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OPERATOR: Good morning. My name is Amanda and I'll be your conference operator today.

At this time I would like to welcome everyone to the Flint Energy Services Ltd. first quarter results conference call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be question-and-answer session. If you would like to ask a question during this time simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, press the # key. Thank you.

I would now like to turn the conference call over to Mr. Guy Cocquyt, Director of Investor Relations. You may begin.

GUY COCQUYT (Director, Investor Relations, Flint Energy Services Ltd.): Thank you, Amanda, and good morning to everyone. I'm here with Bill Lingard, President and CEO; and Paul Boechler, Executive Vice President and CFO, who will be talking about Flint's financial and operating results for the first quarter of 2010.

Bill will be summarizing the first quarter operating environment. Then Paul will provide an overview of the first quarter financial results. Bill will

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then have some closing comments about the outlook, followed by the usual question-and-answer period.

Approximately one hour after the call a playback will be available by telephone and over the Internet. For details on how to listen to the replay, please go to our website at flintenergy.com.

During the course of this call, we will be providing forward-looking information concerning the company's projected operating results for 2010 and anticipated capital expenditure trends and activity levels in the oil and gas industry.

Actual events or results may differ materially from those reflected in the company's forward-looking statements due to a number of risk factors, uncertainties and other factors affecting the company's business, as well as the oil and gas industry in general.

These risks, uncertainties and other factors are described under risk factors in the company's annual information form for the year ended December 31st, 2009 and other documents filed with the Canadian provincial security authorities, which are available to the public on the SEDAR website.

Unless otherwise indicated, all financial information in this call is presented in Canadian dollars, and in accordance with Canadian GAAP.

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We released our Q1-2010 financial results after markets closed yesterday and will comment on the quarter, assuming that you've had an opportunity to look at those results.

With that out of the way, I'll now turn the call over to Bill.

BILL LINGARD (President and Chief Executive Officer, Flint Energy Services Ltd.): Thank you, Guy.

We achieved our first quarter results against a different economic sentiment than a year ago, with improving commodity prices, increased drilling activity in Canada, and the resumption of planning and work on key oil sands projects. Still, we are coming back from the lowest levels of activity seen since 1998 and '99. So while things are slowly getting better and we may have bounced off the very bottom of the cycle, the top is still a long way off.

With strong sequential growth in revenues, up 14 per cent from Q4, our Q1 2010 revenues were \$521 million, EBITDA was \$44 million, and we generated earnings of \$0.38 per share.

Year over year, Q1 revenues were down \$8.6 million as a result of a decline in Production Services revenues of \$40.8 million, primarily in the United States. This was offset by stronger revenues in maintenance services as turnarounds and unscheduled repairs at one of our customer's

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facilities increased the total maintenance, hours and revenues. Sequentially, revenues were up \$59 million from Q4 with production services revenues up \$46 million, oilfield services up \$10 million, maintenance services up \$23 million. Only facility infrastructure revenues were down by \$20 million from the near record revenue levels achieved in Q4 2009.

Work continued in Q1 2010 to complete fabrication of modules for Suncor's Firebag 3, and Flint added a new contract to do site work on the Firebag 3 project starting in Q2 2010. Work continued on the Shell Albion and Statoil Leismer projects, which are both coming to completion towards the end of the second quarter.

At the end of the first quarter we had a backlog of 125 million in this division, which includes the new contract for Suncor Firebag 3.

We are actively bidding and negotiating on a number of large oil sands projects, which are expected to commence in 2011, and I'll go into these in more detail later in the call.

Q1 drilling activity in Canada, measured by rig releases, was up 24 per cent over Q1 last year, and up 69 per cent over Q4 2009.

In the United States, drilling was up only 3 per cent in Q1, but up sequentially from Q4 by 21 per cent. Our production services activities

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typically lag drilling by two quarters, so while rig activity was up in quarter one, we did not experience much benefit, but instead should see better midstream activity in the second half of 2010.

Production services revenues were down 16 per cent compared to Q1 last year, with the United States operations down 32 per cent compared to Canada's 6 per cent decline.

U.S. revenues were also impacted by a 20 per cent decline in the value of the U.S. dollar compared to last year. U.S. revenues in Q1 were up sequentially by 50 per cent from Q4 2009. So as we move through 2010 we expect U.S. revenues to continue to improve with the increased drilling activity forecast for the balance of the year.

Overall, U.S. operations contributed 14 per cent to company revenues in Q1, compared to 20 per cent last year.

Oilfield Services revenues were flat with Q1 of last year, although our rig moving revenues within this segment were up 24 per cent over last year. But offsetting this increase, our fluid haul business saw their revenues contract by about 25 per cent in Q1 this year as a result of the lower levels of work in the Fort McMurray area as well as the U.S. Rockies. Less activity resulting in lower utilization caused fluid haul EBITDA to fall, offsetting the improved results we saw in rig moving.

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Maintenance services revenues increased \$36.6 million during the quarter, mainly as a result of increased revenues from unscheduled maintenance work from the upgrader fire at Suncor and the turnaround at Shell Scotford facilities near Edmonton. While shutdowns slowed the fluid hauling activity, it increased the maintenance activities.

Continued cost controls saw Flint's general administrative costs reduced by a further \$4.1 million compared to Q4 2009, and reduced by \$6 million compared to Q1 last year.

EBITDA of \$44 million was up \$400,000 from Q4, but down \$2.8 million from Q1 last year and margins were down 1 per cent from Q4 2009, down 0.4 per cent from Q1 2009.

Earnings of \$0.38 per fully diluted share were up \$0.11 from Q4, down \$0.02 from Q1 last year.

We also announced two new expansions to our business in Q1: the acquisition of Paintearth Surface, an equipment manufacturing company in Central Alberta, and a new joint venture company with Sub-One Technologies to provide an internal wear and corrosion reducing technology to Flint's customers in North America.

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I'll now turn things over to Paul Boechler to comment on the detailed results of our first quarter, after which I'll conclude with some comments on the outlook for the rest of 2010.

PAUL BOECHLER (Chief Financial Officer, Flint Energy Services Ltd.): Thank you, Bill.

As Bill stated earlier, we had a pretty good first quarter, given the economic and activity levels of our industry. Revenues were down a bit from Q1 of last year in all segments except Maintenance Services, which saw higher levels of both scheduled and unscheduled maintenance work in Fort McMurray. Production Services revenue in Canada was \$142.9 million, down \$9 million or 6 per cent from Q1 2009, while U.S. revenue was \$71.9 million, down \$31.8 million or 31 per cent from the first quarter of 2009. Approximately \$18 million of the decline in U.S. revenue was an exchange translation to Canadian dollars on consolidation.

Facility infrastructure revenue of \$141 million was very close to Q1 of last year, down only \$3 million, primarily as the result of less Suncor Firebag 3 work in Q1 of this year compared to last.

Maintenance Services had revenue of \$98.2 million, up \$36.6 million over last year as a result of additional repair work completed in Q1 2010 on Suncor's upgrader, which was back to full production by the end of the

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quarter. We also started to turnaround at Shell Scotford facility in Q1, which continued into Q2.

During the first quarter of 2010 Oilfield Services revenue of \$67.4 million was down \$1.6 million compared to \$69 million in the first quarter of last year. While rig moving revenue was up 24 per cent, matching increased drilling activity in Western Canada, fluid hauling revenue was down about 25 per cent as a result of lower activity levels this year.

Company EBITDA was \$44.1 million, down \$2.8 million from Q1 2009. EBITDA margins were \$8.5 million, down 0.3 per cent from Q1 last year, and down 0.9 per cent from Q4 2009. Overall EBITDA margins were positively impacted by the continued strong performance of the facility infrastructure segment, which saw \$18.9 million in EBITDA of 13.4 per cent margins compared to \$12.1 million in EBITDA at 8.4 per cent margins in Q1 2009. The gain in EBITDA was offset by weaker EBITDA performance in each of the other three segments.

Production services EBITDA was \$16.2 million or 7.5 per cent of revenue, down \$4.7 million from \$20.8 million at 8.1 per cent margins in Q1 2009. While Production services Q1 2010 EBITDA and EBITDA margins were essentially flat at \$12.2 million and 8.6 per cent margins,

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U.S. EBITDA in this segment fell by \$4 million to \$3.9 million during the quarter.

EBITDA in oilfield services was \$6.3 million at 9.4 per cent EBITDA margins, compared to \$8.7 million and 12.6 per cent EBITDA margins last year. As explained earlier, overall EBITDA was impacted by lower activity of fluid haul, which saw lower revenues and equipment utilization compared to Q1 2009.

Maintenance services EBITDA of \$2.7 million was down \$2.5 million at 2.8 per cent margins compared to 8.4 per cent margins last year. There were two main causes for the decline in EBITDA. First, in Q1 2009 the segment saw the recognition of a 2008 performance bonus, which increased Q1 margins. In the balanced of 2009 the performance bonus was recognized quarterly, thereby eliminating the need for a large true up in Q1 of 2010. This accounted for about half of the difference in Q1 EBITDA this year.

Secondly, the company wrote off a number of uncollectable accounts receivable in one of our northern joint ventures in Q1 2010. And this accounted for the other half of the difference in the EBITDA in Q1. Excluding these effects, operating EBITDA margins were in the 6 to 7 per cent range for the quarter in this division.

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General and administrative expense for the quarter was \$36.3 million, down \$6 million or 14 per cent from last year due to continued cost control efforts across the company. G&A was 7 per cent of revenue for the quarter, compared to 8 per cent in Q1 last year. We expect G&A expense to remain at this lower run rate through the balance of this year.

Depreciation and amortization expenses were \$14.8 million for the quarter, consistent with Q1 2009. Interest expense of \$3.2 million was down \$2 million as a result of no borrowing on the operating loans during the quarter, and reduced long-term debt. We expect interest to level off at this rate.

Income taxes for the quarter were \$6.4 million, down from \$7.6 million in Q1 last year as a result of lower current taxes. Our reasonable tax rate for income taxes for the balance of the year will be in the 30 per cent range as a result of lower U.S. earnings, which impact the mix of tax rates.

Net earnings for the quarter were \$17.7 million, down \$0.8 million compared to Q1 2009. On a per-share basis earnings were \$0.38 per fully diluted common share, compared to \$0.40 per quarter in Q1 last year.

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Cash flow before change in non-cash working capital was \$31.4 million for the quarter or \$0.68 per fully diluted common share, compared to \$0.52 in Q1 last year.

Outstanding shares at March 31st, 2010 on a fully diluted basis were \$46 million compared to \$46.2 million at March 31st, 2009. Cash holdings were \$136 million, down from \$164 million at yearend. Since March 31st, 2009 we have reduced our debt by about \$91 million.

Capital expenditures were \$5.5 million net of disposals, up from \$2.6 million net of disposals in Q1 last year. The increase in investment activities of \$9 million was a result of our acquisition of Paintearth Surface Equipment Ltd. and our joint venture investment in the Sub-One Technology in Q1.

With that I will turn things over to Bill to discuss the outlook for the balance of 2010.

BILL LINGARD: Thanks, Paul.

I'll comment on recent activity levels and what we expect for the rest of the year.

Crude oil prices posted significant gains in the first quarter of 2010, increasing oil-focused activities. WTI crude prices averaged \$79 U.S. per barrel in Q1 2010 compared to \$43 U.S. per barrel in Q1 '09.

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NYMEX natural gas prices were also up, averaging \$5.05 U.S. per MMBTU compared to \$4.40 U.S. per MMBTU Q1 last year.

As a result, while the first quarter of 2010 showed some signs of recovery with increased drilling activity, this did not have an immediate impact on Flint's Canadian production services activity due to the typical five- to six-month lag between drilling and midstream activities.

Increased bidding opportunities on pipeline and facilities projects in the shale gas plays of Northeast B.C. and in Northern Alberta's oil sands regions are also showing signs of an increase in activity later in this year. The United States is also seeing increased activity in oil drilling and shale gas plays. Flint has recently opened three new offices and redeployed equipment and resources to take advantage of these opportunities.

Flint was awarded a pipeline contract in the Haynesville shale gas play, and production equipment orders from two of our major U.S. customers during the quarter. Also Flint's Marcellus revenues continue to increase month over month. These are all good indicators that we saw the bottom of the cycle in late 2009.

During the normally slower Q2 break-up period in Canada, Flint's Oilfield Services division should see seasonally lower rig moving revenues, offset by improving fluid haul revenues. Flint is very well positioned in the

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areas of higher activity. With drilling activity forecast to improve in the second half of the year, Flint believes Oilfield Services division will see improvements over 2009.

While gas prices have weakened at the end of withdrawal season, management believes that drilling and production activities will continue to remain ahead of 2009 activity due to the strength of crude oil prices and the increased interest in crude oil and shale gas drilling in both the United States and Canada.

Flint's facility infrastructure division continued work on Shell Albian Sands and Statoil Leismer projects near Fort McMurray. Work will be substantially completed on both projects by the end of the second quarter.

Earlier in Q1 Flint announced it had been awarded a construction contract by Suncor Energy to provide site-wide construction work on Suncor's Firebag 3 SAGD project. Work will continue on this contract through to the end of 2010 and early in 2011. We are also bidding on a couple of smaller contracts for additional work later this year.

While activity levels will be lower for facility infrastructure in the second half of 2010, we anticipate increasing activity levels in 2011 as contract work is added to the backlog for this division.

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Flint is currently negotiating and bidding on a number of major construction contracts for oil sands projects for work commencing early in 2011.

Flint's Maintenance Services division benefited from increased maintenance work and outages in oil sands during the first quarter. FT Services is working on two turnaround projects in the second quarter, and is planning a large turnaround later in the year, all of which should provide for increased revenues in 2010.

Bidding activity has also increased in Maintenance Services with good potential to add new contracts to this long-term and stable business.

Two recently announced additions to Flint Services: the acquisition of Paintearth Surface Equipment and a joint venture with Sub-One Technology are growth-focused acquisitions for specific market opportunities.

Production equipment in Canada is shifting to large multi-well configurations for natural gas shale plays, and increased quantities of oil treating equipment due to increased oil drilling. Paintearth provides the platform for Flint to expand this service into Canada, leveraging our existing U.S.-based expertise.

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Flint InnerArmor is being developed to fill a market demand for better wear products to combat internal corrosion and abrasion in process equipment and piping. While the primary marketing opportunity for Flint InnerArmor is oil sands production equipment and facilities in Alberta, Flint also sees much potential with frac iron, well heads, and other expensive production equipment exposed to abrasive and corrosive substances. This technology is an accelerator to lift our traditional revenues and margins in construction, fabrication and maintenance work.

Overall, management is cautiously optimistic about the outlook for 2010. While revenues from the facility infrastructure segment will begin to decline in the second half of 2010, increased activity in the other three segments will partially offset the decline in oil sands construction revenues. For the remainder of 2010 management will continue to focus on increasing Flint's backlog of construction work, efficient project execution, and pursuing strategic growth initiatives.

That concludes our presentation today. With the assistance of Amanda, our operator, we would like to open the lines for your questions.

OPERATOR: At this time I would like to remind everyone in order to ask a question, please press * then 1 on your telephone keypad. We'll pause for a just a moment to compile the Q&A roster.

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Your first question comes from Roy Ma from Stonecap Securities.
Your line is open.

ROY MA: Hi, good morning, guys.

BILL LINGARD: Good morning, Roy.

ROY MA: I guess I'm trying to be a little bit more, get more explicit on the accounts receivable write down. I just kind of worked out the rough math, the guidelines you gave me. It sounds like that write down is in the range of just under \$2 million. Am I in the right ballpark?

PAUL BOECHLER: You're pretty close. It's just a little bit less than that, Roy, but you're pretty close.

ROY MA: Okay. And so basically I think what you're telling us is if you had adjusted for that and also the treatment of the bonus, your EBITDA range would have come somewhere around about \$6 million, maybe perhaps going to \$7 million for the quarter?

PAUL BOECHLER: Well I think the second part that you got to remember is that the operating margins in maintenance are about 6 to 7 per cent EBITDA. But then we do have the allocation from our corporate that brings it down a little bit to that. So for the division as a whole we expect to be a little bit under 6, but their operating side is around that 6 to 7 as we've talked about.

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ROY MA: Now just moving on, good to see that rig hauling revenue increased 24 per cent year over year. Looking for a little bit more granular details on why fluid hauling dropped 20 per cent considering that I thought that was a more steady business.

BILL LINGARD: Yeah, there's two areas, Roy, where the fluid haul dropped. In Fort McMurray we were very busy in the first quarter of last year and stayed quite busy all year, and while you wouldn't expect it, the number of callout units that you have working actually decreases when they have shutdowns of production. So we did lose some work because of that.

The other area, we actually had a client in the U.S. Rockies where we do fluid hauling of produced water from gas wells, who shut in some of their gas production because of depressed prices. So we had a lot less activity on fluid hauling in the U.S. Rockies.

And those two areas combined drag that revenue down by about 25 per cent, and with the lower – you know, you have pretty high fixed costs in this type of business, and when activity drops quickly like that, the fixed costs in all of your facilities and your equipment means you have lower margins as well.

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But in terms of pricing, we didn't really see any shift in pricing of fluid haul type businesses.

ROY MA: So if I move to the other segment of, the other portion of the oilfield services business, rig hauling up 24 per cent, did that result in better bottom line compared to last year given some mention of challenging pricing environment in your comment?

BILL LINGARD: Yes, substantially better. We did much better on the EBITDA line in that side of it, and what I'll say about the pricing in there, for the non-core clients we definitely got some better pricing. We got some jobs out at book price. For the core clients that had booked us up for the winter, we really didn't get any lift in pricing. We got some lift in utilization, which helped our margins. But they had locked us in at 15, 20 per cent discounts. So we didn't get a lift in our core during the first part of the year.

ROY MA: And jumping back to fluid hauls, just looking out for... in terms of looking at your current environment, are you seeing that returning to a levels that you saw this time last year or... ?

BILL LINGARD: We are. We have good visibility on contracts. We have good visibility on utilization, and that business, we expect it to bounce back.

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ROY MA: Right. And my final question is are you starting to see improvements in U.S. pipeline services or Canada for that matter, given the improved drilling activities we saw in Q1 and the lagging effects that this business have? And also maybe you can provide us a comment on the same for the well head equipment manufacturing end of things.

BILL LINGARD: Yes, maybe I'll cover the pipeline and ask Paul to cover the well head manufacturing. He's been watching that pretty close with the production, field production equipment and stuff.

But on pipeline contracts we have been awarded some additional contracts, both in Canada, and some of those we're doing right now. The work is ongoing here in the second quarter. It has been started up. And we're seeing a tremendous amount of new projects coming up for the rest of the year. So certainly we're seeing huge increases in that mid-inch lateral type of pipeline activity and we'd been awarded some in the shale plays in the U.S., and we're bidding on lots.

And pretty much across all the shales, we're being awarded more work in the Marcellus, more work up in the Bakken, more work down in the Haynesville, and we've picked up substantial amount of work and had to open a new facility to keep up in the Eagleford shale.

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So we're seeing that as these wells get drilled up and clients are having to get them tied into various facilities, there's quite a bit of more pipeline work coming at us.

PAUL BOECHLER: On the production equipment side, you know, with the acquisition of Paintearth, what we're looking to do is to bring that combination of fabrication, installation and maintenance into Canada like we have in the United States.

On the production equipment in the U.S. we have seen an increase in the number of orders. We've had a couple of major orders for equipment in the Haynesville field, as well as additional equipment from some of our other customers across the U.S. We see that that is a bit of an indicator of additional field work a little later in the yield, so that also helps us to believe that we're going to increase in that area.

We see that in Canada with the additional shale gas drilling and the increased oil shale drilling, as we go into Northern Alberta and B.C., that different types of equipment should allow us to springboard from our new acquisition and expand the growth area for us in Canada.

ROY MA: Okay, that's good colour, guys. Thank you very much.

BILL LINGARD: You're welcome.

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OPERATOR: Your next question comes from Brian Purdy from National Bank Financial. Your line is open.

BRIAN PURDY: Hi, guys. Congratulations on the quarter. I just... just continuing on with the discussion on Paintearth, I was just wondering if you could give us an idea of how you expect the Canadian manufacturing business to develop? I mean, obviously you're starting off with a fairly small company, but it sounds like you want to bring some of these product lines you have in the U.S. up here.

PAUL BOECHLER: Well, I think there's two aspects to that. You're right, it's a fairly small company, but it still has annualized sales in the \$20 million range, and what it has is it has good work practices and a good facility to allow us to build the equipment that's needed in Canada.

From our expertise in the U.S., we build a lot of cold weather application equipment for the Rockies, and we build a lot of the larger multi well equipment that includes the complete packages with dehydrators and all the equipment connected together. And there is a bit of a shortage in Canada of that more complete larger package manufacturing. A lot of the Canadian manufacturing was focused more on single well units, and we see an opportunity to use that skill set to expand our market share and

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bring the higher, larger sized, more expensive equipment package into Canada.

BRIAN PURDY: So when you look at that business, say we look a year out, say look at 2011, I mean do you think you could double that \$20 million base with the extra lines that you're bringing up from the U.S.?

PAUL BOECHLER: I think that that's a possibility. We certainly see the ability to grow, and in meeting with the customers, the demand for more complete packages and larger scale equipment. So our goal is certainly to work toward doubling that at least over the next while.

BRIAN PURDY: Okay. Just looking bigger picture, I mean production services margins have obviously been impacted since the downturn of drilling last year. I'm just wondering, it sounds like you're seeing a lot of new activity there. I'm wondering what the trends and pricing are there and margins? Do you expect those to pick up in the near term or are we still probably, you know, at least two, three, four quarters away from seeing those margins pick up?

BILL LINGARD: Yes, Brian, when we look at how we price our services, we're still doing most of our business on a cost-plus basis, and the margins on the cost plus will not have changed. Where our overall margins really take a hit is when our utilization is down and we have fixed

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costs with our yellow iron and we have fixed costs with our 60 facilities all across North America, with the staff that we have running those.

So the field margins themselves – and then the other jobs, the smaller jobs that we do bid on a fixed or lump sum type – today it's probably about 25 to 30 per cent would be bid jobs. And on the bids certainly the pricing would have come off some, but it's not like it comes off a whole lot. From when they're most aggressive to make the most money on the bid to when they're being most conservative to make skinny margins on the bid, in production services the swing is probably in the 5 per cent range.

So they don't swing the prices a lot like oilfield services or rig moving would, and so when we look at individual job margins for all our jobs, we're still running at pretty good job margins. It's when you have areas of activity levels very low, you know, out of certain districts that you see where you really take a pounding on your overall margins.

So I think as activity levels pick up on the non-core clients where we're having to bid, we might be able to increase our bids by 5 per cent and make a little more on those other fixed fee type stuff. But really we should see as we lift our revenues the lift in margins come naturally.

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BRIAN PURDY: Okay. And it sounds like activity from what you're saying is picking up, and you've even – actually it sounds like – opened some new locations. I mean, do you have to close or consolidate some locations? And how far away do you think we are from seeing that higher revenue level that'll give you better margins?

BILL LINGARD: We think we're going to see the higher level of revenue in the last two quarters of this year to give us higher margins. Certainly the second quarter with break-up and everything else, we don't expect... Typically we lag increases in drilling activities by about five months. So if you look at the wells that got drilled this winter, you know, we should be tying those in in the third quarter. So that's the type of lag we see.

So I think we'll see the pickup in the last half of this year, and of course depending on what happens to gas prices, certainly we expect to see the shale gas get busy. But if gas prices don't recover to \$5 to \$6 in some of the areas like Southern Alberta for shallow gas, we will continue to consolidate facilities and reduce costs. We've done a whole bunch of that already. Where we can we've put oilfield services and production services sharing facilities, and where we've needed to we've actually closed complete operations, particularly on the oilfield services side, and we're

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servicing from our larger core operating centres. We've actually shut down a number of centres already.

BRIAN PURDY: Okay. Just shifting gears a bit to the facility infrastructure side, have you seen the number of oil sands bids, you know, the number of projects to bid on continuing to increase or are still kind of looking at the same set of opportunities maybe you were looking at two or three months ago?

BILL LINGARD: We're seeing an increase, an increase substantially. I'm pretty bullish on how much work there is going to be, so much so that I think we're going to have to pick and choose which are the best projects for Flint. And we're lucky to be in this position.

Some of the bigger ones we've been negotiating or working with are like Surmont expansion for ConocoPhillips, Sunrise for Husky. Firebag 4, we think that's going to come out fairly quickly. We've got a new client in CNRL. They're asking us to provide estimating for some work there, so we could expand to CNRL, make energy with their Christina Lake is one that we've been engaged with. So we're seeing these things multiply, and lots of new opportunities. We've already started doing some early works, as we've mentioned previously, on Surmont for the expansion.

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BRIAN PURDY: Okay. So I mean are we still at the point here where... it sounds like a few of these you're expecting to see results soon. I'm just wondering if you expect that to sort of start slowly and then pick up towards the end of the year, or when do you think we'll start to see the results of some of these bids?

BILL LINGARD: Yes, I think the timeframe is still about the same. We still think we're probably Q3 before we announce that we've firmly been committed to construct, and then Q4 maybe for additional projects. That's certainly the timing on several of the ones that we're close on.

BRIAN PURDY: Okay.

BILL LINGARD: For some of the other ones I think, you know, the projects, the new projects that are getting approved now are a little further out there: 2012 and beyond. It'll be next year before we would announce projects like that.

BRIAN PURDY: Okay. I think that's all I've got. Thanks very much.

OPERATOR: Your next question comes from Dana Benner from Thomas Weisel Partners. Your line is open.

DANA BENNER: Hey, guys.

BILL LINGARD: Hi, Dana.

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DANA BENNER: I just wanted to follow up on Roy's question with respect to fluid hauling, and I understand the reason why things may have softened in the quarter, but does that mean that we can expect a strong comeback there in Q2 and Q3 or is there anything else that may be going on in that business?

BILL LINGARD: No, we are expecting it to come back, and because of specific things that didn't happen in Q1, we had a reduction in work, especially compared to Q1 last year. But for the rest of the year we think things are back to normal, Dana.

DANA BENNER: Okay. And how would you assess pricing in that particular area because it's been a pretty good one for you? Any significant movement one way or another on pricing for services there or maybe even more broadly in your company?

BILL LINGARD: In the fluid side of our business we haven't really seen any pricing movement. It stayed about the same. It's about the same this year as it was last year. A lot of those contracts are multi-year contracts, so once you've locked in with some of your big clients, you don't get much movement on prices unless you have movements on cost, and then you can go and pass those costs through. So not a lot of change expected, and there hasn't been a lot.

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I think on the rig moving side of oilfield services there is some potential to move the prices up. A lot of clients locked us in for the winter at pretty good discounts, 20 per cent off our book price, and we certainly will not be renewing at those types of prices going forward. We don't make enough money at those types of prices.

DANA BENNER: Right. Which area of your business do you think is most competitive right now where it's going to be the hardest to move pricing?

BILL LINGARD: I think production services for the smaller construction projects. We don't move it a lot anyway, but there's still... you know, we're bidding against hungry competitors anytime we're bidding. So I don't think the pricing will necessarily rebound, but I think you'll see the lift just from increased activity.

I don't see... I said we have to bid 5 per cent lower, but when you bid 5 per cent lower you're giving away an awful lot of your... if you can only make 15 per cent EBITDA or 20 per cent EBITDA on a field project anyway, so it has a big impact.

So I don't know that we're going to get much lift on the pricings themselves near term, but certainly as things get busier, 2011-2012 I can

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see us lifting those prices a small amount. But I don't think we'll see much of a lift in pricing in 2010.

DANA BENNER: Right. Which of your segments – if I'm thinking about Flint in a two- to three-year timeframe – which of your segments do you think has the highest organic growth rate?

BILL LINGARD: I think the highest organic growth will still come from facility infrastructure as this next boom of projects come at us. It's a little bit daunting to look and see how much is going to get built over the next few years.

And maintenance services. We've put in several big bids. We're waiting for word on some. We've got some additional really big bids still to put into some of our core clients, so they know us well. And things are going very well for us on the maintenance side. So I think that is the other one that has potential to grow substantially.

DANA BENNER: Right. Just one final question, if we ignore oil sands for a second, given that it's such a unique area, how do you prioritize growth in the U.S. versus Canada, given the sheer number of the shale plays in the U.S., the gas being closer to market, et cetera, et cetera? How would you prioritize Canada versus the U.S.?

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BILL LINGARD: Well right now because in the last quarter the U.S. is only 14 per cent of our revenue where historically it's been about 25 per cent, we'd put a high priority on growth in the U.S.

We've moved the rig moving assets down to the Marcellus, and we just did that. We had took possession of our building in February. The stuff went there in March, and we're just starting now to move rigs in the Marcellus. So it's not likely, we've already expanded a bunch there. We're just getting expanded on the oilfield services side. I think both on construction side of production services and then the fluid side and the rig moving side of oilfield services we could see a substantial amount of growth into the U.S.

DANA BENNER: Okay. Thank you.

BILL LINGARD: The opportunities are definitely there for us.

DANA BENNER: Okay. Thank you.

OPERATOR: Your next question comes from Roger Serin from TD Securities. Your line is open.

ROGER SERIN: Good morning, guys. Just got a few follow up questions. I may have missed a couple of things. In your pickup in activity in the U.S. in the quarter, particularly since you really didn't start in the Marcellus until the end of the quarter, was most of that just broadly based

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pickup generally or was some of it also from new sites like the Haynesville?

BILL LINGARD: It was pickup in general, but if you think back to Q4 our customers were in panic mode in Q4, and the recession was going on. They didn't spend much money at all. I mean if you look at U.S. revenues in Q1 it would have been over \$100 million. And then you got the Q4 would have been less than \$50 million. So we really saw the customers pull back hard in Q4. So in terms of where it picked up, certainly Haynesville was an area where we picked up a lot of business. Eagleford, we picked up a lot of business, and Marcellus.

While we're new in oilfield services in the Marcellus, we've had our Morgantown, West Virginia location going for a couple of years now, and we're seeing more and more pipeline, smaller facilities construction going on in the Marcellus from that office. And now we've opened the second office in Pennsylvania.

ROGER SERIN: Okay. And then if I look at margins in maintenance quarter over quarter they were down sort of in the 4.5 percentage points. I'm guessing the accounts receivable with the JV was probably only a third of that, and if I'm wrong you can correct me. And then more particularly what would account for the difference for the other spread?

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PAUL BOECHLER: Actually it was closer, the receivable was closer to half. In the second half it really was the recognition of the 2008 incentive bonuses in the group in 2009. If you remember last year our margins ended up at 8.4 per cent for the quarter and that was partially impacted by the bonuses we received related to 2008 work. Because we still expect the EBITDA in this group to be in the 6 to 7 per cent range.

ROGER SERIN: Okay. And since you're talking, Paul, can you give us a little guidance on taxation?

PAUL BOECHLER: Well, our tax rates are dropping a little bit because the taxation... the mix of tax rates, the tax rates in Canada, are a little bit lower, and the percentage of revenue we've had in the U.S. and earnings in the U.S. has declined quite significantly in the last half of 2009 and into 2010.

If you remember the first quarter of last year, the U.S. was still pretty busy. They were down \$30 million in revenue. So that impacted tax rate up last year, and the lower mix of them is bringing it down by a couple of points.

ROGER SERIN: Okay. And one last stupid question: is there a difference between cost plus and cost reimbursement?

BILL LINGARD: No, not really.

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ROGER SERIN: Okay.

BILL LINGARD: Cost reimbursable is cost, and you get all your costs paid, plus you get a fee. And the fee is a cost plus. So it's the same thing, just different terminology.

ROGER SERIN: Thank you very much.

OPERATOR: Your next question comes from Irwin Michael from ABC Funds. Your line is open.

IRWIN MICHAEL: Hey, good morning. A couple of questions. One, I noticed your G&A expenses are down significantly, down to about 7 per cent down from 8.3 and 8 per cent I guess over last year. Is this a short-term phenomenon and can you continue to cut, and/or would these expenses go up as the business picks up?

PAUL BOECHLER: To some degree, we'll start with the first part. It's not necessarily a short-term phenomenon because if you remember, Ir, throughout 2009 as revenue declined we did do some vacation buybacks, removal of some of the perks, some rollbacks in salaries. So we did impact it on a longer-term basis by reducing the overall compensation base.

On the second side as well is we've consolidated some of our operations. It's allowed us to be more efficient, especially in our oilfield services where we've combined operations to numerous locations.

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We will see some growth in SG&A as operations go up. Of course our goal now is to try and keep it at a lower percentage of revenue than we have in the past by more efficiency through our operations, combined systems with the work we did last year to expand some of our BRP and our systems to get better utilization of the cost investment in that.

So quantum will go up a little bit with revenue, but the objective is to keep it at a lower percentage certainly than we were in 2008 and '07.

IRWIN MICHAEL: Okay. Fair enough. Now I believe you're sitting on, in cash, holding now about \$135.6 million?

PAUL BOECHLER: Correct.

IRWIN MICHAEL: That works out to about \$2.95 per share. Philosophically, what are your intentions with this money say addressing things such as acquisitions, dividend share buyback and or debt repayment?

BILL LINGARD: Debt repayment, because of the penalties on the current term debt that's not due until 2011, we would probably not use it to pay down debt at this point in time.

For acquisitions, we've certainly had a lot of thought and discussions with executive management and board about what types of businesses we would consider expanding into. And we're certainly looking to see what's

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available out there. Generally I think acquisitions that have long-term stable-type revenues, production-related revenues, midstream-type applications, both in the U.S. and Canada would be very attractive to us, if we could get them for the right accretive price to... If it was big enough obviously we'd have to use our stock as currency, and we think it's undervalued now, so we wouldn't want to use... we'd want to minimize the amount of stock we use as currency. But there are some things that we're looking at that would be exciting.

If for some reason we can't do some strategic growth and have some strategic growth initiatives, we've certainly had the discussions and are considering what our dividend policy should look like. And that is a possibility for the future.

I think our first priority would be to continue to grow the company and use that cash to create shareholder value through growth. If we fail to be able to grow the company, if everybody wants too much for their current operations and current companies and we don't have enough potential for organic growth, then we'd probably go to the latter. So we still have to make some decisions, but we're certainly looking at all of the possibilities.

IRWIN MICHAEL: Okay, that's good. Can you address your currency sensitivity? Obviously with the Canadian dollar having firmed up the way it

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has, what impact... I assume you have a number of U.S. expenses against your revenues, but can you address how you're handling that? Are you doing any options for futures and or how sensitive you are to the impact of the strong dollar?

PAUL BOECHLER: We're actually not terribly impacted by it on an operational basis. We keep our U.S. operations very much as self-sustaining. So they have U.S. denominated debt and the U.S. cash flows. We actually rarely transfer currency back and forth across the borders. As a result we have no hedging programs, and because of the way our debt is structured now, anything that we have that was swapped from our last transactions have been fixed to ensure that we're not getting currency impact other than the translation of the operations on consolidation.

IRWIN MICHAEL: Okay. That's good. Well thank you so much. Keep up the good work.

BILL LINGARD: Thank you.

OPERATOR: Your next question comes from Robert Hoffman from Princeton Capital Management. Your line is open.

ROBERT HOFFMAN: Couple of follow ups on a number of... I think I'll tick them backwards as to the people who asked them. Debt maturity in 2011, remind us when in '11 and how much?

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PAUL BOECHLER: It's in the first part of 2011, mainly the first maturities occur during the second quarter – and just let me flip to my right page here and I can tell you – it's about \$110 million, \$115 million in 2011. And then a smaller amount in 2012 and about \$58 to \$60 million in 2013.

ROBERT HOFFMAN: And the interest rate on that \$110?

PAUL BOECHLER: Most of our debt is in between 6.25 and about 7.25 per cent.

ROBERT HOFFMAN: So assuming you're getting basically nothing on your cash return and you're paying out 6.5 on your debt, I mean so we should be looking at a \$6 million pop – well not annualized, I guess not for the full year – of additional cash flow that you'd get next year, correct?

PAUL BOECHLER: That's if we use all of our cash strictly in the renewal of debt. I think that as a public company and a company of our size there is an underlying amount of capitalization of company through debt that is required. And so we also, with the board, are looking strategically at should we be doing something to take a block of debt further out, seven... five, seven or eight years out into the future so that we do have some underlying capitalization?

Should we decide to do a portion of that then of course the impact on the reduction wouldn't be quite as high.

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ROBERT HOFFMAN: Right. Gotcha. In a couple of questions back, Bill made the comment that you're going to be picking and choosing, I think he was referring to the infrastructure building. Can you put a little more colour on that? Does that enable you to get a little better pricing in terms or do you just want to bid on the bigger projects with the more sustainable customers where you know you're going to get the follow on or the maintenance work? Can you just kind of put a little colour on how you go about picking and choosing?

BILL LINGARD: I think better pricing and terms is one thing that we'll definitely be shooting for. But on the flip side of that it means we also don't need to panic and say well we'd better really bid aggressively to get the first one. We know some of these are going to come to us anyway. We need to do it on terms that are favourable for Flint and Flint's shareholders.

So in terms of some colour on it, if we were to commit say to a MEG, Husky and Firebag 4, then we may choose to no bid the next one and just say, because it's going to grow our revenues to \$1 billion a year or something like that in that division, and we would struggle to execute if we took on another one.

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So it gets to the point where there's going to be more opportunities, and we will be declining to put in a proposal for some of those opportunities.

ROBERT HOFFMAN: For those of us south of the border, can you give us a little flavour on who you're competing with? And has the landscape changed over the last couple of years with the slowdown?

BILL LINGARD: Yes, the landscape has not changed much at all. Some of the companies have swapped some owners, but really Ledcore, out of Vancouver, is going to be one of the big constructors for oil sands. They have been for years. And we've built alongside them doing half of projects together and stuff in the past, so we know them well.

Aecon continues to be a player. Hewitt continues to be a player. Driver continues to be a player. And when thinking of our competitors we're thinking typically on the CLAC side of things. And that would be, for most of our clients, the preferred way to build projects, so.

ROBERT HOFFMAN: Is anybody not pursuing those strategies? I mean I guess that's... maybe the companies themselves are nervous about putting out a project with a fixed cost.

BILL LINGARD: Some of these proposals will be on a cost-plus basis.

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ROBERT HOFFMAN: Right.

BILL LINGARD: Some of them will be a unit-rate basis where we take no risk of the number of units, but we just commit to how much it's going to cost per unit, per inch of wells or something along that line.

ROBERT HOFFMAN: Right.

BILL LINGARD: And where the engineering is complete and we're comfortable with putting in a fixed price, and we put the price in with the right amount of detail and contingency and everything else in it, we may take on some pieces like that as well.

So I think you're going to see a mixed bag depending on where they are with their engineering and how quickly they want to get on with their projects.

ROBERT HOFFMAN: Gotcha. And then finally on the maintenance business, obviously the Nirvana case is to have the entire industry embrace your philosophy and have a roaming crew that does a complete shutdown of this refinery, then move to a next one and then move to a next one. Do you think that's – and obviously then the customers would have to coordinate their scheduling almost with you – do you think we could ever get there?

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BILL LINGARD: We're actually getting close. The customers are timing their shutdowns to what they know others are doing, and there is much better coordination and cooperation. So we're starting to do some of that already. And I think yes, that is our vision of how we can be very successful with a turnaround, the scheduled turnaround maintenance specifically. And we think that the clients like that model a lot because the efficiency for them and the cost efficiency goes way up for them, and the costs goes way down compared to trying to start with green crews, guys who haven't worked together, guys that don't have the processes and systems and planning all done. So there's advantages on both sides.

ROBERT HOFFMAN: Yeah, I would think it'd be a win-win on both sides. You can offer a better price and they're going to get a better product as well.

BILL LINGARD: Yes.

ROBERT HOFFMAN: Great. All right. Well, thank you.

BILL LINGARD: You're welcome.

OPERATOR: Again, at this time if you would like to ask a question, please press * then 1 on your telephone keypad.

And there are no further questions. I turn the call back over to Mr. Cocquyt.

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GUY COCQUYT: Thank you, Amanda, and thank you all for participating in the call today. If you have any additional questions, please feel free to call us. We wish you all a safe weekend and we'll talk to you again in early August when we hold our second quarter conference call. Good day.

OPERATOR: This concludes today's conference call. You may now disconnect.

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