANCING ACTIVITIES

	Three months ended June 30			Six months ended June 30		
	2015	2014	% change	**2015**	2014	% change
Net (decrease) increase in bank credit facilities	**(42,640)**	42,765	(200)	**(72,635)**	60,807	(219)
Purchase of shares held in trust	**(5,635)**	(4,259)	32	**(6,189)**	(4,748)	30
Dividends	**(18,367)**	(18,018)	2	**(36,734)**	(36,037)	2
Net change in non-cash working capital	**(3,669)**	(3,359)	9	**(29)**	(135)	(79)
Cash provided by (used in) financing activities	**(70,311)**	17,129	(510)	**(115,587)**	19,887	(681)

The Company's available bank credit facilities are composed 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.

The Company has made repayments of $42.6 million during the first six months of 2015, reducing the outstanding balance. As of June 30, 2015, the 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 third quarter dividend of $0.1200 per common share to be payable October 2, 2015 to all Common Shareholders of record as of September 18, 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 $277.8 million at June 30, 2015. Reduced oil and natural gas commodity prices negatively impact the cash flows of the Company’s customers and, consequently, increase 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 June 30, 2015, the Company had net accounts receivable of approximately $46.0 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 June 30, 2015, the Company commissioned one new ADR® drilling rig and completed two major retrofits for the United States fleet.

In addition, the Company decommissioned two rigs from the international fleet and removed one well servicing rig from the United States marketed fleet.

The Company continues to build new ADR® drilling rigs and upgrade existing rigs to meet the increasing technical demands of its customers. The recent decline in oil and natural gas commodity prices during the latter half of 2014 resulted in the Company proactively and aggressively reducing the rig build program in late 2014. However, in response to customer demand in the current quarter, the Company has reinstated the completion of one new build ADR® drilling rig that had been among the drilling rigs for which construction had been paused in late 2014. The Company’s new build program currently consists of plans to complete three new build ADR® drilling rigs and one major retrofit by the end of the year.

SUMMARY QUARTERLY RESULTS

	Q2-2015	Q1-2015	Q4-2014	Q3-2014	Q2-2014	Q1-2014	Q4-2013	Q3-2013
Revenue	**333,800**	449,289	602,691	583,299	511,581	624,194	536,044	542,951
Adjusted EBITDA	**69,534**	112,333	143,012	137,295	97,137	160,069	112,461	123,123
Adjusted EBITDA per share								
Basic	**$ 0.46**	$ 0.74	$ 0.94	$ 0.90	$ 0.64	$ 1.05	$ 0.74	$ 0.81
Diluted	**$ 0.46**	$ 0.74	$ 0.94	$ 0.89	$ 0.63	$ 1.04	$ 0.73	$ 0.80
Adjusted net income	**1,316**	27,713	44,181	36,076	14,352	53,958	27,947	34,861
Adjusted net income per share								
Basic	**$ 0.01**	$ 0.18	$ 0.29	$ 0.24	$ 0.09	$ 0.35	$ 0.18	$ 0.23
Diluted	**$ 0.01**	$ 0.18	$ 0.29	$ 0.24	$ 0.09	$ 0.35	$ 0.18	$ 0.23
Net income (loss)	**(1,036)**	15,427	(31,038)	26,505	15,242	60,411	26,895	33,699
Net income (loss) per share								
Basic	**$ (0.01)**	$ 0.10	$(0.20)	$ 0.17	$ 0.10	$ 0.40	$ 0.18	$ 0.22
Diluted	**$ (0.01)**	$ 0.10	$(0.20)	$ 0.17	$ 0.10	$ 0.39	$ 0.18	$ 0.22
Funds from operations	**69,389**	109,761	132,257	132,187	90,431	137,011	101,209	105,923
Funds from operations per share								
Basic	**$ 0.46**	$ 0.72	$ 0.87	$ 0.87	$ 0.59	$ 0.90	$ 0.66	$ 0.69
Diluted	**$ 0.46**	$ 0.72	$ 0.86	$ 0.86	$ 0.59	$ 0.89	$ 0.66	$ 0.69

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. 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 six months of 2015.

OUTSTANDING SHARE DATA

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

	Number	Amount ($thousands)
Common Shares	152,034,394	165,079

	Outstanding	Exercisable
Stock options	7,085,400	4,040,700

OUTLOOK

The global economy appears to be settling into a rate of growth for 2015 similar to that of 2014, as first quarter softness in the United States economy has abated and increased United States growth generally offsets decelerating growth in non-OECD countries. Some noteworthy uncertainties for the balance of the year include actions by the United States Federal Reserve on interest rates, the resolution of debt negotiations with Greece, settlement of the pending Iran nuclear agreement, and relatively soft growth in China, Japan and the Eurozone. Demand for energy, particularly crude oil, has shown a positive growth trend, especially as attractive fuel pricing has spurred increased road travel in the United States and increased affordability in some non-OECD countries. Crude oil over-supply appears to be softening as shale drilling in the United States has tapered off. Although risks of supply disruptions in the Middle East and North Africa have increased in the last several months, global rig fleet oversupply continues to place downward pressure on oilfield services sector pricing.

Canadian oilfield services activity hit a two-decade low during the second quarter of 2015. In mid-June, the 2015 forecast of drilling operating days by the Canadian Association of Oilwell Drilling Contractors (“CAODC”) was reduced by 13 percent from the forecast made less than five months earlier. Similarly, the CAODC revised its estimate for 2015 wells drilled from 6,612 to 5,531, down 51 percent from the number of wells drilled in 2014. Prospects for second half of the year remain uncertain and highly restrained. In addition to lower price levels for oil and gas, the pending Royalty Review by the new provincial government contributes to Alberta activity level uncertainties. Compared to industry levels, the Company’s Canadian fleet fared somewhat better, due to deployment of deeper equipment. We continue to expect to maintain our activity and utilization levels relative to the industry.

Over the past few months, the weekly decline in the number of active land-based drilling rigs in the United States appears to have bottomed after the very large reduction of operating rigs year-over-year. As of July 31, 2015, 836 land-based rigs were operating, down 54 percent from the 1,801 rigs operating one year earlier, but down only four percent in the last three months, when 868 rigs were operating. Due to West Texas Intermediate crude oil prices averaging $53 per barrel in first quarter of 2015, rising to an average of $58 in the second quarter, certain additional shale resource plays again become economic and, until very recently, the industry became more optimistic about the second half of 2015. The recent sharp drop in crude oil prices, which management believes may largely be in response to negative developments in the Chinese equity markets and the pending Iran nuclear agreement, has negatively shifted sentiments in the industry. While utilization of the Company’s United States equipment fleet has continued to compare favorably with industry utilization in the second quarter, demand and pricing pressures persist on the basis of the over-supply in oilfield services equipment.

Similar to the overall industry, activity levels in the Company’s international operations have remained relatively stable when compared to those in North America. Consistent with the first quarter, activity levels in the Company's international operations year-over-year were down 22 percent in the second quarter. This trend is expected to hold in the second half of 2015. The extent of operating challenges has continued to increase as the year unfolds, primarily due to geopolitics and industry price pressures. However, longer term contracts and additions of new or refurbished equipment with relatively favorable day rate pricing are expected to be positive offsetting factors over the coming quarters.

As the current industry downturn continues, the Company continues to focus on managing business risk, with close attention to customer credit capacity, internal cost management and balance sheet preservation. Despite some optimism that industry activity levels may be bottoming, the extended period of reduced activity places continued pressure on operators’ financial resilience. The Company remains guarded in its expectations regarding the next several quarters and continues to proactively examine its cost structure in order to make further improvements to efficiencies.

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 June 30, 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, United States, and Australian 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 June 30, 2015, was approximately 1.25 compared with 1.16 at December 31, 2014 and 1.07 at June 30, 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 June 30, 2015 was approximately 1.30, compared with 1.22 at December 31, 2014 and 1.11 at June 30, 2014.

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.

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.

CRITICAL ACCOUNTING ESTIMATES AND POLICIES

The preparation of the financial statements requires management to use judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about assets and liabilities, and the reported amounts of revenue and expenses. The estimates and assumptions used in the annual financial statements are based on management's best estimates and judgments at the time of the valuation, and are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In preparing the accompanying unaudited interim consolidated financial statements, the significant judgments made by management in applying Ensign's accounting policies and key sources of estimation uncertainty were the same as those applied and described in Ensign's annual audited consolidated financial statements for the year ended December 31, 2014.

The Company assessed impairment indicators for the current period and concluded that there were no new indicators from those assessed at the year end.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at	June 30 2015	December 31 2014
(Unaudited, in thousands of Canadian dollars)		
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents *(Note 10)*	**$ 51,247**	$ 53,997
Accounts receivable	**277,819**	463,818
Inventories and other	**69,413**	64,862
Income taxes receivable	**14,048**	15,841
	412,527	598,518
PROPERTY AND EQUIPMENT	**3,248,951**	3,124,927
	$ 3,661,478	$ 3,723,445
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accruals	**$ 254,674**	$ 388,558
Dividends payable	**18,367**	18,367
Share-based compensation *(Note 8)*	**6,037**	1,895
	279,078	408,820
LONG-TERM DEBT *(Note 5)*	**767,906**	786,327
SHARE-BASED COMPENSATION *(Note 8)*	**2,373**	677
DEFERRED INCOME TAXES	**487,348**	482,384
	1,536,705	1,678,208
SHAREHOLDERS' EQUITY		
Share capital *(Note 6)*	**165,079**	169,215
Contributed surplus	**2,905**	1,967
Foreign currency translation reserve	**218,957**	113,880
Retained earnings	**1,737,832**	1,760,175
	2,124,773	2,045,237
	$ 3,661,478	$ 3,723,445

See accompanying notes to these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

For the three and six months ended June 30	Three months ended **June 30 2015**	 June 30 2014	Six months ended **June 30 2015**	 June 30 2014
(Unaudited, in thousands of Canadian dollars, except per share data)				
REVENUE	**$ 333,800**	$ 511,581	**$ 783,089**	$ 1,135,775
EXPENSES				
Oilfield services	**244,975**	390,742	**560,417**	832,762
Depreciation	**61,384**	69,219	**125,211**	142,528
General and administrative	**19,291**	23,702	**40,805**	45,807
Share-based compensation	**4,684**	615	**5,476**	(298)
Foreign exchange and other	**(1,065)**	(1,984)	**17,045**	(10,999)
	329,269	482,294	**748,954**	1,009,800
INCOME BEFORE INTEREST AND INCOME TAXES	**4,531**	29,287	**34,135**	125,975
Interest income	**95**	123	**193**	459
Interest expense	**(5,484)**	(5,462)	**(11,561)**	(10,888)
INCOME (LOSS) BEFORE INCOME TAXES	**(858)**	23,948	**22,767**	115,546
INCOME TAXES				
Current tax	**(1,690)**	2,213	**(4,419)**	21,689
Deferred tax	**1,868**	6,493	**12,795**	18,204
	178	8,706	**8,376**	39,893
NET INCOME (LOSS)	**$ (1,036)**	$ 15,242	**$ 14,391**	$ 75,653
NET INCOME (LOSS) PER SHARE *(Note 7)*				
Basic	**$ (0.01)**	$ 0.10	**$ 0.09**	$ 0.50
Diluted	**$ (0.01)**	$ 0.10	**$ 0.09**	$ 0.49

See accompanying notes to these interim consolidated financial statements

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the three and six months ended June 30	Three months ended June 30 2015	June 30 2014	Six months ended June 30 2015	June 30 2014
(Unaudited, in thousands of Canadian dollars)				
NET INCOME (LOSS)	**$ (1,036)**	$ 15,242	**$ 14,391**	75,653
OTHER COMPREHENSIVE INCOME				
ITEM THAT MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS				
Foreign currency translation adjustment	**(24,393)**	(46,333)	**$ 105,077**	4,609
COMPREHENSIVE INCOME (LOSS)	**$ (25,429)**	$ (31,091)	**$ 119,468**	$ 80,262

See accompanying notes to these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended June 30	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	–	–	–	14,391	14,391
Other comprehensive income	–	–	105,077	–	105,077
Total comprehensive income	–	–	105,077	14,391	119,468
Dividends	–	–	–	(36,734)	(36,734)
Share-based compensation	–	2,991	–	–	2,991
Shares vested previously held in trust	2,053	(2,053)	–	–	–
Purchase of shares held in trust	(6,189)	–	–	–	(6,189)
BALANCE, JUNE 30, 2015	**$ 165,079**	**$ 2,905**	**$ 218,957**	**$ 1,737,832**	**$ 2,124,773**
Balance, January 1, 2014	$ 168,155	$ 4,614	$ 25,065	$ 1,764,735	$ 1,962,569
Net income	–	–	–	75,653	75,653
Other comprehensive income	–	–	4,609	–	4,609
Total comprehensive income	–	–	4,609	75,653	80,262
Dividends	–	–	–	(36,037)	(36,037)
Share-based compensation	–	1,593	–	–	1,593
Shares vested previously held in trust	2,380	(2,380)	–	–	–
Purchase of shares held in trust	(4,748)	–	–	–	(4,748)
Balance, June 30, 2014	$ 165,787	$ 3,827	$ 29,674	$ 1,804,351	$ 2,003,639

See accompanying notes to these interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three and six months ended June 30	Three months ended **June 30 2015**	June 30 2014	Six months ended **June 30 2015**	June 30 2014
(Unaudited, in thousands of Canadian dollars)				
CASH PROVIDED BY (USED IN)				
OPERATING ACTIVITIES				
Net income (loss)	**$ (1,036)**	$ 15,242	**$ 14,391**	$ 75,653
Items not affecting cash				
Depreciation	**61,384**	69,219	**125,211**	142,528
Share-based compensation, net of cash paid	**6,872**	789	**8,816**	607
Unrealized foreign exchange and other	**203**	(1,399)	**17,740**	(9,725)
Accretion on long-term debt	**98**	87	**197**	175
Deferred income tax	**1,868**	6,493	**12,795**	18,204
	69,389	90,431	**179,150**	227,442
Net change in non-cash working capital *(Note 10)*	**50,075**	98,971	**97,495**	40,104
	119,464	189,402	**276,645**	267,546
INVESTING ACTIVITIES				
Purchase of property and equipment	**(47,116)**	(136,916)	**(125,801)**	(257,669)
Net change in non-cash working capital *(Note 10)*	**(586)**	(7,625)	**(41,437)**	(2,134)
	(47,702)	(144,541)	**(167,238)**	(259,803)
FINANCING ACTIVITIES				
Net (decrease) increase in bank credit facilities	**(42,640)**	42,765	**(72,635)**	60,807
Purchase of shares held in trust *(Note 6)*	**(5,635)**	(4,259)	**(6,189)**	(4,748)
Dividends *(Note 6)*	**(18,367)**	(18,018)	**(36,734)**	(36,037)
Net change in non-cash working capital *(Note 10)*	**(3,669)**	(3,359)	**(29)**	(135)
	(70,311)	17,129	**(115,587)**	19,887
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,451**	61,990	**(6,180)**	27,630
EFFECTS OF FOREIGN EXCHANGE ON CASH AND CASH EQUIVALENTS	**(3,573)**	(3,773)	**3,430**	(7,778)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**53,369**	40,493	**53,997**	78,858
CASH AND CASH EQUIVALENTS – END OF PERIOD	**$ 51,247**	$ 98,710	**$ 51,247**	$ 98,710
SUPPLEMENTAL INFORMATION				
Interest paid	**$ 9,143**	$ 8,716	**$ 11,356**	$ 9,615
Income taxes paid	**$ (9,131)**	$ 8,936	**$ (6,212)**	$ 16,867

See accompanying notes to these interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 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 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 estimate of the following property and equipment categories to 10% prospectively from 15%-25%; drilling rigs and related, 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 July 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. BANK CREDIT FACILITIES AND LONG-TERM DEBT

	June 30, 2015	December 31, 2014
Drawings on the Global Facility	**$ 395,052**	$ 439,752
Senior unsecured notes		
Tranche A, due February 22, 2017, 3.43%	**124,740**	116,010
Tranche B, due February 22, 2019, 3.97%	**124,740**	116,010
Tranche C, due February 22, 2022, 4.54%	**124,740**	116,010
Unamortized deferred financing costs	**(1,366)**	(1,455)
Long-term debt	**$ 767,906**	$ 786,327

Interest accrued on the senior unsecured notes (the "Notes") at June 30, 2015 was $1,241 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	(403,451)	(4,136)
Closing balance – June 30, 2015	**152,028,683**	**$ 165,079**

The total number of unvested shares held in trust for share-based compensation plans as at June 30, 2015 was 1,031,314 (December 31, 2014 – 627,862).

(c) Dividends

During the three months ended June 30, 2015, the Company declared dividends of $18,367 (2014 – $18,019), being $0.1200 per common share (2014 – $0.1175 per common share). For the six months ended June 30, 2015, the Company declared dividends of $36,734 (2014 – $36,037), being $0.2400 per common share (2014 – $0.2350 per common share).

7. NET INCOME (LOSS) 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.

	Three months ended		Six months ended	
	June 30 2015	June 30 2014	**June 30 2015**	June 30 2014
Net income (loss) attributable to common shareholders:				
Basic and diluted	**$ (1,036)**	$ 15,242	**$ 14,391**	$ 75,653
Weighted average number of common shares outstanding:				
Basic	**152,294,709**	152,684,068	**152,408,997**	152,771,882
Potentially dilutive share-based compensation plans	**–**	727,230	**259,124**	696,918
Diluted	**152,294,709**	153,411,298	**152,668,121**	153,468,800

During the three and six months ended June 30, 2015, share options of 7,285,400 (2014 – 4,126,500) 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 June 30, 2015 and the changes during the six 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	(658,200)	14.28
Outstanding – June 30, 2015	**7,285,400**	**$ 14.13**
Exercisable – June 30, 2015	**2,539,600**	**$ 15.54**

The following table lists the options outstanding at June 30, 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	2,250,000	4.50	$ 10.37	–	$ –
$12.19 to $15.89	1,704,000	0.67	14.22	1,259,600	14.16
$15.90 to $16.67	1,795,500	3.50	16.13	357,100	16.13
$16.68 to $17.20	1,535,900	1.51	17.20	922,900	17.20
	7,285,400	2.73	$ 14.13	2,539,600	$ 15.54

Share Appreciation Rights (SARs)

A summary of the Company's SARs plan as of June 30, 2015, and the changes during the six month period then ended, is presented below:

	Number of SARs	Weighted Average Exercise Price
Outstanding – January 1, 2015	972,600	$ 14.32
Forfeited	(142,500)	14.34
Outstanding – June 30, 2015	**830,100**	**$ 14.31**
Exercisable – June 30, 2015	**266,200**	**$ 15.83**

The following table lists the SARs outstanding at June 30, 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	248,500	4.50	$ 10.37	–	$ –
$12.19 to $15.82	137,600	0.58	14.06	97,600	14.03
$15.83 to $16.67	251,500	3.50	16.13	52,700	16.13
$16.68 to $17.20	192,500	1.51	17.20	115,900	17.20
	830,100	2.86	$ 14.31	266,200	$ 15.83

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:

	Three months ended		Six months ended	
	June 30 2015	June 30 2014	**June 30 2015**	June 30 2014
Revenue				
Canada	**$ 45,607**	$ 110,687	**$ 163,597**	$ 337,155
United States	**146,910**	246,185	**333,310**	494,548
International	**141,283**	154,709	**286,182**	304,072
	$ 333,800	$ 511,581	**$ 783,089**	$ 1,135,775

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

	June 30, 2015	December 31, 2014
Property and equipment, net		
Canada	**$ 1,071,263**	$ 1,061,565
United States	**1,549,557**	1,432,905
International	**628,131**	630,457
	$ 3,248,951	$ 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

	Three months ended		Six months ended	
	June 30 2015	June 30 2014	**June 30 2015**	June 30 2014
Net change in non-cash working capital				
Accounts receivable	**$ 104,170**	$ 125,647	**$ 209,729**	$ 23,836
Inventories and other	**(2,154)**	635	**(141)**	14,353
Accounts payable and accruals	**(63,368)**	(31,439)	**(155,802)**	(8,209)
Note receivable	**(65)**	(65)	**(130)**	(130)
Income taxes payable	**7,237**	(6,791)	**2,373**	7,985
	$ 45,820	$ 87,987	**$ 56,029**	$ 37,835
Relating to:				
Operating activities	**$ 50,075**	$ 98,971	**$ 97,495**	$ 40,104
Investing activities	**(586)**	(7,625)	**(41,437)**	(2,134)
Financing activities	**(3,669)**	(3,359)	**(29)**	(135)
	$ 45,820	$ 87,987	**$ 56,029**	$ 37,835

(b) Cash and cash equivalents

	June 30, 2015	December 31, 2014
Cash	**$ 45,455**	$ 31,097
Cash equivalents	**5,792**	22,900
Total cash and cash equivalents	**$ 51,247**	$ 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 values of the non-interest bearing note receivable and senior unsecured notes have 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 values of the note receivable and senior unsecured notes approximate their carrying values.

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

CORPORATE MANAGEMENT

N. MURRAY EDWARDS
Chairman

SELBY PORTER
Vice Chairman

ROBERT H. GEDDES
President and
Chief Operating Officer

ED KAUTZ
President,
United States Operations

TIMOTHY LEMKE
Vice President Finance
and Chief Financial Officer

BRAGE JOHANNESSEN
Executive Vice President,
International Operations

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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HSBC Bank Canada

Royal Bank of Canada

STOCK EXCHANGE LISTING

Toronto Stock Exchange
Symbol: ESI

AUDITORS

PricewaterhouseCoopers LLP

LEGAL COUNSEL

Burnet, Duckworth & Palmer LLP

TRANSFER AGENT

Computershare Trust Company
of Canada

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Edco Financial Holdings Ltd.

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Independent Businesswoman

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President and CEO,
Enduring Resources LLC

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

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