

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following interim Management's Discussion and Analysis ("MD&A") is dated May 14, 2010. The MD&A should be read in conjunction with Petrowest Energy Services Trust's ("Petrowest" or the "Trust") audited consolidated financial statements and the accompanying MD&A for the year ended December 31, 2009 and the unaudited interim consolidated financial statements for the three months ended March 31, 2010 and the notes contained therein.

COMPARATIVE PERIODS – DISCONTINUED OPERATIONS

During the second quarter of 2009, the Trust made the decision to dispose of the rig mobilization and demobilization assets of the Transportation segment ("Discontinued Operations"). The Discontinued Operations incurred accumulated losses and negative cash flow over the past two years. Management determined that the rig mobilization and demobilization activity was unlikely to improve in the near term due to the economic environment in the energy sector at that time and projected in the near term. Management's strategy includes focusing on its core businesses and disposing of non-core businesses which are underperforming.

The three month period ended March 31, 2010 does not contain any operating results of the Discontinued Operations. The comparable periods in 2009 contain operating results of this business for 90 days. This MD&A will focus on operations from continuing operations.

NON-GAAP MEASURES

The unaudited interim consolidated financial statements and the notes contained therein were prepared in accordance with generally accepted accounting principles ("GAAP"). This MD&A uses various non-GAAP financial measures, which are not recognized under GAAP, as supplemental indicators of the Trust's operating performance and financial performance. These non-GAAP financial measures are provided to enhance the user's understanding of Petrowest's financial performance. Management believes that these measures provide useful information and that they exclude amounts that are not indicative of the Trust's core operating results and ongoing operations, and therefore provide a more consistent basis for comparison between periods. These measures do not have a standardized meaning and may not be comparable to similar non-GAAP measures provided by other issuers.

Readers are cautioned that these non-GAAP measures should not be considered alternatives to net earnings, cash flow from operating activities or other financial measures of performance calculated in accordance with GAAP. In addition, readers should note that these measures are based on continuing operations only. The following defines the non-GAAP measures that are used and management's view of why they are viewed as providing incremental informational value to readers.

Gross Margin – This measure is calculated as revenue less operating expenses and is considered a prime indicator of operating performance prior to general and administrative expenses and before costs of financing, taxes, and the consummation of assets by amortization.

Gross Margin Percentage – Calculated as gross margin divided by revenue.

EBITDA – Calculated as earnings before interest expense, income taxes, amortization and gains or losses on disposal of capital assets (including intangible assets). This measure is considered to be an indicator of the Trust's ability to generate cash flows, service debt, pay current taxes, fund capital expenditures and pay distributions.

EBITDA Margin Percentage – Calculated as EBITDA divided by revenue.

Readers are cautioned that "Gross Margin", and "EBITDA" should not be considered as alternatives to net earnings, cash flow from operating activities or other measures of financial performance calculated in accordance with GAAP.

BUSINESS OVERVIEW

GENERAL

Petrowest is an unincorporated, open-ended, limited purpose mutual fund trust established under the laws of Alberta and was formed for the purpose of accumulating businesses involved in pre-drilling and post-completion energy services as well as industrial and civil infrastructure projects, gravel crushing and hauling for non-energy sector customers. The Trust is based in the Grande Prairie area of northern Alberta. For the three month period ended March 31, 2010, approximately 45% (2009 – 55%) of the Trust's services were directly related to the energy sector with the remainder of services related to non-energy sectors services. These percentages do not factor in the energy sector activities of the Discontinued Operations and relate to activities from continuing operations. For the three month period ended March 31, 2010 the energy sector percentage was 10% less compared to the same period of 2009

Petrowest Construction LP

Petrowest Construction LP operates under the trade names of "Gordon Bros. Construction", "Roy Larson Construction", "Wales Contractors", "Jim Moffatt Construction", and "Quigley Contracting", and specializes in the construction of oil and gas lease well site pads, road construction, remediation of oil and gas well sites and civil infrastructure work for non oil and gas related clients. Petrowest Construction LP operates a fleet of heavy equipment including dozers, tracked hoe excavators, articulated rock haulers, compactors, graders, and scrapers as well as other ancillary support equipment.

Petrowest Transportation LP

Petrowest Transportation LP operates under the trade names of "Murtron Hauling" and "Cutbank Trucking" and specializes in specialty hauling services including log loading and hauling, gravel loading and hauling, and heavy equipment hauling. The Transportation LP operates a fleet of heavy transport trucks, trailers, jeeps, boosters, log and gravel loading equipment as well as other ancillary support equipment. The Discontinued Operations had operated under the trade name "D&D Well Services".

Petrowest Civil Services LP

Petrowest Civil Services LP operates under the trade names of "R Bee Crushing", "Tri-Dave Gravel Sales" and "S.O.S. Oilfield Safety". The Civil Services LP specializes in mobile aggregate rock crushing and sand screening for gravel supply operations throughout Alberta and British Columbia operating a fleet of cone and jaw crusher units, conveyor and sand stacker units, loaders, dozers, tracked hoe excavators and articulated rock trucks. The Civil Services LP also provides safety services including safety supervision and rental of safety air units and wash units provide for safety support during oil and gas drilling operations and plant turnarounds.

Petrowest Services Rentals LP

Petrowest Services Rentals LP operates under the trade name of "Nu-Northern Tractor Rentals" and specializes in heavy equipment rentals to oil and gas companies, oil sand clients, and independent contractors working in the oil and gas, mining, logging, pulp and paper and civil construction industries. The Rental Services LP operates a fleet of heavy equipment including dozers, tracked hoe excavators, articulated rock haulers, compactors and side-boom pipelayers.

INDUSTRY OVERVIEW AND OUTLOOK

Petrowest is dependent to a degree on the overall health of the western Canadian oil and gas industry, as approximately 45% of the Trust's total revenue from continuing operations for the first three months of 2010 was directly related to the support of oil and gas exploration and development activities, and particularly the natural gas sector. The Western Canada Sedimentary Basin ("WCSB") is Canada's primary source of gas production and accounts for the majority of all gas production in Canada. Initial well production rates are declining for both oil and gas in the WCSB with drilling activities focused more in the western portion of the WCSB and in particular the Montney and Horn River shale gas plays.

The price of WTI averaged US \$79.59 for the three months ended March 31, 2010 compared to US \$42.96 in the comparable period of 2009 which represents an increase of approximately 85%. The near month natural gas price quoted on the New York Mercantile Exchange averaged approximately 12% more for the three months ended March 31, 2010 compared to the same period in 2009.

On April 29, 2010 the Petroleum Services Association of Canada release its second quarter updated forecast for 2010 for total wells to be rig released to 11,250, an increase of 2,900 over 2009. The Canadian Association of Oilwell Contractors released its drilling rig utilization forecast for 2010 on October 20, 2009. The average drilling rig utilization is anticipated to be 27% or 218 rigs out of 800 available rigs which is in line with the 2009 average rig utilization of 25% or 215 rigs out of 854 available rigs. For the first three months of 2010 rig utilization was approximately 59%, an increase of 19% over the comparable period of 2009.

Since October, 2008, the majority of oil and gas exploration and production companies have scaled back capital spending and delayed certain projects, with expensive projects in the Canadian oil sands being the most affected. This has resulted in the removal of billions of dollars in capital spending from the energy sector. During the first three months of 2010 there were 3,638 wells rig released compared to 2,970 in the comparable period of 2009, representing an increase of 22%. The Trust is continuing to expand its services to northeastern British Columbia where the drilling activity remains relatively strong compared to the rest of Canada.

The Trust continues to focus on diversification into industrial and civil infrastructure activities. This diversification objective has had limited success due to pricing pressures in the bidding process with increased number of parties providing bids. The Construction segment, which comprised 44% of the Trusts consolidated revenue in the first three months of 2010 has less non-energy related activities compared to other business segments, with 88% of activities directly relating to the energy sector compared to 96% in the comparable period of 2009.

The oil and natural gas drilling sector will continue to impact the Trust's operations and financial results and will remain an important part of the Trust's operations going forward. The amount of the Trust's services directly relating to the oil and gas sector will fluctuate as the activity in this sector changes in addition to the amount of non-oil and gas related projects which the Trust is successful in securing. The Trust continued to pursue geographic diversification in 2010 with redeployment of equipment and skilled personnel to capitalize on demand in nearby regions plus improving utilization rates and financial results. With the shift in the North American natural gas markets towards unconventional shale gas basins, the Trust has moved quickly to position itself in two of North America's premier shale gas plays. The Trust has opened a full service office and maintenance facility in Fort Nelson and increased marketing emphasis in the northeastern British Columbia emerging Horn River and Montney shale gas plays. Petrowest has also undertaken a strategy to expand its presence in the oil sands mining sector by appointing a divisional vice president and by securing office and industrial space in Fort McMurray. This sector represents the largest area of potential growth for the Trust.

The Trust's ability to continue operations is dependent on the continued support of the banking syndicate or the ability to refinance the existing bank credit facility. The Trust has substantially concluded negotiations with respect to the amendments to its existing secured credit facilities with the banking syndicate. These amendments remain subject to final approval by the syndicate and the execution of an amended and restated credit agreement. The Trust expects that such amended credit facilities will be in an initial aggregate principal amount of \$70.0 million, consisting of a revolving credit facility in the principal amount of \$63.0 million and a working capital facility in the principal amount of \$7.0 million. The Trust has filed a preliminary short form prospectus with the applicable securities regulatory authorities to raise a minimum of \$7.5 million through an offering and distribution of rights to subscribe for trust units of the Trust. Failure to raise proceeds of \$7.5 million under the Offering is expected to be an event of default under the amended and restated credit agreement.

Management of the Trust continues to streamline and improve operating efficiencies in addition to taking proactive steps to improve the financial flexibility of the Trust. This is being accomplished through consolidation of entities within segments, consolidation of redundant management functions and a detailed review of the fixed cost structures inherent in the Trust to reduce costs and improve both operations and financial results.

FINANCIAL INFORMATION

Financial Results

(thousands of dollars, except per unit amounts, margins and ratios)	Three months ended March 31	
	2010	2009
Revenue by segment:		
Construction	15,887	18,888
Transportation	9,011	8,415
Civil	9,592	10,156
Rentals	1,266	678
Corporate	-	-
Revenue from continuing operations	35,756	38,137
Operating expenses	29,625	31,497
Gross margin from continuing operations ⁽¹⁾	6,131	6,640
Gross margin percentage ⁽¹⁾	17%	17%
General and administrative	1,558	1,848
EBITDA from continuing operations ⁽¹⁾	4,573	4,792
EBITDA margin percentage ⁽¹⁾	13%	13%
Interest	863	1,027
Amortization of property and equipment	4,118	5,022
Amortization of intangible assets	862	973
Impairment of property and equipment	-	-
Impairment of goodwill and intangible assets	-	-
(Gain) loss on disposal of property and equipment	(169)	19
Other income	(4)	(2)
Net loss and comprehensive loss from continuing operations before income taxes	(1,097)	(2,247)
Future income tax expense (recovery)	-	(2,935)
Net earnings (loss) and comprehensive earnings (loss) from continuing operations	(1,097)	688
Discontinued operations, net of tax	(45)	(5,334)
Net loss and comprehensive loss for the period	(1,142)	(4,646)
Net loss per unit – basic and diluted from continuing operations	(0.03)	0.02
Net loss per unit – basic and diluted from discontinued operations	(0.00)	(0.16)
Net loss per unit – basic and diluted	(0.03)	(0.14)
Total assets	111,121	181,881
Total liabilities	82,050	97,605
Unitholders' equity	29,071	84,276

⁽¹⁾ See "Non-GAAP Measures"

Financial Resources and Liquidity

(thousands of dollars, except unit amounts)	Three months ended March 31	
	2010	2009
Cash provided from operating activities	1,234	10,657
Units outstanding	32,946,308	32,926,308
Weighted average units outstanding – basic	32,946,308	32,926,308

As at March 31, 2010, \$69.3 million was outstanding under the Trust's revolving bank term loan (including bank overdraft). The term of the credit facility expired on December 14, 2009 and the banking syndicate has not extended this date. As a result, the Trust is required to repay 1/12 of the amount outstanding at the end of each financial quarter following such date until December 14, 2011 at which time the remaining amount would be due and payable.

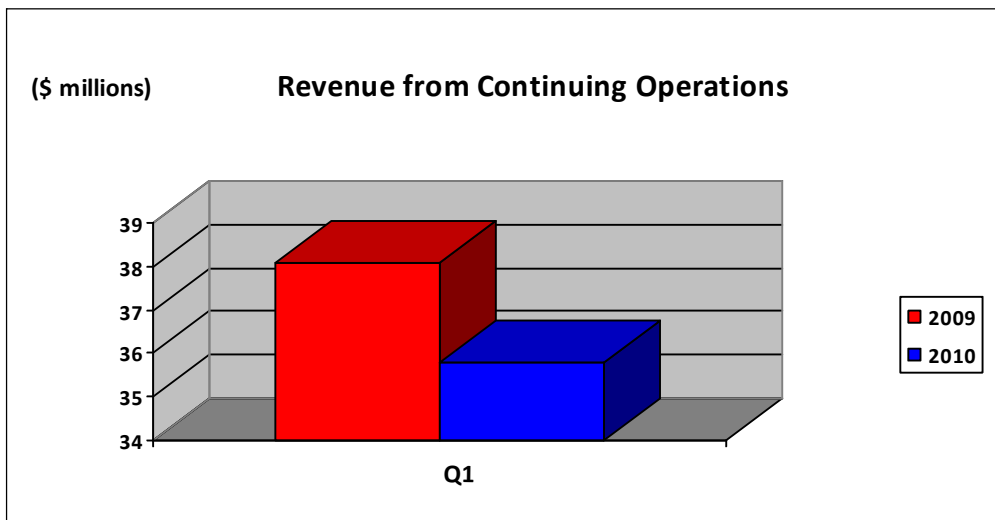
In addition, the Trust was not in compliance with three financial covenants contained in the credit facility as at December 31, 2009 and obtained waivers of these breaches of covenants from the banking syndicate until January 15, 2010. Furthermore, there were scheduled reductions and cancellations of commitments due September 30, 2009 and December

31, 2009 in the aggregate amount of \$9.5 million which the banking syndicate provided a deferral until January 15, 2010. The waivers and deferrals above have not been extended by the banking syndicate, and as a result the Trust is in default under the credit facility which is effectively due on demand.

The Trust's ability to continue operations is dependent on the continued support of the banking syndicate or the ability to refinance the existing bank credit facility. The Trust has substantially concluded negotiations with respect to the amendments to its existing secured credit facilities with the banking syndicate. These amendments remain subject to final approval by the syndicate and the execution of an amended and restated credit agreement. The Trust expects that such amended credit facilities will be in an initial aggregate principal amount of \$70.0 million, consisting of a revolving credit facility in the principal amount of \$63.0 million and a working capital facility in the principal amount of \$7.0 million. The Trust has filed a preliminary short form prospectus with the applicable securities regulatory authorities to raise a minimum of \$7.5 million through an offering and distribution of rights to subscribe for trust units of the Trust. Failure to raise proceeds of \$7.5 million under the Offering is expected to be an event of default under the amended and restated credit agreement.

RESULTS SUMMARY

REVENUE FROM CONTINUING OPERATIONS



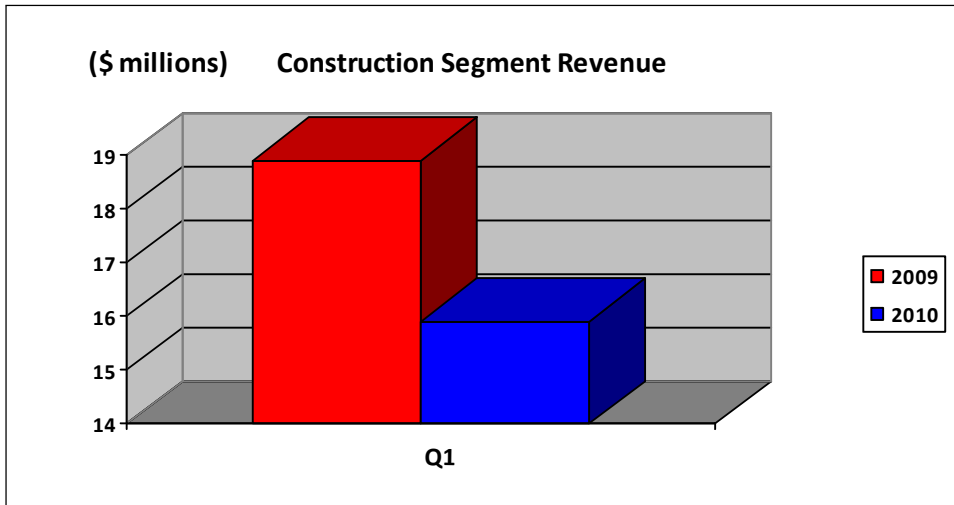
Three months ended March 31, 2010

Revenue from continuing operations for the three months ended March 31, 2010, was \$35.8 million, a 6% decrease from revenue of \$38.1 million in the comparable period of 2009. This decrease was primarily related to the \$3.0 million decrease in revenue in the Construction segment.

The Trust's objective of diversifying from the oil and natural gas sector remains an important strategic objective, with approximately 45% (2009 – 55%) of revenue from continuing operations in 2010 directly relating to the energy sector. The Trust continued to pursue industrial and civil infrastructure projects with the oil and gas sector continuing as an important ongoing component of the Trust.

There was not a significant shift in the revenue contribution percentages by the four business segments during the first quarter of 2010 compared to 2009, with a 5% revenue contribution decrease in the Construction segment which was offset by a 3% and 2% increase in the Transportation and Rental segments respectively. For the three months ended March 31, 2010, the revenue contribution percentage for each business segment was Construction 44%, Transportation 25%, Civil 27%, and Rentals 4%. The revenue contribution percentage for each business segment for the first quarter of 2009 was Construction 49%, Transportation 22%, Civil 27% and Rentals 2%.

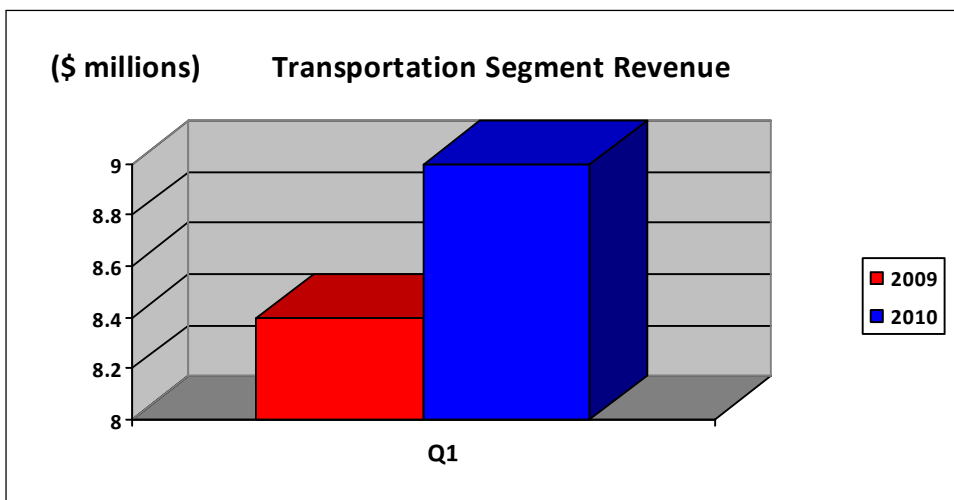
Construction Segment



Three months ended March 31, 2010

Construction segment revenue for the three months ended March 31, 2010 was \$15.9 million (2009 - \$18.9 million) comprising 44% of the Trust's total consolidated revenue and representing a decrease of \$3.0 million over the comparable prior period. This decrease was primarily related to revenue in Alberta where there was unseasonably warm weather at the end of February which resulted in an early breakup. For the first three months of 2010 the Construction segment's revenue was 88% related to the energy sector compared to 96% in the comparable period of 2009.

Transportation Segment

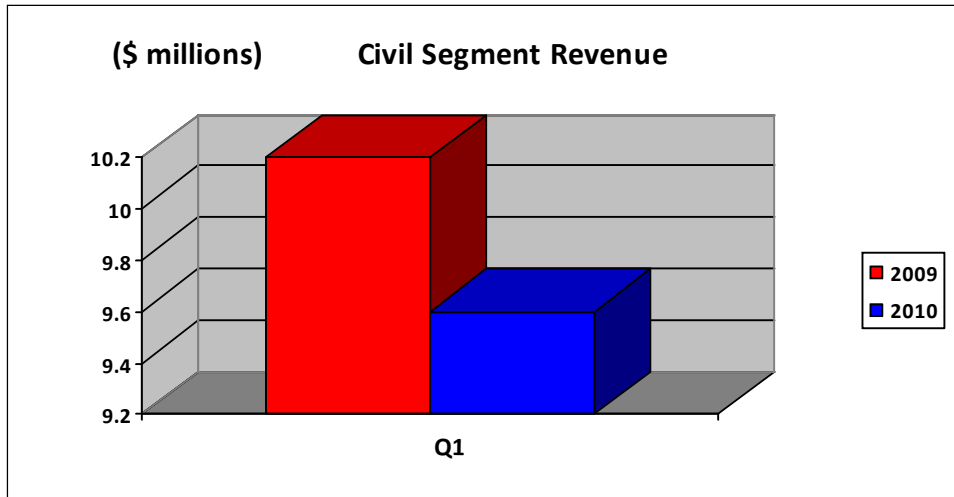


Three months ended March 31, 2010

Transportation segment revenue for the three months ended March 31, 2010 was \$9.0 million (2009 - \$8.4 million), comprising 25% of the Trust's total consolidated revenue and representing an increase of \$0.6 million over the comparable period in the prior year. The two major forestry clients increased the amount of log haul during this period.

The Transportation segment consists of specialized hauling; primarily log hauling in the winter months and gravel hauling in the summer in addition to year round heavy equipment hauling. The rig mobilization and demobilization business was directly affected by the significant reduction in drilling activities in the energy sector and has been classified as a discontinued operation and was sold in May 2009 due to the accumulated losses and negative cash flows over the past two years and management's view that drilling activity was not likely to improve in the near term. The revenue from the Discontinued Operations has been excluded from this revenue analysis.

Civil Segment

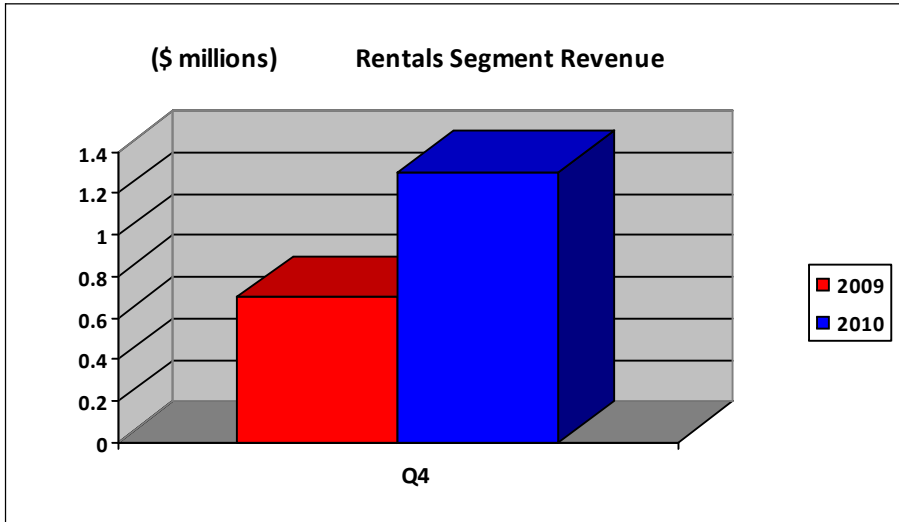


Three months ended March 31, 2010

Civil segment revenue for the three months ended March 31, 2010 was \$9.6 million (2009- \$10.2 million) comprising 27% of the Trust's total consolidated revenue and representing a decrease of \$0.6 million from the comparable prior period. This decrease was primarily related to lower pricing due to competitive pressures in addition to utilizing only two crushing spreads near the end of the first quarter of 2010. The remaining crushing spreads were remobilized commencing the second quarter of 2010.

The Civil segment has two components, with the largest component of this segment being mobile aggregate rock crushing and sand screening. The second component, oilfield safety services, provides air unit trailers and wash unit services for sour gas drilling and plant turnarounds. Services provided in this component are related to drilling activity in the energy sector resulting in this business operation being directly affected by oil and natural gas drilling activities. Despite this, oilfield safety services revenue was up 19% which rock crushing was down 9% on a non-consolidated basis.

Rentals Segment



Three months ended March 31, 2010

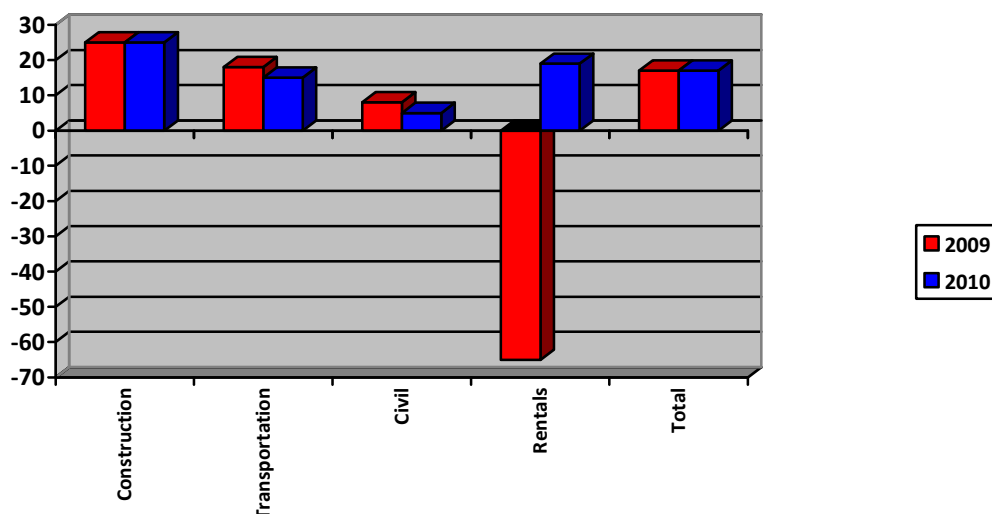
Rentals segment revenue for the three months ended March 31, 2010 was \$1.3 million (2009 - \$0.7 million) comprising 4% of the Trust's total consolidated revenue and representing an increase of \$0.6 million over the comparable period in the prior year. This increase was the result of a general increase in economic activity and 41% of inter-segment revenue being eliminated on consolidation in the first quarter of 2010 compared to 56% in the comparable period of 2009.

There are numerous factors contributing to the financial results of the Rentals segment. Reduced demand for certain equipment resulted in unutilized equipment. Management is reviewing alternative uses of this equipment to maximize revenue going forward. The Trust redeployed this equipment to other segments which required the equipment.

OPERATING EXPENSES AND GROSS MARGIN

Consolidated Gross Margins from continuing operations remained unchanged at 17% during the first three months of 2010 compared to the same period in 2009. The level of drilling activity in the energy sector resulted in significantly less demand for construction of oil and gas lease well site pads and other ancillary services in 2009 and 2010. This resulted in increased pricing pressure due to the increased number of parties submitting bids for a lower number of projects in 2009 and 2010. These factors, combined with a minimum fixed cost structure and lower revenues has contributed to reduced margins. Inter-segment revenues and expenses are eliminated on consolidation which impacts the gross margins in the segments providing or receiving these inter-segment services.

Three months ended March 31 Gross Margin Percentage



(thousands of dollars except percentages)	Operating expenses for the three months ended March 31, 2010	Operating expenses as a % of revenue	Gross Margin Percentage	Operating expenses for the three months ended March 31, 2009	Operating expenses as a % of revenue	Gross Margin Percentage
Construction segment	11,891	75%	25%	14,116	75%	25%
Transportation segment	7,624	85%	15%	6,939	82%	18%
Civil segment	9,083	95%	5%	9,324	92%	8%
Rentals segment	1,027	81%	19%	1,118	165%	(65)%
	29,625	83%	17%	31,497	83%	17%

Consolidated operating expenses for the three months ended March 31, 2010 were \$29.6 million (2009 - \$31.5 million) with a Gross Margin being unchanged from the same period in 2009 at 17%. The major costs incurred for equipment owned by the Trust are labour, fuel, equipment leases and repairs and maintenance. The other significant operating expenses relate to payments to subcontractors. Margins continued to be under pressure in 2010 as a result of increasing costs associated with the operation of the Trust's equipment and significantly lower activity levels in the energy sector, all of which combine to result in pricing pressures and lower utilization of equipment. The comparably low level of natural gas prices during this period contributed to activity levels in the energy sector. The fixed components relating to equipment leases and facilities rent further affect the margins negatively when revenues are at a reduced level.

The Construction segment Gross Margin was flat at 25% for the three months ended March 31, 2010 over the comparable period in 2009. This segment is a net user of inter-segment services resulting in a higher consolidated margin compared to an unconsolidated margin. On an unconsolidated basis the Gross Margin decreased by 3%.

The Transportation segment Gross Margin decreased 3% for the three months ended March 31, 2010 over the comparable period in 2009. This decreased margin was primarily related to increased fuel costs. If inter-segment revenues and expenses were not eliminated on consolidation, the Gross Margin for the Transportation segment would have decreased by 2% over the comparable period of 2009. Typically the Transportation segment provides services to other segments on a net basis.

The Civil segment Gross Margin for the first quarter of 2010 decreased 3% from the comparable period of 2009. Contributing factors relating to this decrease were reduced revenue caused by lower pricing in addition to increased fuel costs which were partially offset by reduced equipment lease costs. On an unconsolidated basis the Gross Margin decreased by 1%.

The Rentals segment Gross Margin for the first quarter of 2010 increased 84% over the comparable period in 2009. Rentals costs are predominantly fixed in nature. Any change in revenue materially affects operating margins. Typically the Rentals segment provides inter-segment services with the revenues being eliminated on consolidation which results in a lower Rentals segment margin on a consolidated basis. If the inter-segment revenues and expenses were not eliminated on consolidation the Gross Margin for the Rentals segment would have increased by 27% compared to 2009.

GENERAL AND ADMINISTRATIVE

The Trust initiated significant reductions of general and administrative expenses during 2009 and 2010. These reductions are related to reduced head count, consolidation of businesses and general streamlining of administrative functions to improve efficiencies.

For the first quarter of 2010, general and administrative costs were \$1.6 million compared to \$1.8 million in the comparable period of 2009 which illustrate the cost reductions being realized. On a percentage of revenue basis, general and administrative costs were approximately 4.4% of revenue in the first quarter of 2010 compared to 4.8% in the comparable period of 2009.

AMORTIZATION

Amortization of property and equipment for the three months ended March 31, 2010 was \$4.1 million compared to \$5.0 million in the comparable period of 2009.

Intangible assets, consisting of acquired customer relationships, business alliance, brand and trade names, and non-competition agreements are recorded at cost and amortized over their useful lives, which is estimated to be five years for business alliance, brand and trade names, and non-competition agreements and ten years for customer relationships. Intangible assets are tested for impairment when events or changes in circumstances indicate the carrying amount of the intangible asset is not recoverable and exceeds its fair value. During the second quarter of 2009 the Trust recorded an impairment of \$1.1 million for intangible assets with an additional impairment of \$0.2 million recorded in the fourth quarter of 2009, which reduced amortization in future periods. Amortization of intangibles for the three months ended March 31, 2010 was \$0.9 million (2009 - \$1.0 million).

INTEREST

Interest expense for the three months ended March 31, 2010 was \$0.9 million compared to \$1.0 million in 2009. This decrease was the result of a decrease in the average annual prime based lending rate and a reduction in the revolving bank term loan balance.

INCOME TAXES

On June 12, 2007, the legislation implementing the new tax on publicly traded income trusts and limited partnerships (the "SIFT tax"), referred to as (Bill C-52), received third reading in the House of Commons and on June 22, 2007 the Bill received Royal Assent. As a result, the tax was considered to be enacted for accounting purposes in June 2007. SIFTs are certain publicly traded income and royalty trusts and limited partnerships, which includes Petrowest.

The majority of the temporary differences at the Trust level relate to the timing differences associated with non-capital losses and with the property and equipment and intangibles acquired by the Trust on September 7, 2006 and May 18, 2007 as follows:

	As at March 31, 2010	As at December 31, 2009
Future income tax assets		
Non Capital Loss	9,046	5,599
Trust unit issue costs	627	627
Unit based compensation	64	65
Subtotal	9,737	6,291
Valuation Allowance	(2,744)	(1,731)
	6,993	4,560
Less:		
Future income tax liabilities		
Property and equipment	6,136	3,713
Intangible assets	857	847
	6,993	4,560
Net Asset/Liability	-	-

The \$1.1 million impairment of intangible assets in the second quarter of 2009 and the \$5.3 impairment of property and equipment in the third quarter of 2009 reduced the Trust's expected future income tax liability and expense, as the carrying value of these assets was reduced with no corresponding reduction in the tax base of these assets. Goodwill impairment has no tax consequences and therefore does not affect the Trust's provision for future income taxes. To the extent that the Corporation does not consider it to be more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

DISCONTINUED OPERATIONS

On April 2, 2009, the Trust made a decision to dispose of the rig mobilization and demobilization assets of the Transportation segment. The rig mobilization and demobilization has incurred accumulated losses and negative cash flow for the last two years. Management determined that the rig mobilization and demobilization activity was unlikely to improve in the near term due to current economic conditions.

On May 14, 2009, the Trust sold all of the assets used by Petrowest in its rig mobilization and demobilization business for a sale price of \$10 million and recorded a loss on disposal of \$1 million under discontinued operations on the statement of loss. As this was an asset sale, Petrowest retained all of the accounts receivable and accounts payable associated with this business. Proceeds from the sale were used to reduce the revolving bank term loan.

Comparative figures have been adjusted to remove activities in the rig mobilization and demobilization assets and to report those amounts as a discontinued operation.

The following amounts have been included in the March 31, 2010 and December 31, 2009 Consolidated Balance Sheets:

	As at March 31, 2010	As at December 31, 2009
Current assets related to discontinued operations		
Accounts receivable	18	102
Prepaid expenses	72	72
Total current assets related to discontinued operations	90	174
Assets held for sale		
Property and equipment	-	-
Intangible assets	-	-
Discontinued assets held for sale	-	-
Current liabilities related to discontinued operations		
Accounts payable and accrued liabilities	1	11
Total current liabilities related to discontinued operations	1	11

NET LOSS AND COMPREHENSIVE LOSS

For the three month period ended March 31, 2010 the net earnings (loss) and comprehensive earnings (loss) from continuing operations was \$(1.1) million compared to \$0.7 million in 2009. This represents net earnings (loss) per unit of \$(0.03) and \$0.02 respectively, basic and fully diluted.

For the three month period ended March 31, 2010 the net loss and comprehensive loss (including Discontinued Operations) was \$1.1 million compared to \$4.6 million in 2009. This represents net loss per unit of \$0.03 and \$0.14 respectively, basic and fully diluted.

CAPITAL RESOURCES AND LIQUIDITY

As at March 31, 2010, \$69.3 million was outstanding under the Trust's revolving bank term loan (including bank overdraft). The term of the credit facility expired on December 14, 2009 and the banking syndicate has not extended this date. As a result, the Trust is required to repay 1/12 of the amount outstanding at the end of each financial quarter following such date until December 14, 2011 at which time the remaining amount would be due and payable.

In addition, the Trust was not in compliance with three financial covenants contained in the credit facility as at December 31, 2009 and obtained waivers of these breaches of covenants from the banking syndicate until January 15, 2010. Furthermore, there were scheduled reductions and cancellations of commitments due September 30, 2009 and December 31, 2009 in the aggregate amount of \$9.5 million which the banking syndicate provided a deferral until January 15, 2010. The waivers and deferrals above have not been extended by the banking syndicate, and as a result the Trust is in default under the credit facility which is effectively due on demand.

The Trust's ability to continue operations is dependent on the continued support of the banking syndicate or the ability to refinance the existing bank credit facility. The Trust has substantially concluded negotiations with respect to the amendments to its existing secured credit facilities with the banking syndicate. These amendments remain subject to final approval by the syndicate and the execution of an amended and restated credit agreement. The Trust expects that such amended credit facilities will be in an initial aggregate principal amount of \$70.0 million, consisting of a revolving credit facility in the principal amount of \$63.0 million and a working capital facility in the principal amount of \$7.0 million. The Trust has filed a preliminary short form prospectus with the applicable securities regulatory authorities to raise a minimum of \$7.5 million through an offering and distribution of rights to subscribe for trust units of the Trust. Failure to raise proceeds of \$7.5 million under the Offering is expected to be an event of default under the amended and restated credit agreement.

SEASONAL IMPACTS ON CASH FLOW

The Trust strives to fund operations primarily from cash flow from operations before changes in non-cash working capital items. However, Petrowest's business operations are seasonal by nature. Management expects that the Trust will require cash during periods of normally higher activity, historically the first and fourth quarters, and to a lesser extent in the third quarter. Typically in these quarters operations increase receivable balances at a rate in excess of collections. In the second quarter, the impact of spring breakup will typically start to reverse this trend. To reduce the impact on cash, the Trust utilizes a credit facility comprised of a syndicated revolving term credit facility and a working capital facility in part to finance the seasonal nature of its operations. This credit facility is utilized to fund distributions (not currently making distributions) and working capital during these periods when working capital requirements exceed cash from operations before changes in non-cash working capital items.

PRODUCTIVE CAPACITY

The Trust strives to fund maintenance capital expenditures from cash flow from operations. The Trust defines maintenance capital expenditures to be capital expenditures replacing older equipment reaching the end of its life cycle and expenditures to maintain the equipment's current operating capacity and maintain its future cash flow from operations at a constant level. The expenditure of maintenance capital would not normally increase capacity or revenue generating potential, but rather maintain it. Equipment is evaluated based on hours of service, expected maintenance requirements as equipment reaches certain hour thresholds and residual values. Equipment is rotated based on these criteria. Occasionally equipment will be refurbished rather than replaced, thereby extending the useful life of the asset. The total of both replacement of older equipment and refurbishment is included in the estimate of maintenance capital expenditures.

The Trust typically acquires equipment that has estimated usable lives of over four years without the expectation of high maintenance refurbishment over that period. Inversely, equipment that can be expected to require major refurbishment within the four year period is usually financed by way of operating leases. This shorter life equipment is turned over within the four year period but requires no provision for maintenance capital expenditure. In light of the current significant weakening of the energy sector activity and current lower overall equipment utilization, management believes that the sizeable capital expenditures incurred since inception, provide the Trust with the capacity to sustain operations into 2010 with minimal maintenance capital expenditures.

For the three month ended March 31, 2010, \$2.3 million in capital expenditures, excluding Discontinued Operations, were incurred compared to \$1.8 million in 2009 and were directed principally towards maintenance capital expenditures.

WORKING CAPITAL

(thousands of dollars)	As at March 31, 2010			As at December 31, 2009
	Continuing Operations	Discontinued Operations	Total	
Bank overdraft	(1,356)	-	(1,356)	(270)
Accounts receivable	29,096	18	29,114	28,364
Prepaid expenses and other	2,992	72	3,064	2,230
Inventory	4,071	-	4,071	3,984
Accounts payable and accrued liabilities	(10,836)	(1)	(10,837)	(11,700)
Current portion of revolving bank term loan	(67,950)	-	(67,950)	(67,950)
Current portion of obligations under capital leases	(1,117)	-	(1,117)	(544)
Working capital	(45,100)	89	(45,011)	(45,886)
Bank overdraft	1,356	-	1,356	270
Current portion of revolving bank term loan	67,950	-	67,950	67,950
Adjusted working capital	24,206	89	24,295	22,334

Working capital as at March 31, 2010 was effectively in line with the amount as at December 31, 2009. After adjusting working capital for the revolving bank term loan and bank overdraft, there is an increase of \$2.0 million. The major changes during this period were an increase in accounts receivable and prepaid expenses of \$0.8 million each and a decrease in accounts payable and accrued liabilities of \$0.9 million.

REVOLVING BANK TERM LOANS

The Trust's credit facilities are comprised of a syndicated revolving term credit facility and a working capital facility to provide availability to the Trust for growth capital and working capital requirements.

As at March 31, 2010, \$69.3 million was outstanding under the Trust's revolving bank term loan (including bank overdraft). The term of the credit facility expired on December 14, 2009 and the banking syndicate has not extended this date. As a result, the Trust is required to repay 1/12 of the amount outstanding at the end of each financial quarter following such date until December 14, 2011 at which time the remaining amount would be due and payable.

In addition, the Trust was not in compliance with three financial covenants contained in the credit facility as at December 31, 2009 and obtained waivers of these breaches of covenants from the banking syndicate until January 15, 2010. Furthermore, there were scheduled reductions and cancellations of commitments due September 30, 2009 and December 31, 2009 in the aggregate amount of \$9.5 million which the banking syndicate provided a deferral until January 15, 2010. The waivers and deferrals above have not been extended by the banking syndicate, and as a result the Trust is in default under the credit facility which is effectively due on demand.

The Trust's ability to continue operations is dependent on the continued support of the banking syndicate or the ability to refinance the existing bank credit facility. The Trust has substantially concluded negotiations with respect to the amendments to its existing secured credit facilities with the banking syndicate. These amendments remain subject to final approval by the syndicate and the execution of an amended and restated credit agreement. The Trust expects that such amended credit facilities will be in an initial aggregate principal amount of \$70.0 million, consisting of a revolving credit facility in the principal amount of \$63.0 million and a working capital facility in the principal amount of \$7.0 million. The Trust has filed a preliminary short form prospectus with the applicable securities regulatory authorities to raise a minimum of \$7.5 million through an offering and distribution of rights to subscribe for trust units of the Trust. Failure to raise proceeds of \$7.5 million under the Offering is expected to be an event of default under the amended and restated credit agreement.

CONTRACTUAL OBLIGATIONS

(thousands of dollars)	As at March 31, 2010				
	< 1 year	1 – 3 Years	4 – 6 Years	Thereafter	Total
Bank overdraft	1,356	-	-	-	1,356
Revolving bank term loan	67,950	-	-	-	67,950
Obligations under capital leases	1,204	810	12	-	2,026
Operating leases on equipment	4,208	2,009	-	-	6,217
Operating leases on offices, shop and yards	2,188	3,304	2,028	563	8,083
TOTAL	76,906	6,123	2,040	563	85,632

OFF-BALANCE SHEET ARRANGEMENTS

As of March 31, 2010, the Trust had no off-balance sheet arrangements except for contractual commitments disclosed above.

UNITHOLDERS' EQUITY

Authorized

The Trust is authorized to issue an unlimited number of Trust units. Holders of Trust units are entitled to receive monthly distributions to the extent declared by the Board of Directors of Petrowest Energy Services General Partner Ltd. in priority to any distribution payments on the subordinated units. On May 14, 2010 there were 32,946,308 units outstanding.

	As at March 31, 2010		As at December 31, 2009	
	Units	Amount	Units	Amount
Balance, beginning of period	31,786,308	291,113	31,766,308	291,107
Issued for services rendered	-	-	20,000	6
	31,786,308	291,113	31,786,308	291,113
Subordinated units, beginning of period	1,160,000	1,385	1,160,000	1,385
Balance, end of period	32,946,308	292,498	32,946,308	292,498
Weighted average units for period – Basic	32,946,308		32,940,116	
Weighted average units for period – Diluted	35,329,932		35,356,830	

Prior to the initial public offering, the Trust issued to various insiders an aggregate of 1,510,000 subordinated units at a price of \$3.00 per subordinated unit, \$4,530,000 in the aggregate, which was satisfied by payment of \$1.00 in cash and \$2.00 by way of a three-year promissory note that may be forgiven at the option of the Trust over three years if the subscriber remains as a director, officer or employee of Petrowest. No amounts have been forgiven to date. Holders of subordinated units have the right to convert into Trust units on a one-for-one basis at any time after the end of the first fiscal year ending on or after December 31, 2008 if the Trust has earned EBITDA of at least \$47.0 million and paid distributions of at least \$1.20 per Trust unit for such fiscal year. As at March 31, 2010, there was a balance of \$2,095,000 outstanding related to promissory notes, net of repayments.

RELATED PARTY TRANSACTIONS

Petrowest paid rent, supplies, and services for the three month period ended March 31, 2010 for office and shop space under leases entered into with certain employees who were former owners of businesses acquired in the amount of \$932,798 (2009 - \$918,535). Transactions were recorded at the agreed upon amount. The Trust has payables of \$331,789 (2009 - \$459,564) and receivables of \$59,638 (2009 - \$3,726) related to services provided to and from certain former owners of businesses acquired.

CRITICAL ACCOUNTING ESTIMATES AND ACCOUNTING POLICIES

Critical Accounting Estimates

The unaudited interim consolidated financial statements for the three months ended March 31, 2010 have been prepared in accordance with the accounting policies described in the notes to the unaudited consolidated financial statements. As a normal part of the financial statement preparation process, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim consolidated financial statements and the reported amounts of revenues and expenses for the period reported. Actual results could differ from these estimates. Such estimates include amortization of property and equipment, recoverability of accounts receivable, valuation of assets included in acquisitions and impairment of goodwill, intangibles and property and equipment.

Recent Accounting Pronouncements

Business Combinations:

In December 2008, the Canadian Institute of Chartered Accountants (“CICA”) issued section 1582, “*Business Combinations*” which will replace section 1581. Under this new guidance, the purchase price used is based on the fair value as of the date of acquisition. The new guidance generally requires all acquisition costs to be expensed, rather than the current practice of capitalizing them as part of the purchase price; contingent liabilities including contingent considerations are to be recognized at fair value at the acquisition date and revalued at fair value with the change flowing through earnings until settled. Negative goodwill is required to be recognized immediately into earnings, unlike the current requirement to eliminate it by deducting it from non-current assets in the purchase price allocation. Entities adopting section 1582 will also be required to adopt section 1601 “*Consolidated Financial Statement*” and section 1602 “*Non-Controlling Interests*”. Sections 1601 and 1602 may require a change in the measurement of non-controlling interest and will require the change to be presented as part of unitholders’ equity on the balance sheet. These three standards will be effective January 1, 2011 and the adoption of these standards is not anticipated to have a material impact on the Trust’s financial statements.

International Financial Reporting Standards:

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that IFRS will replace Canadian GAAP effective January 1, 2011. The Trust is assessing the potential impacts of this transition and developing a plan accordingly. This transitional project consists of three phases: Phase 1 – Diagnostic; Phase 2 – Development; and Phase 3 – Implementation.

The diagnostic phase, involved a high level review of the major differences between current Canadian GAAP and IFRS and the set up of the project plan. The Trust has determined that the key areas of difference under IFRS financial reporting with the highest potential to impact Petrowest are:

- Property, plant and equipment
- IFRS 1 - first time adoption of IFRS
- Financial statement presentation and disclosures
- Asset impairments
- Accounting for trust units
- Accounting for deferred trust unit plan

At a high level, management does not believe that IFRS will have a significant impact on business processes and the internal controls environment, but further work will be completed during the Implementation phase.

A project plan with key milestones and significant activities for the above mentioned key areas has been prepared.

An IFRS committee has been established which consists of senior levels of management from accounting and finance, information technology, and operations. Regular feedback is provided to senior executive management and the audit committee of the Board of Directors. Training of key IFRS personnel has been completed during various stages of the project. The Trust has engaged external advisers to assist with the transition where there are insufficient resources available at the Trust. The Trust is also engaged in ongoing discussions with its external auditors. The impact of disclosure controls and internal controls over financial reporting will also be determined.

“Issue specific” teams have been focusing on generating options and making recommendations in the identified areas. The Trust determined that accounting for property, plant and equipment (“PP&E”) will be impacted significantly by the conversion to IFRS. Expert resources have been assigned to focus on analyzing and developing implementation strategies and processes for this key IFRS transition issue.

IFRS requires the application of a component approach to depreciation which requires each part of an item of PP&E that has cost that is significant in relation to the total cost of the item to be separately depreciated. A list of capital asset components as required under IFRS has been identified and PP&E records are being established with these components for IFRS. To accommodate the new IFRS component accounting requirements, Petrowest has completed modifications to its enterprise resource planning (“ERP”) system. Testing will be completed on these changes once PP&E components have been all uploaded into the system.

Under IFRS, the Trust can select either the cost model or the revaluation model as the accounting policy for PP&E. Petrowest has decided to choose the cost model for recognition and measurement of ongoing asset transactions after its

adoption of IFRS. In addition, the deemed cost IFRS 1 exemption allows an entity to use fair value as its deemed cost on transition date. This exemption offers relief to entities from adjustments resulting from retrospective adoption of IFRS. The Trust utilized this exemption for a significant portion of PP&E. The anticipated significant differences resulting from the implementation of IFRS PP&E will be to PP&E, future taxes (deferred taxes), and retained earnings on the balance sheet and depreciation on the income statement. The Trust has not quantified the dollar amount of the change at this time.

Petrowest has also evaluated other IFRS1 first-time adoption exemptions and elections available upon initial transition that provide relief from retrospective application of IFRS as follows:

- *Share-based payment transactions* – this exemption allows any share-based payments vesting before January 1, 2010 to be exempt from IAS 2 “Share-based Payment”
- *Business combinations* – electing to use Canadian GAAP for any business combinations that occurred before January 1, 2010

Cash generating units for purposes of assessing impairment have been identified. The Trust continues to perform preliminary accounting assessments on less critical IFRS transition issues and has commenced analysis of IFRS financial statement presentation and disclosure requirements. These assessments will need to be further analyzed and evaluated throughout the implementation phase of the Trust’s project.

During the fourth quarter of 2009, the Trust moved into the implementation phase of this transitional project and is working on the development of processes and systems to be in a position to report under IFRS in 2011. A transition plan for implementation of the ERP system changes has been developed. Changes to Petrowest’s ERP have been identified and the system is in the process of being reconfigured to reflect and record the required changes as a result of IFRS.

The impact of IFRS on the Trust’s consolidated financial statements is not reasonably determinable or estimable at this time.

IFRS changeover plan summary:

Key Activity	Milestones/Deadlines	Status
<p>Financial statement preparation:</p> <ul style="list-style-type: none"> Identify differences in Canadian GAAP/IFRS accounting policies Select entity's ongoing IFRS policies Select entity's IFRS 1 choices Develop financial statement format Quantify effects of change in initial IFRS 1 disclosures and 2010 financial statements 	<ul style="list-style-type: none"> Identify difference in Canadian GAAP/IFRS accounting policies Q1 2009 Identify and select entity's IFRS 1 options in Q2 2010 Develop IFRS financial statement format and identify disclosure requirements by Q3 2010 Ready for complete IFRS reporting in Q1 2011 	<ul style="list-style-type: none"> Significant accounting policy choices identified Analysis of issues underway Draft IFRS financial statements and note disclosure in progress
<p>Infrastructure:</p> <ul style="list-style-type: none"> Define and introduce appropriate level of IFRS expertise Make information technology fully IFRS 	<ul style="list-style-type: none"> Appropriate level of expertise by the time 2010 conversion exercise commences (approximately Q3 2010) 	<ul style="list-style-type: none"> Expert resources and the IFRS project team was identified and established in Q2 2009 Expert information technology resources was engaged and has completed some ERP system modifications. Testing of the ERP system with IFRS changes is planned for Q3 2010.
<p>Business Policy Assessment:</p> <ul style="list-style-type: none"> Identify impact on financial covenants and business practices and complete any required renegotiations/changes Identify impact on compensation arrangements and make any required changes 	<ul style="list-style-type: none"> Complete necessary covenant renegotiations by end of Q2 2010 if needed Complete necessary compensation arrangement review by end of Q3 2010 if needed 	<ul style="list-style-type: none"> Assessment of impact of IFRS conversion on financial covenant and any business process changes are in progress
<p>Control Environment:</p> <ul style="list-style-type: none"> For all accounting policy changes identified, assess ICFR design and effectiveness implications and implement appropriate changes For all accounting policy changes identified, assess DC&P design and effectiveness implications and implement appropriate changes 	<ul style="list-style-type: none"> Sign off and review of all accounting policy implications by management and audit committee by end of Q3 2010, conduct implementation audit by internal audit during Q4 2010 Update CEO/CFO certification process by end of Q4 2010 	<ul style="list-style-type: none"> Review of accounting policy implications by management as a result of IFRS has commenced.

The Trust is monitoring the IASB's work plan for active projects and all changes to IFRS prior to January 1, 2011. On February 24, 2010, the Canadian Institute of Chartered Accountants released a memorandum indicating that the international standard-setters have delayed making some significant changes that had been anticipated. In addition the standards that will be mandatory for 2011 have been established with no further changes expected. This provides the Trust with a more stable platform on which to plan the IFRS transition. The Trust will remain current on the IASB's work plan, as a number of notable changes are expected to be published later this year and 2011 to take effect in 2012 or 2013. Petrowest will continue to monitor the IASB's work plan for opportunities to early adopt certain standards as part of the overall IFRS transition strategy. The changeover plan will be updated as necessary to incorporate some of these changes and any other changes to the Trust's circumstances which may impact the IFRS project. As a result, some or all of these key activities and milestones/deadlines as summarized above may change.

SUMMARY OF QUARTERLY RESULTS

	2010		2009			2008		
<i>(thousands of dollars except per unit amounts)</i>	Mar.31	Dec.31	Sep.30	Jun.30	Mar.31	Dec. 31	Sep. 30	Jun. 30
Revenue by segment								
Construction	15,887	15,847	14,196	5,563	18,888	26,490	24,915	9,552
Transportation	9,011	6,777	4,454	2,616	8,415	8,492	5,679	4,928
Civil	9,592	8,947	12,928	8,526	10,156	16,019	21,184	17,567
Rentals	1,266	774	560	298	678	1,236	1,684	787
Corporate	-	-	-	-	-	1	4	-
Total revenue	35,756	32,345	32,138	17,003	38,137	52,238	53,466	32,834
Operating expenses by segment								
Construction	11,891	13,390	10,556	6,932	14,116	18,616	17,974	9,372
Transportation	7,624	5,981	4,837	2,751	6,939	8,108	5,536	5,029
Civil	9,083	9,176	9,196	8,324	9,324	12,050	15,344	12,968
Rentals	1,027	1,044	1,135	1,058	1,118	1,231	1,210	1,235
Total operating expenses	29,625	29,591	25,724	19,065	31,497	40,005	40,064	28,604
Administrative expenses	1,558	1,411	2,230	1,409	1,848	2,218	2,534	1,698
EBITDA ⁽¹⁾	4,573	1,343	4,184	(3,471)	4,792	10,015	10,868	2,532
Gain (loss) on disposal of assets	169	(31)	175	-	(19)	(24)	(37)	(2,097)
Interest income	4	(17)	73	-	2	-	-	34
Net earnings (loss) before other items	4,746	1,391	4,432	(3,471)	4,775	9,991	10,831	469
Future income tax (recovery) expense	-	(2,269)	(6,526)	(6)	(2,935)	4,133	(1,621)	(934)
Amortization of property and equipment	4,118	5,358	5,361	5,261	5,022	6,677	6,330	6,405
Amortization of intangible assets	862	904	904	984	973	1,105	1,106	1,210
Impairment of goodwill and intangible assets	-	182	-	35,446	-	19,397	-	1,874
Impairment of property and equipment	-	-	5,301	-	-	-	-	-
Interest	863	1,245	1,269	1,312	1,027	1,777	1,472	1,509
Net earnings (loss) from continuing operations	(1,097)	(4,029)	(1,877)	(46,468)	688	(23,098)	3,544	(9,595)
Discontinued operations	(45)	45	(85)	(2,170)	(5,334)	(1,416)	(768)	(1,628)
Net earnings (loss)	(1,142)	(3,984)	(1,962)	(48,638)	(4,646)	(24,514)	2,776	(11,223)
Net earnings (loss) per unit basic and diluted from continuing operations	(\$0.03)	(\$0.12)	(\$0.06)	(\$1.41)	\$0.02	(\$0.70)	\$0.11	(\$0.29)
Net earnings (loss) per unit basic and diluted from discontinued operations	(\$0.00)	(\$0.00)	(\$0.00)	(\$0.07)	(\$0.16)	(\$0.04)	(\$0.03)	(\$0.05)
Net earnings (loss) per unit basic and diluted	(\$0.03)	(\$0.12)	(\$0.06)	(\$1.48)	(\$0.14)	(\$0.74)	\$0.08	(\$0.34)
Adjusted working capital⁽²⁾	24,295	22,334	27,128	25,215	29,621	35,417	43,655	31,573

⁽¹⁾ See "Non-GAAP Measures"

⁽²⁾ Working capital adjusted for the revolving bank term loan, bank overdraft, and cash – See "Capital Resources and Liquidity" – "Seasonal Impacts on Cash Flow" section

KEY RISKS AND UNCERTAINTIES

The Trust has removed the distributable cash section since there is no expectation in the near future to distribute cash.

The Trust is exposed to market risks and other operational risks. For a detailed discussion of these risks readers should refer to the Trust's Annual Information Form and the key risks and uncertainties section of the Trust's 2009 annual MD&A both of which are available at www.sedar.com.

DISCLOSURE AND INTERNAL CONTROLS

Disclosure controls and procedures ("DCP") are designed to provide reasonable assurance that information required to be disclosed in annual filings, or other reports under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation. Internal control over financial reporting ("ICFR") is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements in accordance with GAAP. The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting. The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have concluded that as at March 31, 2010, DCP and ICFR are operating effectively. Copies of the CEO/CFO NI 52-109 internal control certifications are available through SEDAR at www.sedar.com. There were no changes in the Trust's internal control over financial reporting during the three months ended March 31, 2010 that have materially affected or are reasonable likely to materially affect the Trust's internal controls over financial reporting.

It should be noted that while Petrowest's CEO and CFO believe that the Trust's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the Trust's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

ADDITIONAL CORPORATE INFORMATION

Additional information relating to the Trust, including the Trust's Annual Information Form, can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain information and statements contained in this interim MD&A constitute forward-looking information, including the anticipated costs associated with the purchase of capital equipment, expectations concerning the nature and timing of growth within the various business units operated through affiliates of the Trust, expectations respecting the competitive position of such business units, expectations concerning the financing of future business activities, statements as to future economic and operating conditions, revenues from oil and gas and non-oil and gas activities, debt to EBITDA ratio and utilization. **Readers should review the cautionary statement respecting forward-looking information that appears below. Any forward statements are made as of the date hereof and the Trust does not undertake to publicly update and review such statements to reflect new events, subsequent events or otherwise, except to the extent events and circumstances have occurred that are reasonably likely to cause actual results to differ materially from material forward-looking information for a period that is not yet complete or as otherwise required by law.**

The information and statements contained in this interim MD&A that are not historical facts are forward-looking statements. Forward-looking statements (often, but not always, identified by the use of words such as "seek", "plan", "continue", "estimate", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe", "expect", "may", "anticipate" or "will" and similar expressions) may include plans, expectations, opinions, or guidance that are not statements of fact. Forward-looking statements are based upon the opinions, expectations and estimates of management as at the date the statements are made and are subject to a variety of risks and uncertainties and other factors that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. These factors include, but are not limited to, such things as changes in industry conditions (including the levels of capital expenditures made by oil and gas producers and explorers), the credit risk to which the Trust is exposed in the conduct of its business, fluctuations in prevailing commodity prices or currency and interest rates, the competitive environment to which the various business units are, or may be, exposed in all aspects of their business, the ability of the Trust's various business units to access equipment (including parts) and new technologies and to maintain relationships with key suppliers, the ability of the Trust's various business units to attract and maintain key personnel and other qualified employees, various environmental risks to which the Trust's business units are exposed in the conduct of their operations, inherent risks associated with the conduct of the businesses in which the Trust's business units operate, timing and costs associated with the acquisition of capital equipment, the impact of weather and other seasonal factors that affect business operations, availability of financial resources or third-party financing and the impact of new laws or changes in administrative practices on the part of regulatory authorities. Forward-looking information respecting the anticipated costs associated with the purchase of capital equipment are based upon historical prices for various classes of equipment, expectations relating to the impact of inflation on the future cost of such equipment and management's views concerning the negotiating leverage of the Trust and its affiliates. Forward-looking information concerning the nature and timing of

growth within the various business units is based on the current budget of the Trust (which is subject to change), factors that affected the historical growth of such business units, sources of historic growth opportunities and expectations relating to future economic and operating conditions. Forward-looking information concerning the future competitive position of the Trust's business units is based upon the current competitive environment in which those business units operate, expectations relating to future economic and operating conditions and current and announced build programs and other expansion plans of other organizations that operate in the energy service business. Forward-looking information concerning the financing of future business activities is based upon the financing sources on which the Trust and its predecessors have historically relied and expectations relating to future economic and operating conditions.

*Forward-looking information concerning future economic and operating conditions is based upon historical economic and operating conditions and opinions of third-party analysts respecting anticipated economic and operating conditions. Although management of the Trust believes that the expectations reflected in such forward looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. **Accordingly, readers should not place undue reliance upon any of the forward-looking information set out in this interim MD&A.** All of the forward looking statements of the Trust contained in this interim MD&A are expressly qualified, in their entirety, by this cautionary statement. The various risks to which the Trust is exposed are described under "Key Risks and Uncertainties" herein.*