



FLINT ENERGY SERVICES LTD.

INTEGRATED. INTEGRAL.

Third Quarter Report
For the nine months ending September 30, 2005

Q3

Advisory Regarding Forward Looking Statements

This press release contains forward-looking statements under the heading "Outlook" and elsewhere concerning the Company's projected operating results for 2005 and beyond, and anticipated capital expenditure trends and drilling activity in the oil and natural gas industry. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of risks, uncertainties and other factors affecting the Company's business and the oil and natural gas industry generally. These factors, include, but are not limited to, fluctuations in oil and natural gas prices, fluctuations in the level of oil and natural gas industry capital expenditures and expenditures on production and remedial work and other factors that affect demand for the Company's services, industry competition, the need to effectively integrate acquired businesses, uncertainties as to the Company's ability to implement its business strategy effectively in Canada and the United States, political and economic conditions, the company's ability to attract and retain key personnel, and other risks and uncertainties described under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form for the year ended December 31, 2004 and other documents filed with Canadian provincial securities authorities and available to the public at www.sedar.com.

Unless otherwise indicated, all financial information in this press release is presented in Canadian dollars and in accordance with Canadian generally accepted accounting principles.

The following Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Company's audited Consolidated Financial Statements and MD&A for the nine months ended September 30, 2005 and September 30, 2004, and the audited Consolidated Financial Statements and MD&A for the year ended December 31, 2004

Management's Discussion and Analysis

Flint is a publicly traded company listed on the Toronto Stock Exchange under the symbol "FES". Flint provides a full range of integrated midstream services to oil and natural gas producers through 43 locations in Western Canada, and the Southern and Rocky Mountain regions of the United States. These services are offered through two operating segments: Production Services and Facility Infrastructure. Production Services provides smaller-inch oil and natural gas well tie-in work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, pressure and vacuum, fluid hauling and plant shutdown and turnaround services. Facility Infrastructure provides large capital project planning, fabrication, assembly, modularization and field installation services.

Net earnings for the quarter ended September 30, 2005 were \$11.8 million on revenue of \$247.5 million compared to net earnings of \$4.7 million on revenue of \$187.8 million for the comparative quarter in 2004. Funds provided by operations before changes in non-cash working capital for the three-month period were \$19.4 million compared to \$11.7 million for the comparative period in 2004. Diluted earnings per share for the third quarter of 2005 increased to \$0.69 from \$0.29 for the comparative quarter in 2004.

The primary reason for the quarter's higher net earnings is a \$59.7 million or 31.8% year-over-year increase in revenue. The increase in revenue was driven primarily by the continued successful execution of Flint's backlog of work related to oilsands development. In addition, activity levels in the Company's Production Services Operating Segment in both Canada and the United States operations increased. Third quarter consolidated gross margin of 19.9% decreased compared to the prior year's 20.4% gross margin due to a higher percentage of revenue being derived from cost plus contracts. While the overall margin percentage was slightly lower than last year the higher revenues produced an increase in gross profit of \$10.9 million compared to the third quarter of 2004.

Consolidated Financial Results

Summary of Consolidated Financial Results

(in millions of Canadian dollars, except per share data)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Revenue	\$ 247.5	\$ 187.8	\$ 738.3	\$ 538.4
EBITDA ¹	28.7	18.5	83.2	48.6
Net earnings	11.8	4.7	34.1	9.7
per common share – basic	0.70	0.29	2.05	0.59
per common share – diluted	0.69	0.29	2.03	0.59
Funds provided by operations before changes in non-cash working capital	19.4	11.7	57.2	29.4
			September 30	<i>December 31</i>
			2005	<i>2004</i>
Working capital			\$ 217.6	\$ 174.7
Total assets			693.0	629.7
Shareholders' equity			340.5	302.2

¹ In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure. This measure assists investors in determining the Company's ability to generate cash from operations. EBITDA is equal to gross profit less general and administrative and stock based compensation expenses.

Revenue

Revenue for the three-month and nine-month periods ended September 30, 2005 increased to \$247.5 million and \$738.3 million, respectively from \$187.8 million and \$538.4 million for the same periods in the prior year. The third quarter 31.8% increase in year-over-year revenue and the nine-month 37.1% increase in revenue is a result of increases from all aspects of the Company's operations.

Of the third quarter year-over-year \$59.7 million increase in revenue, 57.6% was from the Facility Infrastructure business segment. The increase in revenue from the Infrastructure business unit was primarily driven by the continued successful execution of Flint's backlog of work related to oilsands development and the sale of natural gas processing units in the United States which has seen a third quarter year-over-year increase due to customer demand related to drilling activities in the United States Rocky Mountain area. The remaining 42.4% increase was primarily due to increased activity levels for the Canadian Production Services operating segment due to increased deep gas development in Western Canada and from United States Production Services operations due to increased activity occurring in natural gas producing areas of the United States. Some of the more southern offices of the United States Production Service business were affected by weather disruptions that curtailed further revenue gains. None of the Company's offices or equipment were damaged and down time was limited to a few days. Continued wet weather in Southern Alberta hampered well tie-in operations in shallow natural gas production areas that also reduced further gains in revenue from the region.

Of the nine-month year to date \$199.9 million increase in revenue from the corresponding nine months of 2004, 73.3% was from the Facility Infrastructure business segment. The increase was derived from the successful execution of Flint's backlog of work related to oilsands development and increases in the sale of natural gas processing units in the United States. The remaining 26.7% increase in revenue was due to increases from both Canadian and United States Production Services activity levels, as customer demand increased in both geographic segments.

Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA")

EBITDA for the three-month and nine-month periods ended September 30, 2005 increased from the corresponding periods in the prior year primarily as a result of increased revenue. Gross profit as a percentage of revenue decreased marginally in the three-month and nine-month

periods ended September 30, 2005 to 19.9% and 19.7% respectively as compared to the same periods in 2004 of 20.4% and 20.0% respectively and limited further gains in EBITDA. The lower margin percentage is a result of the impact of wet weather conditions in Southern Alberta, which reduced revenues and also impacted efficiency in the field, and a higher percentage of revenue being derived from cost plus oilsands projects that typically earn lower margin percentages. The cost plus oilsands contracts have an inherent lower risk associated with the performance of the work. Oilsands related work for the three-month period ended September 30, 2005 represented 28.0% of total revenues as compared to 22.5% in the same period in 2004. For the nine-month period ended September 30, 2005 Oilsands related work represented 28.0% as compared to 18.0% in 2004.

General and administrative expenses for the quarter were \$19.8 million or \$0.6 million higher than the same quarter in 2004 due to an increased level of activity. As a percentage of revenue general and administrative expenses declined to 8.0% from 10.2% as the administration structure in place was capable of supporting the higher levels of activity. General and administrative expenses for the nine-month period ended September 30, 2005 were \$60.9 million or \$3.2 million dollars higher than the same period in 2004. On a nine-month year to date basis, general and administrative expenses have declined to 8.3% from 10.7%.

Net Earnings

Net earnings for the three months and nine months ended September 30, 2005 increased to \$11.8 million and \$34.1 million respectively from \$4.7 million and \$9.7 million for the same periods in 2004. The primary reason for the increase in net earnings is the increase in revenue and corresponding increase in gross profit. Year-to-date results in 2004 were impacted by the underperformance on several mid-inch pipeline projects, and expensing of deferred finance charges upon the renegotiation of the Company's credit facilities.

Amortization expense for the three-month and nine-month periods ended September 30, 2005 decreased by \$0.8 million and \$3.1 million respectively from the comparative periods in 2004, as a result of the disposal of older equipment that bore a high rate of amortization, which was secured through business acquisitions made in prior years. The disposal of the older equipment was driven by the Company's plan to reduce the Company's repair and maintenance costs and to increase productivity in the field.

Interest expense for the three-month and nine-month periods ended September 30, 2005 increased by \$0.4 million and \$1.5 million respectively from the comparative periods in 2004 primarily as a result of the Company restructuring its debt facilities in the second quarter of 2004, fixing a portion of the Company's debt at higher rates than the floating rates in effect in the first two quarters of 2004. The portion of debt that remains on floating interest rate terms experienced higher charges due to an increase in bank prime lending rates relative to the same periods in the prior year.

Income tax expense for the three-month and nine-month periods ended September 30, 2005 increased to reflect the higher level of earnings before income taxes.

Comparative Quarterly Results

A number of factors contribute to variations in the Company's results between periods such as weather, customer capital spending affected by oil and natural gas commodity prices, seasonal behaviors in customer spending such as plant shutdown work, the Company's ability to manage its project related business to avoid or minimize periods of relative inactivity due to project scheduling, fluctuations in the Canada U.S. exchange rate applicable to translating the revenue and expenses of the Company's U.S. operations to Canadian dollars, and changes with the Company's service offerings as it strives to find the optimum portfolio of services to meet customer needs.

	2005				2004			2003
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4 <i>Restated¹</i>
Revenue	\$247.5	\$237.3	\$253.5	\$205.4	\$187.8	\$172.0	\$178.6	\$170.7
Net earnings (loss)	11.8	8.7	13.7	5.2	4.7	(1.6)	6.6	5.6
per common share-basic	0.70	0.52	0.82	0.31	0.29	(0.10)	0.40	0.35
per common share-diluted	0.69	0.52	0.82	0.31	0.29	(0.10)	0.40	0.34

¹ Restated to reflect adoption of accounting policy to expense stock-based compensation.

Increases in revenue, in the most recent quarters, are primarily due to securing contracts related to oilsands development and from increased demand for the Company's services from customers who are developing natural gas reserves, particularly those in the U.S. Rocky Mountain area. The first, second and third quarters of 2005 were the highest revenue quarters since the Company became publicly traded. The diluted earnings per share figures for the three quarters of 2005 were also the highest levels achieved by the Company for each of the respective quarters. The loss incurred in the second quarter of 2004 was primarily a result of underperformance on several mid-inch pipeline projects, and expensing of deferred finance charges upon the renegotiation of the Company's credit facilities.

Results of Operations

The Company operates under two operating segments, Production Services and Facility Infrastructure. Production Services offers smaller-inch pipeline tie-in for oil and gas wells, day-to-day field facility installation and maintenance services and Facility Infrastructure offers large capital project planning, fabrication, assembly, modularization and field installation services, and mid-inch pipeline installations.

Selected Segmented Information

(in millions of Canadian dollars)

	Three months ended September 30				Nine months ended September 30			
	2005		2004		2005		2004	
Revenue by operating segment								
Production Services	\$ 151.5	61.2 %	\$ 126.2	67.2 %	\$ 428.7	58.1 %	\$ 375.3	69.7 %
Facility Infrastructure	96.0	38.8	61.6	32.8	309.6	41.9	163.1	30.3
Total	\$ 247.5	100.0 %	\$ 187.8	100.0 %	\$ 738.3	100.0 %	\$ 538.4	100.0 %
EBITDA by operating segment								
Production Services	\$ 17.9	62.4 %	\$ 13.1	70.8 %	\$ 52.0	62.5 %	\$ 36.3	74.7 %
Facility Infrastructure	10.8	37.6	5.4	29.2	31.2	37.5	12.3	25.3
Total	\$ 28.7	100.0 %	\$ 18.5	100.0 %	\$ 83.2	100.0 %	\$ 48.6	100.0 %

Production Services

Production Services revenues for the three-month and nine-month periods ended September 30, 2005 increased by 20.0% and 14.2% to \$151.5 million and \$428.7 million respectively compared to the same periods in 2004. The third quarter increase is primarily due to increased activity levels from deep gas producing areas in Western Canada and from customer activity in natural gas producing areas of the United States. The nine-month year to date increase in 2005 revenue is primarily due to well tie-ins, small diameter pipeline installation and safety services work in Canada and maintenance and small capital plant construction in the United States.

EBITDA increased in the three-month and nine-month periods by \$4.8 million and \$15.7 million respectively due to the increase in revenue achieved year-over-year and due to improved margins from the Canadian Production Services operating segment.

Facility Infrastructure

Facility Infrastructure revenue for the three-month and nine-month periods ended September 30, 2005 increased by 55.8% and 89.8% to \$96.0 million and \$309.6 million respectively compared to the same periods in 2004. Increases in both the quarter and the year-to-date revenue were primarily driven by the successful execution of Flint's backlog of work related to oilsands development. The sale of natural gas processing units in the United States increased year-over-year due to customer demand related to drilling activities in the United States Rocky Mountain area.

EBITDA increased in the three-month and nine-month periods by \$5.4 million and \$18.9 million year-over-over due to increased revenue without a corresponding increase in overheads and the improvement in performance on mid-inch pipeline projects.

Consolidated Financial Position

At September 30, 2005, the Company's net working capital position was \$218.1 million compared to \$174.7 million at December 31, 2004. The increase in net working capital was due to an increase in unbilled revenue and accounts receivable, which have grown in conjunction with the increase in revenue from all of the Company's operating segments.

Accounts payable and accrued liabilities increased to \$85.9 million at September 30, 2005 from \$73.9 million at December 31, 2004. The 16.2% increase in accounts payable and accrued liabilities is consistent with the increase in activity the Company has experienced in the third quarter of 2005 as compared to the fourth quarter of 2004; third quarter revenue is 20.5% higher than 2004's fourth quarter revenue.

Income tax has changed from a receivable balance of \$6.1 million at December 31, 2004 to an income tax payable balance of \$8.3 million at September 30, 2005 as a result of increased earnings during the period and a lower installment base for the current year. The tax receivable balance at December 31, 2004 has been recovered and the September 30, 2005 payable balance relates to income taxes payable on the current year-to-date income.

Long-term debt, including current portion, increased by \$0.8 million at September 30, 2005 from the balance at the end of the prior fiscal year. Long-term debt includes operating debt, which has funded the increased operating activity in 2005.

Liquidity and Capital Resources

The Company's principal sources of capital are cash flows from operations and borrowings under its senior credit facility. The Company's principal uses of cash are to purchase property, plant and equipment, fulfill lease payment obligations and finance working capital.

Selected Cash Flow and Capitalization Data

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2005	2004	2005	2004
Cash provided by operations before changes in non-cash working capital	\$ 19.4	\$ 11.8	\$ 57.2	\$ 29.4
Cash (used in) provided by operating activities	(1.8)	6.2	10.5	(13.6)
			September 30	December 31
			2005	2004
Long-term debt (including current portion)			\$ 224.0	\$ 223.3
Debt to total capitalization (%) ^{1 & 2}			39.7	42.5

¹ Ratios contained in this table do not have any standard meaning under generally accepted accounting principles and may not be comparable to similar statistics published by other companies. The ratios are presented since they are commonly referred to by lenders and other interested parties in evaluating the Company's financial position.

² Debt to total capitalization, expressed as a percentage, is equal to debt divided by total capitalization. Debt is equal to long-term debt including the current portion. Total capitalization is equal to long-term debt including the current portion plus shareholders' equity.

Cash Flow and Liquidity

Cash provided by operations before changes in non-cash working capital for the three-months and nine-months ended September 30, 2005 increased 64.4% and 94.6% respectively due to increases in revenue and the resulting increase in net earnings.

During the three-month and nine-month periods ended September 30, 2005 the Company incurred capital expenditures totaling \$6.9 million and \$22.8 million respectively. For both periods the expenditures primarily related to the replacement of vehicles and equipment in accordance with the Company's fleet replacement program designed to replace aging vehicles and equipment at optimum points in time in order to maximize the operating cost effectiveness of the overall fleet. Also purchased in the third quarter of 2005 was seven acres of land adjacent to the existing modular and fabrication facilities for Facility Infrastructure in Sherwood Park, Alberta to expand overall capabilities. During the three-month and nine-month periods ended September 30, 2005, the Company realized proceeds from the disposal of property,

plant and equipment totaling \$1.3 million and \$4.0 million related to dispositions of older vehicles and equipment, which are being replaced by newer equipment.

During the nine-month period ended September 30, 2005, the Company increased its long-term debt position (including current portion) by \$0.8 million to fund increased operating activities.

Debt Repayment Obligations

(in millions of Canadian dollars)

<i>Maturity</i>				
<i>Less than</i>	<i>2 - 3</i>	<i>4 - 5</i>	<i>In excess of</i>	<i>Total</i>
<i>1 year</i>	<i>years</i>	<i>years</i>	<i>5 years</i>	
\$ 4.6	\$ 82.2	\$ 19.9	\$ 117.3	\$ 224.0

The company has a \$115 million Canadian and a \$10 million U.S. revolving operating loan facility, which is included in long-term debt, as the terms of the facility do not require repayment within a one-year period. At September 30, 2005 the Company had utilized \$78.3 million Canadian and \$4.6 million U.S. of the facility.

Outstanding Share Data

The Company is authorized to issue an unlimited number of Class A common voting shares, an unlimited number of Class B common voting shares and an unlimited number of redeemable convertible preferred shares. As at September 30, 2005, 16,814,093 Class A common voting shares were outstanding compared to 16,586,957 as at December 31, 2004. No Class B common voting shares or redeemable convertible preferred shares were outstanding during or at the end of either of these periods. Certain employees, officers and directors of the Company have been granted options to purchase common shares under the Company's incentive stock option plan.

Accounting Policies

New accounting guideline AcG-15, Consolidation of Variable Interest Entities, has been reviewed and determined to have no material impact on the Company's consolidated financial statements.

Outlook

Flint continues to see strong activity levels for both Canadian and United States production services. A robust commodity price market for both oil and natural gas is driving demand for all of the services that Flint delivers. Well tie-ins in shallow gas producing areas of Southern Alberta were curtailed in the second and third quarters of 2005 by an early spring break-up and unusually wet weather. As a result strong demand is expected for this area for the balance of the year. In the third quarter of 2005 the Company has added a major new contractual relationship with a major producer that covers six geographic areas in the Western Canadian Sedimentary Basin. This new relationship will contribute to further revenue growth in 2006 and beyond.

JW Williams, a wholly owned subsidiary within the Company's Infrastructure operating segment, which produces gas-processing equipment in the United States, continues to add significant new orders that will continue to grow the revenues for this business segment through 2006. The Canadian Infrastructure group has previously secured a number of larger contracts to fabricate and install oilsands plants in the Fort McMurray, Alberta area and significant revenue will continue to be derived from these contracts well into 2008.

Consolidated Balance Sheets

(in thousands of Canadian dollars)

As at

September 30

2005

(unaudited)

December 31

2004

Assets

Current assets:

Cash	\$ 296	\$ 3,223
Accounts receivable	185,263	170,537
Revenue in excess of billings and work-in-progress	109,971	48,292
Inventories	23,507	21,751
Income taxes receivable	—	6,139
Future income tax assets	2,421	661
Prepaid expenses and other current assets	2,990	6,066
	324,448	256,669
Property, plant and equipment	167,770	170,871
Goodwill	197,543	198,420
Intangible assets	1,967	2,618
Future income tax assets	436	415
Other assets	311	725
	692,475	\$ 629,718

Liabilities and Shareholders' Equity

Current liabilities:

Accounts payable and accrued liabilities	\$ 85,943	\$ 73,873
Billings in excess of revenue	2,275	1,241
Income taxes payable	8,345	—
Future income tax liabilities	5,204	1,125
Current portion of long-term debt	4,630	5,770
	106,397	82,009
Long-term debt	219,401	217,506
Future income tax liabilities	26,164	28,006
	245,565	245,512

Shareholders' equity:

Capital stock (note 2)	201,894	195,929
Contributed surplus	4,224	4,256
Retained earnings	148,445	114,318
Cumulative translation account	(14,050)	(12,306)
	340,513	302,197
	\$ 692,475	\$ 629,718

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Earnings and Retained Earnings

(unaudited)

(in thousands of Canadian dollars, except share data)

	Three months ended September 30, 2005	<i>Three months ended</i> <i>September 30, 2004</i>	Nine months ended September 30, 2005	<i>Nine months ended</i> <i>September 30, 2004</i>
Revenue	\$ 247,502	\$ 187,815	\$ 738,347	\$ 538,417
Direct costs	198,359	149,559	592,949	430,664
Gross profit	49,143	38,256	145,398	107,753
General and administrative expenses	19,833	19,242	60,939	57,710
Stock based compensation expense	583	467	1,288	1,442
Amortization	7,023	7,783	21,013	24,102
Earnings from operations	21,704	10,764	62,158	24,499
Interest	3,975	3,622	11,156	9,617
Debt restructuring costs (note 4)	–	81	–	2,034
Earnings before income taxes	17,729	7,061	51,002	12,848
Income taxes:				
Current	5,994	3,504	16,181	8,225
Future (recovery)	(45)	(1,190)	694	(5,074)
	5,949	2,314	16,875	3,151
Net earnings	11,780	4,747	34,127	9,697
Retained earnings, beginning of period	136,665	104,367	114,318	99,417
Retained earnings, end of period	\$ 148,445	\$ 109,114	\$ 148,445	\$ 109,114
Earnings per share:				
Basic	\$ 0.70	\$ 0.29	\$ 2.05	\$ 0.59
Diluted	\$ 0.69	\$ 0.29	\$ 2.03	\$ 0.59
Weighted average common shares:				
Basic	16,754,915	16,561,957	16,687,231	16,509,638
Diluted	16,977,758	16,610,388	16,828,390	16,574,496

See accompanying notes to interim consolidated financial statements.

Consolidated Statements of Cash Flows

(unaudited)

(in thousands of Canadian dollars)

Three months ended *Three months ended* **Nine months ended** *Nine months ended*
September 30, 2005 *September 30, 2004* **September 30, 2005** *September 30, 2004*

Cash provided by (used in):

Operating activities:

Net earnings	\$ 11,780	\$ 4,747	\$ 34,127	\$ 9,697
Items not affecting cash:				
Amortization	7,023	7,783	21,013	24,102
Debt restructuring costs (note 4)	—	81	—	505
Loss (gain) on disposal of property, plant and equipment	25	(135)	58	(1,276)
Stock based compensation	583	467	1,288	1,442
Future income taxes	(45)	(1,190)	694	(5,074)
Funds provided by operations before changes in non-cash working capital	19,366	11,753	57,180	29,396
Changes in non-cash balances relating to operations	(21,705)	(5,597)	(47,200)	(43,029)
	(2,339)	6,156	9,980	(13,633)

Investing activities:

Acquisition of subsidiary, net of cash acquired	—	—	—	(1,899)
Purchase of property, plant and equipment	(6,427)	(7,495)	(22,296)	(24,919)
Proceeds from disposal of property, plant and equipment	1,300	1,209	4,047	7,273
	(5,127)	(6,286)	(18,249)	(19,545)

Financing activities:

Proceeds from long-term debt	19,438	27,891	56,177	170,776
Repayments of long-term debt	(14,437)	(12,861)	(55,422)	(126,221)
Deferred financing costs	—	(234)	(59)	(277)
Proceeds from issue of capital stock	2,653	350	4,646	2,391
	7,654	15,146	5,342	46,669

Increase (decrease) in cash	188	15,016	(2,927)	13,491
Cash, beginning of period	108	1,880	3,223	3,405
	\$ 296	\$ 16,896	\$ 296	\$ 16,896

Supplemental cash flow information:

Cash paid (received) during the period for:				
Interest	\$ 3,779	\$ 3,622	\$ 11,152	\$ 9,617
Income taxes	\$ 1,973	\$ 3,504	\$ (41)	\$ 12,117

See accompanying notes to interim consolidated financial statements.

Segmented Information

Operating Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2005

	Production Services	Facility Infrastructure	Total
Revenue	\$ 151,484	\$ 96,018	\$ 247,502
EBITDA ¹	17,899	10,828	28,727
Amortization			7,023
Earnings from operations			21,704
Capital expenditures	5,007	1,420	6,427
Goodwill	144,546	52,997	197,543
Total assets	416,799	275,676	692,475

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2004

	<i>Production Services</i>	<i>Facility Infrastructure</i>	<i>Total</i>
Revenue	\$ 126,191	\$ 61,624	\$ 187,815
EBITDA ¹	13,109	5,438	18,547
Amortization			7,783
Earnings from operations			10,764
Capital expenditures	5,750	1,745	7,495
Goodwill	146,813	53,252	200,065
Total assets	396,628	214,380	611,008

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2005

	Production Services	Facility Infrastructure	Total
Revenue	\$ 428,740	\$ 309,607	\$ 738,347
EBITDA ¹	52,004	31,167	83,171
Amortization			21,013
Earnings from operations			62,158
Capital expenditures	14,458	7,838	22,296
Goodwill	144,546	52,997	197,543
Total assets	416,799	275,676	692,475

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2004

	<i>Production Services</i>	<i>Facility Infrastructure</i>	<i>Total</i>
Revenue	\$ 375,289	\$ 163,128	\$ 538,417
EBITDA ¹	36,349	12,252	48,601
Amortization			24,102
Earnings from operations			24,499
Capital expenditures	18,134	6,785	24,919
Goodwill	146,813	53,252	200,065
Total assets	396,628	214,380	611,008

¹ In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure. This measure is used by the chief operating decision makers of the Company to measure operating segment profitability and to assist investors in determining the Company's ability to generate cash from operations. EBITDA is equal to gross profit less general and administrative and stock based compensation expenses. EBITDA is considered to be a non-GAAP measure that does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers.

Segmented Information (continued)

Geographic Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2005

	Canada	United States	Total
Revenue	\$ 174,449	\$ 73,053	\$ 247,502
Property, plant and equipment	138,341	29,429	167,770
Goodwill	162,904	34,639	197,543
Total assets	554,767	137,708	692,475

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2004

	Canada	United States	Total
Revenue	\$ 132,364	\$ 55,451	\$ 187,815
Property, plant and equipment	137,267	32,342	169,609
Goodwill	162,904	37,161	200,065
Total assets	490,158	120,850	611,008

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2005

	Canada	United States	Total
Revenue	\$ 542,006	\$ 196,341	\$ 738,347
Property, plant and equipment	138,341	29,429	167,770
Goodwill	162,904	34,639	197,543
Total assets	554,767	137,708	692,475

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2004

	Canada	United States	Total
Revenue	\$ 394,582	\$ 143,835	\$ 538,417
Property, plant and equipment	137,267	32,342	169,609
Goodwill	162,904	37,161	200,065
Total assets	490,158	120,850	611,008

Notes to the Interim Consolidated Financial Statements *(unaudited)*

Nine months ended September 30, 2005

(tabular amounts in thousands of Canadian dollars, except share data and stock option exercise prices)

1. *Basis of Presentation*

The interim consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Since the determination of many assets, liabilities, revenues and expenses is dependent on future events, the preparation of these interim financial statements requires the use of estimates and assumptions. In the opinion of management, these interim financial statements have been prepared within reasonable limits of materiality. The interim financial statements follow the same significant accounting policies as described and used in the most recent annual report of the Company for the year ended December 31, 2004 and should be read in conjunction with that report.

A number of factors contribute to variations in the Company's results between periods such as weather, customer capital spending affected by oil and natural gas commodity prices, seasonal behaviors in customer spending such as plant shutdown work, the Company's ability to manage its project related business so as to avoid or minimize periods of relative inactivity due to project scheduling, fluctuations in the Canada U.S. exchange rate applicable to translating the revenue and expenses of the Company's U.S. operations to Canadian dollars, and changes with the Company's service offerings as it strives to find the optimum portfolio of services to meet customer needs.

2. *Capital Stock*

(a) *Issued Capital Stock:*

	<i>Class A Common Shares</i>	<i>Amount</i>
Balances at December 31, 2004	16,586,957	\$ 195,929
Shares issued for cash in conjunction with:		
Exercised employee stock options	227,136	4,646
Transfer from contributed surplus for stock options exercised	—	1,319
Balances at September 30, 2005	<u>16,814,093</u>	<u>\$ 201,894</u>

- (b) The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan may be exercised at a rate of 1/3 on the three subsequent award date anniversaries. Options granted pursuant to the plan may be exercised over specified periods not to exceed 5 years from the date granted. At September 30, 2005, 191,453 common shares remained reserved for issuance under the option plan.

	<i>Shares</i>	<i>Weighted Average Exercise Price</i>
<i>Options</i>		
Outstanding at December 31, 2004	832,207	\$ 21.74
Granted	265,000	24.16
Cancelled	(28,669)	22.83
Exercised	(227,136)	20.45
Outstanding at September 30, 2005	<u>841,402</u>	<u>\$ 22.81</u>
Options exercisable at September 30, 2005	<u>359,893</u>	<u>\$ 22.18</u>

3. *Earnings Per Share*

Included in the diluted number of common shares for the nine-month period ended September 30, 2005 is 141,159 of stock options (64,858 at September 30, 2004).

4. *Long-Term Debt*

During the second quarter of 2004, the Company entered into a new credit agreement with the existing syndicate of Canadian and United States financial institutions including three new members. The term loans under the previous credit facilities were repaid in full with the funds from the new credit facilities. In connection with the debt restructuring, the Company recorded a \$1,953,000 charge including expensing the remaining balance of any deferred costs and early repayment fees incurred relative to the term-debt under the previous credit agreement in addition to certain fees incurred relative to the term-debt under the new credit agreement.

Corporate Information

DIRECTORS

John Geddes

Chairman of the Board
Flint Energy Services Ltd.
Calgary, Alberta

Brian Butlin

Vice Chairman of the Board
Flint Energy Services Ltd.
Edmonton, Alberta

W.J. (Bill) Lingard

President and Chief Executive Officer
Flint Energy Services Ltd.
Calgary, Alberta

John Bates

President and Chief Executive Officer
Flint Industries Inc.
Tulsa, Oklahoma

Stuart O'Connor

Director
Flint Energy Services Ltd.
Calgary, Alberta

Lyle Reid

Director
Flint Energy Services Ltd.
Sherwood Park, Alberta

Douglas E. Swanson

President and Chief Executive Officer
Oil States International Inc.
Houston, Texas

OFFICERS

W.J. (Bill) Lingard

President and Chief Executive Officer

Terry Freeman

Chief Financial Officer

Wayne Shaw

Senior Vice President, Infrastructure Services

Gary Foreman

Senior Vice President, Production Services

Tim O'Brien

Senior Vice President, Corporate Services

Paul Boechler

President, Flint Energy Services Inc. (USA)

Allan Cleiren

Vice President, Finance

CORPORATE HEAD OFFICE

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LEGAL COUNSEL

Bennett Jones LLP
Edmonton and Calgary, Alberta

TRANSFER AGENT AND REGISTRAR

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STOCK EXCHANGE LISTING

Toronto Stock Exchange (TSX)
Common Shares - FES