



OILFIELD SERVICES

QUARTERLY UPDATE

Q4 2019

MNP INSIGHTS

ALBERTA OIL PATCH MARKET UPDATES

INVESTORS LOOKING TO CANADA

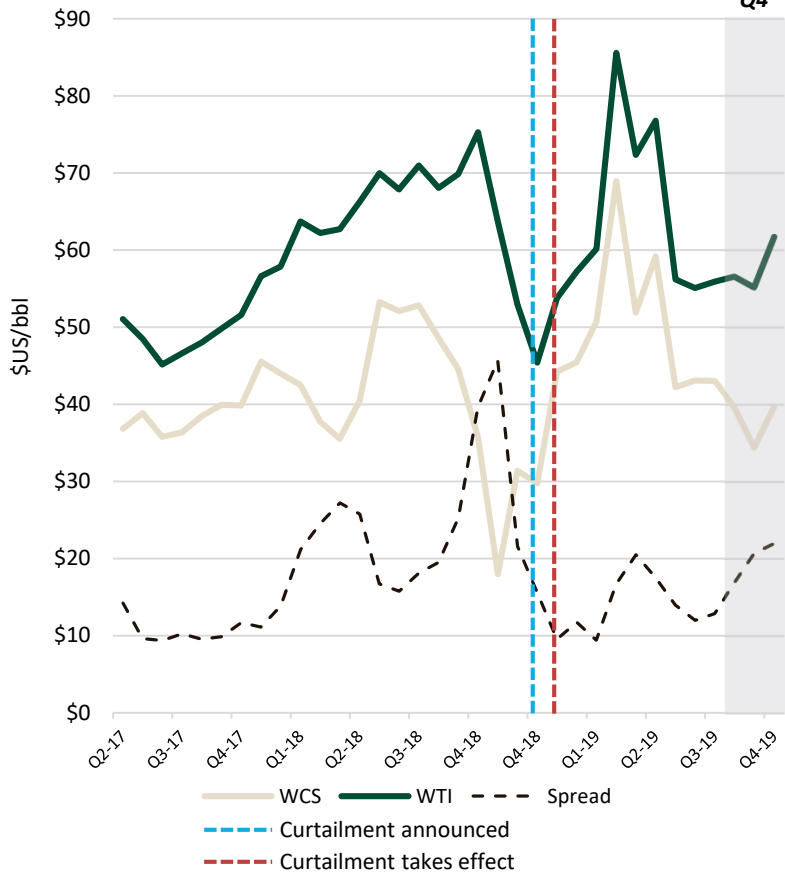
For five long years, generalist investors have shunned the Canadian oil and gas sector, but due to a slowdown in the US shale sector, experts think this might be about to change.

Investors have started to become increasingly concerned that wells drilled in the top US shale formations have been less productive than previously advertised and that too much capital is being spent on drilling programs. This has led to less capital becoming available to US E&P companies.

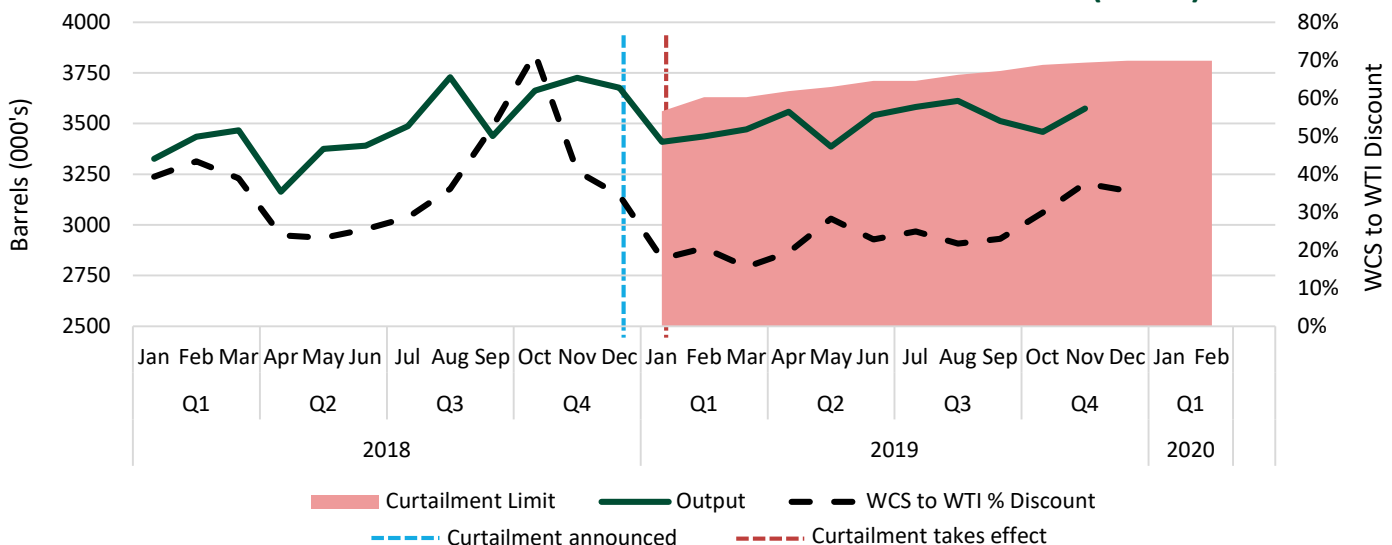
As such, some fund and investment managers believe Canadian oil and gas companies are better suited to attract investor funds next year compared to their US competitors.

“Money is starting to come back,” commented Michael Tims, Matco Investments Ltd. Vice-Chairman, cautioning it has not yet led to massive quantities of new money flowing into Canada. That being said, he’s “cautiously optimistic” for next year as companies have been able to return money to their shareholders in a difficult environment.

WTI VERSUS WCS



AVERAGE BARRELS OF PRODUCTION PER DAY IN ALBERTA ('000's)



Sources: Financial Post (<https://business.financialpost.com/commodities/energy/money-is-starting-to-come-back-investors-look-to-canada-as-shine-comes-off-u-s-shale-oil/amp>)

Alberta Government (<https://www.alberta.ca/oil-production-limit.aspx>) and (<https://www.alberta.ca/budget.aspx>)

CANADIAN ENERGY CENTRE (CEC)



The Canadian Energy Centre (CEC) is officially up and running and working to counteract the spread of misinformation that continues to damage the reputation of Canada's oil and gas industry and threaten its viability.

The CEC is in the process of staffing up its three units: one for rapid response, one for energy literacy to elevate general understanding of Canada's energy sector and another to centralize data and research to inform investors, researchers and policy makers.

The CEC has a focus on reaching outside of Alberta in order to help Canadians in centres like Montreal, Toronto, Ottawa and Vancouver understand the value of the oil and gas industry to this country and the world, through the sharing of knowledge, facts and ideas.

A major campaign is underway in these markets to get the facts out about Teck's proposed Frontier oil sands mine. The federal government is expected this month to issue its decision on whether Teck can proceed with the project, which has undergone nearly a decade of regulatory review, culminating in being deemed to be in the public interest by a joint federal-provincial review panel in July 2019.

Canadians outside of Alberta need to understand that the Frontier project will benefit First Nations communities (all 14 impacted communities have signed agreements in support of the project); it will benefit Canadians (providing \$70 billion in government revenues — \$12 billion federally and \$55 billion to Alberta); it will be built to minimize impacts on land and wildlife; it will be well within Alberta's emissions cap on oil sands greenhouse gases and it will be subject to the province's Technology Innovation and Emissions Reduction regulation on large industrial emitters, which was recently approved by the federal government.

Canadians need to understand that global oil and gas demand continues to grow, and that limiting the ability of Canada's industry to reach these markets will not reverse this trend. Instead, it will invite countries with minimal environmental, social and governance standards to grow production and increase profits while Canada misses a massive opportunity to benefit the world with its responsible barrels.

These are among the critical messages that the CEC is spreading across Canada using multiple platforms and approaches.

Premier Jason Kenney noted at the CEC launch in December that his hope "is that someday in the future these facts will be so well known that we won't need to invest so much in telling the truth, but right now we're in the fight of our economic lives."

For more information, please visit www.canadianenergycentre.ca.

REGULATION UPDATE

TECHNOLOGY INNOVATION AND EMISSIONS REDUCTION REGULATION (TIER)

The Technology Innovation and Emissions Reduction (TIER) Regulation replaced the Carbon Competitiveness Incentive Regulation (CCIR) on January 1, 2020.

TIER set a \$30-per-tonne price on carbon for industrial emitters. This price will rise to \$50 per tonne by 2022.

The TIER regulation applies to facilities that have emitted 100,000 tonnes of carbon dioxide equivalent (CO₂e) or more per year of greenhouse gases (GHGs) since the beginning of 2016.

A facility with less than 100,000 tonnes CO₂e per year may be eligible to opt-in if it competes against a facility regulated under the TIER regulation, or emits 10,000 tonnes CO₂e or more per year and belongs to a sector with high emissions intensity and trade exposure.

Facility owners may also be eligible to receive economic relief under the Compliance Cost Containment Program (CCCP).

GREENHOUSE GAS POLLUTION PRICING ACT

The Federal Greenhouse Gas Pollution Pricing Act took effect on April 1, 2019 in Saskatchewan, Manitoba, Ontario and New Brunswick, July 1, 2019 in Nunavut and Yukon, and January 1, 2020 in Alberta.

There are two parts in the Act that apply:

1. A regulatory charge on fuel and combustible waste.
2. Industrial Greenhouse Gas Emissions output-based pricing system.

Businesses that have activities in a listed province, such as fuel producers, distributors, importers or certain users of combustible waste, as well as persons that are air, marine, rail or road carriers, may have to apply for registration with the Canada Revenue Agency for purposes of the fuel charge.

More information on registration requirements and act details can be found on the Government of Canada website.

METHANE RESTRICTION NEGOTIATIONS

Regulations meant to restrict methane gas came into effect on January 1, 2020 at the federal and provincial level. This follows the federal government's commitment to reduce methane gas emissions by 40-45% from the 2012 levels by 2025.

Alberta introduced its rules in the hopes that Ottawa would then exempt it from federal rules. The federal government indicated the provincial regime is not yet stringent enough to be granted equivalency, specifically on leaks and venting from sources like storage tanks.

Both governments agreed not to subject the oil and gas industry to duplicative methane regulations as they continue to negotiate an equivalency agreement.

British Columbia and Saskatchewan are also negotiating agreements in which Ottawa would recognize provincial methane regulations in lieu of federal rules. The federal government has already negotiated a draft deal with BC and negotiations with Saskatchewan continue.

Sources: Alberta Government (<https://www.alberta.ca/technology-innovation-and-emissions-reduction-regulation.aspx>)

Government of Canada (<https://www.canada.ca/en/revenue-agency/campaigns/pollution-pricing.html>)

The Globe and Mail (<https://www.theglobeandmail.com/politics/article-ottawa-alberta-agree-to-follow-provinces-methane-regulations-while/>)



CANADIAN PORTION OF LINE 3 OPERATIONAL

On December 1, 2019, Enbridge's Line 3 replacement project began full commercial operations, part of a broader plan to increase transportation takeaway capacity out of Western Canada. It will eventually increase the lines capacity from 390,000 to 760,000 barrels per day.

The US side of the Line 3 project, which runs from North Dakota to Wisconsin, is not expected to be finished for another year because of ongoing regulatory issues in Minnesota.



MAJORITY SALE OF COASTAL GASLINK

On December 26, 2019, TC Energy announced it has entered into an agreement to sell 65% of its equity interest in the Coastal Gaslink pipeline project to KKR and Alberta Investment Management Corporation (AIMCo).

The transaction is expected to close in the first half of 2020, subject to customary regulatory approvals and consents, including the consent of LNG Canada.



KEYSTONE XL TO BEGIN CONSTRUCTION IN 2020

On January 22, 2020, the Trump administration approved a right-of-way allowing TC Energy's Keystone XL oil sands pipeline to be built across US federal land. The approval covers 74 km of the line's route into Montana.

The approval includes all federal lands crossed by the pipeline. Much of the rest of the route is private land for which TC Energy has been trying to get permissions to build on. TC Energy plans to begin construction in April 2020.



THE SUPREME COURT RULES IN FAVOUR OF TRANS MOUNTAIN

On February 4, 2020, the Federal Court of Appeal rejected claims by several First Nations that federal officials had failed to adequately consult with them on the Trans Mountain pipeline.

This ruling removed the final major barrier hanging over the long-delayed project, as well as sought to establish a firm line against Indigenous claims that they should have a veto over major natural resource projects deemed to be in the public interest.

Sources: Company Websites

Financial Post (<https://business.financialpost.com/commodities/trans-mountain-pipeline-challenge-dismissed-federal-court-of-appeal>)

Calgary Herald (<https://calgaryherald.com/opinion/columnists/varcoe-three-oil-pipeline-projects-inch-toward-goal-line-for-canada>)

(<https://calgaryherald.com/business/energy/varcoe-line-3-replacement-another-step-for-canadian-pipelines-on-a-long-journey>)

Global News (<https://globalnews.ca/news/6448189/trump-approval-keystone-xl-pipeline/>)



PEMBINA CLOSES KINDER MORGAN ACQUISITION

On December 16, 2019, Pembina Pipeline Corporation (TSX: PPL; NYSE: PBA) announced the closing of the previously announced acquisition of Kinder Morgan Canada Limited and the US portion of the Cochin Pipeline System.

It is expected that the Pipelines Division will benefit from higher revenue volumes on the Peace Pipeline System from new projects, including Phase VI, NEBC Montney Infrastructure, the Wapiti Lateral, as well as increased volumes at existing locations. The Pipelines Division will also benefit in 2020 from the contribution of the Cochin Pipeline and Edmonton Terminals acquired as part of the Kinder Morgan Transaction.

Pembina continues to be squarely focused on delivering transportation and midstream services that enable our customers to reach the best possible markets for their products at a competitive cost, thus enhancing their netbacks. Collectively, the following developments support the ongoing build-out of our integrated value chain and highlight Pembina's unique capability to quickly and cost-effectively add up to 300,000 barrels per day of incremental Peace Pipeline System capacity:

- Renewal of Peace Pipeline System Phase I & II contracts and additional firm service contracts
- Peace Pipeline System expansions, optimization and capacity potential;
- Incremental fractionation facilities
- Prince Rupert LPG Export Terminal expansion
- Ethane supply to support Alberta's Petrochemicals Diversification Program



STEEL REEF ACQUIRES ASSETS FROM CRESCENT POINT

On November 14, 2019, Steel Reef Infrastructure Corp. announced it had entered into a definitive agreement to purchase certain associated gas gathering, processing and sales infrastructure assets in Saskatchewan from Crescent Point Energy Corp. for \$500 million.

Under the terms of the agreement, Steel Reef will purchase and operate nine natural gas processing facilities and their associated gathering systems and two gas sales pipelines with a total throughput capacity of more than 90 million cubic feet per day.

In addition, Steel Reef has successfully secured long-term take-or-pay commitments from Crescent Point and retains the right to market unreserved capacity to third parties.

Furthermore, Steel Reef has committed to fund a \$30-million expansion of one of the gas processing facilities purchased.

PIPELINE Q4 UPDATE



INTER PIPELINE ANNOUNCES CAPITAL EXPENDITURE PROGRAM

On December 5, 2019, Inter Pipeline Ltd. (Inter Pipeline) (TSX: IPL) announced a \$1.2 billion capital expenditure program for 2020. Approximately \$1.1 billion of total capital expenditures will be for organic growth initiatives, with the remaining invested in sustaining capital projects.

Inter Pipeline plans to invest approximately \$75 million across its pipeline transportation systems in 2020.

Within conventional oil pipelines, the focus is on the multi-phased expansion of the central Alberta pipeline system. Approximately \$35 million will be invested to complete the first two phases of this expansion program by the spring of 2020. This includes construction of two new 130,000 barrel storage tanks at Inter Pipeline's crude terminal near Stettler, Alberta and the completion of the Viking Connector project. The Viking Connector is a 75-kilometer pipeline that will connect Inter Pipeline's Throne Station on the Bow River pipeline system to the Central Alberta pipeline system in the Stettler area. This project is expected to add an additional 10,000 to 15,000 b/d of throughput volume to the central Alberta system.

Approximately \$30 million is targeted for investment in Inter Pipeline's oil sands transportation business over the next year with a focus on improving operating efficiencies. The remaining \$10 million will be directed towards developing several smaller growth projects across the pipeline systems.



ENBRIDGE TO IMPLEMENT CONTRACTING ON MAINLINE PIPELINE SYSTEM

On December 19, 2019, Enbridge Inc. (TSX: ENB) (NYSE: ENB) (Enbridge or the Company) submitted an application to the Canada Energy Regulator (CER) to implement contracting on the company's Mainline pipeline system.

The application for contracted and uncommitted service includes the associated terms, conditions and tolls of each service which would be offered in an open season following approval by the CER. The tolls and services will replace the current tolling settlement that is in place until June 30, 2021.

"We are moving to a contracted Mainline system in response to what our customers have been asking us for and for the benefit of the entire industry," said Guy Jarvis, Enbridge Executive Vice President, Liquids Pipelines. "Today's application is based on significant input and advice from every corner of our industry and almost two years of extensive negotiation with shippers to recognize the needs of various customers in a balanced way."

"Shippers representing approximately 70% of the Mainline's current throughput support our approach, as evidenced by the letters included within our application", said Jarvis. "The most important part of this offering will be to secure long-term demand for Canadian crude oil while ensuring that all interested shippers can participate in a fair and transparent open season process."



TC ENERGY REACHES TOLL SETTLEMENT ON CANADIAN MAINLINE

On December 20, 2019, TC Energy's subsidiary, TransCanada PipeLines Limited, filed an application with the Canada Energy Regulator (CER) for approval of a six-year negotiated and unanimously supported settlement with its customers on Canadian Mainline tolls.

TransCanada PipeLines Limited has requested timely approval of the unanimous settlement to ensure certainty before terms come into effect in January 2021.

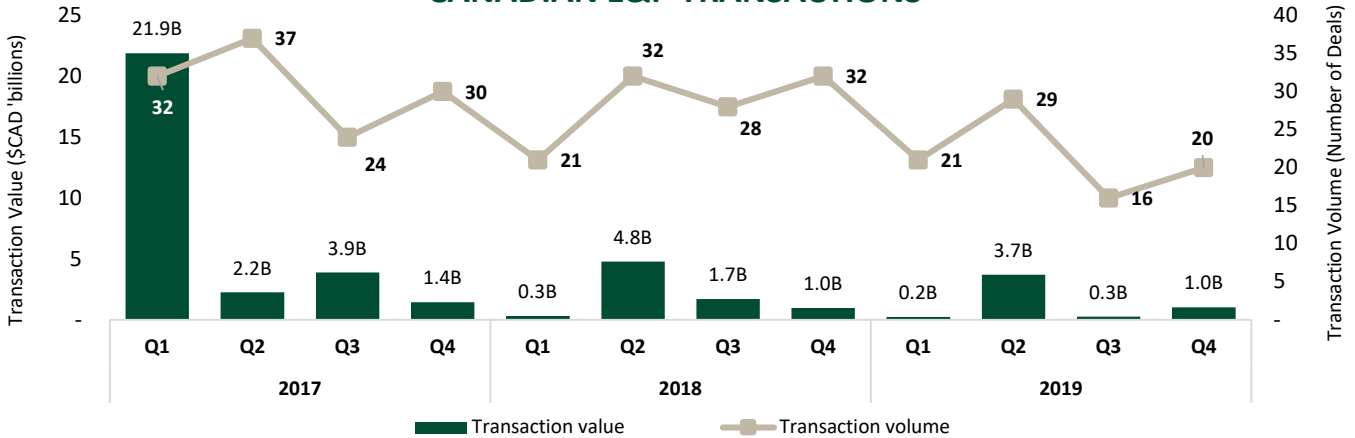
The settlement is designed to facilitate cost-effective transportation of natural gas from the WCSB. The agreement:

- Encompasses a six-year term from January 2021 through December 2026
- Sets an equity return of 10.1% on 40% deemed common equity, subject to variance depending on actual operating costs and natural gas throughput
- Sets tolls for the term for separate segments of the Canadian Mainline, including a 20% reduction from existing tolls on the western portion of the system that includes the path from Empress to Emerson
- Includes a sharing mechanism incenting TC Energy to achieve cost efficiencies and increased revenues
- Affirms TC Energy's pricing flexibility and allows new market-driven services to enhance flexibility to respond to changing market conditions

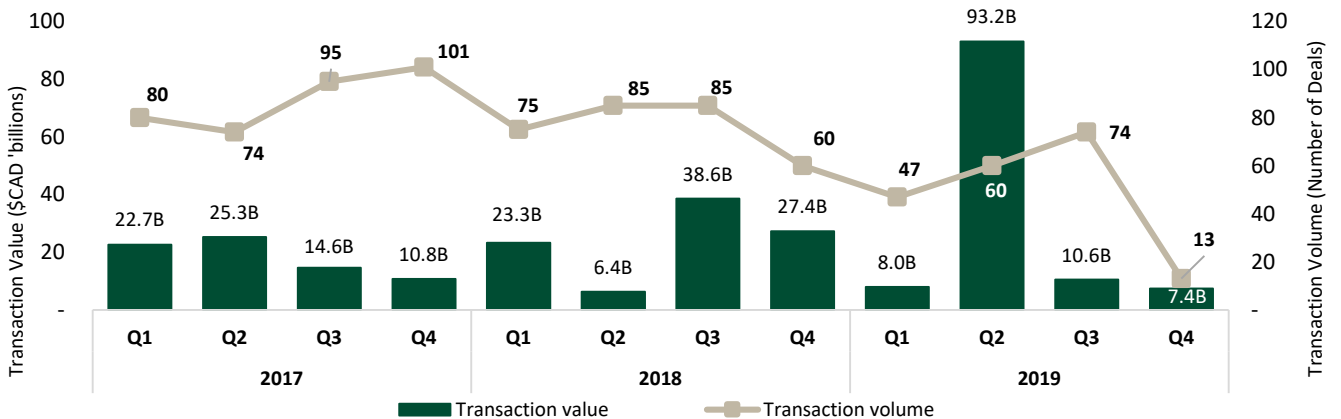
INDUSTRY OVERVIEW

M&A TRANSACTIONS AND PERFORMANCE

CANADIAN E&P TRANSACTIONS



AMERICAN E&P TRANSACTIONS



Source: Capital IQ. Data as of December 31, 2019. Note: oilfield services transactions include companies with head offices in other countries.

TRANSACTION HIGHLIGHTS

Q4 2019 saw an increase in Canadian Exploration and Production (E&P) transaction value compared to Q3 with a majority of the \$1 billion Cdn comprised of:

- Cona Resources Ltd.'s CAD \$740 million acquisition of Pengrowth Energy Corporation.
- Tourmaline's re-acquisition of the 25% working interest in the Peace River High complex for \$175 million Cdn.

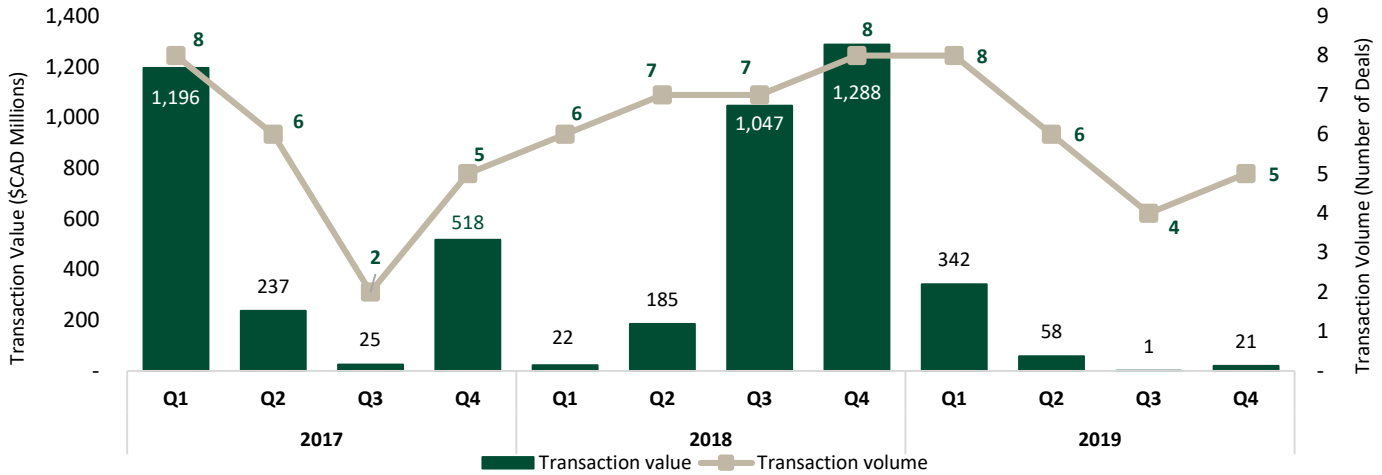
American E&P transactions saw an even further decrease from Q3 in both value and volume with most of the total value coming from two transactions:

- Ecolab Inc. selling the Upstream Energy business of Nalco Champion to Apergy Corporation for \$5.8 billion Cdn.
- Devon Energy Corp. selling its assets in the Barnett Shale for \$1 billion Cdn to Banpu Kalnin Ventures.

INDUSTRY OVERVIEW

M&A TRANSACTIONS AND PERFORMANCE

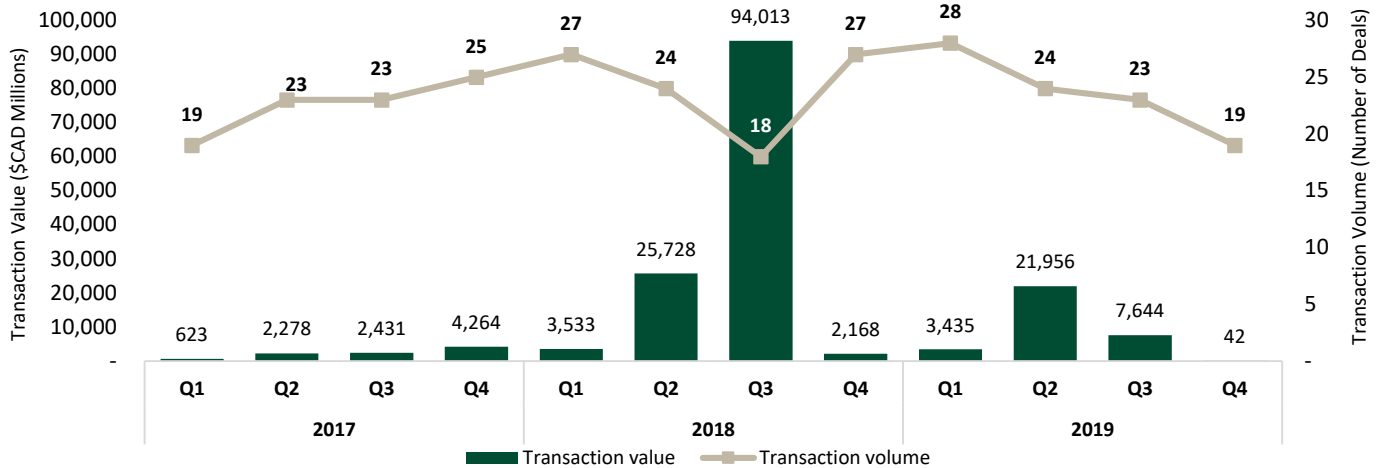
CANADIAN OILFIELD SERVICES M&A TRANSACTIONS



TRANSACTION HIGHLIGHTS:

In Q4 2019, both value and volume increased slightly from the previous quarter, although did not surpass Q1 or Q2 on either front. The quarter's most notable transaction was Trican Well Service Ltd. sale of its subsidiary, Fraction Energy Services Ltd., to an investor group led by Green Energy Services Inc. for \$17.6 million Cdn.

AMERICAN OILFIELD SERVICES M&A TRANSACTIONS



TRANSACTION HIGHLIGHTS:

Since the beginning of 2019, the US has been experiencing a decrease in transaction volume, which has continued through Q4. The quarter's total transaction value is substantially lower than any other in the last two years, although this could be due to lack of information as most transaction values for the quarter are not publicly available.

INDUSTRY OVERVIEW

RELEVANT Q4 M&A TRANSACTIONS



Acquired a portion of



Announced	October 2, 2019
TEV	Undisclosed
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On October 2, 2019, **Intelligent Wellhead Systems (IWS)**, entered into a definitive agreement to receive \$35 million Cdn of development capital from **Pason Systems** and **Werklund Ventures**. Previously, the company received development capital from Werklund Ventures on an undisclosed date.
- "Our investment in IWS represents the first truly compelling opportunity we have seen in the completions space," commented Pason President and CEO, Marcel Kessler. "Building on Pason's deep expertise in end-to-end data management and ruggedized field technologies, we couldn't be more excited to play a role in IWS' continued growth."



Acquired



Announced	November 6, 2019
TEV	Undisclosed
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On November 6, 2019, **Atlas Copco** acquired Canadian compressors and blowers distributor, **WestRon Group of Companies (WestRon)**.
- "Extending our service offering is a part of our strategy to grow our presence in this important region," said Vagner Rego, Business Area President, Compressor Technique. WestRon will operationally become part of the Compressor Technique service division at Atlas Copco.



Acquired



Announced	November 7, 2019
TEV	\$17.6mm
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On November 7, 2019, **Fraction Energy Services Ltd. (Fraction)**, a wholly owned subsidiary of Trican, was acquired by an investor group led by **Green Energy Services Inc. (Green)**. Green and Fraction have agreed to immediately collaborate on certain customer tender proposals for work in the upcoming months.
- "We believe Green, together with Fraction, will continue to provide operational leadership and superior service for their water management clients," stated Dale Dusterhoft, President and CEO of Trican.

INDUSTRY OVERVIEW

RELEVANT Q4 M&A TRANSACTIONS



Acquired



Closed	November 15, 2019
TEV	Undisclosed
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On November 15, 2019, **Catalyst Production Systems Ltd.**, a completion water treatment and production chemical company, was acquired by **White Water Management Inc.**
- “The addition of Catalyst expands Whitewater’s core completion water transfer service offering with a chemical division that can now address our customers’ water treatment needs as well,” said Rod Stearn, Whitewater’s President and CEO. “Strategically, this transaction further differentiates Whitewater in the water management market, expands our presence in the Grande Prairie market and provides new avenues for growth.



Acquired



Announced	November 22, 2019
TEV	Undisclosed
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On November 22, 2019, **Strike Group Inc. (Strike)** acquired **Jedco Energy Services Corp. (Jedco)**, a provider of pipeline maintenance services.
- The transaction allows Strike to expand and diversify its service offering to new and existing customers in the pipeline integrity and testing industry.
- Strike will look to build off the strong relationships Jedco has built and combine best practices of both companies to provide an industry-leading service offering.

4 Undisclosed Buyers

Acquired



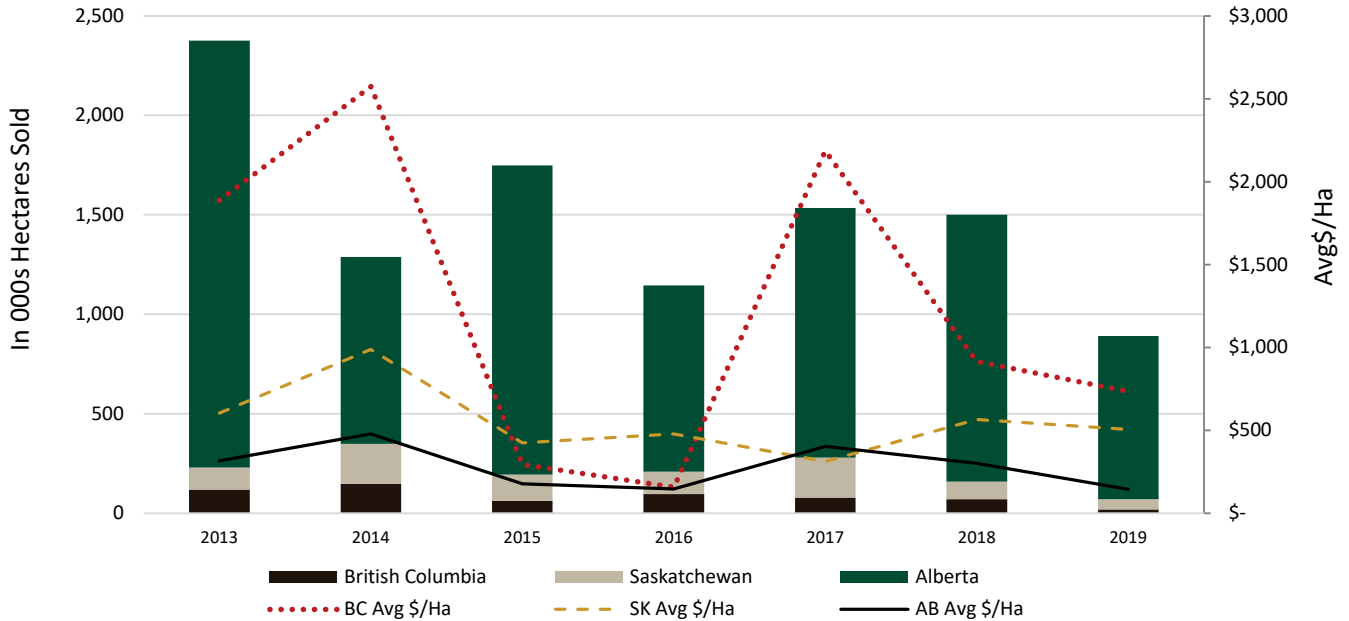
Announced	December 9, 2019
TEV	Undisclosed
TEV/EBITDA	Undisclosed
TEV/Revenue	Undisclosed

- On December 9, 2019, **Empire Industries Ltd.** agreed to sell roughly 17.5mm shares in **Tornado Global Hydrovacs Ltd. (Tornado)** to **four undisclosed buyers**. This transaction is subject to the approval of the TSX Venture Exchange.
- “Tornado is a great company so the decision was a difficult one to make, particularly at this stage of Tornado’s growth, evolution, and share price, but the extra working capital for Empire drove the decision,” said Guy Nelson, CEO of Empire. Empire has increased its working capital by \$2.99 million and achieved a gain on sale of \$1.67 million and still owns 12.5 million shares.

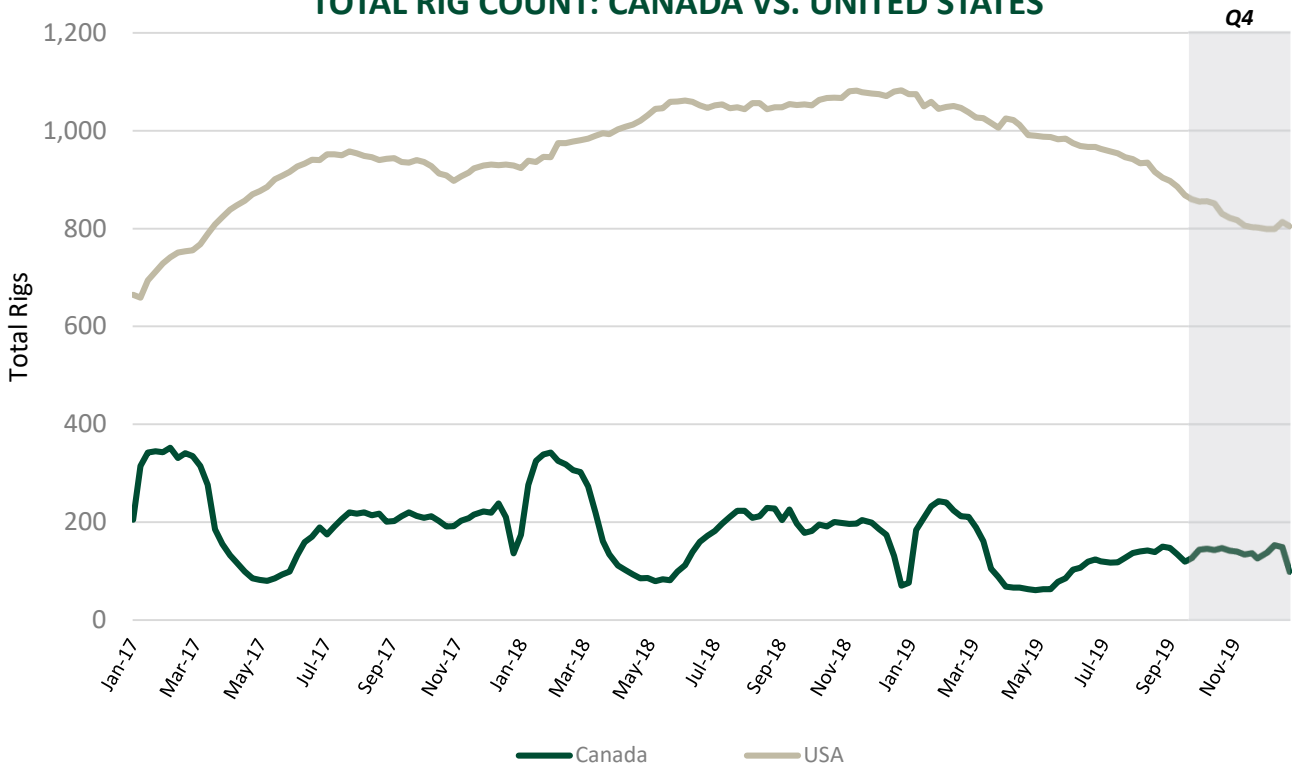
INDUSTRY OVERVIEW

MACROECONOMIC INDICATORS

OIL & GAS LAND SALES - ALBERTA, B.C., AND SASKATCHEWAN



TOTAL RIG COUNT: CANADA VS. UNITED STATES

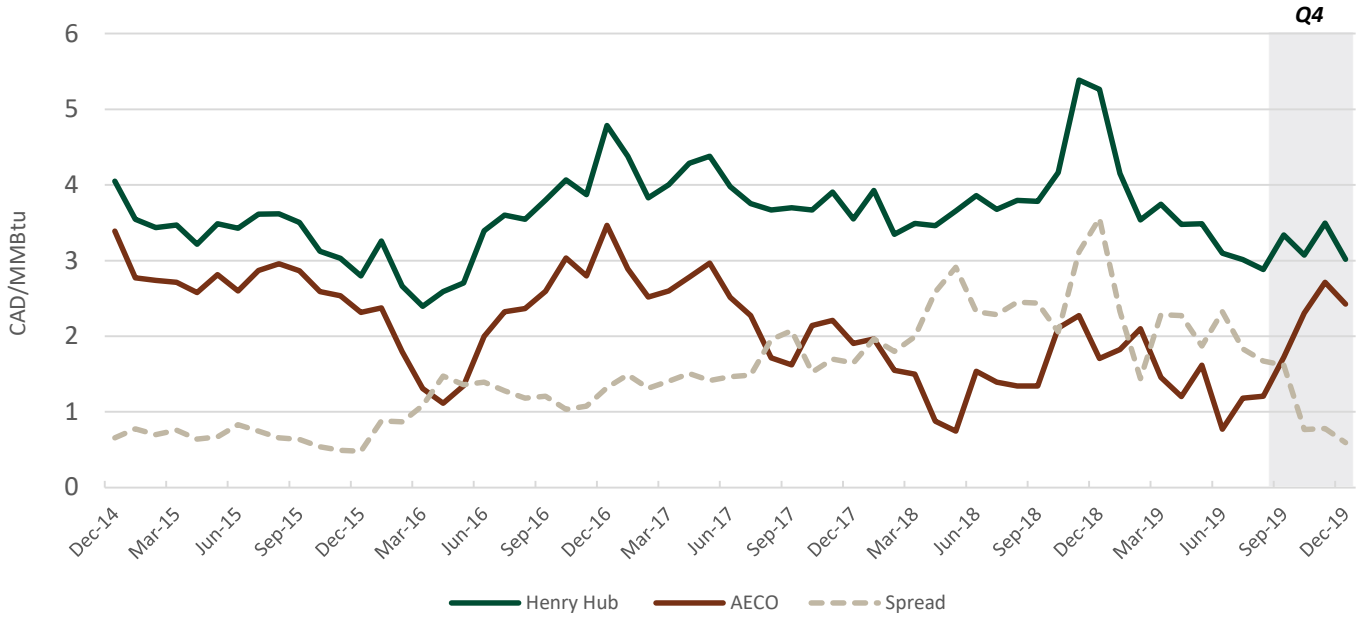


Sources: Baker Hughes rig count report as at December 31, 2019.
Government of Alberta, B.C., and Saskatchewan; Data as of December 31, 2019.

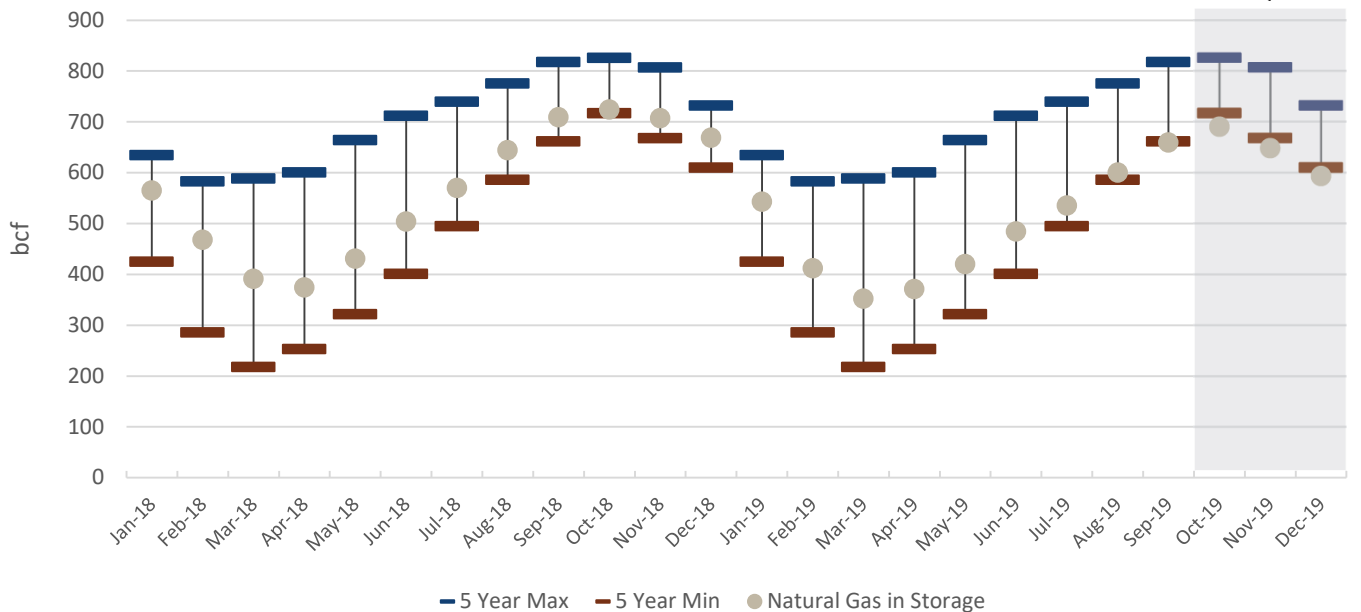
INDUSTRY OVERVIEW

MACROECONOMIC INDICATORS

NATURAL GAS PRICES: HENRY HUB VS AECO



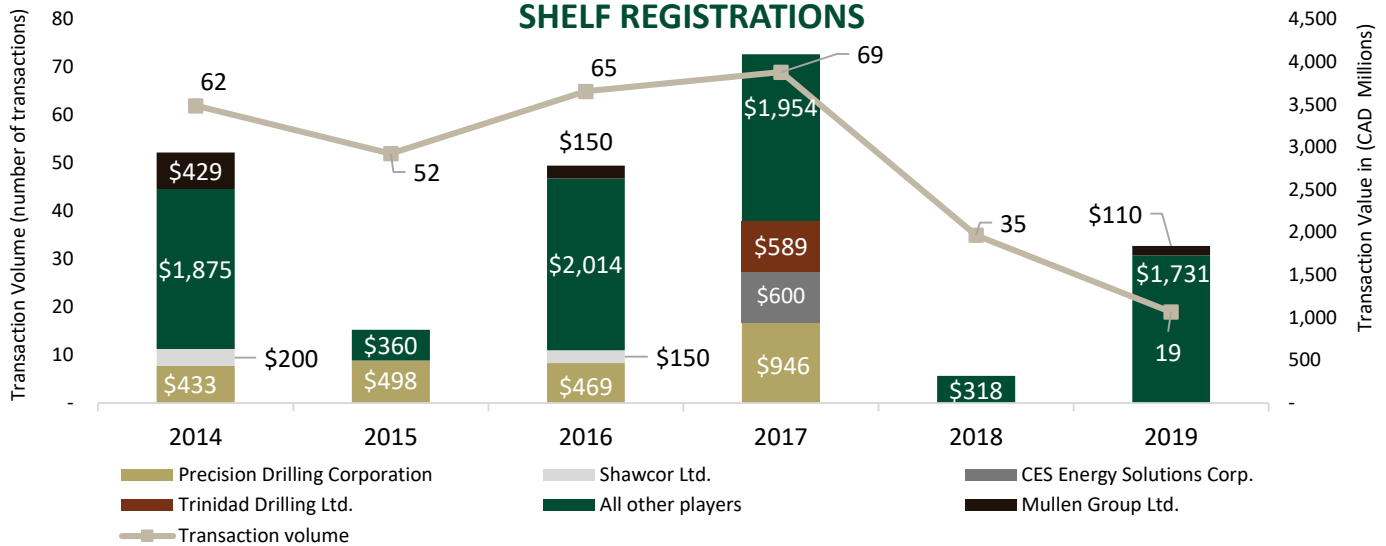
CANADIAN NATURAL GAS IN STORAGE



INDUSTRY OVERVIEW

MACROECONOMIC INDICATORS

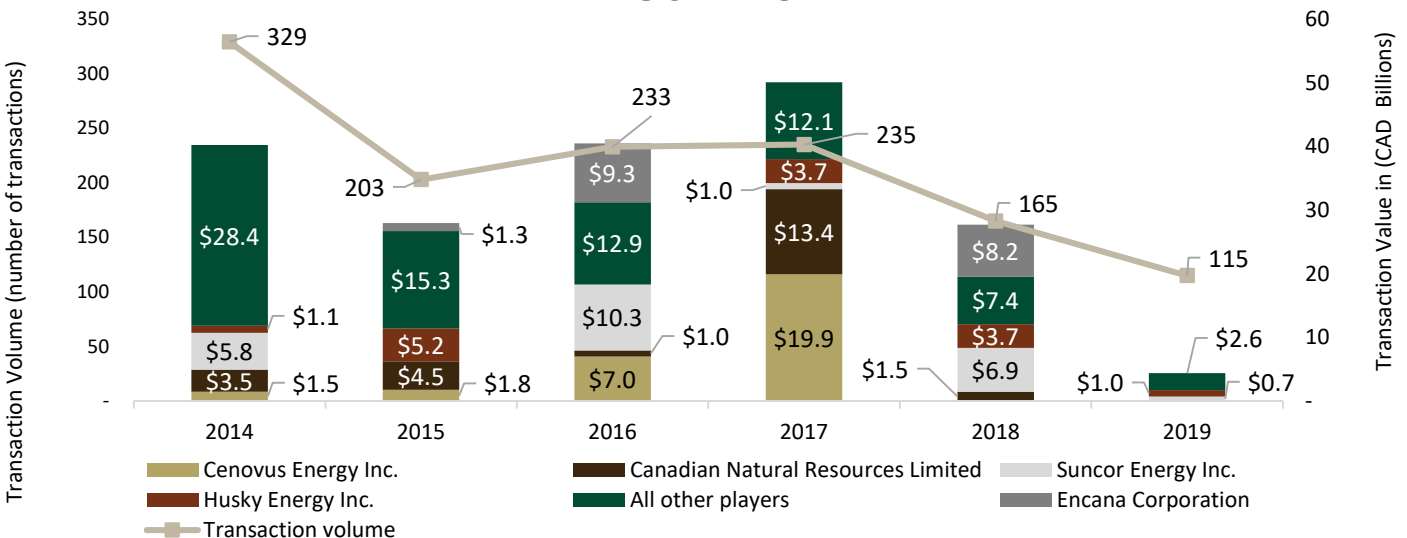
CANADIAN OILFIELD SERVICES - PRIVATE PLACEMENTS, PUBLIC OFFERINGS AND SHELF REGISTRATIONS



OFS Capital Raised

- Q4 2019 saw less capital raised than Q3 2019, with Canadian Premium Sand Inc. \$13.1 million transaction contributing most of it.
- \$1.8 billion of total capital was raised in 2019 compared to \$0.3 billion in 2018.

CANADIAN E&P – PRIVATE PLACEMENTS, PUBLIC OFFERINGS AND SHELF REGISTRATION



E&P Capital Raised

- Inter Pipeline Ltd. raised the majority of capital in Q4 2019 at \$700 million.
- Husky Energy and Suncor Energy were the only two major Canadian E&P players to raise capital in 2019, at \$1 billion and \$748 million respectively.
- \$4.4 billion of total capital was raised in 2019 compared to \$27.7 billion in 2018.

Source: CAPIQ. Data as of December 31, 2019.
 Note: data does not contain share buy-backs.

INDUSTRY OVERVIEW

EXPERT THOUGHTS

Shari Sentner, President & COO, Tallinn Capital Energy Corp.

What was the most positive change in the last 12 months for your business?

2019 was a transformative year for Tallinn Energy as we closed on capital commitments with a group of US institutional investors who are aligned with Tallinn's view of the opportunity to provide debt capital to Canadian junior energy companies in the 500-5,000 boe/d range. The Tallinn group has been active in the junior energy market for the past fifteen years, and are seeing entrepreneurial management teams prioritize cost control and focusing their expertise in a specific geographic and geologic center, while actively managing their environmental obligations. We are encouraged to see teams evolving and adapting to the challenging state of Canadian energy.

What challenges are you seeing?

A lack of oil export pipelines coupled with local gas pipeline bottlenecks continue to challenge Canadian commodity prices. Furthermore, the political climate and regulatory uncertainty continues to discourage equity from entering the Canadian market, which results in fewer transactions and limits growth opportunities. Tallinn is steadfast in its belief that Canadian oil and gas is among the most ethical in the world, and we as Canadians, along with our government representatives, should be embracing the industry and the opportunities it provides to groups who are frequently marginalized by our global oil competitors. Tallinn aims to provide financing to quality operators while keeping leverage within manageable levels to ensure that we are assisting in creating value for shareholders.

What is your outlook for the next twelve months?

We are encouraged by the oil and gas industry's efforts to defend itself against its detractors, recent improvements in AECO pricing, and are cautiously optimistic that rail and the Trans Mountain Pipeline will eventually succeed in improving egress from Alberta. We hope to see improved regulatory certainty relative to abandonment liability from our provincial government, which should improve Alberta's attractiveness in the global capital markets and result in access to both equity and debt financing for this industry. In the interim, we will continue to provide debt financing to assist Canadian junior energy companies in achieving their growth and corporate objectives.

tallinn
capital energy corp.

INDUSTRY OVERVIEW

EXPERT THOUGHTS

Raj Thanawala, Director Corporate Development & Strategic Initiatives, ClearStream Energy

What have been the most significant changes that you have seen in the industry and/or your business in the past 12 months.

The competitive landscape over the last 12 months remained high as market conditions continued to remain uncertain due to the current geopolitical macro environment, take away capacity concerns as well as political and regulatory environment in Western Canada.

To strategically navigate the current market environment, ClearStream completed the acquisition of certain assets of the production services division of AECOM Production Services Ltd. (AECOM PSD) and the acquisition of Universal Weld Overlays Inc. (UWO) at the end of June 2019.

These acquisitions are complementary to our existing business with limited or no overlap in terms of clients, geographies and service lines. ClearStream can now provide a full service offering over the entire asset life cycle to address our customers maintenance and asset integrity requirements. With continued consolidation of E&P companies and an extensive regional coverage with its 13 district offices, ClearStream is well positioned against larger competitors that focus on industrial and infrastructure capital expenditures but also to effectively compete with smaller regional players that lack the depth of service offering in multiple geographies.

What challenges or opportunities do you see for your business in the next 12 months.

We expect 2020 to be a solid year for our core maintenance and turnaround business as many customers had previously delayed maintenance and turnaround spending which is now required to be completed to improve asset reliability and uptime.

With the aforementioned acquisitions, we also see an opportunity to become a full cycle service provider by cross-selling our 38 asset integrity offerings to most of our client base.

We also see significant growth opportunities in our Environmental Division as well abandonment and reclamation continues to remain an important issue for AER and oil and gas companies as they manage their internal LMR.

The other important trend in 2020 is the digital transformation that is changing the industry as clients are using more and more data analytics to run their business. To increase the value for our clients, we are now adopting more digital solutions to gain efficiencies in our service delivery, but also assisting our customers with their maintenance and asset integrity requirements through the use of predictive maintenance technology.



INDUSTRY OVERVIEW

EXPERT THOUGHTS

Dallas Cairns, Owner, OSY Rentals Ltd.

What have been the most significant changes that you have seen in the industry and/or your business in the past 12 months?

At the end of 2018 a lot of producers were in a tough financial situation due to low global oil prices combined with a large differential. To start 2019, our receivables grew due to late payments by several of our clients. So if they were struggling to pay bills, they likely didn't have spare capital to be drilling new wells. Larger players that may have had capital to drill wells were likely restricted by the curtailments. As the year went along it seemed like our customers were gradually getting in better and better shape. Some, to the point of rushing capital purchases to use up their 2019 budget before the end of the year.

Some companies that were financially sound and had spare cash and land to drill, were finding it was a better use of the cash to buy back shares than grow production. The market was likely punishing Canadian producers, because they were Canadian producers and not because they weren't making money or had poor management teams. The Canadian oil patch was unpopular to investors.

We had bought some equipment from a competitor part way through 2019. It grew our fleet by 35% and our EBITDA by about 15%. That number would have been a lot larger had we gotten more utilization. The Western Canadian market was saturated and we weren't prepared to make the move to the US yet.

What challenges or opportunities do you see for your business in the next 12 months?

With money leaving the U.S shale, undervalued Canadian producers are in a good spot to take advantage of it. There are already some drilling rigs moving back north. That in itself is a very positive sign for the Canadian oil patch. Our industry has done a lot of shrinking in the last five years and with the size of our current work force it won't take much of an uptick in drilling and activity for the service and manufacturing companies to hit capacity.

With our 2019 acquisition we have extra equipment sitting idle and ready to go to work. We are excited for 2020 and the next few years especially when some of the new pipeline capacity starts to come online.



INDUSTRY OVERVIEW

EXPERT THOUGHTS

Kurt Campbell, President, PVT Group

What have been the most significant changes that you have seen in the industry and/or your business in the past 12 months?

The most significant changes that effected us in 2019 would most likely be political in nature. With the federal government approving bill C-48 and C-69, it added substantially more regulatory burden to an already struggling industry. In turn, this also negatively effects investor sentiment and starves the industry of much needed capital.

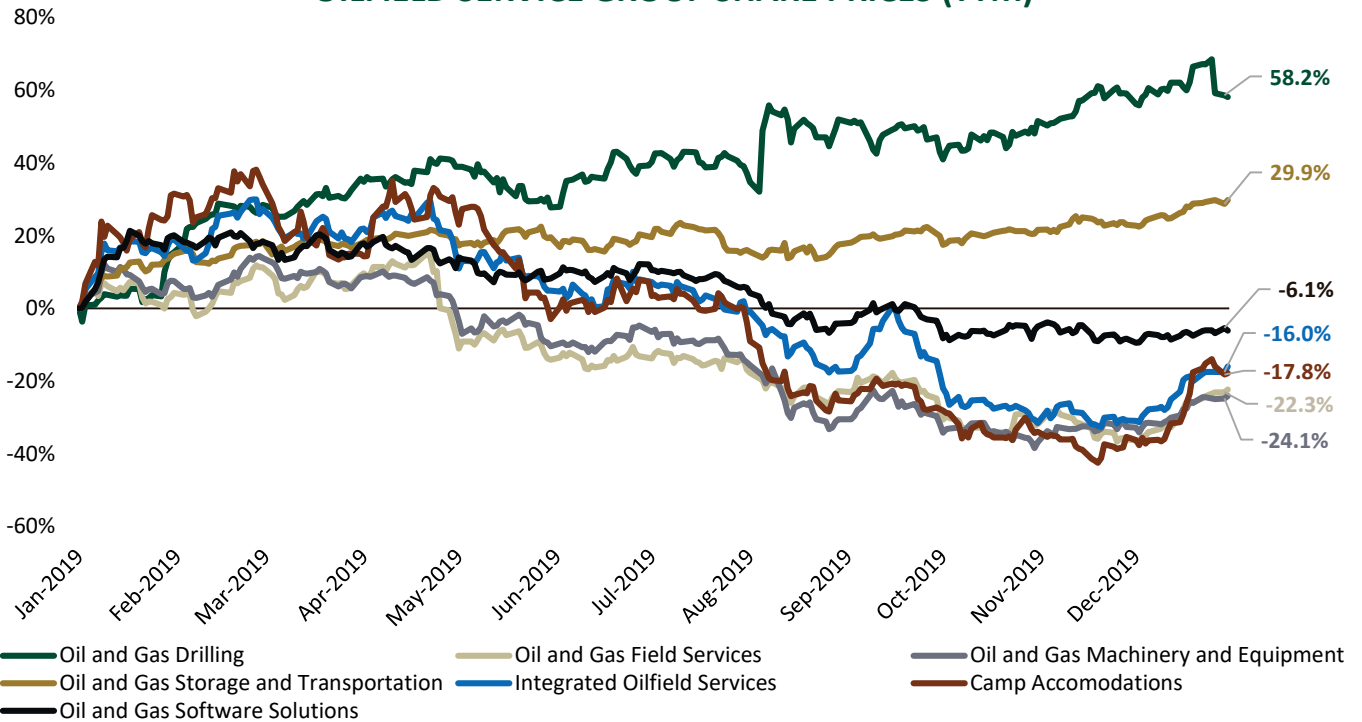
What challenges or opportunities do you see for your business in the next 12 months?

We anticipate 2020 to be both challenging and opportunistic. Due to a challenging political / commodity environment, we anticipate an ongoing struggle for market share coupled with rate pressure. Having said that, we feel it will create M&A opportunities as smaller, less sophisticated service providers struggle in this more challenging environment.

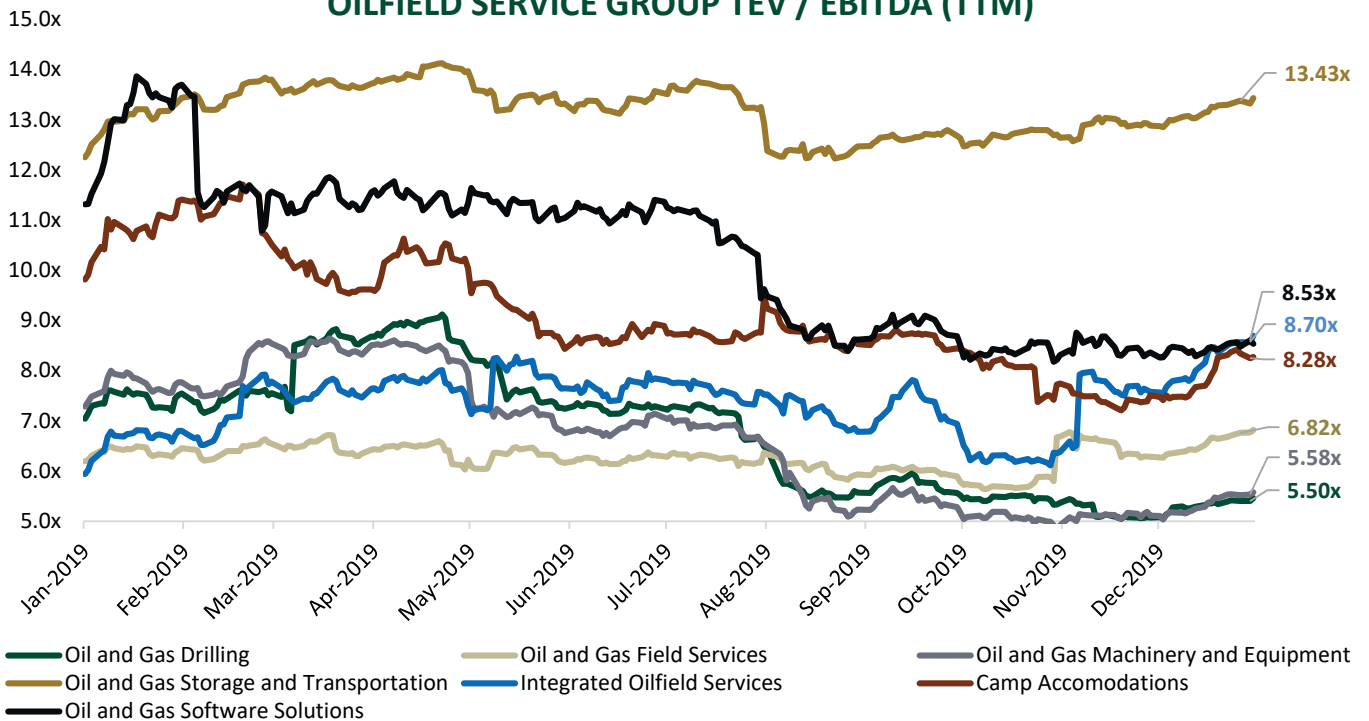


PUBLIC COMPARABLE ANALYSIS
PERFORMANCE ANALYSIS

OILFIELD SERVICE GROUP SHARE PRICES (TTM)



OILFIELD SERVICE GROUP TEV / EBITDA (TTM)

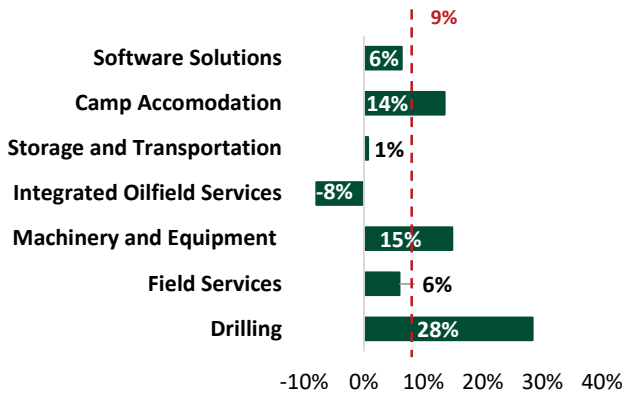


Source: Capital IQ. Data as of December 31, 2019.
TTM: Trailing Twelve Months

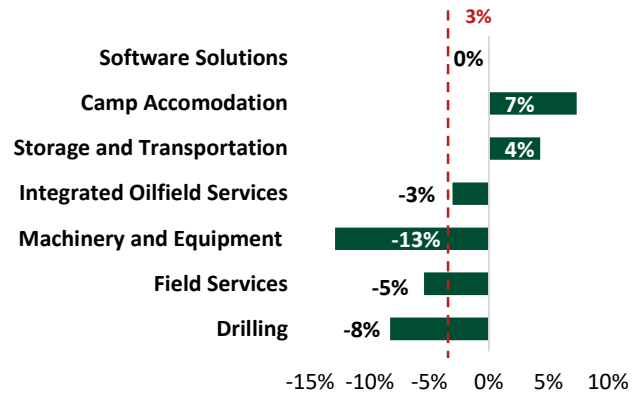
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS AND MULTIPLES

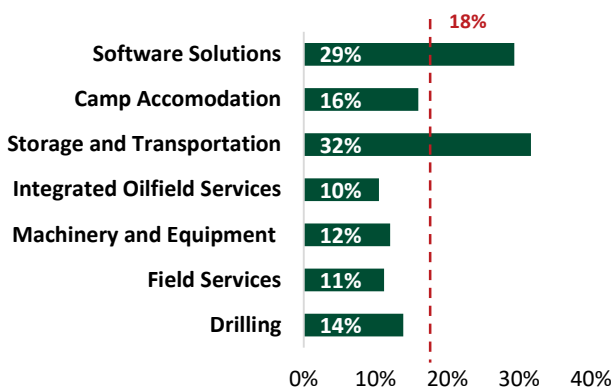
LTM REVENUE GROWTH



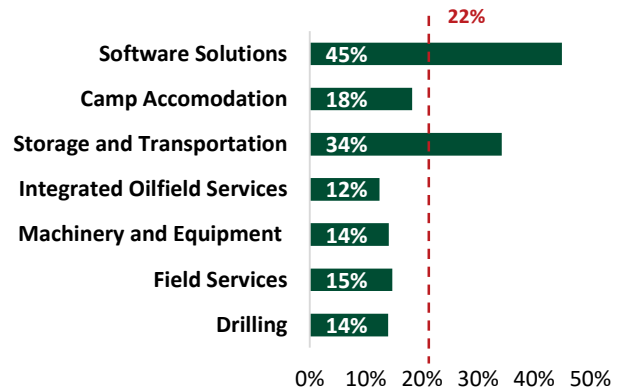
NTM REVENUE GROWTH



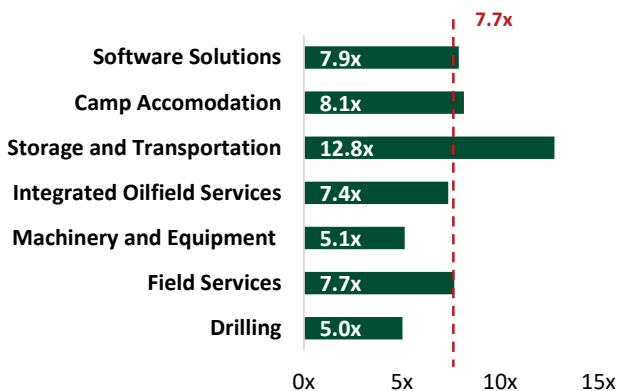
LTM EBITDA MARGIN



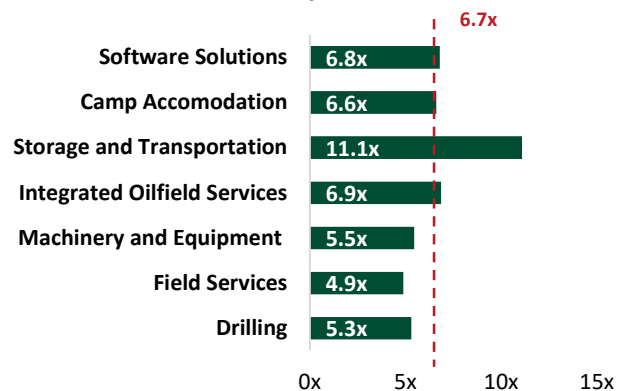
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2019.

Above noted oilfield service peer groups are market capitalization weighted indexes, including the constituents listed on page 21.

LTM refers to last twelve months. NTM refers to next twelve months. Figures above are based on median peer group metrics.

PUBLIC COMPARABLE ANALYSIS

PERFORMANCE ANALYSIS

We have selected a group of publicly traded oil and gas entities for this high-level analysis.

(Figures in \$CAD Millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation		
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV	
Oil and Gas Drilling												
Precision Drilling Corporation	\$523	\$2,014	\$1,596	9.2%	\$402	25.2%	(9.3%)	24.7%	5.8x	5.0x	1.3x	
Ensign Energy Services Inc.	\$457	\$2,081	\$1,563	44.7%	\$382	24.5%	(0.5%)	24.0%	5.4x	5.4x	1.3x	
Stampede Drilling Inc.	\$26	\$36	\$28	85.9%	\$2	8.0%	N/A	N/A	0.0x	16.2x	1.3x	
AKITA Drilling Ltd.	\$48	\$134	\$186	115.9%	\$29	15.6%	2.9%	14.0%	5.3x	4.6x	0.7x	
PHX Energy Services Corp.	\$156	\$214	\$361	26.3%	\$43	12.1%	(6.4%)	14.1%	4.5x	4.9x	0.6x	
Western Energy Services Corp.	\$26	\$264	\$214	(10.9%)	\$26	12.1%	(17.1%)	10.6%	11.8x	10.2x	1.2x	
Cathedral Energy Services Ltd.	\$15	\$36	\$144	(7.7%)	(\$3)	(2.4%)	(20.7%)	5.1%	8.6x	NM	0.3x	
Median	\$48	\$214	\$214	26.3%	\$29	12.1%	(7.9%)	14.0%	5.4x	5.2x	1.2x	
Mean	\$179	\$683	\$584	37.6%	\$126	13.6%	(8.5%)	15.4%	5.9x	7.7x	1.0x	
Oil and Gas Field Services												
Mullen Group Ltd.	\$972	\$1,517	\$1,297	6.0%	\$198	15.3%	0.8%	15.9%	7.2x	7.7x	1.2x	
Calfrac Well Services Ltd.	\$181	\$1,141	\$1,803	(19.6%)	\$189	10.5%	(13.8%)	8.8%	7.8x	6.0x	0.6x	
STEP Energy Services Ltd.	\$105	\$358	\$711	(7.3%)	\$69	9.7%	(11.0%)	10.8%	4.9x	5.2x	0.5x	
Macro Enterprises Inc.	\$117	\$119	\$471	485.5%	\$71	15.2%	(22.3%)	14.7%	2.2x	1.7x	0.3x	
Essential Energy Services Ltd.	\$54	\$81	\$155	(19.3%)	\$15	9.5%	(10.0%)	12.8%	4.1x	5.5x	0.5x	
Vertex Resource Group Ltd.	\$35	\$143	\$174	24.7%	\$19	11.2%	7.4%	15.7%	4.9x	7.4x	0.8x	
ENTREC Corporation	\$7	\$262	\$183	10.2%	\$21	11.5%	N/A	N/A	8.0x	12.4x	1.4x	
ClearStream Energy Services Inc.	\$5	\$365	\$405	5.9%	\$20	4.9%	N/A	N/A	-	18.5x	0.9x	
Cordy Oilfield Services Inc.	\$3	\$17	\$16	7.5%	\$2	12.3%	N/A	N/A	-	8.8x	1.1x	
Wolverine Energy and Infrastructure Inc.	\$81	\$198	\$87	94.2%	\$22	24.9%	56.2%	37.6%	3.8x	9.2x	2.3x	
Median	\$67	\$230	\$294	6.8%	\$21	11.3%	(10.0%)	14.7%	4.9x	7.5x	0.9x	
Mean	\$156	\$420	\$530	58.8%	\$63	12.5%	1.0%	16.6%	5.4x	8.2x	1.0x	
Oil and Gas Machinery and Equipment												
Enerflex Ltd.	\$1,097	\$1,345	\$2,038	20.8%	\$290	14.2%	(18.7%)	16.9%	4.8x	4.6x	0.7x	
CES Energy Solutions Corp.	\$618	\$1,036	\$1,310	9.0%	\$148	11.3%	(6.7%)	13.1%	6.5x	7.0x	0.8x	
Total Energy Services Inc.	\$291	\$593	\$826	1.7%	\$105	12.7%	(27.3%)	15.9%	6.1x	5.6x	0.7x	
McCoy Global Inc.	\$17	\$15	\$55	20.8%	\$4	7.3%	18.5%	10.5%	2.3x	3.8x	0.3x	
Median	\$454	\$814	\$1,068	14.9%	\$127	12.0%	(12.7%)	14.5%	5.5x	5.1x	0.7x	
Mean	\$505	\$747	\$1,057	13.1%	\$137	11.4%	(8.5%)	14.1%	4.9x	5.3x	0.6x	
Integrated Oilfield Services												
Secure Energy Services Inc.	\$794	\$1,315	\$2,997	2.2%	\$157	5.2%	7.9%	5.6%	7.3x	8.4x	0.4x	
Trican Well Service Ltd.	\$318	\$376	\$660	(34.8%)	\$22	3.4%	(6.0%)	6.9%	9.0x	16.8x	0.6x	
High Arctic Energy Services Inc	\$115	\$114	\$191	(8.0%)	\$20	10.4%	(5.9%)	11.9%	4.7x	5.7x	0.6x	
Strad Inc.	\$98	\$119	\$123	7.0%	\$31	25.2%	15.5%	30.9%	2.8x	3.8x	1.0x	
CWC Energy Services Corp.	\$51	\$93	\$113	(22.8%)	\$13	11.1%	(1.1%)	12.7%	6.9x	7.4x	0.8x	
Median	\$115	\$119	\$191	(8.0%)	\$22	10.4%	(1.1%)	11.9%	6.9x	7.4x	0.6x	
Mean	\$275	\$403	\$817	(11.3%)	\$49	11.1%	2.1%	13.6%	6.1x	8.4x	0.7x	
Oil and Gas Storage and Transportation												
Enbridge Inc.	\$104,495	\$183,247	\$49,279	3.3%	\$13,157	26.7%	3.8%	26.4%	13.6x	13.9x	3.7x	
TC Energy Corporation	\$64,623	\$118,443	\$13,896	3.8%	\$9,704	69.8%	2.9%	65.1%	12.7x	12.2x	8.5x	
Pembina Pipeline Corporation	\$24,639	\$35,267	\$7,202	(1.9%)	\$2,629	36.5%	8.8%	42.2%	10.7x	13.4x	4.9x	
Inter Pipeline Ltd.	\$9,421	\$15,828	\$2,522	(2.3%)	\$1,081	42.9%	(5.5%)	46.6%	14.1x	14.6x	6.3x	
Keyera Corp.	\$7,324	\$10,239	\$3,774	(13.2%)	\$924	24.5%	4.8%	24.2%	10.8x	11.1x	2.7x	
Gibson Energy Inc.	\$3,869	\$5,136	\$6,984	(2.8%)	\$432	6.2%	7.2%	6.1%	11.4x	11.9x	0.7x	
Kinder Morgan Canada Limited	\$521	\$1,778	\$414	10.9%	\$187	45.0%	(100.0%)	N/A	9.2x	9.5x	4.3x	
Tidewater Midstream and Infrastructure Ltd.	\$394	\$1,058	\$517	73.8%	\$80	15.4%	123.0%	16.8%	5.5x	13.3x	2.0x	
Median	\$8,372	\$13,033	\$5,379	0.7%	\$1,002	31.6%	4.3%	26.4%	11.1x	12.8x	4.0x	
Mean	\$26,911	\$46,374	\$10,574	9.0%	\$3,524	33.4%	5.6%	32.5%	11.0x	12.5x	4.2x	
Camp Accomodations												
Civeo Corporation	\$284	\$890	\$653	8.8%	\$122	18.6%	14.8%	18.2%	6.6x	7.5x	1.4x	
Horizon North Logistics Inc.	\$203	\$335	\$468	30.4%	\$30	6.3%	7.4%	9.7%	7.1x	11.3x	0.7x	
Black Diamond Group Limited	\$119	\$239	\$184	13.6%	\$29	15.9%	0.3%	22.5%	5.6x	8.1x	1.3x	
Median	\$203	\$335	\$468	13.6%	\$30	15.9%	7.4%	18.2%	6.6x	8.1x	1.3x	
Mean	\$202	\$488	\$435	17.6%	\$60	13.6%	7.5%	16.8%	6.4x	9.0x	1.1x	
Oil and Gas Software Solutions												
Pason Systems Inc.	\$1,107	\$943	\$309	6.4%	\$126	40.7%	(11.4%)	44.5%	7.7x	7.5x	3.0x	
Computer Modelling Group Ltd.	\$660	\$655	\$78	8.1%	\$36	45.4%	(0.8%)	45.9%	18.5x	18.4x	8.4x	
ION Geophysical Corporation	\$169	\$353	\$273	26.5%	\$80	29.3%	1.5%	33.6%	3.9x	4.5x	1.3x	
Dawson Geophysical Company	\$72	\$58	\$185	(14.7%)	\$2	1.1%	(100.0%)	N/A	-	29.3x	0.3x	
Pulse Seismic Inc.	\$104	\$138	\$23	104.0%	\$17	72.1%	31.6%	83.9%	5.9x	8.3x	6.0x	
Median	\$169	\$353	\$185	8.1%	\$36	40.7%	(0.8%)	45.2%	6.8x	8.3x	3.0x	
Mean	\$423	\$429	\$174	26.1%	\$52	37.7%	(15.8%)	52.0%	9.0x	13.6x	3.8x	

Source: Capital IQ. Data as of December 31, 2019.

LTM refers to last twelve months. NTM refers to next twelve months.

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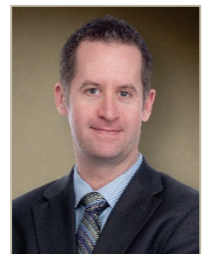
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RECENTLY CLOSED DEALS

NATIONAL

has acquired an 85% interest in

MNP Corporate Finance Inc. provided financial and tax due diligence services to E360S in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

MNP Corporate Finance Inc. provided financial and tax due diligence services to trialcard in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

MNP Corporate Finance Inc. acted as exclusive financial advisor to Cir Express LLC in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Equicapita Investment Corp.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Norwel Stress (1994) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Grand Medicine Pharmacy in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Pomnies Elder Co. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired the retail business of

MNP Corporate Finance Inc. provided transaction advisory and financial due diligence services to Co-op.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Orchard Village Pharmacy in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Policy Works Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Rigny Building Supply Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Universal Ford Lincoln Sales Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to a confidential buyer in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Newhope Pharmacy in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Doxim Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Integrity Hyundai Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Crescent Park Capital Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired an interest in

MNP Corporate Finance Inc. was the exclusive financial advisor to North Delta Subsidiary Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Undisclosed Private Investors

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Undisclosed Private Investors.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided growth capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to the Canadian Business Growth Fund.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired a majority interest in

MNP Corporate Finance Inc. acted as exclusive financial advisor to Wingback Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Noble Concrete (1987) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Preston Phipps Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE