



MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") for Flint Energy Services Ltd. ("Flint" or the "Company") should be read in conjunction with the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2010 and accompanying notes, the audited consolidated financial statements for the fiscal year ended December 31, 2009 and the most recent annual MD&A. The interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars.

Flint Energy Services Ltd. is a market leader providing an expanding range of integrated products and services for the energy industry including: production services, infrastructure construction, oilfield transportation, and maintenance services. Flint provides this unique breadth of products and services through over 60 strategic locations in the oil and gas producing areas of western North America, from Inuvik in the Northwest Territories to Mission, Texas. Flint is a preferred provider of infrastructure construction management, module fabrication, and maintenance services for upgrading and production facilities in Alberta's oil sands sector. The Company's common stock is traded on the Toronto Stock Exchange under the symbol "FES".

Advisory Regarding Forward Looking Statements

This report dated as at May 13, 2010 contains forward-looking statements under the heading "Outlook" and elsewhere concerning future events or the Company's future performance, including the Company's projected operating results for 2010 and beyond, and anticipated capital expenditure trends and drilling activity in the oil and gas industry. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of known and unknown risks, uncertainties and other factors affecting the Company's business and the oil and gas industry generally. These factors include, but are not limited to, fluctuations in oil and gas prices, fluctuations in the level of oil and 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 quarter ended March 31, 2010 and other documents filed with Canadian provincial securities authorities and are available to the public at www.sedar.com. The Company believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be relied upon. These statements speak only as of the date of this report. The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, except as may be required under applicable securities laws. The forward-looking statements contained in this report are expressly qualified by this statement.

Description of Non-GAAP Measures

Throughout this MD&A, management uses terms and ratios not found in the Handbook of the Canadian Institute of Chartered Accountants, which do not have a standardized meaning under Canadian Generally Accepted Accounting Principles (GAAP), therefore the following definitions are provided:

"EBITDA" is equal to earnings (loss) before interest, taxes, depreciation, amortization, impairment of intangible assets and goodwill, and share based compensation. The Company presents EBITDA as a supplemental earnings measure as it is used by the chief operating decision makers of the Company to measure reportable segment profitability. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, evaluate the performance of its reportable segments, and make resource allocation decisions.

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"Adjusted net earnings" is equal to net earnings (loss) excluding after-tax impairment charges related to goodwill, intangible assets, and property, plant, and equipment. The Company uses adjusted net earnings as a measure of profitability excluding extraordinary items to evaluate the Company's performance. Adjusted net earnings per share is equal to net earnings (loss) per share excluding impairment charges.

"Gross margin" is calculated by subtracting direct costs from revenue. The Company believes gross margin is a measure of project profitability and is commonly used to evaluate the Company's performance.

"Gross margin percentage" is calculated by taking gross margin and dividing by revenue, expressed as a percentage.

"Days Sales Outstanding" ("DSO") is calculated by taking the accounts receivable, revenue in excess of billings, and inventories, and subtracting billings in excess of revenue for the period. The result is then converted into days using the revenue count-back method. Management uses DSO to evaluate the effectiveness of billing and collection of revenues.

"Funds provided by operations before changes in non-cash working capital" is equal to net earnings (loss) adjusting for items not affecting cash. The Company presents funds provided by operations before changes in non-cash working capital to measure funds generated from operations.

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

"Debt to total capitalization" is equal to debt divided by total capitalization, expressed as a percentage. 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.

These non-GAAP financial measures and ratios may not be comparable to similar measures and statistics presented by other issuers. The ratios are presented because they are commonly referred to by lenders and other interested parties in evaluating the Company's financial position. Certain comparative figures have been reclassified to conform to current period presentation.

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Highlights of the quarter

For the quarter ended March 31, 2010, revenues were \$521.4 million, down from \$530.2 million in the comparative quarter of 2009 representing a decrease of \$8.8 million or 1.7%, as a result of lower drilling activity in the United States and the foreign exchange impact.

General and Administrative expenses for the quarter ended March 31, 2010 were reduced by \$6.0 million or 14.1% from the comparative quarter as a result of cost control measures implemented in 2009.

Net Earnings for the quarter ended March 31, 2010 were \$17.7 million, down \$0.8 million due to lower revenues. Net Earnings as a percentage of revenue decreased to 3.4%.

Diluted EPS for the quarter ended March 31, 2010 was \$0.38 per common share.

Improved effectiveness and timeliness of billings and collections improved DSO's by two days to 67 days as at March 31, 2010 compared to 69 days at the end of 2009.

Recent Events

Normal Course Issuer Bid

On March 2, 2010, the Normal Course Issuer Bid ("NCIB") to purchase up to a maximum of 2,379,689 common shares, representing 5.0% of the total issued and outstanding common shares, expired. For the quarter ended March 31, 2010, there was no activity under the NCIB.

Suncor Contract

On March 4, 2010, the Company announced it was awarded a second contract by Suncor Energy to perform field construction, pre-commissioning and commissioning support of Suncor's Firebag 3, SAGD project near Fort McMurray, Alberta. The work commenced in March 2010 and will take approximately 12 months to complete. It is a cost-reimbursable contract and will employ approximately 200 people.

Joint Venture Agreement with Sub-One Technology Inc.

On March 26, 2010, the Company established a joint venture, Flint InnerArmor, with Sub-One Technology Inc. ("Sub-One"), a privately held entity from California, USA. The Company has a fifty-one percent interest in the new joint venture, which will provide hard surfacing treatment services, InnerArmor (R) Technology, to clients in the North American oil and gas industry, including the oil sands. The joint venture will be reported within the results of the Production Services segment. As at March 31, 2010, the joint venture was not operational and therefore there were no assets, liabilities, earnings or cash flows to record in these interim consolidated financial statements. The Company has committed to providing approximately \$2,500 in funds to the joint venture in fiscal 2010 for it to begin operations. In addition to the establishment of this joint venture, the Company has also acquired 3,460,208 preferred shares of Sub-One, representing approximately 4.4% of the outstanding preferred shares for an initial investment of \$1,016. This investment has been accounted for using the cost method and is classified as available for sale.

Acquisition of PES Surface Inc.

On April 1, 2010, the Company announced that it has acquired all of the issued shares of PES Surface Inc. (PSI) a subsidiary of Paintearth Energy Services Inc. for approximately \$7.3 million in cash and the assumption of \$0.6 million in debt, subject to closing adjustments. PSI is a production equipment fabrication company with a facility located in central Alberta and provides equipment to the oil and gas sector.

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Summary of Consolidated Financial Results

The following table summarizes key financial data to be read in conjunction with the interim consolidated financial statements of the Company as at and for the quarter ended March 31, 2010. Such financial statements are prepared in accordance with GAAP and are reported in Canadian dollars.

<i>(For the three months ended March 31)</i>	2010	% of Revenue	2009	% of Revenue	Increase (decrease)	% Change
Revenue	\$ 521.4	100.0%	\$ 530.2	100.0%	\$ (8.8)	(1.7%)
EBITDA	44.1	8.5%	46.8	8.8%	(2.7)	(5.7%)
Net earnings	17.7	3.4%	18.5	3.5%	(0.8)	(4.3%)
per common share – basic	\$ 0.39		\$ 0.40		\$ (0.01)	-
per common share – diluted	\$ 0.38		\$ 0.40		\$ (0.02)	-

<i>Reconciliation of EBITDA</i>	2010	2009
Net earnings	\$ 17.7	\$ 18.5
Amortization	15.1	14.5
Share based compensation expense	1.8	1.0
Interest expense, net of interest income	3.2	5.2
Income tax expense	6.3	7.6
EBITDA	\$ 44.1	\$ 46.8

Revenue

Revenue for the three months ended March 31, 2010 was \$521.4 million, a decrease of \$8.8 million or 1.7% compared to \$530.2 million for the same period in 2009. Increased revenues from the Maintenance Services segment offset reduced revenues from the other segments. Canadian operations generated \$448.7 million in revenues, up \$24.5 million as a result of increased activity in Western Canada. The United States operations generated \$72.7 million in revenues, down \$33.3 million as a result of reduced drilling activity. The negative impact of foreign exchange on revenue was approximately \$16.3 million.

EBITDA

The following table summarizes EBITDA by reportable segment and geographic location:

<i>(in thousands of Canadian dollars)</i>	2010	EBITDA %	2009	EBITDA %	Change in %
Production Services	\$ 16,157	7.5%	\$ 20,820	8.1%	(0.6%)
- Canada	12,220	8.6%	12,916	8.5%	0.1%
- United States	3,937	5.5%	7,904	7.6%	(2.1%)
Facility Infrastructure	18,881	13.4%	12,133	8.4%	5.0%
Oilfield Services	6,318	9.4%	8,669	12.6%	(3.2%)
Maintenance Services	2,700	2.8%	5,193	8.4%	(5.6%)
Total	\$ 44,056	8.5%	\$ 46,815	8.8%	(0.3%)

Overall, EBITDA margins declined 0.4% to 8.4% in the first quarter of 2010 from 8.8% in 2009. The EBITDA margin in the Facility Infrastructure segment was 13.4% compared to 8.4% for 2009, an increase of 5.0% as a result of efficiency improvements, improved execution, and reduced labour costs. The Production Services segment EBITDA margin percentage of 7.5% was a decrease of 0.6% from 8.1% in 2009. This decrease was a direct result of lower

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drilling activity levels in the United States and the foreign exchange impact. EBITDA margins in the Oilfield Services segment decreased to 9.4% compared to 12.6% for 2009, as a result of increased competitive pressures on pricing and margins. The EBITDA percentage for the Maintenance Services segment decreased to 2.8% from 8.4% in 2009 as a result of a write down in accounts receivable incurred in one of the Northern joint venture companies. Additionally, in Q1 2009 the Maintenance Services segment received a large contract bonus for 2008 related activities. Since then, any bonuses have been recognized on a quarterly basis. General and administrative expenses reduced \$6.0 million to \$36.3 million for the quarter ended March 31, 2010 compared to \$42.3 in the comparative quarter of 2009 as a result of cost control measures implemented in 2009. The Company continues to closely monitor general and administrative expenses.

Net Earnings

The Company realized net earnings of \$17.7 million (\$0.38 per common share – diluted) during the quarter ended March 31, 2010 compared to net earnings of \$18.5 million (\$0.40 per common share – diluted) in 2009 for a net decrease of \$0.8 million. The decrease in net earnings was primarily the result of taking a full reserve, including the partners share, on one of the Northern joint venture companies accounts receivable.

Consolidated Financial Position

The following table summarizes key consolidated financial position data:

As at	March 31, 2010	December 31, 2009	Increase (decrease)	% Change
Current assets	\$ 606.2	\$ 551.2	\$ 55.0	10.0%
Current liabilities	227.8	194.4	33.4	17.2%
Net working capital	378.4	356.8	21.6	6.1%
Long-term debt	239.5	239.1	0.4	0.2%
Current	26.9	16.7	10.2	61.1%
Non-current	212.6	222.4	(9.8)	(4.4%)
Total assets	1,013.6	974.7	38.9	4.0%
Total liabilities	482.1	459.4	22.7	4.9%
Total equity	531.5	515.3	16.2	3.1%
Days sales outstanding (DSO)	67	69	(2)	

As at March 31, 2010, the Company's net working capital was \$378.4 million compared to \$356.8 million at December 31, 2009. The increase was primarily attributed to an increase in accounts receivable and revenue in excess of billings, partially offset by increased accounts payable and accrued liabilities.

During the quarter, the Company continued to focus on improving the effectiveness and timeliness of billings and collections, which resulted in financial position improvements. Revenue in excess of billings at March 31, 2010 was \$92.3 million, an increase of \$29.4 million or 46.7% from \$62.9 million at the end of 2009. Accounts receivable increased by \$35.7 million or 14.6% to \$280.0 from \$244.3 million at the end of 2009. Both revenue in excess of billing and accounts receivables increased due to the overall increase in revenue compared to the fourth quarter of 2009. The aging of accounts receivable as at March 31, 2010 improved, with 7.5% of trade receivables outstanding greater than 60 days, down from 12.3% at the end of 2009. The Company anticipates seeing continued improvements in the billing and collection processes and continues to monitor credit very closely.

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Long-term debt, including operating facilities, was \$239.5 million at March 31, 2010 representing an increase of \$0.4 million compared to \$239.1 million at the end of 2009.

Days sales outstanding for the quarter ended March 31, 2010 improved to 67 days compared to 69 days at the end of December 31, 2009. DSO fluctuates due to the timing of client milestone billings and pre-payments from clients; however, improving cash generating ability continues to be a priority given uncertainties in the current economic environment.

Assets

Consolidated total assets increased by \$38.9 million or 4.0% to \$1,013.6 million at March 31, 2010 from \$974.7 million at December 31, 2009. The increase in total assets was due to the increase in accounts receivable and revenue in excess of billing partially offset by a reduction of property, plant and equipment.

Cash and cash equivalents decreased by \$28.3 million to \$135.6 million at March 31, 2010 from \$163.9 million at the end of 2009. Increased activity levels have resulted in higher usage of cash which is typical in the first quarter.

Accounts receivable and revenues in excess of billings collectively increased by \$65.1 million or 21.2% to \$372.2 million at March 31, 2010 up from \$307.2 million at the end of 2009. The increase primarily resulted from increased activity in the quarter compared to lower activity levels in the fourth quarter of last year.

Inventory levels increased by \$1.5 million or 2.9% to \$52.6 million at March 31, 2010 from \$51.1 million at the end of the prior year primarily due to an increase in work-in-progress and finished goods inventory in the United States.

Property, plant and equipment decreased by \$10.9 million or 2.9% to \$369.0 million at March 31, 2010 from \$379.9 million at the end of the prior year. Net capital asset purchases during the quarter were \$5.5 million, which was offset by amortization of \$14.5 million contributing to the decline in property, plant and equipment. As part of the Company's efforts to improve the utilization of its balance sheet, the Company continued to monitor the usage rates of equipment to identify items that were under-utilized for potential sale or internal transfer. As a result of this, the Company reduced capital expenditures during the current year and sold under-utilized equipment.

Liabilities

Consolidated total liabilities increased by \$22.7 million to \$482.1 million at March 31, 2010 from \$459.4 million at December 31, 2009 primarily as a result of an increase in overall activity levels.

Long-term debt, including the current portion, increased by \$0.4 million to \$239.5 million at March 31, 2010 compared to \$239.1 million at the end of 2009. The Company provided a first charge over all assets under a General Security Agreement as security for the revolving operating loans and the term loans. Also the Company provided a general assignment of book debts, a first charge over all real property assets, pledged all shares of its subsidiaries and an assignment of insurance for security. The credit facilities require the Company to meet certain covenants. The Company was in compliance with these covenants at March 31, 2010 and 2009.

Equity

Consolidated total equity increased by \$16.2 million to \$531.5 million at March 31, 2010 from \$515.3 million at December 31, 2009.

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Results of Operations

Selected financial information for each reportable business segment is as follows:

<i>(in thousands of Canadian dollars)</i>	2010		2009		Increase (decrease) % Change				
Revenue by reportable segment									
Production Services	\$	214,788	41%	\$	255,557	48%	\$	(40,769)	(16.0%)
Facility Infrastructure		141,006	27%		144,017	27%		(3,011)	(2.1%)
Oilfield Services		67,410	13%		68,953	13%		(1,543)	(2.2%)
Maintenance Services		98,166	19%		61,623	12%		36,543	59.3%
Total	\$	521,370	100%	\$	530,150	100%	\$	(8,780)	(1.7%)
EBITDA by reportable segment									
Production Services	\$	16,157	37%	\$	20,820	45%	\$	(4,663)	(22.4%)
Facility Infrastructure		18,881	43%		12,133	26%		6,748	55.6%
Oilfield Services		6,318	14%		8,669	19%		(2,351)	(27.1%)
Maintenance Services		2,700	6%		5,193	11%		(2,493)	(48.0%)
Total	\$	44,056	100%	\$	46,815	101%	\$	(2,759)	(5.9%)

Production Services

The Production Services segment provides pipeline work, day-to-day field facility installation and maintenance services, as well as electrical, instrumentation, mechanical, safety, plant shutdown, turnaround services and tubular management and manufacturing.

Selected financial information for each geographic location in this segment is as follows:

<i>For the three months ended (in thousands of Canadian dollars)</i>	March 31, 2010		March 31, 2009		Increase (decrease) % Change				
Revenue by geographic location									
Canada	\$	142,913		\$	151,878		\$	(8,965)	(5.9%)
United States		71,875			103,679			(31,804)	(30.7%)
Total	\$	214,788		\$	255,557		\$	(40,769)	(16.0%)
EBITDA by geographic location									
Canada	\$	12,220		\$	12,916		\$	(696)	(5.4%)
United States		3,937			7,904			(3,967)	(50.2%)
Total	\$	16,157		\$	20,820		\$	(4,663)	(22.4%)

Revenue

Revenue from the Production Services segment for the quarter ended March 31, 2010 decreased 16.0% to \$214.8 million from \$255.6 million in the first quarter of 2009. In Canada, revenues decreased to \$142.9 million from \$151.9 million in the first quarter of 2009, a decrease of \$9.0 million or 5.9% due to lower activity levels. In the United States, revenues decreased to \$71.9 million from \$103.7 million in the first quarter of 2009, a reduction of \$31.8 million or 30.7%. Lower drilling activity continued in the United States and the impact of foreign exchange reduced revenues.

EBITDA

Production Services' EBITDA for the quarter ended March 31, 2010 decreased by 22.4% to \$16.2 million compared to \$20.8 million in the first quarter of 2009. In Canada, EBITDA decreased \$0.7 million or 5.4% over the prior year as a

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result of the lower activity levels. In the United States, EBITDA decreased \$4.0 million or 50.2% to \$3.9 million from \$7.9 million in the prior year due to reduced drilling activity and the impact of foreign exchange. EBITDA as a percentage of revenue decreased to 7.5% compared to 8.1% in the first quarter of 2009.

Facility Infrastructure

The Facility Infrastructure segment provides major facility project construction services to the energy and natural resources sector, providing a full-cycle approach to all phases of project development from concept and design to fabrication and installation.

Revenue

Revenue from the Facility Infrastructure segment for the quarter ended March 31, 2010 decreased to \$141.0 million from \$144.0 million in the first quarter of 2009, a decrease of \$3.0 million or 2.1%. Revenue for this segment continues to be generated from work on the Shell Albion Sands, Suncor Energy Firebag, and Statoil Hydro projects.

EBITDA

Facility Infrastructure's EBITDA for the quarter ended March 31, 2010 increased \$6.7 million or 55.6% to \$18.9 million compared to \$12.1 million in the first quarter of 2009. EBITDA as a percentage of revenue was 13.4% compared to 8.4% in the prior year. Efficiency improvements and reduced labour costs contributed to the increase in EBITDA margins.

Oilfield Services

The Oilfield Services segment includes activities focused on energy related transportation and hauling such as drilling rig moving, pressure and vacuum services, fluid hauling, specialized hauling, service rig moving and light hauling.

Revenue

Revenue for the quarter ended March 31, 2010 decreased \$1.5 million or 2.2% to \$67.4 million from \$69.0 million in the first quarter of 2009. Revenues in the rig moving portion of the business increased by 24%, which was offset by a 28% decrease in the fluid hauling business as work on several projects was delayed.

EBITDA

Oilfield Services' EBITDA for quarter ended March 31, 2010 decreased \$2.4 million or 27.1% to \$6.3 million compared to \$8.7 million in the first quarter of 2009. The decrease in EBITDA was a result of competitive pressures on pricing and margins. EBITDA as a percentage of revenue was 9.4%, down from 12.6% in the prior year.

Maintenance Services

The Maintenance Services segment provides asset management services for all routine plant maintenance, coordination of third party services, sustaining capital projects, and turnaround services for oil sands production facilities in Alberta, oil refineries and related chemical, energy, electrical and processing plants. This work is performed through a 50% owned joint venture company, FT Services. Also included in this business segment is the proportional share of two other joint venture companies: Mackenzie Valley Construction, with a base operation in Inuvik, Northwest Territories, and SRP North Ventures, with a base operation in Norman Wells, Northwest Territories. These joint venture companies provide a variety of services including construction, maintenance and logistical services.

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Revenue

Revenue for the quarter ended March 31, 2010 increased \$36.5 million or 59.3% to \$98.2 million from \$61.6 million in the first quarter of 2009. Maintenance revenues increased as a result of higher volumes from FT Services for maintenance agreement work performed for Suncor Energy, Canadian Natural Resources Limited and Shell as compared to 2009.

EBITDA

Maintenance Services' EBITDA for the quarter ended March 31, 2010 decreased by \$2.5 million to \$2.7 million, compared to \$5.2 million in the first quarter of 2009. EBITDA as a percentage of revenue was 2.8%, down from 8.4% as a result of a write down in accounts receivable incurred in one of the Northern joint venture companies. Additionally, in Q1 2009 the Maintenance Services segment received a large contract bonus for 2008 related activities. Since then, any bonuses have been recognized on a quarterly basis.

Quarterly Information

	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenue	\$ 521.4	\$ 462.5	\$ 459.7	\$ 424.2	\$ 530.2	\$ 681.5	\$ 585.8	\$ 531.7
Adjusted net earnings	17.7	14.5	9.7	3.8	18.5	28.1	16.7	11.8
per common share - basic	0.39	0.32	0.21	0.08	0.40	0.60	0.35	0.25
per common share - diluted	0.38	0.32	0.21	0.08	0.40	0.60	0.35	0.25
Net earnings (loss)	17.7	14.5	9.7	3.8	18.5	(208.2)	(163.2)	11.8
per common share - basic	0.39	0.32	0.21	0.08	0.40	(4.44)	(3.41)	0.25
per common share - diluted	0.38	0.32	0.21	0.08	0.40	(4.44)	(3.41)	0.25

A number of factors contribute to variations in the Company's results between periods. These include, but are not limited to weather, customer capital spending, as well as drilling programs which are affected by oil and natural gas commodity prices, and seasonal behaviors in customer spending caused by activities such as plant shutdown work. The Company continues to create the optimum portfolio of services to meet customer needs and maximize shareholder returns.

Certain business lines within the Company relate to the maintenance and operation of oilfield facilities, which generally produce consistent revenues, while other business lines relate to large projects, potentially resulting in fluctuating revenue streams over time. While a significant amount of the business activity related to the maintenance and operation of oilfield facilities is under long-term contract, the work is still primarily call-out related and is provided on an as-needed basis and, therefore, may not generate a consistent revenue stream between periods. The Oilfield Services segment's primary business drivers are related to the drilling cycle in the Western Canadian Sedimentary Basin, while the specialized heavy haul operation, included as part of the Oilfield Services segment, will have more specific business drivers related to the movement of large pieces of equipment and module components of construction projects.

As the Company has United States operations, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the revenues and expenses of its United States operations to Canadian dollars. During the quarter ended March 31, 2010, 13.9% (2009 – 20.0%) of the Company's business activity was in the United States.

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Liquidity and Capital Resources

At March 31, 2010, the Company had \$135.6 million in cash and cash equivalents. The Company's principal sources of capital are cash flows from operations and borrowings under its senior credit facility. The Company's principal uses of cash are for the financing of working capital and capital expenditures.

Selected cash flow and capitalization data is as follows:

As at and for the three months ended	March 31, 2010	December 31, 2009	March 31, 2009
Funds provided by operations before changes in non-cash working capital	\$ 31.4	\$ 33.9	\$ 23.8
Cash provided by operating activities	(16.1)	69.3	(7.3)
Cash flow to interest bearing debt (annualized)	46.1%	43.0%	41.6%
Long-term debt (including current portion)	239.5	239.1	330.6
Debt to total capitalization	31.1%	31.7%	39.6%

Cash Flow and Liquidity

Cash used by operating activities for the quarter ended March 31, 2010 was \$16.1 million compared to \$7.3 million used for 2009. The increase in cash used by operating activities was the result of fluctuations in non-cash balances related to operations during the quarter.

Cash flows used in investing activities for the quarter ended March 31, 2010 increased to \$14.5 million compared to \$2.9 million for the comparative period. During the quarter, the Company incurred net capital expenditures of \$5.5 million, compared to \$2.9 million in 2009. Under-utilized equipment was identified for sale during the quarter or internal transfer which reduced the need to incur additional capital expenditures.

Cash flows provided in financing activities for the quarter ended March 31, 2010 were \$3.2 million compared to \$15.5 million for 2009. During the quarter, the proceeds from long term debt reduced to \$6.6 million in the first quarter of 2010 compared to proceeds of \$25.0 million in 2009, of which \$12.0 million was under the revolving loan. In addition, the Company made net repayments of \$3.2 million in the first quarter of 2010 compared to net repayments of \$7.2 million on long-term debt in 2009.

The Company uses cash flow to interest bearing debt, and debt to total capitalization as key indicators of leverage and to monitor the strength of its balance sheet. Cash flow to interest bearing debt increased to 46.1% from 41.6% over the prior year and the target of over 16% was met. The reduction in operational activity levels compared to the prior year, resulted in a decline of performance of the Company's funds provided by operations before changes in non-cash working capital. Debt to total capitalization improved to 31.1% from 39.6% in the prior year, which was primarily the result of reductions in long-term debt over the prior year. This ratio was also well ahead of the target of below 50%.

The Company closely monitors its cash generating ability and continues to focus efforts upon improving billing and collection processes, in addition to reducing long-term debt.

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Commitments and Contingencies

The following table presents the Company's future payment obligations:

Maturity	< 1 year	1 - 3 years	3 - 5 years	> 5 years	Total
Long-term debt	\$ 27.3	\$ 159.0	\$ 53.9	\$ -	240.2
Operating leases	45.1	58.0	27.9	-	131.0
Total contractual obligations	\$ 72.4	\$ 217.0	\$ 81.8	\$ -	371.2

On January 29, 2010, a customer filed an action in the Court of Queen's Bench of Alberta against a number of defendants, including Flint, alleging that the negligent provision of a pipe coating and insulation system, engineering services, design services and other work caused damage to the customer's pipeline in Canada. The customer alleges that it has suffered damages in the amount of \$85.0 million. While Flint was the construction contractor on the project and did construct the pipeline, it was constructed to a design specified and with materials supplied by others. At the date of the release of these consolidated financial statements, the customer has not served the Statement of Claim against Flint. Flint is not required to file a Statement of Defence until the Statement of Claim is served on Flint. Based on management's current understanding of the facts of this claim, management believes Flint has meritorious defenses to this action and as such does not believe that this litigation will materially affect the Corporation's consolidated financial position or results of its operations. Accordingly, no provision for losses has been reflected in the accounts of the Company for this matter.

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares. As at March 31, 2010, 45,566,114 common shares were outstanding and no preferred shares were outstanding during the period. Certain employees, officers and directors of the Company have been granted options to purchase common shares and/or units under the Company's share based payment plans. There were 2,996,361 stock options and 909,440 units outstanding at March 31, 2010.

As of May 13, 2010, there are 45,609,214 common shares, 2,841,100 stock options and 929,500 units outstanding.

Changes in Accounting Policies

There have been no changes to accounting policies during the three month period ended March 31, 2010.

Future Accounting Pronouncements

The following are recent accounting pronouncements issued but not yet adopted by the Company:

- (i) Convergence with International Financial Reporting Standards

In February 2009, CICA's Accounting Standards Board ("ASB") confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB") for fiscal periods beginning on or after January 1, 2011. Flint's first annual IFRS financial statements will be for the year ending December 31, 2011 and will include the comparative

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period of 2010. Starting in the first quarter of 2011, the Company will provide unaudited consolidated financial information in accordance with IFRS including comparative figures for 2010.

The Company commenced its IFRS conversion project during Q2 2009. The IFRS conversion project is lead by an IFRS steering committee, which includes senior management representing accounting, information technology ("IT"), treasury, human resources, and operations. This IFRS steering committee provides senior management guidance and regular updates as to the status of the conversion project. The Company's conversion plan ensures that the Audit Committee and key stakeholders are adequately informed about the anticipated effects of the IFRS transition. The Audit Committee is provided with quarterly updates.

The project consists of three phases:

Phase One: Preliminary Scoping and Impact Assessment

This phase consists of activities designed to provide a high-level assessment to identify key differences between Canadian GAAP and IFRS and the anticipated high-level impact. Phase One began in Q3 2008 and was completed in Q1 2009. Work completed under Phase One resulted in the prioritization of areas of identified Canadian GAAP versus IFRS differences where the greatest impact was anticipated and has allowed management to resource the related next phases appropriately.

Phase Two: Detailed Analysis and Solution Design

Phase Two consists of preparing an assessment of the impact of changes resulting from the conversion to IFRS on the Company's IT systems, internal controls over financial reporting, and business processes and consequently the design and development of solutions necessary to effect the changes. The Company has completed this phase, which is broken into three levels:

- a) Level 1: Accounting policy choices - work on this level is primarily concerned with the detailed analysis of Canadian GAAP versus IFRS differences, the detailed evaluation of available IFRS accounting policy options and ultimately choosing the most appropriate accounting policy choices under IFRS and quantification of the differences. Analysis thus far shows that the areas of greatest impact for the Company are related to property, plant and equipment ("PPE"), leases, investments in joint ventures and impairment of long lived assets.
- b) Level 2: IT system impact analysis and solution development - work on this level is primarily concerned with the detailed analysis of the impact the proposed accounting policy choices under IFRS will have on the Company's IT systems and identifying and developing appropriate IT system solutions necessary to implement the chosen accounting policy choices. Analysis thus far shows that the greatest impact on the Company relates to IT systems employed for recording and managing items of property, plant and equipment.
- c) Level 3: Controls - work on this level is primarily concerned with ensuring that there are adequate controls for all changes to policies, processes, procedures and systems employed by the Company to collect, process, make decisions and report IFRS compliant information. In line with analysis results thus far, the Company anticipates changes in internal controls over financial reporting and consequently changes in disclosure controls and procedures.

Phase Three: Implementation

Phase Three entails implementing accounting policy choices and solutions developed in Phase Two. These will include, among other things, documentation of new or updated internal controls over financial reporting and business processes and procedures. Implementing changes to internal controls over financial reporting and the related IT systems under the new or updated controls will be the ultimate outcome of this phase. Training of affected personnel across the Company, as well as the Board of Directors and Audit Committee, is ongoing and will be intensified during Phase Three to ensure that the Company's personnel are adequately skilled to undertake new or updated duties under IFRS.

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The Company has identified areas of accounting that are anticipated to be significantly impacted by the conversion to IFRS based on the existing standards as at December 31, 2009. These areas include accounting for property, plant and equipment, leases and joint ventures:

Property, Plant and Equipment

IFRS and Canadian GAAP provide similar principles based guidelines for accounting for property, plant and equipment. However, significant differences arise in the actual application of the standards. For example, IFRS requires quantifying components of PPE into significant parts and also depreciating such significant parts separately (componentization). The application of componentization is expected to result in an increased number of component parts that will be recorded and depreciated and as a result may impact the calculation of depreciation expense. Further, capitalization of directly attributable costs in accordance with IAS 16: PPE may require measurement of an item of PPE upon initial recognition to include or exclude certain previously recognized amounts under Canadian GAAP. Specifically, there may be changes in accounting for the:

- i. Amount of capitalized overheads,
- ii. Capitalization of major inspections that were previously expensed under Canadian GAAP,
- iii. Capitalization of depreciation for which future economic benefits of that asset are absorbed in the production of another asset, and
- iv. Capitalization of borrowing costs in accordance with IAS 23: Borrowing Costs.

IAS 36: Impairment of Assets uses a one-step approach for testing and measuring asset impairments, with asset values being compared to the higher of value in use and fair value less costs to sell. Value in use is defined as being equal to the present value of future cash flows expected to be derived from the asset. In the absence of an active market, fair value less cost to sell may also be determined using discounted cash flows. The use of discounted cash flows under IFRS to test and measure asset impairment differs from Canadian GAAP's two-step method where undiscounted future cash flows are used to compare against the asset's carrying value to determine impairment. Consequently, the IFRS one-step approach may result in more frequent write-downs in the carrying value of assets. However, under IAS 36, previous impairment losses may be reversed where circumstances change that may qualify for reversal. The Company's assets will be subject to the IFRS one-step impairment assessment approach which may result in some impairments being recognized under IFRS that would not have been required or permitted under Canadian GAAP.

Upon transition to IFRS an entity has the elective option to reset the cost of its PPE based on fair value in accordance with IFRS 1: First-time Adoption of IFRS and to use either the cost model or the revaluation model to measure PPE subsequent to the transition. The Company expects to continue using the cost model to measure its items of PPE subsequent to the transition, but may apply fair value to qualifying items upon transition as provided for under IFRS 1. The final impact of the application of IFRS requirements for accounting for PPE and related transitional provisions under IFRS 1 cannot be readily determined at this moment. Work streams that are pivotal in determining the final impacts are ongoing and on schedule.

Leases

Leases are an area where IFRS is anticipated to have a significant impact on the Company. IAS 17: Leases guidelines do not provide quantitative guidance available under Canadian GAAP on determining classification criteria between operating leases and finance (capital) leases. IFRS emphasis on substance over form of lease contracts and its focus on the right to use may result in some of the Company's current operating leases being reclassified as finance leases, resulting in the recognition of additional assets and liabilities.

The IASB currently has an Exposure Draft out for discussion. The discussion topics amongst other things cover:

- i. Recognition of assets and liabilities arising from leases,
- ii. Initial and subsequent measurement of assets and liabilities arising from lease contracts,
- iii. Accounting for leases with options (e.g. purchase, renewal and termination options),
- iv. Accounting for residual value guarantees, and

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v. Presentation of leases in the financial statements.

The discussion on the Exposure Draft is centered on the point that lease contracts create assets and liabilities that should be recognized in the financial statements regardless of whether they are operating leases or finance leases. The judgment principle being proposed is that any lease contract that confers the right to use an asset should be recognized as an asset and the related obligation should be realized as a liability. If adopted, this will be a fundamental departure from the current substance of IAS 17 and will result in lessees recognizing:

- i. An asset for its right to use the leased item (right to use asset), and
- ii. A liability for its obligation to pay rentals.

If the proposal on this Exposure Draft is enacted into the standards, more operating leases will be expected to be converted to finance leases.

Joint Ventures

There are currently only minimal differences between IFRS and Canadian GAAP on joint venture accounting. One of these differences is that IAS 31: Interest in Joint Ventures currently permits a choice of two different methods of consolidation for joint venture investments. This choice is likely to be eliminated upon the publication of the revised standard on Joint Arrangements, as Exposure Draft 9 has proposed that equity accounting would be the only method of consolidation for joint ventures. Therefore, a significant change is expected on the Company's financial statements on transition to IFRS, as it is likely to change its method of consolidating its joint venture investments from proportionate consolidation to the equity method.

The application of equity accounting is very similar under both IFRS and Canadian GAAP. However, given that the use of equity accounting to consolidate the Company's joint venture interests would represent a change compared to the current method of proportionate consolidation, there will be a significant effect on the presentation of the income statement and balance sheet on transition to IFRS. Whereas the Company currently presents its proportionate share of its joint venture interests in individual line items such as revenues, expenses, assets and liabilities, under IFRS, investment in joint ventures will be presented as one line in the income statement for its share of income from its joint venture interests and one line on the balance sheet for its equity investment in joint ventures.

The project is progressing according to the conversion plan and is on schedule. The IASB has several projects scheduled for completion in 2010 and 2011 that may impact the Company's financial statements and the transition to IFRS. The Company will continue to monitor the progress of the IASB's projects and will adjust its conversion plan accordingly and provide updated conversion information in future MD&A's as these projects are completed. At this current stage, the Company cannot reasonably determine the quantitative impact that adopting IFRS will have on its financial position and future results.

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The table below gives a summary update of the project status.

Phase	Description	Status
Phase One: Assessment	<p>The technical evaluation of significant differences between Canadian GAAP and IFRS as is relevant to the Company.</p> <p>In January 2009, the International Accounting Standards Board ("IASB") released its work plan and projected timetable for new standards and amendments on various topics including consolidations, financial instruments, income taxes, liabilities, revenue recognition and IFRS 1.</p>	<p>Complete.</p> <p>Beginning in Q3 2009, the Company carried out high-level analysis to determine differences specific to the company relating to Canadian GAAP and IFRS. In Q1 2009 a report on the high-level scoping exercise for the project was produced.</p> <p>Results of the high-level analysis and the scoping exercise were instrumental in prioritizing, resourcing and ultimately in the development of an updated IFRS conversion plan for the Company. The development plan includes an implementation timetable which identifies the key activities that will occur over the next two years leading up to the changeover.</p>
Phase Two: Design	<p>The identification, evaluation, and selection of accounting policies necessary for the Company to change over to IFRS.</p> <p>In addition, this phase includes an assessment and selection of the operational elements necessary to change over to IFRS such as training, information technology, internal controls over financial reporting, and other business activities that may be influenced by GAAP measures such as debt covenants, hedging, sales practices, and compensation arrangements.</p>	<p>Finalizing.</p> <p>The Company is currently in the final stages of consolidating selected accounting policy choices with related information technology solution development processes necessary for the changeover to IFRS. However, at this current stage, the Company cannot reasonably determine the quantitative impact of adopting IFRS on its financial position and future results.</p> <p>The evaluation of required changes to information technology, internal controls over financial reporting, and business activities are largely completed. The focus of the conversion work has now shifted to the development of solutions for the identified changes. Appropriate IT solutions have been developed and are currently undergoing a review and approval process. This phase is on schedule.</p> <p>Comprehensive training targeted at staff within the Company's areas most affected by the conversion to IFRS is proceeding well and is on schedule. Training sessions are regular and ongoing through December 2010.</p>
Phase Three: Implementation	<p>The integration of financial and operational processes necessary to changeover to IFRS.</p>	<p>On going.</p> <p>Phase Three Implementation is dependent on outcomes from Phase Two; consequently full implementation is forecasted to begin in Q2 2010. Certain aspects of this phase have been established and implementation work has begun in these areas. The Company will continue to monitor ongoing changes to IFRS and adjust its implementation plans accordingly. This phase is estimated to be complete by Q4 2010.</p>

The project is progressing according to the conversion plan and is on schedule. At this current stage, the Company cannot reasonably determine the quantitative impact that adopting IFRS will have on its financial position and future results.

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces the existing standard. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date and that non-controlling interests would be measured at fair value at the date of acquisition. This

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standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iii) Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This Section carries forward existing Canadian guidance for preparing consolidated financial statements other than non-controlling interests. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iv) Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(v) Financial Instruments – Recognition and Measurement

In June 2009, the CICA amended Handbook Section 3855, "Financial Instruments - Recognition and Measurement" to clarify when an embedded prepayment option is separated from its host instrument for accounting purposes. The amendment applies to annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of the amendment on its consolidated financial statements.

(vi) Equity

In August 2009, the CICA amended presentation requirements of Handbook Section 3251, "Equity" as a result of issuing Section 1602, "Non-controlling Interests". The amendments apply only to entities that have adopted Section 1602 which is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of the amendments to the standard.

(vii) Comprehensive Revaluation of Assets and Liabilities

In August 2009, the CICA amended Handbook Section 1625 "Comprehensive Revaluation of Assets and Liabilities" as a result of issuing Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests" in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, provided that Section 1582 is also adopted. The Company is currently evaluating the impact of the amendments to the standard.

(viii) Multiple Deliverable Revenue Arrangements

In December 2009, the Emerging Issues Committee of the CICA issued EIC 175 "Multiple Deliverable Revenue Arrangements," which replaces EIC 142 "Revenue Arrangements with Multiple Deliverables." This new EIC addresses some aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue generating activities and is effective for the first annual fiscal period beginning on or after January 1, 2011. The Company is currently evaluating the impact of the new EIC.

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Use of Accounting Estimates

In preparing the consolidated financial statements, various accounting estimates are made in applying the Company's accounting policies. These estimates require significant judgment on the part of management and are considered critical as they are important to the Company's financial condition and results. The following represents the estimates that management considers most critical to the application of the Company's significant accounting policies.

Revenue Recognition

The Company's principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- (i) The Company's Production Services and Facility Infrastructure reporting segments perform the majority of their projects under the following types of contracts: time-and-materials; cost-plus-fixed-fee; unit-price; and fixed price or lump sum. For these contract types, revenue is recognized using the percentage-of-completion method, measured by the ratio of costs incurred and units produced to date relative to total estimated costs and units to be produced. The resulting ratio is applied to the approved contract value to determine the revenue recognized. The estimated total cost of the contract and percent complete is determined based upon estimates made by management. The costs of items that do not relate to performance of contracted work, particularly in the early stages of the contract, are excluded from costs incurred to date.

Contract costs include all direct materials, equipment, and labour costs and those indirect costs related to contract performance, such as indirect labour, supplies, and tools. General and administrative costs are charged to expense as incurred. Changes in project performance, project conditions, and estimated profitability, including those arising from contract penalty provisions and final contract settlements, may result in revisions to costs and income that are recognized in the period in which such adjustments are determined. Provisions for estimated losses on all uncompleted contracts are made in the period in which such losses are identified.

Costs related to change orders and claims are recognized when they are incurred. Revenues related to change orders are included in total estimated contract revenue when they are approved. Once a project is underway, the Company may experience changes in conditions, client requirements, specifications, designs, materials, and work schedules. In these circumstances, a change order is generally negotiated with the customer to modify the terms of the original contract to approve both the scope and price of the change.

When a change order is unapproved in both scope and price or becomes a point of dispute between the Company and a customer, the Company will then consider it as a claim. Claims are included in total estimated contract revenue only to the extent that contract costs related to the claim have been incurred and when it is probable that the claim will result in a bona fide addition to contract value and revenues can be reliably estimated. This can lead to a situation where costs are recognized in one period and revenue is recognized when customer agreement is obtained or claim resolution occurs, which can be in subsequent periods.

Within the Facility Infrastructure reporting segment, the length of the contracts varies from one year to several years, whereas within the Production Services reporting segment, the length of the contracts are typically less than one year. The Company's long-term contracts typically allow its customers to unilaterally reduce, delay or eliminate the scope of the work as contracted without cause. As a result, these long-term contracts represent higher risk due to uncertainty of total contract value and estimated costs to complete potentially impacting revenue recognition in future periods.

Revenue in excess of billings represents costs incurred and revenues earned in excess of amounts billed on uncompleted contracts. Billings in excess of revenue represents amounts invoiced in excess of revenue recognized.

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- (ii) The Company recognizes revenue from the sale of its other products and services as follows:
- (i) Revenue from Oilfield Services is provided based upon orders and contracts with the customer that include fixed or determinable prices based upon daily, hourly or job rates and is recognized as the services are provided to the customer,
 - (ii) Revenue from manufacturing and product sales is recognized when the products are shipped to the customer; and revenue from inspections, threading, refurbishment and bucking of drill and line pipe is recognized when the services are performed, and
 - (iii) Revenue from Maintenance Services is recognized as services are rendered. Specific contracts include the provision of key performance indicators that provide additional revenue to the Company if certain performance based measurements are achieved by the Company. This revenue is recognized only when the performance based measure is fixed and determinable and has been accepted by the customer.

The Company recognizes revenue from the foregoing activities once persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, fees are fixed and determinable and collectability is reasonably assured.

Amortization of Property, Plant and Equipment

The Company's Production Services and Oilfield Services reportable segments require a significant investment in construction and hauling equipment. In accordance with the Company's accounting policy related to the amortization of property, plant and equipment, the cost of construction and hauling equipment is amortized over its estimated useful life.

Judgment is involved in determining the useful life of the equipment, the estimated residual value and the appropriate method of amortization. Factors considered in estimating the useful life of an item of construction or hauling equipment include expected future usage, effects of technological or commercial obsolescence, expected wear and tear from use or the passage of time, the effectiveness of the Company's maintenance program and historical information of similar items retired. The same factors are considered in estimating the residual value of an item of construction or hauling equipment. The accuracy in estimating the residual value of an item of construction or hauling equipment becomes increasingly more difficult the further the estimated useful life extends into the future.

The Company's investment in construction and hauling equipment results in amortization expense being a significant operating cost to the Company, and any misjudgment in estimating the useful life or the residual value of the equipment could result in a misstatement of consolidated amortization expense.

Allowance for Doubtful Accounts Receivable

The Company performs ongoing credit evaluations of its customers and grants credit based upon the customer's past payment history and financial condition, taking into consideration anticipated changes in industry and economic conditions. Customer payments are regularly monitored and estimates of the allowance for doubtful accounts are determined on a customer-by-customer evaluation of collectability at each reporting date, taking into consideration the following factors: the length of time the receivable has been outstanding, specific knowledge of each customer's financial condition, and historical experience. The Company's experience with respect to the incurrence of bad debt losses have been within expectations and have generally been limited to a select number of specific customer situations. Given the cyclical nature of the North American oil and natural gas services industry and the risk associated with finding and producing hydrocarbons, a customer's ability to fulfill its obligations can change without notice.

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Accounting for Impairment of Long-lived Assets

The Company reviews long-lived assets which include property, plant and equipment and identifiable intangible assets with finite lives, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is assessed by a comparison of the carrying amount of assets to the sum of future undiscounted cash flows expected to be generated from the use and eventual disposition by the group of assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the group of assets exceeds the fair value of the assets and is charged to the consolidated statement of earnings (loss). Fair value is determined using prices for similar items or the results of discounted cash flows when quoted market prices are not available. The Company made assumptions about the future cash flows expected from the use of its long-lived assets, such as: applicable industry performance and prospects; general business and economic conditions that prevail and are expected to prevail; expected growth; maintaining its customer base; and, achieving cost reductions. There can be no assurance that expected future cash flows will be realized, or will be sufficient to recover the carrying amount of long-lived assets. Furthermore, the process of determining fair values is subjective and requires management to exercise judgment in making assumptions about future results, including revenue and cash flow projections and discount rates.

Business Risks

The Company's results are affected by a number of external factors, including commodity prices, which drive producer capital spending levels and the demand for Flint's project related services, foreign currency, interest rates, operational, credit and safety risks.

Producer Capital Spending Levels

The Company's business is directly affected by fluctuations in the levels of exploration, oil sands development and production activity carried on by its customers, which in turn is dictated by numerous factors, including world energy prices and government policies. Projected crude oil and natural gas prices drive oil and natural gas producer capital expenditures, including drilling, and production and exploration activity, which in turn impacts the Company's activity levels. Producer capital spending levels have a relatively significant impact on the results of the Company's Facility Infrastructure and Oilfield Services reportable segments, compared to the Production Services reportable segment and Maintenance Services reportable segment, as the latter perform services more related to the ongoing operation and maintenance of producers' physical plants and production. As it is difficult for the Company to effectively anticipate the fluctuations in activity levels resulting from the peaks and troughs in producer spending related to large capital projects, the Company manages to operate its reportable segments in such a manner so as to maximize their scalability relative to activity levels. A significant prolonged decline in commodity prices could have a material adverse effect on the Company's results of operations and financial condition.

Foreign Currency

The Company minimizes its exposure to unrealized translation gains and losses on United States denominated monetary items related to the translation of its net United States investment, by financing the investment with United States dollar denominated debt. The Company may enter into derivative contracts to manage the exposure to foreign currency related to contracted purchases. The Company does not manage the exposure to fluctuations in the United States to Canadian exchange rate related to translating the results of its United States operations.

Interest Rates

In order to minimize the Company's exposure to fluctuating interest rates, the Company has structured its senior credit facility such that a significant amount of its long-term debt has fixed interest rates, and by using interest rate swaps to fix the interest rate on a portion of the debt for longer periods.

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Operational Risk and Insurance

The Company's operations are subject to risks inherent in the oil and gas industry such as equipment defects, malfunctions, failures and natural disasters. These risks could expose the Company to substantial liability for personal injury, loss of life, business interruptions, property damages or destruction, pollution and other environmental damages. In addition, the Company's operations are subject to risks normally inherent in the transportation industry, including potential liability, which could result from, among other things, personal injury, loss of life or property damages arising from motor vehicle accidents. The Company minimizes its exposure to operational risk through comprehensive vehicle and equipment maintenance programs designed to prevent failure and maximize the useful life of the related assets. In addition, the Company follows a complete quality assurance and control program designed to maximize performance in its work and minimize deficiencies potentially leading to failures and remedial re-work.

The Company maintains insurance against certain risks to which it is exposed. However, such insurance is subject to coverage limits and no assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition, could be materially adversely affected.

Safety Risk

Safety risks are managed through the application of safety policies and procedures conducive to promoting safe work practices to a standard either complying with or exceeding government regulations and industry requirements. The Company maintains a behaviour-based safety program, which uses positive reinforcement to create a culture of safety consciousness within its employees and contractors.

Labour Supply Risk

The Company requires a large number of trades personnel to conduct its operations. Recruiting and training these individuals is critical to the Company's ability to continue to meet customer requirements and generate increasing levels of revenue. As there is a very high demand for many of these skilled positions, the Company devotes significant resources and planning to the recruiting, retaining and training of people in order to secure the required level of staffing and skills necessary to support anticipated levels of work.

Credit Risk and Reliance on Major Customers

The risk of losses from customer non-payment is minimized through the Company's credit granting policies and other procedures designed to limit the exposure to credit risk. As a result of such practices, the Company's bad debt expense has historically been minimal. Substantial portions of the Company's accounts receivable are with customers involved in the oil and gas industry whose revenues may be impacted by fluctuations in crude oil and natural gas prices. Management currently considers the risk of a significant loss to be remote. There can be no assurance that the Company's current customers will continue their relationships with the Company. The loss of one or more major customers, or any significant decrease in services provided to a customer, prices paid, or any other changes to the terms of service with customers, could have a material adverse effect on the profitability of the Company.

Fuel Prices

Fuel is one of the Company's major costs and as such, higher fuel prices could materially affect the Company's results. The Company manages this exposure to rising fuel costs through inclusion of fuel surcharges in customer agreements and contracts.

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Legislation and Regulation

Income tax, environmental and other applicable legislation may change in a manner which adversely affects the Company.

Transportation regulations governing the Oilfield Services segment require licensing from or registration with, provincial and territorial authorities in order to carry goods extra-provincially or to transport goods within any province or territory. Changes in regulations applicable to the Company could increase operating costs and have a material adverse effect on the Company's operations and financial condition.

The right to continue to hold applicable licenses and permits is generally subject to maintaining satisfactory compliance with regulatory and safety guidelines, policies and regulations. Although the Company is committed to compliance and safety, there is no assurance that the Company will be in full compliance at all times with such policies, guidelines and regulations. Consequently, at some future time, the Company could be required to incur significant costs to maintain or improve its compliance record.

Environmental Liability Risks

Certain reportable segments within the Company routinely deal with natural gas, oil and other petroleum products. The Company has programs to address compliance with current environmental standards and monitors its practices concerning the handling of environmentally hazardous materials. There can be no assurance that the Company's procedures will prevent environmental damage occurring from spills of materials handled by the Company or that such damage has not already occurred. Although the Company is not aware of any contamination which, if remediation or clean up were required, would have a material adverse effect on the Company, there can be no assurance that the Company will not be required at some future date, to incur significant costs to comply with current or future environmental laws.

Weather and Seasonality

Weather conditions can restrict or impede the Company's ability to deliver its services. Municipalities and provincial transportation departments enforce road bans during certain times of the year which restrict the movement of the Company's equipment or those of the customer, thereby reducing the Company's activity levels during these periods. Additionally, certain oil and gas producing areas are only accessible in the winter months due to ground conditions. Seasonal factors and unexpected weather patterns may lead to declines in activity levels of exploration and production companies and corresponding declines in the demand for the goods and services of the Company. The Company's operations are geographically dispersed throughout the major oil and gas producing areas in North America and therefore the risk associated with seasonal and inclement weather is somewhat mitigated.

Refer to the Annual information form for further information on risks.

Internal Controls over Disclosure and Financial Reporting

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for designing disclosure controls and procedures to ensure that material information is being made known to the appropriate individuals. In addition, the CEO and CFO are responsible to design internal controls over financial reporting or cause them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

Disclosure Controls and Procedures

An evaluation of the effectiveness of the Company's disclosure controls and procedures was conducted as of March 31, 2010, by and under the supervision of the Company's management, including the CEO and CFO. Based on this

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2010

(in millions of Canadian dollars except share data and per share amounts, unless otherwise stated)

evaluation, the CEO and CFO concluded that the disclosure controls and procedures were effective as at March 31, 2010.

Changes in Internal Controls over Financial Reporting

The CEO and CFO evaluated the design and operating effectiveness of the Company's internal controls over financial reporting as at the quarter ended March 31, 2010. Based on that evaluation, they concluded that the design and operation of internal controls over financial reporting were effective as at March 31, 2010 to provide reasonable assurance regarding the reliability and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There were no other changes in the Company's Internal Controls over Financial Reporting ("ICFR") in 2010 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Limitations on the Effectiveness of Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management does not expect that the Company's disclosure controls and procedures and ICFR will prevent all error or fraud. A control system, no matter how well designed and implemented, can provide only reasonable, not absolute, assurance for both prevention and detection of errors or fraud. The inherent limitations include: judgments in decision-making can be faulty; breakdowns can occur because of simple errors or mistakes; controls can be circumvented by individual acts or collusion; and management can override controls. Due to the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2010

(in millions of Canadian dollars except share data and per share amounts, unless otherwise stated)

Outlook

The first quarter of 2010 showed some signs of recovery with improving oil and gas prices and increased drilling activity in Canada. However, this did not have an immediate impact on Flint's Production Services activities due to the typical five to six month lag between drilling and midstream activities. As a result, Canadian revenues were down 6% over last year. United States drilling activity in Q1 2010 was flat with Q4 2009 and US Production Services activities, which similarly lag drilling, experienced lower revenues and margins than the first quarter of 2009.

Production Services activity in both Canada and the US saw some sequential benefit from increased production related expenditures in Q1 compared to Q4 2009. Increased bidding opportunities on pipeline and facilities projects in the shale gas plays of Northeast BC and in Northern Alberta's oil sands region, are showing signs of an increase in activity later 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 has recently been awarded a pipeline contract in the Haynesville shale gas play, and a large production equipment order from one of our major US customers. These are good indications that Flint saw the bottom of the cycle in late 2009.

In Oilfield Services, rig moving revenues were up due to an increase in Canadian drilling activity in the first quarter. However, Oilfield Services' overall revenues were down slightly as a result of lower revenues in its other businesses. Both Fluid Haul and Specialty Hauling revenues were down in Q1 due to reduced levels of work in the Fort McMurray region as a result of project delays, and both planned and unplanned outages at customer facilities.

During the normally slower Q2 breakup period in Canada, Flint should see seasonally lower rig moving revenues offset by improving Fluid Haul revenues. Flint is very well positioned in the areas of higher activity, and with drilling activity forecast to improve in the second half of the year, Flint believes the Oilfield Services division will see improvements over 2009.

While gas prices have weakened at the end of the 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 increased interest in crude oil and shale gas drilling in both the United States and Canada.

Flint's Facility Infrastructure division continued work on the Shell Albian Sands Froth Treatment facility and Statoil's Leismer SAGD demonstration project near Fort McMurray. Work will be substantially completed on both projects by the end of the second quarter. Earlier in Q1 2010, Flint announced it had been awarded a construction contract by Suncor Energy to provide site wide construction, pre-commissioning and commissioning work on Suncor's Firebag 3 SAGD project. Work will continue on this contract through the end of 2010 and into early 2011. While activities will be lower for Facility Infrastructure in the second half of 2010, Flint anticipates increasing activity levels in 2011 and 2012 as Flint adds contract work to its backlog for this division. Flint is currently bidding on a number of major construction contracts for oil sands projects for work which would commence in early 2011.

Flint's Maintenance Services division benefited from increased maintenance work and outages in oil sands in the first quarter. FT Services is working on two turnaround projects in the second quarter of this year and is planning a larger turnaround later in the year, both 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.

The two recently announced additions to Flint's services (the acquisition of Paintearth Surface Equipment and the joint venture with Sub-One Technology), are growth focused acquisitions for specific market opportunities in Flint's industry. 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 the increase in oil drilling. Paintearth provides the platform for Flint to expand this service into Canada. 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. The primary marketing opportunity for Flint InnerArmor is oil sands production equipment and facilities in Alberta. Flint also sees much potential with "frac" iron, wellheads and other expensive production equipment exposed to abrasive and corrosive substances.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Three Months ended March 31, 2010

(in millions of Canadian dollars except share data and per share amounts, unless otherwise stated)

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 related 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.

Additional Information

Additional information related to the Company is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, including a copy of the latest Annual Information Form of the Company.

May 13, 2010

INTERIM CONSOLIDATED BALANCE SHEETS

(in thousands of Canadian dollars)

(unaudited)

As at

March 31, 2010 December 31, 2009

ASSETS

Current assets:

Cash and cash equivalents	\$	135,585	\$	163,929
Accounts receivable		279,973		244,296
Revenue in excess of billings		92,267		62,879
Inventories		52,586		51,148
Prepaid expenses and deposits (Note 6)		18,997		11,449
Income taxes receivable		12,398		10,119
Future income tax assets		14,397		7,337
		606,203		551,157

Long-term investment (Note 3)		1,016		-
Property, plant and equipment		368,987		379,899
Intangible assets		8,596		9,223
Other long-term assets		986		934
Future income tax assets		27,770		33,444
	\$	1,013,558	\$	974,657

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable and accrued liabilities	\$	188,928	\$	160,701
Billings in excess of revenue		5,562		4,653
Income taxes payable		2,212		7,192
Future income tax liabilities		4,112		5,133
Current portion of long-term debt		26,949		16,714
		227,763		194,393

Derivative financial instruments		1,339		1,287
Long-term debt		212,561		222,418
Future income tax liabilities		40,437		41,265
		482,100		459,363

Shareholders' equity:

Accumulated other comprehensive loss		(14,347)		(12,114)
Deficit		(30,965)		(48,631)
		(45,312)		(60,745)
Capital stock		553,447		553,018
Contributed surplus		23,323		23,021
		531,458		515,294

	\$	1,013,558	\$	974,657
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Subsequent events (Note 6)

Commitments and contingencies (Note 7)

See accompanying notes to the unaudited interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF EARNINGS

<i>(in thousands of Canadian dollars, except share data)</i> <i>(unaudited)</i>	Three months ended		Three months ended	
	March 31, 2010		March 31, 2009	
Revenue	\$	521,370	\$	530,151
Direct costs		441,272		441,474
		80,098		88,677
General and administrative expenses		36,297		42,279
Amortization on property, plant and equipment		14,268		14,039
Amortization on intangible assets		487		-
Share based compensation expense		1,799		971
Earnings before other expense (income) and income taxes		27,247		31,388
Other expense (income):				
Interest expense		3,388		5,328
Interest income		(157)		(86)
Earnings before income taxes		24,016		26,146
Income taxes:				
Current		9,323		18,446
Future reduction		(2,973)		(10,848)
		6,350		7,598
Net earnings	\$	17,666	\$	18,548
Earnings per share:				
Basic	\$	0.39	\$	0.40
Diluted	\$	0.38	\$	0.40
Weighted average common shares:				
Basic		45,504,277		46,187,745
Diluted		45,997,261		46,205,710

See accompanying notes to the unaudited interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

<i>(in thousands of Canadian dollars)</i> <i>(unaudited)</i>	Three months ended		Three months ended	
	March 31, 2010		March 31, 2009	
Net earnings	\$	17,666	\$	18,548
Other comprehensive (loss) earnings:				
Unrealized (loss) gain on foreign currency translation of self-sustaining foreign operations		(2,233)		2,736
Other comprehensive (loss) earnings		(2,233)		2,736
Comprehensive earnings	\$	15,433	\$	21,284

INTERIM CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<i>(in thousands of Canadian dollars)</i>	Accumulated Other Comprehensive Gain (Loss)	Capital Stock	Contributed Surplus	Retained Deficit	Adjustment arising from shares purchased under a normal course issuer bid	Total
<i>(unaudited)</i>						
Balance, December 31, 2008	\$ (1,073)	\$ 561,376	\$ 17,015	\$ (95,164)	\$ -	\$ 482,154
Net earnings	-	-	-	18,548	-	18,548
Stock based compensation expense	-	-	971	-	-	971
Purchases under normal course issuer bid	-	(769)	391	-	-	(378)
Purchases under normal course issuer bid, uncanceled	-	-	-	-	(792)	(792)
Unrealized gain on foreign currency translation of self-sustaining foreign operations	2,736	-	-	-	-	2,736
Balance, March 31, 2009	\$ 1,663	\$ 560,607	\$ 18,377	\$ (76,616)	\$ (792)	\$ 503,239
Balance, December 31, 2009	\$ (12,114)	\$ 553,018	\$ 23,021	\$ (48,631)	\$ -	\$ 515,294
Net earnings	-	-	-	17,666	-	17,666
Exercised employee stock options	-	319	-	-	-	319
Transfer for stock options exercised	-	110	(110)	-	-	-
Stock based compensation expense	-	-	412	-	-	412
Unrealized loss on foreign currency translation of self-sustaining foreign operations	(2,233)	-	-	-	-	(2,233)
Balance, March 31, 2010	\$ (14,347)	\$ 553,447	\$ 23,323	\$ (30,965)	\$ -	\$ 531,458

See accompanying notes to the unaudited interim consolidated financial statements.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in thousands of Canadian dollars)</i> <i>(unaudited)</i>	Three months ended March 31, 2010	Three months ended March 31, 2009
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 17,666	\$ 18,548
Items not affecting cash:		
Amortization on property, plant and equipment	14,523	14,456
Amortization on intangible assets	487	-
Amortization on finance costs	75	264
Loss on disposal of property, plant and equipment	31	67
Share based compensation expense	1,799	971
Unrealized loss on derivative financial instruments	52	13
Unrealized foreign exchange (gain) loss on long-term debt	(282)	346
Future income taxes reduction	(2,973)	(10,848)
	31,378	23,817
Changes in non-cash balances relating to operations	(47,476)	(31,070)
Net cash used in operating activities	(16,098)	(7,253)
Investing activities:		
Purchase of property, plant and equipment	(6,910)	(4,038)
Proceeds from disposal of property, plant and equipment	1,431	1,170
Long-term investment (Note 3)	(1,016)	-
Deposit for PES acquisition (Note 6)	(8,027)	-
Net cash used in investing activities	(14,522)	(2,868)
Financing activities:		
Increase in revolving operating loan	-	12,000
Proceeds from long-term debt	6,621	12,956
Repayments of long-term debt	(3,175)	(7,188)
Repayment of obligations under capital lease	(574)	(1,066)
Proceeds from issue of capital stock on exercise of options	319	-
Share repurchase via normal course issuer bid	-	(1,171)
Net cash provided by financing activities	3,191	15,531
Effect of foreign exchange rate changes on cash balances	(915)	100
Increase (decrease) in cash and cash equivalents	(28,344)	5,510
Cash and cash equivalents, beginning of period	163,929	1,408
Cash and cash equivalents, end of period	\$ 135,585	\$ 6,918
Supplemental cash flow information:		
Net cash (paid) received during the period for:		
Interest paid	\$ (3,420)	\$ (5,328)
Interest received	157	86
Income taxes paid	\$ (16,573)	\$ (15,487)

See accompanying notes to the unaudited interim consolidated financial statements.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

*(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)*

General

Flint Energy Services Ltd. (the "Company" or "Flint") is incorporated in Canada under the Business Corporations Act (Alberta). The Company provides a full range of integrated products and services for the oil and gas industry including: production services, infrastructure construction, oilfield transportation, and maintenance services. The Company provides these services from over 60 centers in the oil and gas producing regions of western North America from Inuvik in the Northwest Territories to Mission, Texas. The Company's common stock is traded on the Toronto Stock Exchange under the symbol "FES".

1. Basis of Presentation

These unaudited 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 Canadian generally accepted accounting principles ("GAAP"). The interim consolidated financial statements include the accounts of Flint Energy Services Ltd. and all subsidiary companies, collectively the "Company". All subsidiary companies are wholly-owned and all material intercompany balances and transactions have been eliminated in consolidation. The Company proportionately consolidates its interests in joint ventures, whereby the Company's proportionate share of revenues, expenses, assets and liabilities are included in the accounts. The interim consolidated financial statements follow the same significant accounting policies as described and used in the most recent audited annual consolidated financial statements of the Company for the year ended December 31, 2009, except as described in Note 2(a) below, and should be read in conjunction with those consolidated financial statements.

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 materially from those estimates and assumptions.

There are factors causing quarterly variances that may not be reflective of the Company's future performance. These include, but are not limited to weather, customer capital spending, as well as drilling programs which are affected by oil and natural gas commodity prices, and seasonal behaviours in customer spending caused by activities such as plant shutdown work. As the Company has operations in the United States, the consolidated financial results may vary between periods due to the effect of foreign exchange fluctuations in translating the revenues and expenses of its operations in the United States to Canadian dollars. As a result, quarterly operating results should not be relied upon as any indication of results for any future period.

2. Summary of Significant Accounting Policies and Practices

(a) Changes in Accounting Policies

There have been no changes to significant accounting policies during the three months ended March 31, 2010.

(b) Future Accounting Pronouncements

(i) Convergence with International Financial Reporting Standards ("IFRS")

In February 2008, CICA's Accounting Standards Board ("AcSB") confirmed that Canadian publicly accountable enterprises will be required to adopt IFRS as promulgated by the International Accounting Standards Board ("IASB"), replacing Canadian GAAP effective January 1, 2011. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)

As at March 31, 2010, management has completed a preliminary assessment of the accounting and reporting differences under IFRS compared to Canadian GAAP, however, has not yet finalized its determination of the impact of these differences on the consolidated financial statements. Management will continue to monitor any changes in the adoption of IFRS and will update the Company's conversion plan accordingly.

(ii) Business Combinations

In January 2009, the CICA issued Handbook Section 1582, "Business Combinations", which replaces the existing standard. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date and that non-controlling interests would be measured at fair value at the date of acquisition. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iii) Consolidated Financial Statements

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", which replaces the existing standards. This Section carries forward existing Canadian guidance for preparing consolidated financial statements other than non-controlling interests. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(iv) Non-Controlling Interests

In January 2009, the CICA issued Handbook Section 1602, "Non-controlling Interests", which establishes standards for the accounting of non-controlling interests of a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. The Section is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(v) Financial Instruments – Recognition and Measurement

In June 2009, the CICA amended Handbook Section 3855, "Financial Instruments - Recognition and Measurement" to clarify when an embedded prepayment option is separated from its host instrument for accounting purposes. The amendment applies to annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is currently evaluating the impact of the amendment on its consolidated financial statements.

(vi) Equity

In August 2009, the CICA amended presentation requirements of Handbook Section 3251, "Equity" as a result of issuing Section 1602, "Non-controlling Interests". The amendments apply only to entities that have adopted Section 1602 which is effective for interim and annual financial statements beginning on January 1, 2011 and earlier adoption is permitted. The Company is currently evaluating the impact of the amendments to the standard.

(vii) Comprehensive Revaluation of Assets and Liabilities

In August 2009, the CICA amended Handbook Section 1625 "Comprehensive Revaluation of Assets and Liabilities" as a result of issuing Section 1582, "Business Combinations", Section 1601, "Consolidated Financial Statements", and Section 1602, "Non-controlling Interests" in January 2009. The amendments apply prospectively to comprehensive revaluations of assets and liabilities occurring in fiscal years beginning

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)

on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year, provided that Section 1582 is also adopted. The Company is currently evaluating the impact of the amendments to the standard.

(viii) Multiple Deliverable Revenue Arrangements

In December 2009, the Emerging Issues Committee (“EIC”) of the CICA issued EIC 175 “Multiple Deliverable Revenue Arrangements,” which replaces EIC 142 “Revenue Arrangements with Multiple Deliverables.” This new EIC addresses some aspects of the accounting by a vendor for arrangements under which it will perform multiple revenue generating activities and is effective for the first annual fiscal period beginning on or after January 1, 2011. The Company is currently evaluating the impact of the new EIC.

3. Investment in Joint Venture

On March 26, 2010, the Company established a joint venture, Flint InnerArmor, with Sub-One Technology Inc. (“Sub-One”), a privately held entity from California, USA. The Company has a fifty-one percent interest in the new joint venture, which will provide hard surfacing treatment services, InnerArmor (R) Technology, to clients in the North American oil and gas industry, including the oil sands. The joint venture will be reported within the results of the Production Services segment. As at March 31, 2010, the joint venture was not operational and therefore there were no assets, liabilities, earnings or cash flows to record in these interim consolidated financial statements. The Company has committed to providing approximately \$2,500 in funds to the joint venture in fiscal 2010 for it to begin operations.

In addition to the establishment of this joint venture, the Company has also acquired 3,460,208 preferred shares of Sub-One, representing approximately 4.4% of the outstanding preferred shares for an initial investment of \$1,016. This investment has been accounted for using the cost method and is classified as available for sale.

4. Performance Share Unit Plan

The Company established a Performance Share Unit (“PSU”) Plan for certain executives (the “Participants”) of the Company effective January 1, 2010. PSU awards vest at the end of three years and are subject to the performance criteria approved by the Compensation Committee of the Board of Directors at the date of grant. In addition to the passage of time, the vesting of the awards is based on the extent to which the Company’s average return on capital employed, achieves or exceeds the specified performance levels over a three-year period. The number of units that will ultimately vest will be in the range of 20% to 200% of the original grant. The value of a PSU is equal to the volume weighted average trading price per common share of the Company on the Toronto Stock Exchange (“TSX”) for the five consecutive trading days prior to the date of redemption.

The PSU’s will be settled in cash and have been classified as a liability. The stock-based compensation expense is recognized evenly over the vesting period, or, as applicable, over the period to the date an employee is eligible to retire, whichever is shorter. This compensation expense was adjusted based upon management’s assessment of performance against specified levels and the ultimate number of units expected to be issued.

As at March 31, 2010, \$221 has been recognized as share based compensation expense under the plan. At March 31, 2010 the weighted average remaining contractual life of outstanding PSU Plan units is 2.75 years.

	Performance Share Unit
Balance, December 31, 2009	-
Granted	216,518
Balance, March 31, 2010	216,518

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

*(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)*

5. Segmented Information

The Company is operating within four reportable business segments, each of which are distinct business units that offer different products and services within the oil and natural gas industry. These reportable business segments include Production Services, Facility Infrastructure, Oilfield Services, and Maintenance Services.

The Production Services segment focuses on midstream oil and gas field production services. These services encompass: fabrication, construction and maintenance of production facilities, mid-inch pipelines, production equipment, and mid-sized construction management with the inspection repair and refurbishing of production tubing, drill pipe, sucker rods, casing, small diameter pipelines and polyethylene pipe and liners.

The Facility Infrastructure segment, which includes oil sands construction activities, provides construction management, modular fabrication, field construction services on major construction projects primarily in Edmonton and Fort McMurray, Alberta.

The Oilfield Services segment provides drill rig and service rig moving; module, equipment and specialty hauling; fluid handling, pressure and vacuum services, industrial and chemical cleaning; and coiled tubing and flush-by services.

The Maintenance Services segment provides operations, oil and gas production and maintenance, construction, logistical oilfield services, asset management and project management services to the North American energy sector. The segment consists of three joint ventures: FT Services, Mackenzie Valley Construction, and SRP North Ventures.

The Company allocates revenue and EBITDA based on revenue; and allocates amortization on capital assets, capital expenditures, and total assets based on asset utilization. The Company evaluates performance of reporting segments based on earnings before interest, taxes, depreciation, amortization, impairment charge, and share based compensation, which follows the organization, management and reporting structure of the Company.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)

(a) Reportable Segments

Selected financial information for each reportable business segments is as follows:

<i>(in thousands of dollars)</i>	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Three months ended March 31, 2010</i>					
Revenue	\$ 216,156	\$ 141,006	\$ 69,797	\$ 98,166	\$ 525,125
Inter-segment revenue	(1,368)	-	(2,387)	-	(3,755)
Net external revenue	214,788	141,006	67,410	98,166	521,370
EBITDA ¹	16,157	18,881	6,318	2,700	44,056
Amortization on capital assets	5,960	1,417	6,757	389	14,523
Capital expenditures	2,875	987	2,929	119	6,910
Total assets	473,950	159,581	278,759	101,268	1,013,558

<i>(in thousands of dollars)</i>	Production Services	Facility Infrastructure	Oilfield Services	Maintenance Services	Total
<i>Three months ended March 31, 2009 (restated)</i>					
Revenue	\$ 256,544	\$ 144,020	\$ 70,606	\$ 61,623	\$ 532,793
Inter-segment revenue	(987)	(3)	(1,653)	-	(2,643)
Net external revenue	255,557	144,017	68,953	61,623	530,150
EBITDA ¹	20,820	12,133	8,669	5,193	46,815
Amortization on capital assets	7,562	1,340	5,148	406	14,456
Capital expenditures	2,105	456	1,074	409	4,044
Total assets	536,560	212,321	243,510	57,306	1,049,697

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 reporting segment profitability. EBITDA is equal to earnings before interest, taxes, depreciation, amortization, impairment of intangibles and goodwill, and share based compensation. Management uses EBITDA to establish performance benchmarks for incentive compensation for employees, to evaluate the performance of its reporting segments, and to make resource allocation decisions. 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.

(b) Geographic Segments

The Company's operations are carried on in the following geographic locations:

	Canada	United States	Total
<i>Three months ended March 31, 2010</i>			
Revenue	\$ 448,678	\$ 72,692	\$ 521,370
Property, plant and equipment	316,451	52,536	368,987
Total assets	885,002	128,556	1,013,558
<i>Three months ended March 31, 2009</i>			
Revenue	\$ 424,202	\$ 105,948	\$ 530,150
Property, plant and equipment	357,217	66,603	423,820
Total assets	879,580	170,117	1,049,697

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three Months Ended March 31, 2010

(in thousands of Canadian dollars except share data unless or otherwise specified)
(unaudited)

(c) Reconciliation of EBITDA

Three months ended	March 31, 2010	March 31, 2009
Net earnings	\$ 17,666	\$ 18,548
Amortization	15,010	14,456
Share based compensation expense	1,799	971
Interest expense, net of interest income	3,231	5,242
Income tax expense	6,350	7,598
EBITDA	\$ 44,056	\$ 46,815

6. Subsequent Event

On April 1, 2010, the Company acquired 100% of the outstanding common shares of PES Surface Inc. ("PSI"), a subsidiary of Paintearth Energy Services Inc. PSI is a production equipment fabrication company with a facility located in central Alberta. The results of PSI operations will be included in the consolidated financial statements, as of the date of acquisition, in the second quarter of 2010.

The aggregate purchase price was \$7,910, including \$7,300 of cash and the assumption of \$610 of long-term debt. In addition to the assumption of long-term debt, the Company acquired net working capital, property, plant and equipment assets, intangible assets and goodwill. The Company has not yet finalized its valuation of the net assets acquired.

The goodwill and intangible assets resulting from the PSI acquisition are not deductible for income tax purposes.

7. Commitments and Contingencies

At March 31, 2010, the Company was involved in various legal claims related to the normal course of operations. Management believes that it has made adequate provisions for these legal claims.

8. Comparative Information

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

Corporate Information

Directors

Stuart O'Connor
Chairman of the Board
Flint Energy Services Ltd.
Calgary, Alberta

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

John Bates
President
Flint Resources Company,
LLC
Tulsa, Oklahoma

T. D. (Terry) Freeman
Managing Director
Northern Plains Capital
Edmonton, Alberta

C. Douglas Annable
President
CD Consulting Inc.
Calgary, Alberta

Philip C. Lachambre
President
PCML Consulting Inc.
Edmonton, Alberta

Roger Thomas
Retired
Former Executive Vice
President, North America
Nexen Inc.
Calgary, Alberta

Ian Reid
Retired
Former President
Finning (Canada)
Edmonton, Alberta

Officers

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

Paul M. Boechler
Executive Vice President
and
Chief Financial Officer

Wayne Shaw
Senior Vice President,
Infrastructure Services

Keith Lambert
Senior Vice President,
Production Services

Bryce Satter
President, Flint Energy
Services Inc. (U.S.A.)

Shawn Carry
Senior Vice President,
Oilfield Services

Bob Henderson
Vice President,
Human Resources

Glen Greenshields
Corporate Vice President

Bankers

Bank of Montreal

Auditors

KPMG LLP

Legal Counsel

Bennett Jones LLP

Transfer Agent and Registrar

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Common Shares – FES

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