

STEP Energy Services Ltd. Reports Third Quarter 2022 Results

Calgary, Alberta – November 2, 2022 - STEP Energy Services Ltd. (the “Company” or “STEP”) is pleased to announce its financial and operating results for the three and nine months ended September 30, 2022. The following press release should be read in conjunction with the management’s discussion and analysis (“MD&A”) and unaudited condensed consolidated interim financial statements and notes thereto as at September 30, 2022 (the “Financial Statements”). Readers should also refer to the “Forward-looking information & statements” legal advisory and the section regarding “Non-IFRS Measures and Ratios” at the end of this press release. All financial amounts and measures are expressed in Canadian dollars unless otherwise indicated. Additional information about STEP is available on the SEDAR website at www.sedar.com, including the Company’s Annual Information Form for the year ended December 31, 2021 dated March 16, 2022 (the “AIF”).

CONSOLIDATED HIGHLIGHTS

FINANCIAL REVIEW

(\$000s except percentages and per share amounts)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	September 30, 2021
Consolidated revenue	\$ 245,085	\$ 133,235	\$ 273,000	\$ 737,624	\$ 377,593
Net income (loss)	\$ 30,852	\$ (3,388)	\$ 38,064	\$ 78,089	\$ (21,915)
Per share-basic	\$ 0.45	\$ (0.05)	\$ 0.56	\$ 1.14	\$ (0.32)
Per share-diluted	\$ 0.43	\$ (0.05)	\$ 0.54	\$ 1.09	\$ (0.32)
Weighted average shares – basic	69,150,361	68,112,520	68,322,384	68,713,091	67,962,997
Weighted average shares – diluted	72,350,256	68,112,520	71,086,105	71,375,507	67,962,997
Adjusted EBITDA ⁽¹⁾	\$ 58,050	\$ 17,988	\$ 55,251	\$ 150,290	\$ 45,623
Adjusted EBITDA % ⁽¹⁾	24%	14%	20%	20%	12%
Free Cash Flow ⁽¹⁾	\$ 40,076	\$ 5,433	\$ 33,167	\$ 89,416	\$ 13,563
Fracturing services					
Fracturing operating days ⁽²⁾	444	439	508	1,566	1,173
Proppant pumped (tonnes)	478,000	496,000	697,000	1,776,000	1,477,000
Active horsepower (“HP”), ending ⁽³⁾	380,000	365,000	380,000	380,000	365,000
Total HP, ending	490,000	490,000	490,000	490,000	490,000
Coiled tubing services					
Coiled tubing operating days ⁽²⁾	1,199	850	913	3,187	2,352
Active coiled tubing units, ending	19	15	16	19	15
Total coiled tubing units, ending	33	29	29	33	29

⁽¹⁾ Adjusted EBITDA and Free Cash Flow are non-IFRS financial measures, Adjusted EBITDA % is a non-IFRS financial ratio. These metrics are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

⁽²⁾ An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

⁽³⁾ Active horsepower denotes units active on client work sites. An additional 20-25% of this amount is required to accommodate equipment maintenance cycles.

(\$000s except shares)	September 30, 2022	December 31, 2021
Cash and cash equivalents	\$ 1,756	\$ 3,698
Working Capital (including cash and cash equivalents) ⁽¹⁾	\$ 70,999	\$ 3,912
Total assets	\$ 614,716	\$ 483,848
Total long-term financial liabilities ⁽¹⁾	\$ 177,545	\$ 175,689
Net debt ⁽¹⁾	\$ 147,538	\$ 186,885
Shares outstanding	71,404,095	68,156,981

⁽¹⁾ Working Capital, Total long-term financial liabilities and Net debt are non-IFRS financial measures. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

	September 30, 2022	June 30, 2022	Three months ended			September 30, 2021
			March 31, 2022	December 31, 2021		
AECO-C Spot Average Price (CAD/MMBtu)	\$ 4.38	\$ 7.27	\$ 4.78	\$ 4.75	\$	3.57
WTI – Average Price (USD/bbl)	\$ 91.62	\$ 108.61	\$ 94.77	\$ 77.31	\$	70.61
WCS – Average Price (USD/bbl)	\$ 70.93	\$ 92.93	\$ 81.80	\$ 60.84	\$	57.64
Condensate – Average Price (USD/bbl)	\$ 88.09	\$ 104.00	\$ 97.19	\$ 79.53	\$	70.85
Average Exchange Rate (USD/CAD)	\$ 0.77	\$ 0.78	\$ 0.79	\$ 0.79	\$	0.79
Canadian Average Drilling Rig Count ⁽⁴⁾	200	115	193	159		150
U.S. Average Drilling Rig Count ⁽⁴⁾	745	704	618	545		484

Source: Baker Hughes, Bloomberg

⁽⁴⁾ Only includes land-based rigs.

FINANCIAL HIGHLIGHTS

- STEP's operations in Canada and the U.S. continued to benefit from improving market conditions, with net pricing gains driving continued strong financial results in Q3 2022.
- STEP generated revenue of \$245.1 million in Q3 2022, compared to revenue of \$273.0 million in Q2 2022 and \$133.2 million in Q3 2021.
- The Company earned net income of \$30.9 million, compared to net income of \$38.1 million in Q2 2022, which benefited from a \$32.7 million impairment reversal, and a net loss of \$3.4 million in Q3 2021.
- Q3 2022 Adjusted EBITDA was \$58.1 million, up from \$55.3 million in Q2 2022, and \$18.0 million in Q3 2021. Consolidated EBITDA %'s have steadily improved, increasing to 24% in Q3 2022, up from 20% in Q2 2022 and 14% in Q3 2021.
- Free Cash Flow in Q3 2022 of \$40.1 million, compared to \$33.2 million generated in Q2 2022 and \$5.4 million generated in Q3 2021.
- As a result of the increase in Free Cash Flow, Net debt decreased to \$147.5 million from \$186.9 million in Q4 2021. STEP has now retired approximately \$160 million in long term debt since 2018 and has met its 2022 year-end Funded Debt to Adjusted EBITDA target of 1:1 one quarter ahead of schedule.
- STEP announced two unique transactions in Q3 2022:
 - the acquisition of coiled tubing assets from ProPetro Holding Corp, ("ProPetro") a competitor, for \$17.2 million. The acquisition was funded through a combination of cash and equity, which was priced at a 30-day volume weighted share average price; and
 - the upgrade of a fracturing fleet to Tier 4 Dynamic Gas Blending ("DGB") engines, secured by a \$10 million deposit and a three-year first-right-of-use agreement from a client.

THIRD QUARTER 2022 OVERVIEW

The third quarter of 2022 produced strong financial results, delivering Adjusted EBITDA of \$58.1 million on revenue that was slightly lower than what was generated in Q2 2022. A recovery in pricing provided the most significant tailwind for the Company in the third quarter, offsetting a slight decrease in utilization. Margins have improved materially through 2022, reaching mid cycle returns.

Land drilling rig count additions slowed in Q3 2022 relative to the pace seen in the first half of the year. Canada averaged 200 rigs for Q3 2022, up 4% from Q1, which is a better comparator due to the effect of spring break up on Q2. The peak rig count in Q3 of 2022 was 215, compared to a peak of 224 in Q1. The U.S. rig count averaged 745 rigs, increasing only 6% after seven successive quarters of double-digit growth rates.

Fracturing

Fracturing utilization in Canada shifted towards lower intensity well completions which places less proppant per well and requires less horsepower. Total operating days in Canada held steady quarter over quarter, with the expected increase in operating days not materializing. The lower activity was validated by Rystad Energy data, which showed that there were approximately 303 fracturing jobs started in Q3 2022 in Canada, as compared to 293 in Q2 2022 and 399 in Q1 2022. This contrasts with 2021 where both Q1 and Q3 had similar counts¹. The lower activity and shift in job mix was also reflected in the reduction in proppant pumped, which declined from 358 thousand tonnes in Q2 2022 to 234 thousand tonnes in Q3 2022. The shift in job mix also lowered Revenue per operating day, although the decline was mitigated by a recovery in pricing towards more sustainable levels.

U.S. fracturing utilization of 173 days dipped in the third quarter from the second quarter of 2022. Utilization was pulled lower due to the additional maintenance days in the third quarter that were necessary following very strong Q2 2022 activity levels and was further exacerbated by higher client non-productive time. STEP was able to leverage its north American supply chain relationships to supply proportionally more proppant in the third quarter, alleviating some of the pressure of tight proppant supply. The U.S. fracturing service line pumped 244 thousand tonnes of sand in the third quarter, with STEP supplying 34% in Q3 versus 25% in Q2 2022. Pricing continued to improve through the quarter, although overall revenue for the service line was impacted by the reduction in utilization.

Coiled Tubing

The fundamentals of the coiled tubing market continue to strengthen, leading to sequentially improved pricing and utilization in both geographic regions. Canadian third quarter utilization improved to 536 operating days, up from 371 days in the second quarter of 2022 while utilization in the U.S. increased to 663 days in the third quarter, up from 542 days in the second quarter of 2022. STEP has successfully integrated the ProPetro units and workforce into its Permian operations and already set a Company depth record of 8,108 metres (26,600 feet). The higher utilization in both regions drove a materially stronger contribution to consolidated Adjusted EBITDA.

Consolidated Results

The strong financial results generated basic and diluted net income per share of \$0.45 and \$0.43, respectively, in the third quarter of 2022 compared to a net income per share, basic and diluted, of \$0.56 and \$0.54, respectively in the prior quarter and a net loss per share, basic and diluted, of \$(0.05) in the prior same period of the prior year. Q2 2022 benefitted from a \$32.7 million impairment reversal.

The Company continued to focus on strengthening the balance sheet through the third quarter of 2022. Working Capital increased to \$71.0 million from \$54.4 million recorded at June 30, 2022. The increase is due in part to the renegotiated Credit Facilities, which converted the term loan with scheduled principal payments to a revolving facility with no scheduled payments that would be included in current liabilities. Net debt was reduced to \$147.5 million at September 30, 2022 from \$194.2 million at June 30, 2022. Debt reduction has been a key priority for STEP, the Company has paid down approximately \$160 million of debt since 2018. The reduction in debt and improvement in Adjusted EBITDA meant that the Company had a 12-month trailing Funded Debt to Adjusted Bank EBITDA of 0.96:1, under the limit of 3.00:1 in the Company's Credit Facilities (as defined in *Capital Management – Debt* below) and complies with all other financial and nonfinancial covenants therein as at September 30, 2022.

Late in Q3 the Company announced two unique transactions, one with a competitor and one with a client. The first was the acquisition of the coiled tubing assets of a U.S. based competitor for a price of \$17.2 million. The purchase was funded largely through the issuance of 2.6 million shares, as well as a cash payment of \$3.6 million. The second transaction was the announcement of a Tier 4 DGB fleet upgrade at a cost of \$26.7 million. The agreement was supported by a \$10 million deposit from a client in exchange for a three-year contract that gives the client first right of use on the upgraded fleet and pricing linked to commodity prices. To the Company's knowledge this was the first contract of its kind for a Tier 4 fleet upgrade in Canada.

¹ Rystad Energy: Oilfield Services Report, October 4, 2022

This transaction demonstrates creative ways in which service companies and clients can work together to drive value for their internal and external stakeholders.

MARKET OUTLOOK

The fundamentals of oil and gas commodity pricing remain strong, despite the growing likelihood that the global economy will slip into a recession in late 2022 and extend into 2023. The production cut announced by the Organization of the Petroleum Exporting Countries and other associated countries (“OPEC+”) in early October, followed by the Biden administration’s statement that the U.S. federal government will refill the U.S. Strategic Petroleum Reserve if oil prices fall below \$70 per barrel, has provided support to global oil prices, reversing the steady decline witnessed since the second quarter of 2022, although the near-term macro economic environment will likely continue to serve as a headwind for oil prices. The stabilizing factor for oil and gas prices remains the depleted nature of global inventories, which continue to trend below historical averages. This reality, coupled with the concern over energy security in many parts of the world, are expected to continue the call on North American production, sustaining the demand for STEP’s fracturing and coiled tubing services in Canada and the U.S.

Fracturing

Fourth quarter 2022 fracturing utilization in Canada is expected to have some gaps as the fracturing market struggles to find a balance amidst signals that competitors are adding fleet capacity ahead of demand. The additional capacity has created a short-term oversupply dynamic in the fourth quarter, exacerbating what is already a typically slower quarter due to client budget exhaustion, holidays and unpredictable weather. As a result, the Canadian fracturing service line is expected to see lower sequential activity in the fourth quarter. Utilization is expected to be high in the U.S. through the fourth quarter of 2022 as that market is expected to remain undersupplied through the near term. U.S. clients are expected to remain focused on staying active through the quarter, with only modest down time expected around the major Q4 holidays of Thanksgiving, Christmas, and New Year.

Coiled Tubing

The market for coiled tubing services in Canada is in balance, which is expected to drive high utilization through the remainder of the fourth quarter 2022. Demand for coiled tubing services in the U.S. is expected to stay strong through the fourth quarter as well, building on the momentum coming out of the third quarter. STEP anticipates adding U.S. capacity into the fourth quarter, including an additional ultra deep capacity unit acquired in the ProPetro transaction. Pricing increases in Q3 2022 slowed in both Canada and the U.S. relative to earlier quarters, but the high utilization in the U.S. is allowing the Company to continue testing the U.S. market for higher pricing.

2023 Outlook

STEP has a constructive outlook for 2023, with activity expected to increase in Canada and the U.S. relative to 2022. The increase in Canadian activity levels is expected to be more muted than in the U.S., reflecting a market that will return to balance in 2023 from an oversupply position in Q4 2022. Catalysts for activity increases in Canada are the re-opening of the Blueberry River First Nation territorial lands to industrial development, as well as increasing liquified natural gas (LNG) related development. Horsepower demand in the U.S. market is expected to stay strong, with additional fracturing capacity not expected to come to market in a meaningful way until mid to late 2023 due to ongoing supply chain constraints. Demand for coiled tubing services is expected to remain strong in both geographic regions, particularly as the benefits of scale start to build in the U.S.

Pricing increases are expected to pace inflation in Canada, with incremental gains dependent on equipment scarcity. A balanced market is critical to the long-term sustainability of the Canadian pressure pumping sector, significantly outweighing any short-term advantage that can be gained by adding incremental capacity too soon. Pricing power in the U.S. is expected to remain with the oilfield services sector, with gains anticipated through the first half of the year. Pricing improvements continue to be needed in order to produce full cycle returns for the pressure pumping sector, creating value for shareholders and clients alike.

The strong results posted in the first nine months of 2022 accelerated the Company’s goals to reduce its balance sheet leverage, reaching its year end target Funded Debt to Adjusted EBITDA of 1.0x at the close of Q3 2022. STEP’s focus for the balance of 2022 and into 2023 is on continued deleveraging and making disciplined investments that support STEP’s goal of building a resilient company and creating shareholder value.

CAPITAL EXPENDITURE UPDATE

STEP announced a significant upgrade of an existing diesel-powered fleet in late Q3 2022, replacing legacy Tier 2 diesel engines with leading edge Tier 4 DGB engines that use cleaner burning natural gas to displace up to 85% of the diesel used in a legacy diesel engine. STEP will be refurbishing 16 pumpers with this technology, bringing its total dual fuel capability to 47% of its North American fleet. These dual fuel units are a key part of STEP's Environmental, Social and Governance ("ESG") strategy to improve the sustainability of its operations and support our clients in meeting their ESG targets. The total cost of the refurbishment program is \$26.8 million and is supported by a \$10 million prepayment and a three-year service agreement with a key client.

The ongoing supply chain constraints that are impacting new build and refurbishment timelines are also affecting the availability of major components and will require STEP to commit to certain expenditures in Q4 2022, rather than waiting until the new fiscal year begins in 2023. The Company is announcing a preliminary 2023 capital expenditure budget that is focused largely on sustaining capital requirements of \$55 million. STEP anticipates that the full year capital budget, which includes optimization capital, will be released in Q1 2023. STEP will continue to strike the balance between continued deleveraging of the balance sheet and investing opportunistically where adequate returns can be generated.

The 2022 approved capital budget has been increased to \$97.6 million, which includes the \$3.8 million cash portion related the acquisition of coiled tubing assets from ProPetro. The increase is due to the Company's purchase of several pieces of equipment that were historically rented, as well as an increase to the sustaining capital budget that was approved in Q1 2022 to reflect the higher full year 2022 activity levels. Approximately \$48 million of the 2022 budget is allocated to sustaining capital, \$27 million is for the client supported Tier 4 DGB upgrade, and the balance is for optimization projects in Canada and the U.S.

Total cash expenditures in 2022 are expected to be approximately \$81 million from the previously approved 2022 budget and \$7.7 million from the preliminary 2023 budget. The remaining cash outlay for these programs is expected to be incurred in 2023.

CANADIAN FINANCIAL AND OPERATIONS REVIEW

STEP has a fleet of 16 coiled tubing units in the WCSB, all of which are designed to service the deepest wells in the WCSB. STEP's fracturing business primarily focuses on the deeper, more technically challenging plays in Alberta and northeast British Columbia. STEP has 282,500 fracturing HP of which approximately 132,500 HP has dual-fuel capability. STEP deploys or idles coiled tubing units or fracturing horsepower as dictated by the market's ability to support targeted utilization and economic returns.

(\$000's except per day, days, units, proppant pumped and HP)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	September 30, 2021
Revenue:					
Fracturing	\$ 110,991	\$ 65,336	\$ 140,513	\$ 370,518	\$ 208,486
Coiled tubing	30,100	18,210	24,596	82,494	57,587
	141,091	83,546	165,109	453,012	266,073
Expenses:					
Operating expenses	109,451	74,216	133,684	364,500	236,287
Selling, general and administrative	2,762	1,748	3,950	10,036	5,293
Results from operating activities	\$ 28,878	\$ 7,582	\$ 27,475	\$ 78,476	\$ 24,493
Add non-cash items:					
Depreciation	11,496	9,598	11,124	31,746	28,629
Share-based compensation – Cash settled	25	49	838	1,407	678
Share-based compensation – Equity settled	496	79	273	844	668
Adjusted EBITDA ⁽¹⁾	\$ 40,895	\$ 17,307	\$ 39,710	\$ 112,473	\$ 54,469
Adjusted EBITDA % ⁽¹⁾	29%	21%	24%	25%	20%
Sales mix (% of segment revenue)					
Fracturing	79%	78%	85%	82%	78%
Coiled tubing	21%	22%	15%	18%	22%
Fracturing services					
Fracturing Revenue per operating day ⁽¹⁾	\$ 409,565	\$ 267,770	\$ 503,631	\$ 392,083	\$ 298,691
Number of fracturing operating days ⁽²⁾	271	244	279	945	698
Proppant pumped (tonnes)	234,000	218,000	358,000	915,000	819,000
Stages completed	4,006	3,474	3,114	11,881	8,629
Proppant pumped per stage	58	63	115	77	95
Horsepower ("HP")					
Active pumping HP, end of period	215,000	200,000	215,000	215,000	200,000
Total pumping HP, end of period ⁽³⁾	282,500	282,500	282,500	282,500	282,500
Coiled tubing services					
Coiled tubing Revenue per operating day ⁽¹⁾	\$ 56,157	\$ 51,152	\$ 66,296	\$ 56,195	\$ 51,371
Number of coiled tubing operating days ⁽²⁾	536	356	371	1,468	1,121
Active coiled tubing units, end of period	8	7	8	8	7
Total coiled tubing units, end of period	16	16	16	16	16

⁽¹⁾ Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % and Revenue per operating day are non-IFRS financial ratios. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

⁽²⁾ An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

⁽³⁾ Active horsepower denotes units active on client work sites. An additional 20-25% of this amount is required to accommodate equipment maintenance cycles.

THIRD QUARTER 2022 COMPARED TO THIRD QUARTER 2021

Revenue for the three months ended September 30, 2022 was \$141.1 million compared to \$83.5 million for the third quarter of 2021. Revenue improved due to a rise in utilization for both service lines as a result of an industry wide increase in activity, which also enabled the Company to increase pricing to mid cycle profitability levels. Fracturing operating days increased to 271 in the third quarter of 2022 from 244 during the third quarter of 2021. Fracturing revenue per day increased by 53%, due to improved pricing and a change in job mix compared to the same period of 2021. Coiled tubing operating days increased to 536 in the third quarter of 2022 from 356 during the third quarter of 2021, while revenue per day had a slight increase of 10%.

Operating expenses scaled upwards with increased activity levels. Inflationary pressures continued to be a factor in the current quarter with supply chain disruptions, commodity price appreciation, and increased industry activity resulting in costs escalating across nearly all expense categories. Personnel related costs increased following adjustments to base and incentive pay to remain competitive in the current market. The overhead and selling, general and administrative expenses ("SG&A") structure has been scaled up to support increased field operations compared to the third quarter of 2021, however, the Company anticipates that it will maintain a lean cost structure while adequately supporting the growth of the business.

Adjusted EBITDA for the third quarter of 2022 was \$41.0 million (29% of revenue) versus \$17.3 million (21% of revenue) in the third quarter of 2021. Adjusted EBITDA increased with the improved operating environment enabling higher pricing and utilization partially offset by rising costs due to continued inflationary pressure. Q3 2021 benefited from \$1.3 million received from the CEWS program.

Fracturing

Canadian fracturing revenue of \$111.0 million for the three months ended September 30, 2022 increased by 70% from \$65.3 million for the three months ended September 30, 2021. STEP operated five fracturing spreads with 215,000 HP during the third quarter of 2022, compared to four spreads and 200,000 HP operated during the third quarter of 2021, plus the 20-25% required to accommodate maintenance cycles. Fracturing operating days increased slightly to 271 in the third quarter of 2022 from 244 during the third quarter of 2021. Revenue per day increased by 53% compared to the same period in 2021 due to increased proppant and chemical revenues in addition to higher pricing due to the improved market environment.

Coiled Tubing

Canadian coiled tubing revenue of \$30.1 million for the three months ended September 30, 2022 increased 65% from \$18.2 million for the three months ended September 30, 2021. The service line operated eight coiled tubing units for 536 operating days during the third quarter of 2022 compared to seven units and 356 operating days in the comparable period of 2021. The increase in utilization followed improvement in drilling and completions activity and the improved market environment helped drive pricing improvements to cover inflationary impacts.

THIRD QUARTER 2022 COMPARED TO SECOND QUARTER 2022

Revenue for the three months ended September 30, 2022 of \$141.1 million decreased 15% from \$165.1 million from the quarter ended June 30, 2022 driven by a decrease in Canadian fracturing utilization and a decrease in total proppant pumped. This was offset slightly by the increase in coil tubing revenue due to a 44% increase in operating days in the third quarter as compared to the second quarter of 2022.

Canadian operations had Adjusted EBITDA of \$41.0 million (29% of revenue) in the third quarter of 2022 compared to \$39.7 million (24% of revenue) in the second quarter of 2022. Expenses scaled down with the change in job mix and decreased fracturing activity. STEP continues to pursue revenue and cost savings strategies to expand margin where possible.

Fracturing

STEP operated five fracturing spreads with 215,000 HP during the third quarter of 2022, the same complement of active equipment as the second quarter of 2022. Total operating days fell 3% on a quarter over quarter basis, and revenue decreased to \$111.0 million, down 21% sequentially. STEP pumped 234 thousand tonnes of proppant in Q3 2022, down from 358 thousand tonnes in Q2 2022.

Revenue per day was lower due to the change in job mix, which resulted in decreased proppant and chemical pumped. The decrease was offset by pricing increases implemented in the third quarter of 2022. Pricing levels continue to remain below historical highs, further indicating that pricing needs to increase to reach full cycle returns.

Coiled Tubing

STEP operated eight coiled tubing units, generating \$30.1 million in revenue over 536 operating days in the third quarter of 2022, compared to \$24.6 million over 371 operating days in the second quarter of 2022. Utilization improved sequentially from Q2 2022, which was offset by the decrease in the ancillary services of fluid and nitrogen pumping, resulting in a lower revenue per day on a sequential basis.

NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2021

Revenue for the nine months ended September 30, 2022 was \$453.0 million compared to \$266.1 million for the nine months ended September 30, 2021. Revenue improved due to a rise in utilization and pricing for both service lines as a result of an industry wide increase in activity. Fracturing operating days increased to 945 for the first nine months of 2022 from 698 during the same period of 2021, enabling the addition of a small low pressure fracturing spread early in 2022, bringing the Canadian fracturing spread count to five. The Company's rates for fracturing services increased by 31% as a result of a more constructive pricing environment and inflationary pressures. Coiled tubing operating days increased to 1,468 for the first nine months of 2022 from 1,121 during the comparable period of 2021, increasing the active unit count to eight from seven in 2021. Strong industry fundamentals enabled STEP to maintain activity levels on both service lines throughout the first nine months of 2022 with minimal decline in utilization during break up.

The Company's operating expenses scaled upwards with increased activity levels. Personnel related costs increased following adjustments to base and incentive pay to remain competitive in the current market and reinstatement of various benefits and allowances that were eliminated during 2020 to reduce costs. Inflationary pressures were a factor during the first nine months of 2022 with supply chain disruptions, commodity price appreciation, and increased industry activity resulting in costs escalating across all expense categories. The overhead and SG&A structure has been scaled up to support increased field operations compared to the third quarter of 2021, however, the Company anticipates that it will maintain a lean cost structure while adequately supporting the growth of the business.

UNITED STATES FINANCIAL AND OPERATIONS REVIEW

STEP's U.S. business commenced operations in 2015 with coiled tubing services. STEP has a fleet of 15 coiled tubing units in the Permian and Eagle Ford basins in Texas, the Bakken shale in North Dakota, and the Uinta-Piceance and Niobrara-DJ basins in Colorado. STEP entered the U.S. fracturing business in April 2018. The U.S. fracturing business has 207,500 fracturing HP, of which 80,000 HP is Tier 4 diesel and 50,250 HP has direct injection dual-fuel capabilities. Fracturing primarily operates in the Permian and Eagle Ford basins in Texas. The Company deploys or idles coiled tubing units or fracturing horsepower as dictated by the market's ability to support targeted utilization and economic returns.

(\$000's except per day, days, units, proppant pumped and HP)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	2021
Revenue:					
Fracturing	\$ 67,794	\$ 29,501	\$ 81,574	\$ 199,035	\$ 64,962
Coiled tubing	36,200	20,188	26,317	85,577	46,558
	103,994	49,689	107,891	284,612	111,520
Expenses:					
Operating expenses	88,816	50,945	100,310	257,253	129,193
Selling, general and administrative	2,218	2,340	3,413	8,535	5,292
Results from operating activities	\$ 12,960	\$ (3,596)	\$ 4,168	\$ 18,824	\$ (22,965)
Add non-cash items:					
Depreciation	7,722	7,735	15,406	30,822	24,560
Share-based compensation – Cash settled	132	81	750	1,312	629
Share-based compensation – Equity settled	-	-	-	-	-
Adjusted EBITDA ⁽¹⁾	\$ 20,814	\$ 4,220	\$ 20,324	\$ 50,958	\$ 2,224
Adjusted EBITDA % ⁽¹⁾	20%	8%	19%	18%	2%
Sales mix (% of segment revenue)					
Fracturing	65%	59%	76%	70%	58%
Coiled tubing	35%	41%	24%	30%	42%
Fracturing services					
Fracturing Revenue per operating day ⁽¹⁾	\$ 392,963	\$ 151,287	\$ 356,218	\$ 320,270	\$ 136,762
Number of fracturing operating days ⁽²⁾	173	195	229	621	475
Proppant pumped (tonnes)	244,000	278,000	339,000	861,000	658,000
Stages completed	1,121	1,396	1,435	3,678	3,121
Proppant pumped per stage	217	199	236	234	211
Horsepower ("HP")					
Active pumping HP, end of period	165,000	165,000	165,000	165,000	165,000
Total pumping HP, end of period ⁽³⁾	207,500	207,500	207,500	207,500	207,500
Coiled tubing services					
Coiled tubing Revenue per operating day ⁽¹⁾	\$ 54,599	\$ 40,866	\$ 48,649	\$ 49,783	\$ 37,821
Number of coiled tubing operating days ⁽²⁾	663	494	542	1,719	1,231
Active coiled tubing units, end of period	11	8	8	11	8
Total coiled tubing units, end of period	17	13	13	17	13

⁽¹⁾ Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % and Revenue per operating day are non-IFRS financial ratios. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

⁽²⁾ An operating day is defined as any coiled tubing or fracturing work that is performed in a 24-hour period, exclusive of support equipment.

⁽³⁾ Active horsepower denotes units active on client work sites. An additional 15-20% of this amount is required to accommodate equipment maintenance cycles.

THIRD QUARTER 2022 COMPARED TO THIRD QUARTER 2021

Revenue for the three months ended September 30, 2022 was \$104.0 million compared to \$49.7 million for the third quarter of 2021. U.S. operations realized improved pricing due to the strong industry fundamentals and an increase in utilization for both service lines as a result of the industry wide increase in activity. Fracturing operations revenue per day increased by 160% due to improved activity and pricing as a result of better market conditions compared to the prior year. Coiled tubing operating days increased to 663 in the third quarter of 2022 from 494 during the third quarter of 2021 while revenue per day increased by 34%. The additional coil units acquired on September 1, 2022 contributed slightly to the increased revenues compared to the same period in 2021.

U.S. operations continued the trend of improved performance, leading to higher Adjusted EBITDA. Adjusted EBITDA was \$20.8 million for the three months ended September 30, 2022, compared to Adjusted EBITDA of \$4.2 million for the three months ended September 30, 2021. The 20% Adjusted EBITDA in Q3 2022 was better than the comparable period in 2021 as service providers in the U.S. maintained discipline in adding capacity, resulting in meaningful margin improvements as rates increased. Despite this discipline, rising inflation is leading to higher costs across all expense categories, preventing the full realization of pricing improvements.

Fracturing

STEP operated three fracturing spreads with 165,000 HP during the third quarter of 2022, plus the 20-25% required to accommodate maintenance cycles. This is the same configuration of spreads and horsepower as the third quarter of 2021. U.S. fracturing revenue of \$67.8 million increased 130% from the same period in 2021. Operating days decreased to 173 in the third quarter of 2022 from 195 days during the third quarter of 2021, as additional maintenance days were required to offset the high utilization in Q2 2022. Revenue per operating day increased 160% as additional STEP supplied products and the improved market fundamentals supported stronger pricing.

Coiled Tubing

U.S. coiled tubing continued to build momentum during the third quarter of 2022 with revenue of \$36.2 million, increasing from \$20.2 million in the third quarter of 2021. STEP exited the quarter with eleven active coiled tubing units, including two coiled tubing units acquired on September 1, 2022. The units operated 663 days during the third quarter of 2022 compared to eight units and 494 days in the third quarter of 2021. The increased utilization was combined with increased revenue per day of \$55 thousand, compared to \$41 thousand in the same quarter of 2021, with improved rates and stronger activity materializing in all operating regions. STEP's strategic market presence and reputation for execution continues to help secure utilization and drive higher pricing in all regions.

THIRD QUARTER 2022 COMPARED TO SECOND QUARTER 2022

Revenue for the third quarter of 2022 decreased \$3.9 million to \$104.0 million from \$107.9 million in the second quarter of 2022 driven from downtime on fracturing fleets requiring maintenance and was further exacerbated by higher client non-productive time. The U.S. market continued to tighten from Q2 2022 to Q3 2022, leading to stronger pricing as pricing leverage shifted to fracturing service providers.

Adjusted EBITDA was \$20.8 million (20% of revenue) for the third quarter of 2022 compared to \$20.3 million (19% of revenue) for the second quarter of 2022 and continues the positive trend in the U.S. business. Steady price increases and increased STEP supplied product have allowed for the continuous improvement of Adjusted EBITDA on a sequential basis, despite ongoing inflationary pressures and lower utilization in the fracturing service line during the quarter.

Fracturing

Revenue for U.S. fracturing during Q3 2022 of \$67.8 million declined when compared to \$81.6 million in Q2 2022. Activity decreased to 173 operating days in the third quarter of 2022 compared to 229 in the second quarter of 2022, due to fleets requiring downtime for planned maintenance and client non-productive time. Despite the lower utilization, revenue per day increased to \$393 thousand from \$356 thousand, largely due to pricing improvements and increases in STEP supplied product. A portion of the pricing improvement in Q3 2022 was in response to inflation which limited margin growth.

Coiled Tubing

Increased demand for coiled tubing services, along with the additional coil units from the acquisition on September 1, 2022, resulted in eleven coiled tubing units being active at the end of the third quarter 2022. The U.S. coiled tubing service line had 663 operating days, generating \$36.2 million in revenue in the third quarter of 2022 compared to \$26.3 million over 542 operating days in the second quarter of 2022; realizing modest improvements in both utilization and pricing. While inflationary pressures continue to impact these operations, recent momentum has enabled the Company to earn price increases over the rate of inflation.

NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2021

Revenue for the nine months ended September 30, 2022 was \$284.6 million compared to \$111.5 million for the same period in 2021. U.S. operations realized an increase in utilization for both service lines as a result of strong commodity prices driving the industry wide increase in activity. Operating days across the Company's U.S. fracturing operations increased to 621 in the first nine months of 2022 from 475 days during the same period of 2021 due to the improved macro environment and as result of operating an additional fracturing spread. The Company's rates for fracturing services increased by 51% as a result of a more constructive pricing environment and inflationary pressures. Combined with an increase in STEP supplied product, revenue per day increased to \$320 thousand from \$137 thousand, a 134% increase year over year. STEP's proprietary Improved Oil Recovery ("IOR") fracturing fleet completed several jobs in the third quarter of 2022 and is seeing growing interest for the service. Coiled tubing operating days increased to 1,719 in the first nine months of 2022 from 1,231 during the same period of 2021 as a result of operating three additional coiled tubing units. Coiled tubing revenue per day increased by 32% as strong industry fundamentals supported increased rates. U.S. operations continued the trend of improved performance and Adjusted EBITDA. Adjusted EBITDA was \$51.0 million for the nine months ended September 30, 2022, compared to an Adjusted EBITDA of \$2.2 million for the nine months ended September 30, 2021.

The Company's operating expenses scaled upwards with increased activity levels while inflationary pressures further impacted expenses during the first nine months of 2022 as supply chain disruptions, commodity price appreciation, and increased industry activity resulted in costs escalating across all expense categories. Personnel related costs increased following adjustments to base and incentive pay to remain competitive in the current market and the reinstatement of benefits that were eliminated during 2020 to reduce costs.

CORPORATE FINANCIAL REVIEW

The Company's corporate activities are separated from Canadian and U.S. operations. Corporate operating expenses include expenses related to asset reliability and optimization teams, as well as general and administrative costs which include costs associated with the executive team, the Board of Directors, public company costs and other activities that benefit Canadian and U.S. operating segments collectively.

(\$'000's)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	September 30, 2021
Expenses:					
Operating expenses	\$ 503	\$ 310	\$ 795	\$ 1,869	\$ 801
General and administrative	4,027	3,452	11,828	24,577	15,424
Results from operating activities	\$ (4,530)	\$ (3,762)	\$ (12,623)	\$ (26,446)	\$ (16,225)
Add non-cash items:					
Depreciation	151	146	148	437	473
Share-based compensation – Cash settled	239	(157)	7,292	11,722	3,141
Share-based compensation – Equity settled	481	234	400	1,146	1,542
Adjusted EBITDA ⁽¹⁾	\$ (3,659)	\$ (3,539)	\$ (4,783)	\$ (13,141)	\$ (11,070)
Adjusted EBITDA % ⁽¹⁾	(1%)	(3%)	(2%)	(2%)	(3%)

⁽¹⁾ Adjusted EBITDA is a non-IFRS financial measure and Adjusted EBITDA % is a non-IFRS financial ratio. They are not defined and have no standardized meaning under IFRS. See Non-IFRS Measures and Ratios.

THIRD QUARTER 2022 COMPARED TO THIRD QUARTER 2021

For the three months ended September 30, 2022 expenses from corporate activities were \$4.5 million compared to \$3.8 million for the same period in 2021. Cash settled share-based compensation expense was higher in the third quarter of 2022 as a result of increased mark to market adjustments due to a higher average Q3 2022 share price of \$5.13 compared to an average share price of \$1.83 for the comparable period in 2021. Additionally, payroll costs rose as the Company increased total rewards to retain and attract talented professionals in a competitive labour market.

THIRD QUARTER 2022 COMPARED TO SECOND QUARTER 2022

Expenses from corporate activities were \$4.5 million for the third quarter of 2022 compared to \$12.6 million for the second quarter of 2022, a decrease of \$8.1 million. Cash settled share-based compensation decreased to \$0.2 million in the third quarter of 2022 compared to \$7.3 million in the second quarter of 2022, following a 4%, or \$0.21, decrease in share price during the third quarter compared to a share price increase of \$1.88 during the second quarter.

NINE MONTHS ENDED SEPTEMBER 30, 2022 COMPARED TO NINE MONTHS ENDED SEPTEMBER 30, 2021

For the nine months ended September 30, 2022 expenses from corporate activities were \$26.4 million compared to \$16.2 million for the same period in 2021. Cash settled share-based compensation expense was higher in the first nine months of 2022 as the share price increased \$2.86 from December 31, 2021 to September 30, 2022 compared to a share price increase of \$0.91 during the same period of the prior year, resulting in higher expenses from the mark to market adjustment in the current period. Additionally, payroll costs rose as the Company increased total rewards to retain and attract talented professionals in an increasingly competitive labour market.

NON-IFRS MEASURES AND RATIOS

This Press Release includes terms and performance measures commonly used in the oilfield services industry that are not defined under IFRS. The terms presented are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures have no standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other issuers. The non-IFRS measures should be read in conjunction with the Company's Quarterly Financial Statements and Annual Financial Statements and the accompanying notes thereto.

"Adjusted EBITDA" is a financial measure not presented in accordance with IFRS and is equal to net (loss) income before finance costs, depreciation and amortization, (gain) loss on disposal of property and equipment, current and deferred income tax provisions and recoveries, equity and cash settled share-based compensation, transaction costs, foreign exchange forward contract (gain) loss, foreign exchange (gain) loss, and impairment losses. "Adjusted EBITDA %" is a non-IFRS ratio and is calculated as Adjusted EBITDA divided by revenue. Adjusted EBITDA and Adjusted EBITDA % are presented because they are widely used by the investment community as they provide an indication of the results generated by the Company's normal course business activities prior to considering how the activities are financed and the results are taxed. The Company uses Adjusted EBITDA and Adjusted EBITDA % internally to evaluate operating and segment performance, because management believes they provide better comparability between periods. The following table presents a reconciliation of the non-IFRS financial measure of Adjusted EBITDA to the IFRS financial measure of net income (loss).

(\$000s except percentages and per share amounts)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	2021
Net income (loss)	\$ 30,852	\$ (3,388)	\$ 38,064	\$ 78,089	\$ (21,915)
Add (deduct):					
Depreciation and amortization	19,378	17,595	26,690	63,140	54,005
Gain on disposal of equipment	(921)	(146)	(832)	(2,571)	(331)
Finance costs	1,330	3,908	2,904	7,551	10,428
Income tax expense (recovery)	6,211	96	11,811	20,582	(2,812)
Share-based compensation – Cash settled	396	(28)	8,880	14,441	4,447
Share-based compensation – Equity settled	977	312	673	1,990	2,209
Foreign exchange (gain) loss	(173)	(362)	(231)	(224)	(410)
Impairment reversal	-	-	(32,708)	(32,708)	-
Adjusted EBITDA	\$ 58,050	\$ 17,988	\$ 55,251	\$ 150,290	\$ 45,623
Adjusted EBITDA %	24%	14%	20%	20%	12%

"Free Cash Flow" is a financial measure not presented in accordance with IFRS and is equal to net cash provided by operating activities adjusted for changes in non-cash Working Capital from operating activities, sustaining capital expenditures, term loan principal repayments and lease payments (net of sublease receipts). The Company may deduct or include additional items in its calculation of Free Cash Flow that are unusual, non-recurring or non-operating in nature. Free Cash Flow is presented as this measure is widely used in the investment community as an indication of the level of cash flow generated by ongoing operations. Management uses Free Cash Flow to evaluate the adequacy of internally generated cash flows to manage debt levels, invest in the growth of the business or return capital to shareholders. The following table presents a reconciliation of the non-IFRS financial measure of Free Cash Flow to the IFRS financial measure of net cash provided by operating activities.

(\$000s except percentages and per share amounts)	Three months ended			Nine months ended	
	September 30, 2022	September 30, 2021	June 30, 2022	September 30, 2022	September 30, 2021
Net cash provided by (used in) operating activities	\$ 73,048	\$ (9,146)	\$ 34,060	\$ 90,265	\$ 22,480
Add (deduct):					
Changes in non-cash Working Capital from (used in) operating activities	(19,395)	23,841	18,836	50,246	14,269
Sustaining capital	(11,107)	(7,605)	(10,514)	(30,531)	(18,626)
Term loan principal repayments	-	-	(6,987)	(13,975)	-
Lease payments (net of sublease receipts)	(2,470)	(1,657)	(2,228)	(6,589)	(4,560)
Free Cash Flow	\$ 40,076	\$ 5,433	\$ 33,167	\$ 89,416	\$ 13,563

“Revenue per operating day” is a financial ratio not presented in accordance with IFRS and is used as a reference to represent market pricing for our services. It is calculated based on total revenue divided by total operating days. An operating day is defined as any coiled tubing and fracturing work that is performed in a 24-hour period. This calculation may fluctuate based on both pricing and sales mix. See the tables under “Canadian Operations Review” and “United States Operations Review” for the inputs used to calculate STEP’s revenue per operating day metrics.

“Working Capital”, “Total long-term financial liabilities” and “Net debt” are financial measures not presented in accordance with IFRS. “Working Capital” is equal to total current assets less total current liabilities. “Total long-term financial liabilities” is comprised of loans and borrowings, long-term lease obligations and other liabilities. “Net debt” is equal to loans and borrowings before deferred financing charges less cash and cash equivalents and cross currency swap (“CCS”) derivatives. The data presented is intended to provide additional information about items on the statement of financial position and should not be considered in isolation or as a substitute for measures prepared in accordance with IFRS.

The following table represents the composition of the non-IFRS financial measure of Working Capital (including cash and cash equivalents).

(\$000s)	September 30, 2022	December 31, 2021
Current assets	\$ 203,148	\$ 133,255
Current liabilities	(132,149)	(129,343)
Working Capital (including cash and cash equivalents)	\$ 70,999	\$ 3,912

The following table presents the composition of the non-IFRS financial measure of Total long-term financial liabilities.

(\$000s)	September 30, 2022	December 31, 2021
Long-term loans	\$ 153,148	\$ 162,007
Long-term leases	12,617	9,163
Other long-term liabilities	11,780	4,519
Total long-term financial liabilities	\$ 177,545	\$ 175,689

The following table presents the composition of the non-IFRS financial measure of Net debt.

(\$000s)	September 30, 2022	December 31, 2021
Loans and borrowings	\$ 153,148	\$ 189,957
Add back: Deferred financing costs	2,977	626
Less: Cash and cash equivalents	(1,756)	(3,698)
Less: CCS Derivatives Asset	(6,831)	-
Net debt	\$ 147,538	\$ 186,885

RISK FACTORS AND RISK MANAGEMENT

The oilfield services industry involves many risks, which may influence the ultimate success of the Company. The risks and uncertainties set out in the AIF and Annual MD&A are not the only ones the Company is facing. There are additional risks and uncertainties that the Company does not currently know about or that the Company currently considers immaterial which may also impair the Company's business operations and can cause the price of the Common Shares to decline. Readers should review and carefully consider the disclosure provided under the heading "Risk Factors" in the AIF and "Risk Factors and Risk Management" in the Annual MD&A, both of which are available on www.sedar.com, and the disclosure provided in this Press Release under the headings "Market Outlook". In addition, global and national risks associated with inflation or economic contraction may adversely affect the Company by, among other things, reducing economic activity resulting in lower demand, and pricing, for crude oil and natural gas products, and thereby the demand and pricing for the Company's services. Other than as supplemented in this Press Release, the Company's risk factors, and management thereof has not changed substantially from those disclosed in the AIF and Annual MD&A.

FORWARD-LOOKING INFORMATION & STATEMENTS

Certain statements contained in this Press Release constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws (collectively, "forward-looking statements"). These statements relate to the expectations of management about future events, results of operations and the Company's future performance (both operational and financial) and business prospects. All statements other than statements of historical fact are forward-looking statements. The use of any of the words "anticipate", "plan", "contemplate", "continue", "estimate", "expect", "intend", "propose", "might", "may", "will", "shall", "project", "should", "could", "would", "believe", "predict", "forecast", "pursue", "potential", "objective" and "capable" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. While the Company believes the expectations reflected in the forward-looking statements included in this Press Release are reasonable, such statements are not guarantees of future performance or outcomes and may prove to be incorrect and should not be unduly relied upon.

In particular, but without limitation, this Press Release contains forward-looking statements pertaining to: 2022 and 2023 industry conditions and outlook, including OPEC+ product cuts, global energy security concerns, depleted global inventories, and other macroeconomic factors; anticipated Q4 2022 and 2023 results; recession risk; the effect of resumed industrial activity on Blueberry River First Nation territorial lands; supply and demand for the Company's and its competitors' services, including the ability for the industry to respond to demand increases; inflation related cost increases; expected pricing for the Company's services; the impact of weather and break up on the Company's operations; the competitive labour market; the potential for near term commodity price volatility; the Company's ability to realize the benefits of pricing increases in subsequent quarters; the Company's ability to meet all financial commitments including interest payments over the next twelve months; the Company's plans regarding additional equipment; the Company's ability to manage its capital structure; expected debt repayment and Funded Debt to Adjusted EBITDA ratios; market supply and demand balance for the Company's services; expected profitability; expected income tax liabilities; adequacy of resources to funds operations, financial obligations and planned capital expenditures; the Company's ability to retain its existing clients; the monitoring of impairment, amount and age of balances owing, and the Company's financial assets and liabilities denominated in U.S. dollars, and exchange rates; the Company's ability to maintain a lean cost structure; and the Company's expected compliance with covenants under its Credit Facilities and its ability to satisfy its financial commitments thereunder.

The forward-looking information and statements contained in this Press Release reflect several material factors and expectations and assumptions of the Company including, without limitation: the effect of macroeconomic factors, including global energy security concerns and levels of oil and gas inventories; market concerns regarding economic recession; levels of oil and gas production and the effect of OPEC or OPEC+ related capacity and related uncertainty on the market for the Company's services; that the Company will continue to conduct its operations in a manner consistent with past operations; the Company will continue as a going concern; the general continuance of current or, where applicable, assumed industry conditions; pricing of the Company's services; the Company's ability to market successfully to current and new clients; predictable effect of seasonal weather and break up on the Company's operations; the Company's ability to utilize its equipment; the Company's ability to collect on trade and other receivables; the Company's ability to obtain and retain qualified staff and equipment in a timely and cost effective manner; levels of deployable equipment; future capital expenditures to be made by the Company; future funding sources for the Company's capital program; the Company's future debt levels; the availability of unused credit capacity on the Company's credit lines; the impact of competition on the Company; the Company's ability to obtain financing on acceptable terms; the Company's continued compliance with financial covenants; the amount of available equipment in the marketplace; and client activity levels and spending. The Company believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable, but no assurance can be given that these factors, expectations and assumptions will prove correct.

Actual results could differ materially from those anticipated in these forward-looking statements due to the risk factors set forth under the heading "Risk Factors" in the AIF and under the heading "Risk Factors and Risk Management" in this Press Release and the Annual MD&A.

Any financial outlook or future orientated financial information contained in this Press Release regarding prospective financial performance, financial position or cash flows is based on the assumptions about future events, including economic conditions and proposed courses of action based on management's assessment of the relevant information that is currently available. Projected operational information, including the Company's capital program, contains forward looking information and is based on a number of material assumptions and factors, as are set out above. These projections may also be considered to contain future oriented financial information or a financial outlook. The actual results of the Company's operations will likely vary from the amounts set forth in these projections and such variations may be material. Readers are cautioned that any such financial outlook and future oriented financial information contains herein should not be used for purposes other than those for which it is disclosed herein.

The forward-looking information and statements contained in this Press Release speak only as of the date of the document, and none of the Company or its subsidiaries assumes any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws. The reader is cautioned not to place undue reliance on forward-looking information.

ABOUT STEP

STEP is an energy services company that provides coiled tubing, fluid and nitrogen pumping and hydraulic fracturing solutions. Our combination of modern equipment along with our commitment to safety and quality execution has differentiated STEP in plays where wells are deeper, have longer laterals and higher pressures. STEP has a high-performance, safety-focused culture and its experienced technical office and field professionals are committed to providing innovative, reliable and cost-effective solutions to its clients.

Founded in 2011 as a specialized deep capacity coiled tubing company, STEP has grown into a North American service provider delivering completion and stimulation services to exploration and production (“E&P”) companies in Canada and the U.S. Our Canadian services are focused in the Western Canadian Sedimentary Basin (“WCSB”), while in the U.S., our fracturing and coiled tubing services are focused in the Permian and Eagle Ford in Texas, the Uinta-Piceance and Niobrara-DJ basins in Colorado and the Bakken in North Dakota.

Our four core values; **Safety, Trust, Execution** and **Possibilities** inspire our team of professionals to provide differentiated levels of service, with a goal of flawless execution and an unwavering focus on safety.

For more information please contact:

Steve Glanville
President and Chief Executive Officer
Telephone: 403-457-1772

Klaas Deemter
Chief Financial Officer
Telephone: 403-457-1772

Email: investor_relations@step-es.com

Web: www.stepenergyservices.com