STEP energy services

TSX STEP

Condensed Consolidated Interim

Financial Statements

As at and for the three and nine months ended September 30, 2020

STEP ENERGY SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

As at Unaudited (in thousands of Canadian dollars)	Notes	September 30, 2020	December 31, 2019
ASSETS			
Current Assets			
Cash and cash equivalents		$ 8,233	$ 7,267
Trade and other receivables	13	56,761	104,723
Income tax receivable		1,971	8,702
Inventory		22,959	28,402
Prepaid expenses and deposits		6,747	8,418
Assets held for sale		1,429	1,364
		98,100	158,876
Property and equipment	3	389,910	507,045
Right-of-use assets	4	13,445	18,793
Intangible assets		966	1,325
		$ 502,421	$ 686,039
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables		$ 36,397	$ 77,065
Income tax payable		38	86
Current portion of lease obligations	4	6,915	9,569
		43,350	86,720
Deferred tax liabilities		8,582	29,015
Lease obligations	4	7,669	9,452
Other liabilities	9	206	611
Loans and borrowings	6	212,239	237,418
		272,046	363,216
Shareholders' equity			
Share capital	8	429,949	428,817
Contributed surplus		33,630	32,198
Accumulated other comprehensive income		13,154	5,852
Deficit		(246,358)	(144,044)
		230,375	322,823
		$ 502,421	$ 686,039

See accompanying notes to the condensed consolidated interim financial statements
Note 6 – Subsequent event
Note 7 – Commitments
Note 14 – Contingencies and Provisions

STEP ENERGY SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF NET LOSS AND OTHER COMPREHENSIVE LOSS

Unaudited (in thousands of Canadian dollars, except per share amounts)	Notes	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Revenue		$ 62,363	$ 178,745	$ 297,377	$ 541,790
Operating expenses	2,11	67,301	171,391	317,208	521,548
Gross (loss) profit		(4,938)	7,354	(19,831)	20,242
Selling, general and administrative expenses	2,11	6,768	9,877	22,522	29,761
Results from operating activities		(11,706)	(2,523)	(42,353)	(9,519)
Finance costs	12	3,453	4,022	11,315	10,947
Foreign exchange (gain) loss		(891)	473	304	(1,376)
Gain on disposal of property and equipment		(2,022)	(806)	(3,037)	(1,815)
Amortization of intangible assets		130	1,553	391	4,883
Foreign exchange forward contract loss		-	-	-	383
Impairment	3,5	-	113,546	72,345	113,546
Loss before income tax		(12,376)	(121,311)	(123,671)	(136,087)
Income tax recovery					
Current		108	(2,709)	(957)	(6,102)
Deferred		(2,722)	(5,759)	(20,400)	(10,514)
		(2,614)	(8,468)	(21,357)	(16,616)
Net loss		(9,762)	(112,843)	(102,314)	(119,471)
Other comprehensive (loss) income					
Foreign currency translation (loss) gain		(4,292)	4,501	7,302	(11,944)
Total comprehensive loss		$ (14,054)	$ (108,342)	$ (95,012)	$ (131,415)
Loss per share:					
Basic	10	$ (0.14)	$ (1.69)	$ (1.52)	$ (1.79)
Diluted	10	$ (0.15)	$ (1.69)	$ (1.52)	$ (1.79)

See accompanying notes to the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

Unaudited (in thousands of Canadian dollars)	Notes	Share Capital	Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total
Balance at January 1, 2019		$ 426,494	$ 29,447	$ 22,670	$ (7)	$ 478,604
Impact of change in accounting policy		-	-	-	(154)	(154)
Net loss for the period		-	-	-	(119,471)	(119,471)
Foreign currency translation loss		-	-	(11,944)	-	(11,944)
Share-based compensation	9	-	4,391	-	-	4,391
Exercise of equity share-based instruments	8	1,213	(1,213)	-	-	-
Balance at September 30, 2019		$ 427,707	$ 32,625	$ 10,726	$ (119,632)	$ 351,426
Balance at January 1, 2020		$ 428,817	$ 32,198	$ 5,852	$ (144,044)	$ 322,823
Net loss for the period		-	-	-	(102,314)	(102,314)
Foreign currency translation gain		-	-	7,302	-	7,302
Share-based compensation	9	-	2,332	-	-	2,332
Exercise of equity share-based instruments	8,9	1,132	(900)	-	-	232
Balance at September 30, 2020		**$ 429,949**	**$ 33,630**	**$ 13,154**	**$ (246,358)**	**$ 230,375**

See accompanying notes to the condensed consolidated interim financial statements

STEP ENERGY SERVICES LTD.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

Unaudited (in thousands of Canadian dollars)	Notes	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Operating activities:					
Net loss		$ (9,762)	$ (112,843)	$ (102,314)	$ (119,471)
Adjusted for the following:					
Depreciation and amortization	3,4	20,013	25,001	69,190	78,436
Share-based compensation	9	921	1,765	1,988	5,610
Unrealized foreign exchange (gain) loss		(530)	694	518	(1,722)
Gain on disposal of property and equipment		(2,022)	(806)	(3,037)	(1,815)
Foreign exchange forward contract loss		-	-	-	383
Impairment	5	-	113,546	72,345	113,546
Finance costs	12	3,453	4,022	11,315	10,947
Income tax recovery		(2,614)	(8,468)	(21,357)	(16,616)
Cash finance costs paid		(3,450)	(3,362)	(11,850)	(11,541)
Income taxes recovered (paid)		5,292	641	8,270	(3,603)
Changes in non-cash working capital from operating activities		(29,682)	14,221	19,107	(1,249)
Net cash used in (provided by) operating activities		(18,381)	34,411	44,175	52,905
Investing activities:					
Purchase of property and equipment	3	(1,338)	(12,144)	(14,008)	(34,621)
Proceeds from disposal of equipment and vehicles		3,205	1,346	6,493	2,180
Changes in non-cash working capital from investing activities		537	(351)	(5,816)	1,192
Net cash provided by (used in) investing activities		2,404	(11,149)	(13,331)	(31,249)
Financing activities:					
Issuance (repayment) of loans and borrowings	6	10,531	514	(25,410)	6,315
Repayment of finance lease obligations		(1,425)	(1,704)	(4,966)	(5,115)
Settlement of foreign exchange forward contracts		-		-	(338)
Net cash provided by (used in) financing activities		9,106	(1,190)	(30,376)	862
Impact of exchange rate changes on cash and cash equivalents		(159)	251	498	554
(Decrease) increase in cash and cash equivalents		(7,030)	22,323	966	23,072
Cash and cash equivalents, beginning of period		15,263	1,113	7,267	364
Cash and cash equivalents, end of period		$ 8,233	$ 23,436	$ 8,233	$ 23,436

See accompanying notes to the condensed consolidated interim financial statements

STEP ENERGY SERVICES LTD.

Notes to the condensed consolidated interim financial statements

(unaudited)

As at and for the three and nine months ended September 30, 2020 and 2019.

Tabular amounts expressed in thousands of Canadian dollars, except where otherwise noted.

NOTE 1 – NATURE OF BUSINESS AND BASIS OF PREPARATION

STEP Energy Services Ltd. (the "Company", "STEP Energy Services" or "STEP") is a publicly traded company domiciled in Canada, incorporated under the laws of the Province of Alberta on March 25, 2011 and is listed under the symbol "STEP" on the Toronto Stock Exchange. The registered office of the Company is 4300, 888 - 3rd Street SW, Calgary, Alberta T2P 5C5 and the principal place of business is 1200, 205-5th Ave SW, Calgary, Alberta T2P 2V7. STEP provides specialized coiled tubing and associated pumping and fracturing equipment to service the oil and gas industry in Canada and the United States ("U.S.").

Statement of Compliance

These condensed consolidated interim financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2019.

These condensed consolidated interim financial statements were approved by the Board of Directors ("Board") on November 3, 2020.

Seasonality of operations

The Company's Canadian business is seasonal in nature with the periods of greatest activity being in the first, third and fourth quarters, and the least activity tending to be in the second quarter because of spring break-up. Spring break-up typically occurs between March and June. The Company's operating activities can also be affected by extended periods of adverse weather which can result in restrictions to the movement of heavy equipment. Activity in the southern United States is generally not as influenced by seasonal conditions.

Critical accounting estimates and judgments

The preparation of the condensed consolidated interim financial statements requires management to make certain estimates and judgments concerning the reported amount of revenue and expenses and the carrying values of assets and liabilities. These estimates are based on historical experience and management's judgment. The estimation of anticipated future events involves uncertainty and therefore the estimates used by management in the preparation of the condensed consolidated interim financial statements may change as events unfold, additional knowledge is acquired or the environment in which the Company operates changes.

Novel Coronavirus – COVID-19 and Liquidity

The World Health Organization declared COVID-19 a pandemic in March 2020. COVID-19 has had a negative impact on global demand for crude oil which is expected to continue at least into the near term. In addition, actions taken by the Organization of Petroleum Exporting Countries and certain other countries (OPEC+) earlier in the year lead to increased production at a time when demand was falling. These factors have contributed to a global oil surplus. The demand destruction and oversupply concerns have caused a significant deterioration in economic conditions and increased economic uncertainty for the oil and gas industry. The combined impact of COVID-19 on the demand for oil and the OPEC+ supply pressures has materially reduced client spending and demand for STEP's services.

COVID-19 has created many uncertainties with respect to counterparty credit risk, liquidity and the valuation of long-lived assets, inventory and right-of-use assets. At September 30, 2020, management has incorporated the anticipated impact of COVID-19 in estimates and judgments in the preparation of these financial statements to the extent known at this time.

Outcomes that are different from assumptions used in estimates could require a material adjustment within the next financial year.

Management has assessed the expected impacts of a prolonged downturn on liquidity and will continue to refine its expectations as the effects of global events unfold. Management has taken actions to mitigate these impacts, which have included reductions in Board of Directors' remuneration, employee headcount reductions, wage reductions for all employees, reductions in maintenance capital in alignment with reductions in active equipment, reductions in leased facilities costs where possible and the disposal of some non-core assets. The Company's September 30, 2020 working capital remains positive at $54.8 million.

We are expecting compliance with the financial covenants applicable to our credit facilities for at least the next twelve months. A decrease or sustained period of materially reduced client spending and demand for STEP's services may result in non-compliance with our financial covenants and reduced liquidity related to changes in our credit facilities. Non-compliance with the financial covenants in our credit facilities could result in our debt becoming due and payable on demand. Should we anticipate non-compliance we will proactively approach our lending syndicate to amend the credit facilities to ensure their availability. There is no certainty that we will be successful in negotiating such amendments.

Changes in significant accounting policies

Except as described below, the same accounting policies and methods of computation were followed in preparation of these condensed consolidated interim financial statements as were followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2019.

IAS 20 – Accounting for Government Grants and Disclosure
The Company has adopted IAS 20 effective for the nine months ended September 30, 2020. Government grants are not recognized until there is reasonable assurance that the Company will comply with conditions attached to them and the grants will be received. The Company uses the income approach in which government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants receivable as compensation for expenses or losses already incurred for the purpose of giving immediate financial support to the Company, with no future related costs shall be recognized in profit or loss in the period in which it becomes available. Grants are netted from the related expense in the condensed consolidated interim statements of net loss and other comprehensive loss.

IFRS 3 – Business Combinations
Amendments to IFRS 3 are effective as of January 1, 2020. The amendments narrow and clarify the definition of a business as an integrated set of activities and assets that are capable of being conducted and managed for the purpose of providing goods and services to customers, generating investment income or generating other income from ordinary activities. Additionally, in evaluating a business the amendments include an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. STEP did not have any acquisitions requiring the application of this amendment.

IFRS 16 – Leases
As a result of amendments to IFRS 16, a practical expedient was applied for rent concessions resulting from COVID-19. The amendments, which are effective as of June 1, 2020 indicate a lessee may elect not to assess whether a rent concession is a lease modification and instead recognize the concession in profit or loss. The practical expedient may be applied if the following conditions are met: (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (b) any reduction in lease payments affects only payments originally due on or before June 30, 2021; and (c) there is not substantive change to other terms and conditions of the lease. The Company has applied the practical expedient for rent concessions meeting the qualifying criteria for the nine months ended September 30, 2020.

NOTE 2 – GOVERNMENT GRANTS

Due to COVID-19 (see Note 1 – *Novel Coronavirus – COVID-19 and Liquidity*) the Government of Canada has implemented the COVID-19 Economic Response Plan. Under the plan, the Company is eligible for the Canada Emergency Wage Subsidy ("CEWS") in which Canadian businesses impacted by COVID-19 may be eligible for wage subsidies for any week retroactive from March 15, 2020 to June 2021. The program is currently divided into four week periods. During the third quarter, CEWS was primarily calculated using a sliding scale of subsidy based on overall revenue reductions in each period. Canada's federal government has extended the CEWS program to June 2021. For the three and nine month periods ended September 30, 2020, the Company has recognized $4.5 million and $7.6 million, respectively in grants under the CEWS as a reduction of employee costs in operating expenses ($3.8 million and $6.4 million, respectively) and selling, general, and adminstrative expenses ($0.7 million and $1.2 million, respectively).

NOTE 3 – PROPERTY AND EQUIPMENT

	Land and buildings	Vehicles	Field equipment	Office equipment	Total
Cost:					
Balance at January 1, 2019	$ 37,819	$ 29,017	$ 689,370	$ 8,029	$ 764,235
Reclassification of opening right-of-use assets	-	(28,145)	-	-	(28,145)
Additions	865	-	47,473	723	49,061
Disposals	-	(199)	(5,053)	-	(5,252)
Reclassification of assets held for sale	(1,070)	-	(18,541)	(144)	(19,755)
Effect of exchange rate changes	(582)	(6)	(14,881)	(55)	(15,524)
Balance at December 31, 2019	37,032	667	698,368	8,553	744,620
Additions	268	-	13,499	241	14,008
Disposals	-	(41)	(5,404)	-	(5,445)
Effect of exchange rate changes	279	4	7,333	31	7,647
Balance at September 30, 2020	**$ 37,579**	**$ 630**	**$ 713,796**	**$ 8,825**	**$ 760,830**
Accumulated depreciation:					
Balance at January 1, 2019	$ 3,981	$ 9,454	$ 145,251	$ 5,407	$ 164,093
Reclassification of opening right-of-use assets	-	(8,631)	-	-	(8,631)
Depreciation	1,532	26	89,465	1,417	92,440
Disposals	-	(186)	(1,765)	-	(1,951)
Reclassification of assets held for sale	(256)	-	(4,677)	(64)	(4,997)
Effect of exchange rate changes	(45)	(6)	(3,334)	6	(3,379)
Balance at December 31, 2019	5,212	657	224,940	6,766	237,575
Depreciation	1,152	12	61,401	352	62,917
Impairment	3,902	-	67,702	246	71,850
Disposals	-	(35)	(2,633)	-	(2,668)
Effect of exchange rate changes	16	(4)	1,223	11	1,246
Balance at September 30, 2020	**$ 10,282**	**$ 630**	**$ 352,633**	**$ 7,375**	**$ 370,920**
Carrying amounts:					
As at December 31, 2019	$ 31,820	$ 10	$ 473,428	$ 1,787	$ 507,045
As at September 30, 2020	**$ 27,297**	**$ -**	**$ 361,163**	**$ 1,450**	**$ 389,910**

(1) The Company reclassified prior year leased assets as right-of-use assets effective January 1, 2019 in accordance with the adoption of IFRS 16.

Included in field equipment at September 30, 2020 were maintenance capital projects underway of $1.9 million (December 31, 2019 - $9.9 million).

During the nine months ended September 30, 2020 the Company recognized an impairment expense of $71.9 million related to buildings, field equipment, and office equipment. See Note 5 for further discussion on the Company's impairment tests.

NOTE 4 – RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Buildings	Vehicles	Office equipment	Total
Reclassification of opening right-of-use assets	$ -	$ 28,145	$ -	$ 28,145
Accounting policy change	6,612	-	227	6,839
Additions	3,029	3,266	44	6,339
Disposals	(584)	(7,955)	-	(8,539)
Reclassification of assets held for sale	-	(365)	-	(365)
Effect of exchange rate changes	(55)	(643)	(1)	(699)
Balance at December 31, 2019	$ 9,002	$ 22,448	$ 270	$ 31,720
Additions	3,431	833	9	4,273
Disposals	(744)	(9,502)	-	(10,246)
Effect of exchange rate changes	(77)	295	1	219
Balance at September 30, 2020	11,612	14,074	280	25,966
Accumulated depreciation:				
Reclassification of opening right-of-use assets	$ -	$ 8,631	$ -	$ 8,631
Depreciation	2,332	6,695	70	9,097
Disposals	(97)	(4,267)	-	(4,364)
Reclassification of assets held for sale	-	(139)	-	(139)
Effect of exchange rate changes	(10)	(288)	-	(298)
Balance at December 31, 2019	$ 2,225	$ 10,632	$ 70	$ 12,927
Depreciation	2,227	3,600	55	5,882
Disposals	(705)	(5,734)	-	(6,439)
Effect of exchange rate changes	(1)	152	-	151
Balance at September 30, 2020	**$ 3,746**	**$ 8,650**	**$ 125**	**$ 12,521**
Carrying amounts:				
As at December 31, 2019	$ 6,777	$ 11,816	$ 200	$ 18,793
As at September 30, 2020	**$ 7,866**	**$ 5,424**	**$ 155**	**$ 13,445**

With respect to the right-of-use assets above, the Company has lease contracts for light duty vehicles, office buildings, service centers, and copiers. The maturity date of these contracts ranges from October 2020 to February 2026 with interest rates ranging from 2.68% to 12.14%. Lease payments made by the Company are blended interest and principal payments. The Company's lease obligations are as follows:

As at	**September 30, 2020**	December 31, 2019
Future minimum lease payments	**$ 16,157**	$ 20,394
Discount	**(1,573)**	(1,373)
Present value of minimum lease payments	**$ 14,584**	$ 19,021
Presented as:		
Current portion of lease obligations	**$ 6,915**	$ 9,569
Lease obligations	**$ 7,669**	$ 9,452

NOTE 5 – IMPAIRMENT ASSESSMENT OF LONG-LIVED ASSETS

The Company reviews the carrying values of its long-lived assets at each reporting period for indicators of impairment. STEP has identified four cash generating units ("CGUs"): Canadian coiled tubing, Canadian fracturing, U.S. coiled tubing and U.S. fracturing.

At September 30, 2020, as a result of ongoing economic uncertainties (see Note 1 – *Novel Coronavirus – COVID-19 and Liquidity*), the Company performed impairment tests on the U.S. fracturing and U.S. coiled tubing CGUs. The recoverable amounts of the CGUs were determined using the value in use method, based on multi-year discounted cash flows to be generated from continuing operations. Cash flow assumptions were based on a combination of expected future results, including management's best estimates of asset utilization, pricing for available equipment, costs to maintain that equipment and a post-tax discount rate of 14.25% (pre-tax 17.93%). Discount rates were derived from the Company's weighted-average cost of capital. A terminal growth rate of 2.0% was applied for cash flows beyond 2025.

At September 30, 2020, the results of the impairment tests indicate no impairment of the U.S. fracturing or U.S. coiled tubing CGUs at September 30, 2020. Increasing the discount rate by 1% would not have resulted in impairment in the U.S. fracturing or U.S. coiled tubing CGUs at September 30, 2020.

At June 30, 2020 and March 31, 2020, the Company tested all 4 CGUs for impairment. The recoverable amounts of the CGUs were determined using the value in use method, based on multi-year discounted cash flows to be generated from continuing operations. Cash flow assumptions were based on a combination of expected future results, including management's best estimates of asset utilization, pricing for available equipment, costs to maintain that equipment and post-tax discount rates ranging from 14.75% to 15.4%. A terminal growth rate of 2.0% was applied for cash flows beyond 2025.

The recoverable amount of each CGU was in excess of the carrying amount, except as follows:

- As at June 30, 2020, the U.S. fracturing CGU recorded an impairment charge against property and equipment of $13.1 million. The recoverable amount for the U.S. fracturing CGU was determined to be $126.4 million. A post-tax discount rate of 14.1.% (pre-tax 17.71%) would have caused the recoverable amount of the U.S. fracturing CGU to be equal to the carrying value. A 1% increase in the discount rate would have resulted in an additional impairment charge of $17.1 million in the U.S. fracturing CGU and $4.6 million in the Canadian fracturing CGU. Increasing the discount rate by 1% would not have resulted in impairment for the Canadian coiled tubing CGU or U.S. coiled tubing CGU at June 30, 2020.

- As at March 31, 2020, the Canadian fracturing CGU recorded an impairment charge against property and equipment of $58.8 million. The recoverable amount for the Canadian fracturing CGU was determined to be $168 million. A post-tax discount rate of 12.7% (pre-tax 15.8%) would have caused the recoverable amount of the Canadian fracturing CGU to be equal to the carrying value. A 1% increase in the discount rate would have resulted in an additional impairment charge of $16.1 million in the Canadian fracturing CGU and $5.6 million in the U.S. fracturing CGU. Increasing the discount rate by 1% would not have resulted in impairment for the Canadian coiled tubing CGU or U.S. coiled tubing CGU at March 31, 2020.

Assumptions that are valid at the time of preparing the impairment test may change significantly when new information becomes available. The Company will continue to monitor and update its assumptions and estimates with respect to impairment on an ongoing basis.

In addition to the Company's impairment assessment, the Company identified a market decline in specific assets held for sale and wrote the assets down to their recoverable value during the second quarter of 2020 resulting in an impairment charge of $0.5 million.

NOTE 6 – LOANS AND BORROWINGS

At September 30, 2020, the Company had a borrowing agreement with a syndicate of financial institutions. The Credit Facilities mature on June 25, 2022 and include a Canadian $215.0 million term facility, a Canadian $30.0 million revolving facility, a Canadian $10.0 million operating facility and a U.S. $15.0 million operating facility. The maturity date of the Credit Facilities may be extended for an additional period of up to three years with syndicate approval. The Credit Facilities include a general security agreement providing a security interest over all present and after acquired personal property of the Company and all its subsidiaries including mortgages on certain properties. Under the Credit Facilities, any current and future leases that would have been accounted for as an operating lease at December 31, 2018 will continue to be recognized as operating leases for purposes of calculating financial covenants.

Scheduled quarterly repayments of 3.25% of the term loan facility begin the fiscal quarter ending March 31, 2022. The balance is due on the maturity date. The sum of any amounts outstanding under the revolving facility, the Canadian operating facility and the U.S. operating facility may not exceed the Borrowing Base. The Borrowing Base is defined as the aggregate of (1) 85% of U.S. and Canadian based investment grade eligible accounts receivable under 120 days from the invoice date, (2) 75% of U.S. and Canadian based non-investment grade eligible accounts receivable under 90 days from the invoice date and (3) 50% of U.S. and Canadian based eligible inventory subject to a maximum of $10 million Canadian less priority payables and certain liquidity requirements (see item five below). At September 30, 2020, the Company's borrowing base is $42.0 million. Mandatory repayments are required anytime the amount outstanding under the revolving facility and Canadian and U.S. operating facilities exceeds the borrowing base. The Credit Facilities include certain financial and non-financial covenants, including:

The Credit Facilities included a Covenant Relief Period that was effective from July 1, 2020 to June 30, 2021. Subsequent to September 30, 2020, the Company requested and received a one quarter extension of the covenant relief period to September 30, 2021. The Credit Facilities include certain financial and non-financial covenants.

1. Funded Debt to Tangible Net Worth ratio refers to the ratio of total outstanding interest-bearing debt including lease obligations and letters of credit less cash and cash equivalents held with approved financial institutions to the sum of shareholders' equity plus subordinated Debt, less all assets considered intangible (leasehold improvements, goodwill, intangibles etc.). The Company is required to meet the following Funded Debt to Tangible Net Worth ratios:

Quarters Ended	Required Funded debt to tangible net worth ratio
September 30, 2020	1.25:1 or less
December 31, 2020	1.25:1 or less
March 31, 2021 and	1.50:1 or less
June 30, 2021	1.50:1 or less
September 30, 2021	1.75:1 or less

At September 30, 2020, the Funded Debt to Tangible Net Worth ratio was 0.93:1.

2. A Minimum quarterly Adjusted Bank EBITDA covenant. Adjusted bank EBITDA means, the Net Income (Loss) on a consolidated basis plus or minus: interest expense, the provision for income taxes, depreciation, amortization, deferred income tax assets or liabilities, gains or losses on the sale of assets, allowance for doubtful account provisions, non-cash impairment charges, unrealized foreign exchange gains or losses and marking to market hedging instruments, discretionary management bonuses, severance and share based compensation. Lease expense for current and future finance leases, which would have been accounted for as an operating lease at December 31, 2018, is deducted from net income (loss) when calculating Adjusted Bank EBITDA. The Company is required to meet the following Adjusted bank EBITDA:

Quarters Ended	Minimum Quarterly EBITDA
September 30, 2020	$ (844)
December 31, 2020	(3,940)
March 31, 2021	(3,310)
June 30, 2021	(3,401)
September 30, 2021	6,858

At September 30, 2020, minimum quarterly Adjusted Bank EBITDA was $10.1 million.

3. Interest Coverage Ratio refers to the ratio of Adjusted Bank EBITDA to Interest Expense for the preceding twelve months. Interest expense includes interest charges, capitalized interest, interest on lease obligations, fees payable in respect of letters of credit and letters of guarantee, and discounts incurred and fees payable in respect of bankers' acceptance and LIBOR advances. Interest on lease obligations for current and future leases, which would have been accounted for as an operating lease at December 31, 2018 is not included in interest expense for purposes of calculating financial covenants. The Company is required to meet the following Interest coverage ratios:

Quarters Ended	Required interest coverage ratio
September 30, 2020	1.50:1 or greater
December 31, 2020	1.00:1 or greater
March 31, 2021	Waived
June 30, 2021	Waived
September 30, 2021	Waived
December 31, 2021 and thereafter	3.00:1 or greater

At September 30, 2020 the interest coverage ratio was 2:62:1.

4. Funded Debt to Adjusted Bank EBITDA ratio refers to total outstanding interest-bearing debt including lease obligations and letters of credit less cash and cash equivalents held with approved financial institutions to Adjusted Bank EBITDA. Adjusted Bank EBITDA means the Net Income (Loss) on a consolidated basis plus or minus: interest expense, the provision for income taxes, depreciation, amortization, deferred income tax assets or liabilities, gains or losses on the sale of assets, allowance for doubtful account provisions, non-cash impairment charges, unrealized foreign exchange gains or losses and marking to market hedging instruments, discretionary management bonuses, severance and share based compensation. Lease expense for current and future finance leases, which would have been accounted for as an operating lease at December 31, 2018, is deducted from net income (loss) when calculating Adjusted Bank EBITDA. The ratio is calculated quarterly on the last day of each fiscal quarter on a four-quarter rolling basis.

Quarters Ended	Required Funded Debt to Adjusted EBITDA Ratio
September 30, 2020	Waived
December 31, 2020	Waived
March 31, 2021	Waived
June 30, 2021	Waived
September 30, 2021	Waived
December 31, 2021 and thereafter	3.00:1 or greater

5. Minimum Liquidity Availability means the Company must ensure on a consolidated basis Liquidity Availability of $7.5 million or greater. Liquidity Availability means the applicable Borrowing Base minus the sum of: (a) all outstanding accommodations under the revolving facility and the operating facilities; and (b) all interest, fees, expenses and other amounts due and payable under the Credit Facilities.

The Company complied with all financial and non-financial covenants under its Credit Facilities at September 30, 2020.

Interest is payable monthly, at the lead syndicate bank's prime lending rate plus 200 basis points to 500 basis points depending on certain financial ratios of the Company. The effective borrowing rate for loans and borrowings for the third quarter of 2020 was 4.88%. The Company has total outstanding letters of credit of $1.5 million. The total amount of Credit Facilities outstanding at September 30, 2020 is as follows:

As at		September 30, 2020		December 31, 2019
Credit facilities	$	215,000	$	239,819
Deferred financing costs		(2,761)		(2,401)
Loans and borrowings	$	212,239	$	237,418

The following table displays the movements in loans and borrowings during the nine months ended September 30, 2020:

Balance at January 1, 2020	$	237,418
Repayment of loans and borrowings		(25,410)
Deferred financing incurred		(1,407)
Accretion of deferred financing costs		1,047
Unrealized foreign exchange loss		591
Balance at September 30, 2020	$	212,239

STEP is expecting compliance with the financial covenants applicable to our Credit Facilities for at least the next twelve months. A decrease or sustained period of materially reduced client spending and demand for STEP's services may result in non-compliance with our financial covenants and reduced liquidity related to changes in our Credit Facilities. Non-compliance with the financial covenants in our Credit Facilities could result in our debt becoming due and payable on demand. Should we anticipate non-compliance we will proactively approach our lending syndicate to amend the Credit Facilities to ensure their availability. There is no certainty that we will be successful in negotiating such amendments.

NOTE 7 – COMMITMENTS

The following table summarizes the Company's estimated commitments that are not included in the condensed consolidated interim statement of financial position related to leases as at September 30, 2020 for the following five years and thereafter:

		2020		2021		2022		2023		2024		Thereafter		Total
Operating expenses for lease obligations(1)	$	329	$	1,316	$	1,267	$	1,261	$	198	$	228	$	4,599
Short term and low value lease obligations(1)		40		105		-		-		-		-		145
Total commitments	$	369	$	1,421	$	1,267	$	1,261	$	198	$	228	$	4,744

1) Includes U.S. obligations at an estimated forecast exchange rate of 1 USD = 1.32 CAD.

Operating expenses related to lease obligations relate to leases of certain service centers and office space with lease terms of between 1 year and 6 years. The total expense recognized during the three and nine months ended September 30, 2020 for short term and low value lease obligations was $0.4 million and $1.2 million.

As at September 30, 2020, the Company has $0.8 million (December 31, 2019 - $0.9 million) of commitments related to capital expenditures. These commitments are expected to be incurred in fiscal 2020.

NOTE 8 – SHARE CAPITAL

The Company is authorized to issue an unlimited number of common shares. The shares have no par value. All issued shares are fully paid.

	Shares #	Amount
Balance at January 1, 2019	66,682,319	$ 426,494
Issued – exercise of share-based instruments	260,511	2,323
Balance at December 31, 2019	66,942,830	428,817
Issued – exercise of share-based instruments	582,836	1,132
Balance at September 30, 2020	**67,525,666**	**$ 429,949**

NOTE 9 – SHARE-BASED COMPENSATION

Equity settled share-based instruments

	New stock options	Restricted share units	Performance share units	Prior stock options	Performance warrants	Total
Balance at January 1, 2019	201,987	770,574	505,316	3,749,728	8,160,788	13,388,393
Granted	1,971,489	-	-	-	-	1,971,489
Cancelled via performance factor	-	-	(13,129)	-	-	(13,129)
Exercised	-	(237,648)	(23,018)	-	-	(260,666)
Forfeited/Expired	(51,716)	(137,955)	-	(217,219)	(660,660)	(1,067,550)
Outstanding at December 31, 2019	**2,121,760**	**394,971**	**469,169**	**3,532,509**	**7,500,128**	**14,018,537**
Exercisable at December 31, 2019	67,329	-	-	3,513,380	5,944,918	9,525,627

	New stock options	Restricted share units	Performance share units	Prior stock options	Performance warrants	Total
Balance at January 1, 2020	2,121,760	394,971	469,169	3,532,509	7,500,128	14,018,537
Granted	1,696,800	-	-	-	-	1,696,800
Exercised	-	(79,544)	(9,134)	-	-	(88,678)
Forfeited/Expired	(242,459)	(92,248)	(14,959)	(1,704,464)	(4,532,196)	(6,586,326)
Outstanding at September 30, 2020	**3,576,101**	**223,179**	**445,076**	**1,828,045**	**2,967,932**	**9,040,333**
Exercisable at September 30, 2020	649,679	-	-	1,828,045	1,990,292	4,468,016

Cash settled share-based instruments

	Deferred share units	Cash-settled RSUs	Cash-settled PSUs	Total
Balance at January 1, 2019	137,634	-	-	137,634
Granted	424,005	2,527,497	847,379	3,798,881
Exercised	(14,689)	-	-	(14,689)
Forfeited/Expired	-	(221,646)	-	(221,646)
Outstanding at December 31, 2019	**546,950**	**2,305,851**	**847,379**	**3,700,180**
Exercisable at December 31, 2019	-	-	-	-

	Deferred share units	Cash-settled RSUs	Cash-settled PSUs	Total
Balance at January 1, 2020	546,950	2,305,851	847,379	3,700,180
Granted	1,659,882	933,618	736,500	3,330,000
Added via performance factor	-	-	19,294	19,294
Exercised	-	(571,076)	(20,151)	(591,227)
Forfeited/Expired	-	(686,403)	(80,106)	(766,509)
Outstanding at September 30, 2020	**2,206,832**	**1,981,990**	**1,502,916**	**5,691,738**
Exercisable at September 30, 2020	-	-	-	-

The aggregate liability for all cash settled share-based instruments of $1.5 million is included in the statement of financial position in trade and other payables and other liabilities. At each reporting date, between grant date and settlement date of cash settled share-based instruments, the fair value of the liability is re-measured with any changes in fair value recognized in net loss for the period.

During the nine months ended September 30, 2020, 0.5 million cash settled RSUs and PSUs were settled through the issuance of 0.5 million common shares at fair value. As a result, there was an increase in share capital related to the settlement of the cash settled RSUs and PSUs of $0.2 million.

Share-based compensation expense

The composition of share-based compensation expense incurred was:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Prior stock options	**$ -**	$ 127	**$ 4**	$ 279
New stock options	**226**	393	**798**	724
Performance warrants	**7**	173	**598**	423
Performance share units	**262**	408	**648**	1,270
Restricted share units	**114**	387	**284**	1,695
Cash-settled deferred share units	**166**	(146)	**289**	468
Cash-settled performance share units	**24**	60	**(54)**	106
Cash-settled restricted share units	**122**	363	**(579)**	645
Total share-based compensation expense	**$ 921**	$ 1,765	**$ 1,988**	$ 5,610

NOTE 10 – PER SHARE COMPUTATIONS

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Weighted average number of shares outstanding - basic	**67,514,015**	66,767,919	**67,232,574**	66,733,701
Dilutive impact of share based instruments	**(990,114)**	-	**-**	-
Weighted average number of shares outstanding - diluted	**66,523,901**	66,767,919	**67,232,574**	66,733,701

For the nine months ended September 30, 2020, 1.8 million prior stock options, 3.0 million performance warrants, 3.6 million new stock options, 0.2 million restricted share units, and 0.4 million performance share units were excluded from the diluted weighted average number of shares calculation as their effect would have been anti-dilutive (September 30, 2019: 3.6 million prior stock options, 7.6 million performance warrants, 2.1 million new stock options, 0.5 million restricted share units, and 0.5 million performance share units).

NOTE 11 – PRESENTATION OF EXPENSES

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Operating expenses				
Employee costs[1]	**$ 14,547**	$ 52,491	**$ 82,158**	$ 154,069
Operating expense	**18,622**	42,195	**72,375**	124,194
Materials and inventory costs	**14,282**	52,715	**94,475**	168,411
	47,451	147,401	**249,008**	446,674
Depreciation	**19,613**	23,137	**67,935**	72,536
Share-based compensation	**237**	853	**265**	2,338
Total operating expenses	**67,301**	171,391	**317,208**	521,548
Selling, general and administrative expenses				
Employee costs[1]	**2,660**	5,862	**10,557**	17,088
General expenses	**2,204**	2,492	**5,928**	7,319
	4,864	8,354	**16,485**	24,407
Allowance for doubtful accounts expense (recovery)	**950**	300	**3,450**	1,065
Depreciation	**270**	311	**864**	1,017
Share-based compensation	**684**	912	**1,723**	3,272
Total selling, general and administrative expenses	**$ 6,768**	$ 9,877	**$ 22,522**	$ 29,761

1) *Employee expenses are net of CEWS issued. See Note 2 – Government Grants.*

NOTE 12 – FINANCE COSTS

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	**2020**	2019
Interest on loans and borrowings	**$ 2,824**	$ 3,262	**$ 9,429**	$ 9,095
Interest on lease obligations	**225**	406	**722**	870
Interest income	**(8)**	(10)	**-**	(28)
Accretion of deferred financing charges	**375**	244	**1,047**	832
Other	**37**	120	**117**	178
Total finance costs	**$ 3,453**	$ 4,022	**$ 11,315**	$ 10,947

NOTE 13 – FINANCIAL INSTRUMENTS

Accounting classifications and fair values

Cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings are initially recognized at fair value and subsequently measured at amortized cost. The carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximate their fair value due to the relatively short periods to maturity of the instruments. Loans and borrowings utilize floating rates and therefore fair market value approximates carrying value. The Company classifies its financial instruments measured at fair value according to the following hierarchy based on the amount of observable inputs used to value the instrument. Assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy.

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

Foreign exchange forward contracts are classified and measured at fair value through profit or loss. Changes in fair value are recognized as they arise and are determined using quoted forward exchange rates at the reporting date (level 2). During the third quarter of 2020, there were no transfers between levels in the fair value hierarchy.

Credit risk

Credit risk is the risk that a counterparty to a financial asset will not discharge its obligations, resulting in a financial loss to the Company. The Company's accounts receivables are with clients in the oil and natural gas industry and are subject to normal industry credit risks that include the ability to secure adequate debt or equity financing. During the nine months ended September 30, 2020, global events have, and are expected to continue to have a significant impact on client credit risk (see Note 1 – *Novel Coronavirus – COVID-19 and Liquidity).* These factors have been incorporated in the Company's assessment of expected credit losses at September 30, 2020. The Company's clients are subject to an internal credit review, together with ongoing monitoring of the amount and age of balances in order to minimize the risk of non-payment. The Company is continuing additional procedures including but not limited to reviewing and updating all client credit limits, monitoring client payment patterns for deviations from normal course and applying liens where required.

The carrying amount of accounts receivable reflects the maximum credit exposure on this balance and management's assessment of the credit risk associated with its clients. The Company's objective is to minimize credit losses.

The Company's aged trade and other receivables are as follows:

As at		September 30, 2020		December 31, 2019
Current (0 to 30 days from invoice date)	$	39,747	$	63,698
31 - 60 days		7,832		21,585
61 - 90 days		2,845		12,442
91+ days		9,156		9,297
Receivables from trade clients		59,580		107,022
Other amounts		3,923		1,334
Allowance for doubtful accounts		(6,742)		(3,633)
Total trade and other receivables	$	56,761	$	104,723

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Company's objective in managing liquidity risk is to maintain sufficient available resources to meet its liquidity requirements at any point. The Company achieves this by managing its capital spending and maintaining sufficient funds for anticipated short-term spending in the cash and cash equivalents account. See Note 7 for commitments.

The expected timing of cash outflows relating to financial liabilities on the condensed consolidated interim statement of financial position as at September 30, 2020 are:

	2020	2021	2022	2023	2024	Thereafter	Total
Lease obligations[1]	$ 2,037	$ 6,879	$ 3,095	$ 2,130	$ 1,445	$ 571	**$ 16,157**
Trade and other payables	36,397	-	-	-	-	-	**36,397**
Income tax payable	38	-	-	-	-	-	**38**
Loans and borrowings[2]	2,645	10,492	220,059	-	-	-	**233,196**
	$ 41,117	$ 17,371	$ 223,154	$ 2,130	$ 1,445	$ 571	**$ 285,788**

1) *Includes interest portion of lease obligations.*
2) *Includes estimated interest and principle repayments, based on current amounts outstanding and current interest rates at September 30, 2020. Both are variable in nature.*

The Company anticipates that its cash on hand, trade accounts receivable and cash provided by operating activities, will be adequate to satisfy its liquidity requirements over the next twelve months. Total cash, trade and other receivables, and income tax receivable exceeds the obligations in the table above as well as operating and capital commitments.

At September 30, 2020, the Company has not drawn on its operating facility and continues to undertake steps to reduce overall spend. Reductions in clients' cash flow or difficulty in their ability to source debt or equity also could negatively impact the Company's assessment of liquidity risk. See Note 1 – Novel Coronavirus – COVID-19.

Market risk

Market risk is the risk that the fair value of future cash flows of financial assets or liabilities will fluctuate due to movements in market rates. Market risk is comprised of interest rate risk, currency risk and other price risks which consist primarily of fluctuations in commodity prices.

NOTE 14 - CONTINGENCIES AND PROVISIONS

Litigation

Periodically, the Company may become involved in, named as a party to, or be the subject of various legal proceedings which are usually related to normal operational or labor issues. The results of such legal proceedings or related matters cannot be determined with certainty. The Company's assessment of the likely outcome of such matters is based on input from the internal examination of the facts of the case and advice from external legal advisors, which is based on their judgment of a number of factors including the applicable legal framework and precedents, relevant financial and operational information, and other evidence and facts specific to the matter as known at the time of the assessment.

In January 2017, Calfrac Well Services Ltd. ("Calfrac") filed a statement of claim in the Judicial District of Calgary in the Court of Queen's Bench against the Company and an employee of the Company seeking $10.0 million in damages among other relief. Calfrac alleges that the employee, who is a former employee of Calfrac, misappropriated certain competitively sensitive materials from Calfrac. Calfrac further alleges that STEP benefited or made use of such materials, resulting in damages to Calfrac. STEP is presently investigating the claim and at this time intends to contest allegations made in the claim. While management does not believe that this action will have a material adverse effect on the business or financial condition of the Company, no assurance can be given as to the final outcome of this or any other legal proceeding. If this claim, or any claims to which the Company may be subject in the future, were to be concluded in a manner adverse to the Company or if the Company elects to settle one or more of such claims, it could have a material adverse effect on its business, financial condition, results of operations and cash flows.

NOTE 15 – OPERATING SEGMENTS

The Company's services are conducted by the Canadian Operations and the U.S. Operations segments. The results of each operating segment are summarized below. Transactions between the segments are recorded at fair value and have been eliminated upon consolidation.

Segmented operating results and activity

Three months ended September 30, 2020	Canadian Operations	U.S. Operations	Corporate	Total
Revenue				
Fracturing	$ 29,425	$ 9,363	$ -	$ 38,788
Coiled tubing	15,424	8,151	-	23,575
Total revenue	44,849	17,514	-	62,363
Expenses				
Operating expenses	36,443	30,739	119	67,301
Selling, general and administrative	1,306	1,555	3,907	6,768
Results from operating activities	7,100	(14,780)	(4,026)	(11,706)
Finance costs	-	-	3,453	3,453
Foreign exchange (gain) loss	(895)	4	-	(891)
(Gain) loss on disposal of property and equipment	(1,396)	(626)	-	(2,022)
Amortization of intangible assets	10	120	-	130
Income (loss) before income tax	$ 9,381	$ (14,278)	$ (7,479)	$ (12,376)
Capital expenditures (1)	$ 1,285	$ 64	$ -	$ 1,349
Total assets as at September 30, 2020	$ 251,903	$ 249,232	$ 1,286	$ 502,421
Total liabilities as at September 30, 2020	$ 240,779	$ 31,267	$ -	$ 272,046

Three months ended September 30, 2019	Canadian Operations	U.S. Operations	Corporate	Total
Revenue				
Fracturing	$ 65,754	$ 56,835	$ -	$ 122,589
Coiled tubing	32,080	24,076	-	56,156
Total revenue	97,834	80,911	-	178,745
Expenses				
Operating expenses	84,149	86,576	666	171,391
Selling, general and administrative	2,453	2,946	4,478	9,877
Results from operating activities	11,232	(8,611)	(5,144)	(2,523)
Finance costs	-	-	4,022	4,022
Foreign exchange (gain) loss	475	(2)	-	473
(Gain) loss on disposal of property and equipment	(898)	92	-	(806)
Amortization of intangible assets	10	1,543	-	1,553
Impairment	-	113,546	-	113,546
Income (loss) before income tax	$ 11,645	$ (123,790)	$ (9,166)	$ (121,311)
Capital expenditures (1)	$ 5,697	$ 7,051	$ -	$ 12,748
Total assets as at December 31, 2019	$ 371,496	$ 312,184	$ 2,359	$ 686,039
Total liabilities as at December 31, 2019	$ 308,313	$ 54,903	$ -	$ 363,216

1) *Capital expenditures include non-cash expenditures from the addition of leased right-of-use assets.*

Nine months ended September 30, 2020		Canadian Operations		U.S. Operations		Corporate		Total
Revenue								
Fracturing	$	116,374	$	90,287	$	-	$	206,661
Coiled tubing		51,112		39,604		-		90,716
Total revenue		167,486		129,891		-		297,377
Expenses								
Operating expenses		159,950		156,366		892		317,208
Selling, general and administrative		4,260		5,508		12,754		22,522
Results from operating activities		3,276		(31,983)		(13,646)		(42,353)
Finance costs		-		-		11,315		11,315
Foreign exchange (gain) loss		330		(26)		-		304
(Gain) loss on disposal of property and equipment		(2,343)		(694)		-		(3,037)
Amortization of intangible assets		30		361		-		391
Impairment		59,245		13,100		-		72,345
Income (loss) before income tax	$	(53,986)	$	(44,724)	$	(24,961)	$	(123,671)
Capital expenditures [1]	$	6,544	$	11,737	$	-	$	18,281

Nine months ended September 30, 2019		Canadian Operations		U.S. Operations		Corporate		Total
Revenue								
Fracturing	$	201,329	$	182,228	$	-	$	383,557
Coiled tubing		80,836		77,397		-		158,233
Total revenue		282,165		259,625		-		541,790
Expenses								
Operating expenses		257,581		262,102		1,865		521,548
Selling, general and administrative		7,238		8,449		14,074		29,761
Results from operating activities		17,346		(10,926)		(15,939)		(9,519)
Finance costs		-		-		10,947		10,947
Foreign exchange (gain) loss		(1,372)		(4)		-		(1,376)
(Gain) loss on disposal of property and equipment		(2,295)		480		-		(1,815)
Amortization of intangible assets		30		4,853		-		4,883
Loss on foreign exchange forward contracts		-		-		383		383
Impairment		-		113,546		-		113,546
Income (loss) before income tax	$	20,983	$	(129,801)	$	(27,269)	$	(136,087)
Capital expenditures [1]	$	28,382	$	17,150	$	-	$	45,532

CORPORATE INFORMATION

Management

Regan Davis
President and Chief Executive Officer

Michael Kelly
Executive Vice-President and Chief Financial Officer

Steve Glanville
Vice-President, Operations and Chief Operating Officer

Rory Thompson
President, Canadian Operations

Brock Duhon
President, United States Operations

Lori McLeod-Hill
Vice-President, Finance

Directors

Douglas Freel (1)

Evelyn Angelle (2)

Regan Davis (3)(4)

Jeremy Gackle (2)(5)

Donna Garbutt (6)(7)

James Harbilas (8)(9)

Jason Skehar (4)(9)

1. *Chair of the Board*
2. *Member of the Audit Committee*
3. *President and Chief Executive Officer*
4. *Member of the Health, Safety and Environment Committee*
5. *Chair of the Compensation and Corporate Governance Committee*
6. *Lead Director*
7. *Chair of the Health, Safety and Environment Committee*
8. *Chair of the Audit Committee*
9. *Member of the Compensation and Corporate Governance Committee*

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Trustee and transfer agent

TSX Trust Company
Calgary, Alberta and Toronto, Ontario

Bank

ATB Corporate Financial Services

Auditors

KPMG LLP
Chartered Professional Accountants
Calgary, Alberta

Legal Counsel

Stikeman Elliott LLP

Stock Symbol

"STEP"
Toronto Stock Exchange