



THIRD QUARTER REPORT

For the nine months ending September 30, 2006

Advisory Regarding Forward Looking Statements

This document contains forward-looking statements under the heading "Outlook" and elsewhere concerning the Company's projected operating results for 2006 and beyond, and anticipated capital expenditure trends and drilling activity in the oil and natural gas industry. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of risks, uncertainties and other factors affecting the Company's business and the oil and natural gas industry generally. These factors, include, but are not limited to, fluctuations in oil and natural gas prices, fluctuations in the level of oil and natural gas industry capital expenditures and expenditures on production and remedial work and other factors that affect demand for the Company's services, industry competition, the need to effectively integrate acquired businesses, uncertainties as to the Company's ability to implement its business strategy effectively in Canada and the United States, political and economic conditions, the company's ability to attract and retain key personnel, and other risks and uncertainties described under the heading "Risk Factors" and elsewhere in the Company's Annual Information Form for the year ended December 31, 2005 and other documents filed with Canadian provincial securities authorities and available to the public at www.sedar.com. The Company does not undertake to update any forward-looking statement, whether written, or oral, that may be made from time to time by the Company or on the Company's behalf.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Flint is a publicly traded company listed on the Toronto Stock Exchange under the symbol "FES". Flint provides a full range of integrated midstream services to oil and natural gas producers through 46 locations in Western Canada, and the Southern and Rocky Mountain regions of the United States. These services are offered through two operating segments: Production Services and Facility Infrastructure. Production Services provides smaller-inch oil and natural gas well tie-in work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, pressure and vacuum, fluid hauling and plant shutdown and turnaround services. Facility Infrastructure provides large capital project planning, fabrication, assembly, modularization and field installation services.

Net earnings for the quarter ended September 30, 2006 were \$12.9 million on revenue of \$341.5 million compared to net earnings of \$11.8 million on revenue of \$247.5 million for the comparative quarter in 2005. Funds provided by operations before changes in non-cash working capital for the three-month period were \$23.6 million compared to \$19.4 million for the comparative period in 2005. Diluted earnings per share for the third quarter of 2006 decreased to \$0.65 from \$0.69 for the comparative quarter in 2005. Revenue for the nine months ended September 30, 2006 exceeded \$1.0 billion and was only \$2.1 million lower than the entire twelve months of revenue for the 2005 fiscal year.

The primary reason for the quarter's higher net earnings is a \$94.0 million or 38.0% year-over-year increase in revenue. The Company's Production Services operating segment experienced high demand in most of its regions. In Canada most of this increase in demand is from established customers for which the Company has preferred or alliance type contractual arrangements. Demand for the Production Services United States operating segment increased from a broader array of customers due to increased activity in gas producing areas of the United States. The additional revenue derived from the acquisition of Denmark Energy Services Group on July 4, 2006 by the Canadian Production Services operating division also contributed to the increase in revenue in the third quarter. Flint's Facility Infrastructure operating division also experienced higher third quarter year-over-year revenue due to continued execution on a backlog of work related to oilsands development.

Third quarter consolidated gross margin of 18.1% decreased compared to the prior year's 19.9% gross margin primarily due to the Company managing increased levels of subcontractors work which attract a lower fee and due to higher equipment costs as the Company increased the amount of equipment rented to keep up with the higher activity level from customers. Although experiencing higher over all demand in Production Services some operating divisions in Canada had reduced activity levels and equipment and personnel could not be fully redeployed in these divisions to other divisions, resulting in fixed operating costs, which could not be recovered. The lower margin in the Canadian Production Services operating division were partially offset by modest increases in margin in the Company's United States Production Services' operations. Canadian Facility Infrastructure operating segment margin declined quarter-over-quarter as the Company awaits approval on some scope changes on an oilsands project. While the overall margin percentage was slightly lower than last year the higher revenues produced an increase in gross profit of \$12.7 million compared to the third quarter of 2005.

CONSOLIDATED FINANCIAL RESULTS

Summary of Consolidated Financial Results

(in millions of Canadian dollars, except share data)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Revenue	\$ 341.5	\$ 247.5	\$ 1,029.0	\$ 738.3
EBITDA ¹	32.8	29.3	119.7	84.5
Net earnings	12.9	11.8	37.7	34.1
per common share – basic	0.67	0.70	2.08	2.05
per common share – diluted	0.65	0.69	2.03	2.03
Funds provided by operations before changes in non-cash working capital	23.6	19.4	60.6	57.2

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Net earnings excluding Quebec retroactive income tax assessments	\$ 13.3	\$ 57.0
Per common share – diluted – excluding Quebec retroactive income tax assessments	0.67	3.06
Funds provided by operations before changes in non-cash working capital – excluding Quebec retroactive income tax assessments	24.0	79.8

	September 30 2006	December 31 2005
Working capital	\$ 269.3	\$ 212.7
Total assets	867.3	734.5
Shareholders' equity	517.6	354.7

1 In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA as a supplemental earnings measure as it is used by the chief operating decision makers of the Company to measure operating segment profitability. EBITDA is equal to earnings before interest, taxes, depreciation, amortization and stock based compensation. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, to evaluate the performance of its operating segments, and in valuing existing operations to determine potential goodwill impairment. EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP, and may not be comparable to similar measures presented by other issuers.

Revenue

Revenue for the three-month and nine-month periods ended September 30, 2006 increased to \$341.5 million and \$1,029.0 million, respectively from \$247.5 million and \$738.3 million for the same periods in the prior year. The third quarter 38.0% increase in year-over-year revenue and the nine-month 39.4% increase in revenue is a result of increases from all aspects of the Company's operations.

Of the third quarter year-over-year \$94.0 million increase in revenue, approximately one-quarter was from the Facility Infrastructure operating segment. The increase in revenue from the Infrastructure business unit was due to continued execution of Flint's backlog of work related to oilsands development. The remaining three-quarters of the \$94.0 million increase in revenue is from increased activity levels in Canada and the United States Production Services operations. In Canada most of this increase in demand is from established customers for which the Company has established preferred or alliance type contractual arrangements. The additional revenue derived from the acquisition of Denmark Energy Services Group on July 4, 2006 by Canadian Production Services also contributed to the increase in revenue in the third quarter. Locations in Canada that saw the largest increase in revenue are in the Company's Eastern Region, where the main operations of Denmark are located and in the Northern Region where a number of large customer projects are currently taking place. Demand for the Production Services United States operating segment increased from a broader array of customers due to increased activity in gas producing areas of the United States particularly from activity in the Southwestern United States. Partially offsetting these increases is a continued lower activity level in Southern Alberta due to delays in permitting or customer startup on a number of projects.

Of the nine-month year to date \$290.7 million increase in revenue from the corresponding nine months of 2005, approximately 30% was from the Facility Infrastructure business segment due to the successful execution of Flint's backlog of work related to oilsands development and increases in sales of natural gas processing units in the United States. The remaining 70% increase in revenue was due to increases from both Canadian and United States Production Services activity levels, as customer demand increased in both geographic segments and because of the additional revenue derived from the acquisition of Denmark Energy Services Group on July 4, 2006.

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

EBITDA for the three-month period ended September 30, 2006 increased from the corresponding period in the prior year as a result of increased revenue. The gross margin decrease to 18.1% compared to the prior year's 19.9% third quarter gross margin limited further gains in EBITDA, as did higher general and administration expenses. The lower gross margin is primarily due to the Company managing increased levels of subcontractor work which attract a lower fee and due to higher equipment costs as the Company increased the amount of equipment rented to keep up with the higher activity level from customers. Although experiencing higher over all demand in Production Services some operating divisions in Canada had reduced activities levels and equipment and personnel could not be fully redeployed in these divisions to other divisions, resulting in fixed operating costs, which could not be recovered. The lower margin in the Canadian Production Services operating divisions were partially offset by modest increases in margin in the Company's United States Production Services operations.

Canadian Facility Infrastructure operating segment margin declined quarter-over-quarter as the Company awaits approval on some scope changes on an oilsands project. SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts", governs the amount of revenue on long-term oilsands which can be recorded. SOP 81-1 does not allow revenue to be recorded on scope changes that are not approved by the customer. The Company expects the scope changes to be approved and if this formal approval is granted additional revenue on this cost-plus contract will be recorded. While the overall margin percentage was slightly lower than last year, the higher revenues produced an increase in gross profit of \$12.7 million compared to the third quarter of 2005. On a percentage of revenue, general and administration costs were 8.5% versus 8.0%, which translates into \$29.0 million for the quarter, which is \$9.1 million higher than the third quarter of 2005. The increase is due to increases in salaries, benefits and bonuses required to manage the increase in Company activity and stay competitive in a tight labour market. The Company's general and administrative costs also increased due to a 49% interest in a Joint Venture, located in Inuvik, Northwest Territories, which was acquired in the fourth quarter of 2005, the acquisition of the Denmark Group of Companies on July 4, 2006, as well as the lease of additional office space in Calgary, Alberta in the fourth quarter of 2005 and

additional office space added in Sherwood Park, Alberta in the third quarter of 2006, to provide space for additional employees required to manage the increase in oilsands related projects.

EBITDA for the nine-month period ended September 30, 2006 also increased from the corresponding period in the prior year as a result of increased revenue, while the average margin of 19.8% over this period is relatively constant compared to the margin of 19.7% in the corresponding period in 2005. Price increases in the earlier part of 2006 in the Production Services operating segment have more than offset the higher equipment and personnel costs included in cost of goods sold experienced in the third quarter of 2006. Facility Infrastructure margin is also up on a year-to-date basis in Canada on oilsands related projects as well as in the United States related to the manufacture and sale of gas processing equipment. Margin was also positively impacted in 2006 compared to the prior year due to the Alberta Workers Compensation Board ("WCB") providing a refund related to the over funding of claims provisions in prior years. The Company also received a WCB rebate for its superior safety performance. In addition to the increases in salaries, benefits and bonuses required to manage the increase in Company activity and stay competitive in a tight labour market, general and administration expenses for the first nine months of 2006 increased \$23.6 million as compared to the first nine months of 2005 due to the opening of new Production Service offices in the United States, the acquisition of a 49% interest in a Joint Venture, located in Inuvik, Northwest Territories, the purchase of the Denmark Group of Companies, and the lease of additional office space for the Canadian Facility Infrastructure operating segment.

Net Earnings

Net earnings for the three months and nine months ended September 30, 2006 increased to \$12.9 million and \$37.7 million respectively from \$11.8 million and \$34.1 million for the same periods in 2005. The primary reason for the increase in net earnings is the increase in revenue and corresponding increase in gross profit. Year-to-date, results in 2006, were negatively impacted by the recording of \$15.5 million of income taxes and \$3.3 million of arrears interest recorded in the second quarter for reassessments from the province of Quebec. In the second quarter of 2006 the Quebec National Assembly passed into law Bill 15, which included retroactive changes to the Quebec Taxation Act that had the impact of creating Quebec taxable income for the Company for the 2002, 2003, 2004 and 2005 taxation years. The Company has filed notices of objections to these reassessments but in accordance with Canadian generally accepted accounting principles the full amount of the Quebec reassessments have been fully expensed. Currently the Company has elected not to pay the amounts as there remains the possibility that eventual exposure under the legislation may be reduced. The company has accrued an additional \$0.4 million of interest related to the unpaid reassessments in the third quarter of 2006. The Company will pursue all avenues of appeal and planning available to mitigate the tax liability. Absent the Quebec reassessments, net income in the first nine months of 2006 would have been \$57.0 million, or \$22.9 million higher than the net income achieved in the same period in 2005.

Amortization expense for the three-month and nine-month periods ended September 30, 2006 increased by \$2.3 million and \$2.6 million respectively from the comparative periods in 2005, primarily as a result of the additional depreciation from the acquisition of new equipment and the addition of assets acquired through the purchase of the Denmark Group of Companies.

Interest expense for the three-month period ended September 30, 2006 decreased by \$0.7 million despite the recording of \$0.4 million of additional interest related to Quebec tax reassessments received in the second quarter of 2006 due to the Company not requiring the utilization of operating loan facilities. The Company's Canadian operating loan facilities have not been utilized upon receiving the proceeds from the issue of 2.0 million shares under a primary share offering, which closed in May 2006. Interest on term facilities and capital leases are primarily at fixed rates and therefore this component of the second quarter's interest expense did not vary significantly from the same period last year.

Interest income of \$0.7 million was earned in the third quarter of 2006 on surplus cash invested in short term secured investments. The surplus cash resulted from the receipt of proceeds from the issue of 2.0 million shares in May 2006.

Income tax expense for the third quarter of 2006 increased as compared to the same period in 2005 due to higher net earnings and the elimination of the use of a Quebec Trust structure which had an impact in 2005 of lowering the Company's overall marginal tax rate. Income tax expense for the nine-month periods ended September 30, 2006 increased due to higher net earnings and the recording of \$15.5 million related to reassessments received from the province of Quebec.

Comparative Quarterly Results

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

(in millions of Canadian dollars, except share data)	2006				2005			2004
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenue	\$341.5	\$354.7	\$332.8	\$292.8	\$247.5	\$237.3	\$253.5	\$205.4
Net earnings (loss)	12.9	6.0	18.8	11.6	11.8	8.7	13.7	5.2
Per common share-basic	0.67	0.33	1.12	0.69	0.70	0.52	0.82	0.31
Per common share-diluted	0.65	0.32	1.09	0.68	0.69	0.52	0.82	0.31

Net earnings excluding Quebec retroactive income tax assessments	13.3	24.8
per common share – diluted – excluding Quebec retroactive income tax assessments	0.67	1.32

Increases in revenue, in the most recent quarters, are primarily due to securing contracts related to oilsands development and from increased demand for the Company's services from customers who are developing natural gas reserves, particularly those in the U.S. Rocky Mountain area. Additional revenue in the third quarter of 2006 was also added through the acquisition of the Denmar Group of Companies on July 4, 2006. The first, second and third quarters of 2006 were the highest revenue quarters since the Company became publicly traded.

RESULTS OF OPERATIONS

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

Selected Segmented Information

(in millions of Canadian dollars)	Three months ended September 30				Nine months ended September 30			
	2006		2005		2006		2005	
Revenue by operating segment								
Production Services	\$221.4	64.8 %	\$151.5	61.2 %	\$633.9	61.6 %	\$428.7	58.1 %
Facility Infrastructure	120.1	35.2	96.0	38.8	395.1	38.4	309.6	41.9
Total	\$341.5	100.0 %	\$247.5	100.0 %	\$1,029.0	100.0 %	\$738.3	100.0 %
EBITDA by operating segment								
Production Services	\$22.3	68.0 %	\$18.3	62.2 %	\$77.3	64.6 %	\$52.8	62.5 %
Facility Infrastructure	10.5	32.0	11.1	37.8	42.4	35.4	31.7	37.5
Total	\$32.8	100.0 %	\$29.4	100.0 %	\$119.7	100.0 %	\$84.5	100.0 %

1 The Company presents EBITDA as a supplemental earnings measure as it is used by the chief operating decision makers of the Company to measure operating segment profitability. EBITDA is equal to earnings before interest, taxes, depreciation, amortization and stock based compensation. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, to evaluate the performance of its operating segments, and in valuing operations to determine potential goodwill impairment. EBITDA is a non-GAAP financial measure that does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures presented by other issuers.

Production Services

Production Services revenues for the three-month and nine-month periods ended September 30, 2006 increased by 46.2% and 47.8% to \$221.4 million and \$633.9 million respectively. The third quarter increase was from both the Canadian and United States Production Services operations. In Canada most of this increase in demand is from established customers for which the Company has established preferred or alliance type contractual arrangements. The additional revenue derived from the acquisition of Denmark Energy Services Group on July 4, 2006 by Canadian Production Services also contributed to the increase in revenue in the third quarter. Locations in Canada that saw the largest increase in revenue are in the Company's Eastern Region, where the main operations of Denmark are located and in the Northern Region where a number of large customer projects are currently taking place. Demand for the Production Services United States operating segment increased from a broader array of customers due to increase activity in gas producing areas of the United States particularly from activity in the Southwestern United States. Partially offsetting these increases is a continued lower activity level in Southern Alberta due to delays in permitting or customer startup on a number of projects.

EBITDA increased in the three-month and nine-month periods by \$4.0 million and \$24.5 million respectively due to the increase in revenue achieved year-over-year.

Facility Infrastructure

Facility Infrastructure revenue for the three-month and nine-month periods ended September 30, 2006 increased by 25.1% and 27.6% to \$120.1 million and \$395.1 million respectively compared to the same periods in 2005. Increases in both the quarter and the year-to-date revenue were primarily driven by the successful execution of Flint's backlog of work related to oilsands development. The sale of natural gas processing units in the United States increased for the nine-month period as compared to the prior year. This division is currently capacity constrained; however is currently expanding its Casper, Wyoming facility and is planning the opening of a third fabrication facility in Odessa, Texas to increase capacity.

EBITDA decreased by \$0.6 million in the three-month period in 2006 as compared to the same period in 2005 due to a Canadian Facility Infrastructure operating division margin decline as the Company awaits approval on some scope changes on an oilsands project. SOP 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts", governs the amount of revenue on long-term oilsands which can be recorded. SOP 81-1 does not allow revenue to be recorded on scope changes that are not approved by customer. The Company expects the scope changes to be approved and if and when this formal approval is granted additional revenue on this cost-plus contract will be recorded. EBITDA increased by \$10.7 million in the nine-month period in 2006 as compared to the same period in 2005 as a result of higher revenues while achieving higher year-to-date margins in both the Canadian and United States Facility Infrastructure operating segments.

CONSOLIDATED FINANCIAL POSITION

At September 30, 2006, the Company's net working capital position was \$269.3 million compared to \$212.7 million at December 31, 2005. The increase in net working capital was due to an increase in unbilled revenue and accounts receivable, which have grown in conjunction with the increase in revenue from all of the Company's operating segments as well as the Company having a surplus cash position at the September 30, 2006 pursuant to the receipt of proceeds from the issue of 2.0 million shares in May 2006.

Accounts payable and accrued liabilities increased to \$125.2 million at September 30, 2006 from \$115.0 million at December 31, 2005 due to the increase in activity the Company has experienced in the third quarter of 2006 as compared to the fourth quarter of 2005.

Income tax payable has increased to \$31.3 million at September 30, 2006 from \$11.0 at December 31, 2005 primarily due to the accrual of \$19.2 million dollars of Quebec retroactive income taxes and interest charges assessed pursuant to the introduction of Quebec's Bill 15. Income taxes payable at December 31, 2005 were paid in the first quarter of 2006 and the remaining income taxes payable net of the \$19.2 million accrual for Quebec income taxes and interest is due to the accrual of taxes for the current year's taxable income net of installments made to date.

Long-term debt, including current portion, decreased by \$65.1 million at September 30, 2006 from the balance at the end of the prior fiscal year due to the pay down of the Canadian and U.S. revolving operating loans pursuant to receiving \$110.9 million of net proceeds from the primary share offering that closed in May 2006.

LIQUIDITY AND CAPITAL RESOURCES

The Company's principal sources of capital are cash flows from operations and borrowings under its senior credit facility. In the second quarter of 2006, the Company received net proceeds of \$110.9 million on the issuance of 2.0 million shares under a primary share offering. The Company's principal uses of cash are to purchase property, plant and equipment, fulfill lease payment obligations and finance working capital.

Selected Cash Flow and Capitalization Data

(in millions of Canadian dollars)	Three months ended September 30		Nine months ended September 30	
	2006	2005	2006	2005
Cash provided by operations before changes in non-cash working capital	\$ 23.6	\$ 19.4	\$ 60.6	\$ 57.2
Cash (used in) provided by operating activities	0.4	(2.3)	55.4	10.0
Cash flow to interest bearing debt (%) ^{1 & 2}	62.2	34.6	53.3	34.0
			September 30	December 31
			2006	2005
Long-term debt (including current portion)			\$ 151.7	\$ 216.9
Debt to total capitalization (%) ^{1 & 3}			22.7	37.9

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

2 Cash flow to interest bearing debt, expressed as a percentage, is equal to cash flow divided by interest bearing debt. Cash flow is equal to funds provided by operations before changes in non-cash working capital on an annualized basis. Interest bearing debt is equal to long-term debt including the current portion.

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

Cash Flow and Liquidity

Funds provided by operations before changes in non-cash working capital for the third quarter of 2006 increased by \$4.3 million due to higher earnings. For the first nine-months of 2006 funds provided by operations before changes in non-cash working capital increased by \$3.4 million also due to higher earnings; however after adjusting for Quebec taxes a net increase of \$22.6 million would have been experienced as compared to the same period in 2005.

During the three-month and nine-month periods ended September 30, 2006, the Company purchased property, plant and equipment totaling \$13.4 million and \$30.0 million respectively. For both periods the expenditures primarily related to the replacement of vehicles and equipment and the development of properties required to meet the Company's increased operating requirements. During the nine-month period ending September 30, 2006, the Company realized proceeds from the disposal of property, plant and equipment totaling \$3.9 million. The assets disposed of primarily relate to older vehicles and equipment, which are being replaced by newer equipment.

During the nine-month period ended September 30, 2006, the Company decreased its long-term debt position (including current portion) by \$65.1 million as the Company paid down the Canadian and U.S. revolving operating loans pursuant to receiving \$110.9 million of net proceeds from a primary share offering that closed in May 2006.

Debt Repayment Obligations

(in millions of Canadian dollars)	Maturity				Total
	Less than 1 year	2 - 3 years	4 - 5 years	In excess of 5 years	
	\$ 6.8	\$ 35.2	\$ 103.8	\$ 5.9	\$ 151.7

The company has a \$115 million Canadian and an \$18 million U.S. revolving operating loan facility, which is included in long-term debt, as the terms of the facility do not require repayment within a one-year period. At September 30, 2006 the Company had utilized none of the Canadian and \$6.9 million U.S. of the U.S. facility.

INTEREST IN JOINT VENTURE

On September 28, 2006, the Company announced it has entered into an operations and maintenance joint venture with Transfield Services Limited ("Transfield Services") of Australia. The joint venture will provide the North American asset management market with a service company that will capitalize on Transfield Services' leading operating and maintenance systems, processes, technologies and experience and the Company's extensive North American footprint and execution capabilities. The structure of the joint venture is subject to final approval by the Boards of Directors of both the Company and Transfield Services as well as all normal required regulatory approvals. There have been no transactions within the joint venture for the period ended September 30, 2006.

SUBSEQUENT EVENTS

Two-for-one Stock Split

On October 11, 2006, the Company announced its board of directors has approved a two-for-one stock split of the Company's outstanding common shares. Shareholders of record at the close of business on December 15, 2006 (the "Record Date") will receive one additional common share for each common share held on the Record Date. The primary reason for the stock split is to enhance the liquidity of the common shares and the accessibility of the common shares to individual investors.

Transco Business Combination

On October 18, 2006, the Company entered into a pre-acquisition agreement with Transco Energy Services Ltd. ("Transco"), pursuant to which the Company has agreed to make an offer to acquire all of the issued and outstanding shares of Transco for estimated cash and share consideration of approximately \$324.8 million plus or minus a working capital adjustment and certain post-closing vendor indemnities. The purchase price will be comprised of \$220.0 million in cash and the balance payable through the issuance of 1,879,700 common shares of the Company to existing Transco shareholders. In addition, the Company will repay, or cause Transco to repay, Transco's outstanding bank debt and shareholders loans, which is estimated to total \$125.0 million at the closing of the acquisition.

Transco is a privately held energy services company with operations in British Columbia, Alberta, Saskatchewan and the Northwest Territories. Through its operating divisions, Transco operates two complementary lines of business including oilfield transportation and logistics and tubular management.

Primary Share Offering

On November 1, 2006, the Company announced that it has issued and sold 2,215,000 common shares at \$56.50 per common share for aggregate gross proceeds of \$125.1 million in connection with the previously announced offering of common shares of the Company. In addition, the Company has granted the underwriters an over-allotment option to purchase up to an additional

221,500 common shares at \$56.50 per common share, exercisable at any time up to 30 days after closing of the offering, which would increase the offering to \$137.7 million assuming the exercise in full of the over-allotment option. The proceeds from the primary share offering are to be used to fund the acquisition of Transco described above.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of Class A common voting shares and an unlimited number of redeemable convertible preferred shares. As at September 30, 2006, 19,263,126 Class A common voting shares were outstanding compared to 16,867,426 as at December 31, 2005. No redeemable convertible preferred shares were outstanding during or at the end of either of these periods. Certain employees, officers and directors of the Company have been granted options to purchase common shares under the Company's incentive stock option plan.

OUTLOOK

Flint continues to experience higher year-over-year activity from the United States Production Services business as activity from customers in the United States has not been curtailed despite lower commodity prices. The Company's United States Facility Infrastructure facilities, which manufactures gas production equipment is currently operating at full capacity. This division is currently expanding the Casper, Wyoming facility and is opening a new location in Odessa, Texas in order increase capacity to meet current customer demand. In Canada, the Production Service business is anticipating a softening of demand from customers for services related to shallow gas and coal bed methane drilling; however no decrease in demand is expect for deep gas and oil producing areas. The Facility Infrastructure revenue streams will continue to be driven by project schedules and the continued development of backlog related to oilsands projects.

The recent acquisition of the Denmark Group of Companies, the creation of a joint venture company to pursue large maintenance contracts and the prospective acquisition of the Transco Group of Companies will augment the organic growth that Flint anticipates from oilsands related activities.

CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

As at	September 30, 2006	December 31, 2005
	(unaudited)	
ASSETS		
Current assets:		
Cash	\$ 61,387	\$ 10,474
Accounts receivable	216,504	205,305
Revenue in excess of billings	135,256	104,391
Inventories	24,218	22,797
Income taxes receivable	237	244
Future income tax assets	4,322	2,464
Prepays and other current assets	3,258	7,433
	445,182	353,108
Property, plant and equipment	200,821	180,021
Goodwill	210,548	198,176
Intangible assets, net of accumulated amortization of \$4,081 (2005 - \$2,978)	7,562	1,749
Future income tax assets	2,075	818
Other assets	1,126	584
	\$ 867,314	\$ 734,456
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 125,189	\$ 114,985
Billings in excess of revenue	5,024	3,134
Income taxes payable	31,342	10,986
Future income tax liabilities	7,529	5,893
Current portion of long-term debt	6,845	5,408
	175,929	140,406
Long-term debt	144,896	211,471
Other long term liabilities	800	-
Future income tax liabilities	28,132	27,875
	173,828	239,346
Shareholders' equity:		
Capital stock (note 4)	330,754	203,250
Contributed surplus	5,601	5,478
Retained earnings	197,795	160,062
Cumulative translation account	(16,593)	(14,086)
	517,557	354,704
Commitments and contingencies (Note 7)		
Subsequent events (Note 8)		
	\$ 867,314	\$ 734,456

See accompanying notes to interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

(unaudited) (in thousands of Canadian dollars, except share data)	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Revenue	\$ 341,502	\$ 247,502	\$ 1,029,017	\$ 738,347
Direct costs	279,705	198,359	824,844	592,949
Gross profit	61,797	49,143	204,173	145,398
General and administrative expenses	28,955	19,833	84,508	60,939
Stock based compensation expense	931	583	2,641	1,288
Amortization	9,286	7,023	23,593	21,013
	22,625	21,704	93,431	62,158
Interest expense (note 6)	3,293	3,975	13,313	11,156
Interest income	(660)	–	(1,087)	–
Earnings before income taxes	19,992	17,729	81,205	51,002
Income taxes:				
Current (note 6)	6,436	5,994	46,510	16,181
Future (recovery)	683	(45)	(3,038)	694
	7,119	5,949	43,472	16,875
Net earnings	12,873	11,780	37,733	34,127
Retained earnings, beginning of period	184,922	136,665	160,062	114,318
Retained earnings, end of period	\$ 197,795	\$ 148,445	\$ 197,795	\$ 148,445
Earnings per share:				
Basic	\$ 0.67	\$ 0.70	\$ 2.08	\$ 2.05
Diluted	\$ 0.65	\$ 0.69	\$ 2.03	\$ 2.03
Weighted average common shares:				
Basic	19,227,852	16,754,915	18,148,751	16,687,231
Diluted	19,682,676	16,977,758	18,588,787	16,828,390

See accompanying notes to interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) (in thousands of Canadian dollars)	Three months ended September 30, 2006	Three months ended September 30, 2005	Nine months ended September 30, 2006	Nine months ended September 30, 2005
Cash provided by (used in):				
Operating activities:				
Net earnings	\$ 12,873	\$ 11,780	\$ 37,733	\$ 34,127
Items not affecting cash:				
Amortization of property, plant and equipment	8,582	6,791	22,490	20,362
Amortization of intangible assets	704	232	1,103	651
Loss (gain) on disposal of property, plant and equipment	(157)	25	(335)	58
Stock based compensation expense	931	583	2,641	1,288
Future income taxes	683	(45)	(3,038)	694
Funds provided by operations before changes in non-cash working capital	23,616	19,366	60,594	57,180
Changes in non-cash balances relating to operations	(23,238)	(21,705)	(5,170)	(47,200)
	378	(2,339)	55,424	9,980
Investing activities:				
Acquisition of subsidiary, net of cash acquired	(14,937)	—	(15,437)	—
Advance to subsidiary prior to acquisition	(9,994)	—	(9,994)	—
Return of deposit on acquisition	30,597	—	—	—
Purchase of property, plant and equipment	(13,437)	(6,427)	(30,040)	(22,296)
Proceeds from disposal of property, plant and equipment	958	1,300	3,898	4,047
	(6,813)	(5,127)	(51,573)	(18,249)
Financing activities:				
Proceeds from long-term debt	27,640	19,438	102,284	56,177
Repayments of long-term debt	(28,505)	(14,437)	(172,674)	(55,422)
Deferred financing costs	—	—	—	(59)
Proceeds from issue of capital stock on exercise of options	1,506	2,653	6,534	4,646
Proceeds from primary share offering	—	—	116,000	—
Issue costs related to primary share offering	(5)	—	(5,082)	—
	636	7,654	47,062	5,342
Increase (decrease) in cash	(5,799)	188	50,913	(2,927)
Cash, beginning of period	67,186	108	10,474	3,223
Cash, end of period	\$ 61,387	\$ 296	\$ 61,387	\$ 296
Supplemental cash flow information:				
Cash paid (received) during the period for:				
Interest paid	\$ 2,612	\$ 3,779	\$ 9,158	\$ 11,152
Interest received	(725)	—	(894)	—
Income taxes	\$ 12,272	\$ 1,973	\$ 29,706	\$ (41)

See accompanying notes to interim consolidated financial statements.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

Nine Months Ended September 30, 2006

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

1. SEGMENTED INFORMATION

Operating Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2006	Production Services	Facility Infrastructure	Total
Revenue	\$ 221,428	\$ 120,074	\$ 341,502
EBITDA ¹	22,334	10,508	32,842
Amortization			9,286
Earnings from operations ¹			22,625
Capital expenditures	9,547	3,890	13,437
Goodwill	157,721	52,827	210,548
Total assets	545,504	321,810	867,314

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2005	Production Services	Facility Infrastructure	Total
Revenue	\$ 151,484	\$ 96,018	\$ 247,502
EBITDA ¹	18,256	11,054	29,310
Amortization			7,023
Earnings from operations ¹			21,704
Capital expenditures	5,007	1,420	6,427
Goodwill	144,546	52,997	197,543
Total assets	416,799	275,676	692,475

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2006	Production Services	Facility Infrastructure	Total
Revenue	\$ 633,869	\$ 395,148	\$ 1,029,017
EBITDA ¹	77,312	42,353	119,665
Amortization			23,593
Earnings from operations ¹			93,431
Capital expenditures	23,025	7,015	30,040
Goodwill	157,721	52,827	210,548
Total assets	545,504	321,810	867,314

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2005	Production Services	Facility Infrastructure	Total
Revenue	\$ 428,740	\$ 309,607	\$ 738,347
EBITDA ¹	52,763	31,696	84,459
Amortization			21,013
Earnings from operations ¹			62,158
Capital expenditures	14,458	7,838	22,296
Goodwill	144,546	52,997	197,543
Total assets	416,799	275,676	692,475

Geographic Segments

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2006	Canada	United States	Total
Revenue	\$ 249,338	\$ 92,164	\$ 341,502
Property, plant and equipment	161,867	38,954	200,821
Goodwill	175,097	35,451	210,548
Total assets	700,236	167,078	867,314

(unaudited)

(in thousands of Canadian dollars)

Three months ended September 30, 2005	Canada	United States	Total
Revenue	\$ 174,449	\$ 73,053	\$ 247,502
Property, plant and equipment	138,341	29,429	167,770
Goodwill	162,904	34,639	197,543
Total assets	554,767	137,708	692,475

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2006	Canada	United States	Total
Revenue	\$ 766,583	\$ 262,434	\$ 1,029,017
Property, plant and equipment	161,867	38,954	200,821
Goodwill	175,097	35,451	210,548
Total assets	700,236	167,078	867,314

(unaudited)

(in thousands of Canadian dollars)

Nine months ended September 30, 2005	Canada	United States	Total
Revenue	\$ 542,006	\$ 196,341	\$ 738,347
Property, plant and equipment	138,341	29,429	167,770
Goodwill	162,904	34,639	197,543
Total assets	554,767	137,708	692,475

1 In addition to providing earnings measures in accordance with GAAP, the Company presents EBITDA and earnings from operations as supplemental earnings measures as they are used by the chief operating decision makers of the Company to measure operating segment profitability. EBITDA is equal to earnings before interest, taxes, depreciation, amortization and stock based compensation. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, to evaluate the performance of its operating segments, and in valuing existing operations to determine potential goodwill impairment. Earnings from operations is equal to gross profit minus general and administrative, stock based compensation and amortization expenses. EBITDA and earnings from operations are non-GAAP financial measures that do not have any standardized meaning prescribed by GAAP, and may not be comparable to similar measures presented by other issuers.

2. BASIS OF PRESENTATION

These interim consolidated financial statements are expressed in Canadian dollars and have been prepared in accordance with accounting principles generally accepted in Canada. They do not include all the disclosures as required for annual financial statements under generally accepted accounting principles. The interim consolidated financial statements include the accounts of Flint Energy Services Ltd. and all subsidiary companies. All subsidiary companies are wholly owned and all material intercompany accounts and transactions have been eliminated. The Company proportionately consolidates its interests in joint ventures. The interim consolidated financial statements follow the same significant accounting policies as described and used in the most recent annual report of the Company for the year ended December 31, 2005 and should be read in conjunction with that report.

The preparation of the interim consolidated financial statements require management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosures of contingent assets and liabilities. Actual results may differ from those estimates and assumptions.

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

3. BUSINESS COMBINATION

(tabular amounts in thousands of Canadian dollars)

On July 4, 2006, the Company acquired the business of Denmark Energy Services Group ("Denmar") for total consideration of \$23.2 million. Denmar was a privately held company with operations based in Bonnyville, Alberta, and provided small diameter pipeline, facilities construction, maintenance, fabrication and general mechanical and contract operator services in the active in-situ and conventional heavy oil areas of eastern Alberta as well as servicing natural gas installations.

The \$2.0 million notes payable issued in relation to the Denmar acquisition bear interest at prime plus two percent and are repayable in two equal annual installments. The first installment and accrued interest is payable on the first anniversary of the note, July 4, 2007 and the second and final installment and accrued interest is payable on the second anniversary of the note.

In addition, on July 1, 2006, the Company acquired the assets of 3-W Contractors for cash consideration of USD \$1.2 million. 3W Contractors was a privately held company with operations based in Texas, United States.

The Denmar acquisition was accounted for under the purchase method of accounting and the results of the operations of Denmar have been included with those of the Company from the date of acquisition.

The combined purchase consideration is as follows:

Cash	\$	14,959
103,448 common shares		5,969
Notes payable		2,000
Other payables		1,000
Acquisition costs		618
	\$	24,546

The combined net assets acquired at assigned values:

Cash	\$	640
Net non-cash working capital		(7,277)
Property, plant and equipment		18,082
Long term debt		(3,253)
Future income taxes		(3,592)
Intangible assets		6,917
Goodwill		13,029
	\$	24,546

The Company is in the process of finalizing the valuation of the net assets acquired, including goodwill and intangible assets which include customer relationships, order backlog and non-competition agreements; thus, the allocation of the purchase price is subject to refinement.

4. CAPITAL STOCK

(tabular amounts in thousands of Canadian dollars except share data)

a) Issued capital stock

	Common Shares Class A Shares	Amount
Balances at December 31, 2005	16,867,426	\$ 203,250
Shares issued for cash in conjunction with:		
Exercised employee stock options	292,252	6,535
Transfer from contributed surplus for stock options exercised	—	2,518
Primary share offering, May 2006, net of share issue costs	2,000,000	112,482
Shares issued in conjunction with Denmar acquisition	103,448	5,969
Balances at September 30, 2006	19,263,126	\$ 330,754

- b) The Company has an incentive stock option plan for certain employees, officers and directors. Options issued under the plan may be exercised at a rate of 1/3 on the three subsequent award date anniversaries. Options granted pursuant to the plan may be exercised over specified periods not to exceed 5 years from the date granted. At September 30, 2006, 1,249,034 common shares remained reserved for issuance under the option plan.

	Shares	Weighted Average Exercise Price
Options		
Outstanding at December 31, 2005	811,402	\$ 23.40
Granted	556,000	49.24
Cancelled	(12,609)	46.01
Exercised	(292,252)	22.36
Outstanding at September 30, 2006	1,062,541	\$ 36.94
Options exercisable at September 30, 2006	326,487	\$ 22.76

5. EARNINGS PER SHARE

Included in the diluted number of common shares for the nine-month period ended September 30, 2006 is 440,036 of stock options (141,159 at September 30, 2005).

6. INCOME TAXES

(tabular amounts in thousands of Canadian dollars)

In 2002 the Company commenced using a Quebec Trust as part of its corporate structure. The Quebec National Assembly recently passed into law Bill 15 to amend the Quebec Taxation Act and other legislative provisions. Bill 15 includes retroactive changes to the Act that has the impact of creating Quebec taxable income for the Company for the 2002, 2003, 2004 and 2005 taxation years. Notice of reassessments, dated June 28, 2006 for these years amount to \$15.5 million of income taxes and \$3.3 million of interest for a total reassessment of \$18.8 million.

On September 25, 2006, the Company filed the Notice of objections in relation to the Notice of reassessments received from the government of Quebec. The Company continues to consider alternatives to reduce the potential exposure for Quebec tax created as a result of this retroactive legislation. The Company has recorded \$0.4 million in interest expense for the three month period ended September 30, 2006 and for the nine month period ended September 30, 2006 has recorded \$15.5 million in income tax expense and \$3.8 million in interest expense. There remains the possibility that the eventual exposure under the legislation may be reduced and the Company will pursue all avenues of appeal and planning available to mitigate the tax liability.

Actual income tax expense differs from the "expected" income tax expense that would have been computed by applying the statutory income tax rates as follows:

Nine Months Ended September 30, 2006

Federal, provincial and state statutory income tax rates		32.6%
Expected income tax expense	\$	26,473
Changes in income tax expense resulting from:		
Jurisdictional tax rate differences		1,427
Changes in tax rates impacting future income tax balances		(2,373)
Quebec retroactive tax reassessment		15,455
Non-deductible interest from Quebec tax reassessments		1,232
Other non-deductible items		1,080
Other		178
Actual income tax expense	\$	43,472

7. COMMITMENTS AND CONTINGENCIES

At September 30, 2006, the Company was involved in various legal claims related to the normal course of operations. Management believes that it has adequately provided for these legal claims.

8. SUBSEQUENT EVENTS

- a) On October 11, 2006, the Company announced its board of directors approved a two-for-one stock split of the Company's outstanding common shares. Shareholders of record at the close of business on December 15, 2006 (the "Record Date") will receive one additional common share for each common share of the Company held on the Record Date.
- b) On October 18, 2006, the Company entered into a pre-acquisition agreement with Transco Energy Services Ltd. ("Transco"), pursuant to which the Company has agreed to make an offer to acquire all of the issued and outstanding shares of Transco for estimated cash and share consideration of approximately \$324.8 million plus or minus a working capital adjustment and certain post-closing vendor indemnities. The purchase price will be comprised of \$220.0 million in cash and the balance payable through the issuance of 1,879,700 common shares of the Company to existing Transco shareholders. In addition, the Company will repay, or cause Transco to repay, Transco's outstanding bank debt and shareholders loans, which is estimated to total \$125.0 million at the closing of the acquisition.
Transco is a privately held energy services company with operations in British Columbia, Alberta, Saskatchewan and the Northwest Territories. Through its operating divisions, Transco operates two complementary lines of business including oilfield transportation and logistics and tubular management.
- c) On November 1, 2006, the Company announced that it has issued and sold 2,215,000 common shares at \$56.50 per common share for aggregate gross proceeds of \$125.1 million in connection with the previously announced offering of common shares of the Company. In addition, the Company has granted the underwriters an over-allotment option to purchase up to an additional 221,500 common shares at \$56.50 per common share, exercisable at any time up to 30 days after closing of the offering, which would increase the offering to \$137.7 million assuming the exercise in full of the over-allotment option. The proceeds from the primary share offering are to be used to fund the acquisition of Transco described in note 8 (b).

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current period presentation.

CORPORATE INFORMATION

DIRECTORS

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

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

W.J. (Bill) Lingard
President and Chief Executive Officer
Flint Energy Services Ltd.
Calgary, Alberta

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

Stuart O'Connor
President
Timber Ridge Capital Ltd.
Calgary, Alberta

Lyle Reid
President
Reid Equity Ventures
Sherwood Park, Alberta

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

OFFICERS

W.J. (Bill) Lingard
President and Chief Executive Officer

Terry Freeman
Chief Financial Officer

Wayne Shaw
Senior Vice President, Infrastructure
Services

Gary Foreman
Senior Vice President,
Production Services

Tim O'Brien
Senior Vice President,
Corporate Services

Paul Boechler
President,
Flint Energy Services Inc. (USA)

Allan Cleiren
Vice President, Finance

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