Canadian Energy
SERVICES L.P.

Consolidated Financial Statements

For the Three Months Ended March 31, 2009

May 6, 2009

Consolidated Balance Sheets (unaudited)
(stated in thousands of dollars)

	As at	
	March 31, 2009	December 31, 2008
ASSETS		
Current assets		
Accounts receivable	**32,305**	47,286
Inventory	**8,705**	10,903
Prepaid expenses	**410**	441
	41,420	58,630
Property and equipment (note 4)	**12,597**	12,519
Intangible assets (note 5)	**3,701**	4,199
Goodwill	**49,913**	49,913
	107,631	125,261
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness (note 6)	**5,585**	12,702
Accounts payable and accrued liabilities	**15,787**	25,578
Contingency payable (note 12)	**2,000**	2,000
Distributions payable	**1,221**	1,225
Current portion of long-term debt (note 7)	**1,215**	1,300
	25,808	42,805
Long-term debt (note 7)	**3,185**	3,474
Future income tax liability	**2,102**	2,004
	31,095	48,283
Unitholders' equity		
Class A Units (note 8)	**94,642**	84,352
Subordinated Class B Units (note 8)	**10,757**	21,514
Contributed surplus (note 10)	**2,044**	1,531
Deficit	**(30,907)**	(30,419)
	76,536	76,978
	107,631	125,261

Commitments (note 12)

APPROVED ON BEHALF OF THE BOARD:

"Thomas J. Simons"	*"D. Michael Stewart"*
Thomas J. Simons	D. Michael Stewart
President & Chief Executive Officer and Director	*Director & Chairman, Audit Committee*

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations, Comprehensive Earnings and Deficit (unaudited)
(stated in thousands of dollars except per unit amounts)

	Three Months Ended March 31,	
	2009	2008
Revenue	**30,298**	28,274
Cost of sales	**22,253**	19,305
Gross margin	**8,045**	8,969
Expenses		
Selling, general and administrative expenses	**4,425**	3,117
Amortization	**877**	323
Unit-based compensation (note 9)	**396**	43
Interest expense	**143**	149
Foreign exchange gain	**(69)**	-
Loss on disposal of assets	**21**	4
	5,793	3,636
Net earnings before taxes	**2,252**	5,333
Future income tax expense	**98**	51
Net earnings and comprehensive earnings	**2,154**	5,282
Deficit, beginning of period	**(30,419)**	(35,699)
Unitholders' distributions declared (note 11)	**(2,642)**	(2,229)
Deficit, end of period	**(30,907)**	(32,646)
Net earnings per unit (note 8c)		
Basic and diluted	**0.19**	0.56

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flow (unaudited)
(stated in thousands of dollars)

	Three Months Ended March 31,	
	2009	2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net earnings for the period	**2,154**	5,282
Items not involving cash:		
Amortization	**877**	323
Unit-based compensation	**396**	43
Future income tax expense	**98**	51
Loss on disposal of assets	**21**	4
Unrealized foreign exchange gain	**(65)**	-
Change in non-cash operating working capital (note 15)	**7,444**	(6,214)
	10,925	(511)
FINANCING ACTIVITIES:		
Repayment of long-term debt	**(477)**	(1,094)
Issuance of long-term debt	**-**	2,550
Increase (decrease) in bank indebtedness	**(7,117)**	1,728
Distributions to unitholders	**(2,646)**	(2,229)
	(10,240)	955
INVESTING ACTIVITIES:		
Investment in property and equipment	**(867)**	(394)
Investment in intangible assets	**(32)**	(8)
Proceeds on disposal of fixed assets	**185**	24
Change in non-cash investing working capital (note 15)	**29**	(66)
	(685)	(444)
CHANGE IN CASH	**-**	**-**
Cash, beginning of period	**-**	-
Cash, end of period	**-**	-
SUPPLEMENTARY CASH FLOW DISCLOSURE		
Interest paid	**143**	130
Taxes paid	**-**	-

The accompanying notes are an integral part of these consolidated financial statements.

1. The Partnership

Canadian Energy Services L.P. (the "Partnership") is a limited partnership formed on January 13, 2006, pursuant to the *Limited Partnerships Act* (Ontario). The Partnership designs and implements drilling fluid systems for the oil and natural gas industry, in particular relating to drilling medium to deep vertical and directional wells and horizontal wells in the Western Canadian Sedimentary Basin and the United States through its subsidiary AES Drilling Fluids, LLC. The Western Canadian oil and natural gas drilling season is affected by weather. The industry is generally more active during the winter months of November through March, as the movement of heavy equipment is easier over the frozen ground. Wet weather in the spring and summer can hamper the movement of drilling rigs which has a direct impact upon generating revenue. Conversely, a longer colder winter as well as a dry spring and summer can strengthen drilling activity.

2. Basis of Presentation and Significant Accounting Policies

These unaudited interim consolidated financial statements have been prepared by management of the Partnership in accordance with Canadian generally accepted accounting principles ("GAAP") following the same accounting principles and methods of computation as the Partnership's audited financial statements for the period ended December 31, 2008, except as noted below. These unaudited interim consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2008.

Goodwill and Intangible Assets

In January 2009, the Partnership adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. There has been no impact to the Partnership as a result of the initial adoption of these standards.

Future Accounting Pronouncements

Business Combinations

In January 2009, the Accounting Standards Board ("AcSB") issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period. This standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period on or after January 2011 with earlier application permitted.

Consolidated Financial Statements and Non-Controlling Interests

In January 2009, the AcSB issued Sections 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted.

International Financial Reporting Standards (IFRS)

On February 13, 2008, the AcSB confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards (IFRS) will replace Canada's current Generally Accepted Accounting Principles for all publicly accountable profit oriented enterprises.

3. Inventory

The cost of inventory expensed in cost of sales for the three months ended March 31, 2009 was $14,298 (2008 - $14,891).

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

4. Property and Equipment
Property and equipment are comprised of the following balances:

	As at March 31, 2009			As at December 31, 2008		
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value
Trucks	**4,090**	**(637)**	**3,453**	3,842	(511)	3,331
Vehicles	**3,749**	**(1,172)**	**2,577**	4,052	(1,166)	2,886
Buildings	**2,743**	**(226)**	**2,517**	2,650	(186)	2,464
Field equipment	**2,015**	**(559)**	**1,456**	1,983	(456)	1,527
Land	**989**	**-**	**989**	981	-	981
Computer equipment and software	**932**	**(420)**	**512**	898	(350)	548
Tanks	**842**	**(58)**	**784**	505	(44)	461
Furniture and fixtures	**376**	**(109)**	**267**	364	(89)	275
Leasehold improvements	**54**	**(12)**	**42**	54	(8)	46
	15,790	**(3,193)**	**12,597**	15,329	(2,810)	12,519

5. Intangible Assets
Intangible assets are comprised of the following balances:

	As at March 31, 2009			As at December 31, 2008		
	Cost	**Accumulated Amortization**	**Net Book Value**	Cost	Accumulated Amortization	Net Book Value
Customer relationships	**4,100**	**(583)**	**3,517**	4,100	(408)	3,692
Technology	**-**	**-**	**-**	600	(250)	350
Patents	**204**	**(20)**	**184**	172	(15)	157
	4,304	**(603)**	**3,701**	4,872	(673)	4,199

As outlined in note 8, in conjunction with the repurchase of 50,000 Class A Units, the Partnership returned technology used in designing certain drilling fluid systems ("Drilling Fluid Technology") which had been acquired in June of 2008.

6. Bank Indebtedness
The Partnership has a revolving demand loan with a commercial bank permitting it to borrow up to $20,000, subject to the value of certain accounts receivable and inventory. Amounts drawn on the facility incur interest at the bank's prime rate plus 0.65%. The facility is secured by a general security agreement creating a first priority security interest in all personal property of the General Partner, the Partnership and its subsidiaries, an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's subsidiaries, and a demand collateral mortgage of the Partnership's Edson, Alberta property. At March 31, 2009, the Partnership had a total net draw of $5,585 (December 31, 2008 - $12,702) on the facility.

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

7. Long-Term Debt

The Partnership has long-term debt as follows:

	March 31, 2009	December 31, 2008
	$	$
Vehicle financing loans	**1,963**	2,258
Other long-term debt	**2,437**	2,516
	4,400	4,774
Less current portion of long-term debt	**(1,215)**	(1,300)
Long-term debt	**3,185**	3,474

The Partnership previously established a committed loan with a commercial bank for $1,680. At March 31, 2009, a total of $1,624 remained outstanding (December 31, 2008 - $1,653). The loan is repayable in fixed monthly principal payments of $10 plus interest at the bank's prime rate plus 0.75%. The loan has an initial term of five years, with the bank reserving the right to extend the term of the loan by two additional five year periods at its discretion.

The Partnership has a second committed loan for $1,000. At March 31, 2009, a total of $813 remained outstanding (December 31, 2008 - $863). The loan is repayable over five years in fixed monthly principal payments of $17 plus interest at the bank's prime rate of interest plus 0.75%.

These long-term debt facilities are secured by the same general security agreement as the revolving demand loan creating a first priority security interest in all personal property of the General Partner, the Partnership and its subsidiaries, an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's subsidiaries, and a demand collateral mortgage on the Partnership's Edson, Alberta property.

Vehicle financing loans are secured by each related vehicle and incur interest at rates ranging from 0% to 13% and have terms ranging from April 2009 to December 2012.

Scheduled principal payments at March 31, 2009 are as follows:

2009 - 9 Months	**941**
2010	**1,104**
2011	**741**
2012	**365**
2013	**1,249**
Total	**4,400**

8. Unitholders' Equity

a) Authorized

The Partnership is authorized to issue an unlimited number of Class A Units and Subordinated Class B Units.

b) Issued and outstanding

A summary of the changes to unitholder's equity for the period is presented below:

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

	Three Months Ended March 31, 2009		Year Ended December 31, 2008	
Class A Units	**Number of Units**	**Amount ($)**	Number of Units	Amount ($)
Balance, beginning of period	**9,018,315**	**84,352**	7,229,460	66,959
Equity issue, net of share issue costs and tax	**-**	**-**	1,234,200	11,868
Consideration for acquired business	**-**	**-**	380,488	3,900
Consideration for acquisition of intangible asset	**-**	**-**	75,000	600
Issued pursuant to Unit Bonus Plan	**-**	**-**	75,500	810
Issued pursuant to Unit Option Plan	**-**	**-**	23,475	215
Issued pursuant to Distribution Rights Plan	**-**	**-**	192	-
Units repurchased	**(50,000)**	**(467)**	-	-
Conversion of Subordinated Class B units	**1,075,743**	**10,757**	-	-
Balance, end of period	**10,044,058**	**94,642**	9,018,315	84,352

	Three Months Ended March 31, 2009		Year Ended December 31, 2008	
Subordinated Class B Units	**Number of Units**	**Amount ($)**	Number of Units	Amount ($)
Balance, beginning of period	**2,151,486**	**21,514**	2,151,486	21,514
Conversion of Subordinated Class B units	**(1,075,743)**	**(10,757)**	-	-
Balance, end of period	**1,075,743**	**10,757**	2,151,486	21,514

On January 9, 2009, the Partnership repurchased for cancellation 50,000 Class A Units for total aggregate consideration of $1.00 which had previously been held in escrow as a result of the previous acquisition of the Drilling Fluid Technology in June of 2008. In conjunction with this transaction, the Drilling Fluid Technology previously acquired has been returned. For accounting purposes, the value of the shares repurchased was computed as $7.00 per unit for a total of $350 representing the deemed fair value of the Drilling Fluid Technology which was returned.

On March 1, 2009, the subordination period relating to the Subordinated Class B Units expired pursuant to the terms of the Amended and Restated Limited Partnership Agreement dated March 2, 2006. The Subordinated Class B Units are exchangeable for Class A Units of the Partnership and were subject to certain distribution and exchange restrictions during the subordination period from March 2, 2006 to March 1, 2009. The Subordinated Class B Units can be exchanged, on a one for one basis, for Class A Units at any time after March 1, 2009. On March 11, 2009, 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units. On April 14, 2009, the remaining 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units.

c) Earnings per unit

Basic earnings per unit are based on the income attributable to unitholders for the period divided by the weighted average number of Class A Units and Subordinated Class B Units outstanding during the period. The diluted earnings per unit are based on the weighted average number of Class A Units and Subordinated Class B Units outstanding during the period, plus the effects of dilutive unit equivalents. This method requires that the dilutive effect of outstanding unit options, bonus units, and distribution rights issued should be calculated using the treasury stock method. This treasury stock method assumes that all unit equivalents have been exercised and that the funds obtained thereby were used to purchase units of the Partnership at the average trading price of the Class A Units during the period.

In calculating the basic and diluted earnings per unit for the three months ended March 31, the weighted average number of units used in the calculation is shown in the table below:

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

	Three Months Ended	
	March 31, 2009	March 31, 2008
Net earnings and comprehensive earnings	**$2,154**	$5,282
Weighted average number of units outstanding:		
Basic units outstanding	**11,124,245**	9,380,946
Effect of dilutive securities	**76,111**	1,335
Diluted units outstanding	**11,200,356**	9,382,281
Net earnings per unit (basic and diluted)	**$0.19**	$0.56

9. Unit-Based Compensation

As at March 31, 2009, a total of 1,111,980 Class A Units were reserved for issuance under the Unit Option Plan, the Distribution Rights Plan, and the Unit Bonus Plan of which 265,906 Class A Units remain available for grant.

a) Partnership Unit Option Plan

The Partnership may provide incentives to the employees, officers and directors of the General Partner, and certain service providers by issuing options to acquire Class A Units under the Partnership's Unit Option Plan. Options granted vest as to one-third on each of the first, second, and third anniversary dates of the grant, or such other vesting schedule as determined by the Board of Directors, and expire no later than five years after the grant. A summary of changes to the unit options granted under the Unit Option Plan is presented below:

	Three Months Ended March 31, 2009		Year Ended December 31, 2008	
	Options	**Average Exercise Price**	Options	Average Exercise Price
Balance, beginning of period	**725,500**	**$9.08**	695,000	$8.78
Granted during the period	**55,000**	**6.84**	158,500	10.27
Exercised during the period	**-**	**-**	(23,475)	7.92
Forfeited during the period	**(30,000)**	**10.03**	(104,525)	9.15
Balance, end of period	**750,500**	**$8.88**	725,500	$9.08
Exercisable options, end of period	**534,666**	**$8.91**	377,505	$9.07

The following table summarizes information about the Unit Options outstanding at March 31, 2009:

	Options Outstanding			Options Exercisable	
Range of exercise prices	Options	Weighted average exercise price	Weighted average term remaining in years	Options	Weighted average exercise price
$6.07 - $8.00	317,000	$7.21	2.72	224,666	$7.40
$8.01 - $11.31	433,500	10.09	2.63	310,000	10.00
	750,500	$8.88	2.67	534,666	$8.91

The fair value of the unit options granted during the three month period ended March 31, 2009 was $186. For the three months ended March 31, 2009, unit-based compensation expense of $329 (2008 - $43) was recorded relating to the Partnership's Unit Option Plan. The compensation costs for unit options granted during the period were calculated using the Black-Scholes option pricing model using the following assumptions:

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

	Three Months Ended March 31, 2009	Year Ended December 31, 2008
Risk-free interest rate	**1.85%**	2.98% - 4.50%
Expected life of options	**5 years**	5 years
Dividend yield	**Nil**	Nil
Expected volatility	**56%**	49% - 56%
Weighted average fair value per unit	**$3.37**	$4.87

b) Partnership Distribution Rights Plan

The Partnership's Distribution Rights Plan provides long-term incentive to directors, officers, employees, and service providers of the Partnership who are providing services to the Partnership, the General Partner, or their affiliates through the issuance of Distribution Rights which are redeemable for Class A Units on the basis of distributions paid by the Partnership, thereby reflecting the total returns to holders of Class A Units. Under the Distribution Rights Plan, Class A Units are accumulated in the notional accounts of Distribution Rights holders. A summary of the changes to the Class A Units accumulated under the Distribution Rights Plan is presented below:

Class A Units Accumulated From Distribution Rights	Three Months Ended March 31, 2009	Year Ended December 31, 2008
Balance, beginning of period	**46,812**	-
Granted during the period	**30,402**	51,290
Redeemed during the period	-	(192)
Forfeited during the period	**(2,139)**	(4,286)
Balance, end of period	**75,075**	46,812

c) Partnership Unit Bonus Plan

The Partnership's Unit Bonus Plan is used to provide additional compensation, in lieu of cash bonuses, to the employees, officers, and certain service providers of the Partnership, subsidiaries of the Partnership, or the General Partner through the issuance of up to an aggregate maximum of 125,000 Class A Units under the Partnership's Unit Bonus Plan. As of March 31, 2009, a total of 96,000 Bonus Units have been issued or contingently issued pursuant to the Unit Bonus Plan. As of March 31, 2009, the Partnership had approved a conditional grant of 20,500 (December 31, 2008 – 20,500) Class A Units upon satisfaction of certain conditions. During the three months ended March 31, 2009, the Partnership has recognized $67 of unit-based compensation expense (2008 - $Nil) relating to the conditional grant of these Class A Units.

10. Contributed Surplus

The following table reconciles the Partnership's contributed surplus:

	March 31, 2009 $	December 31, 2008 $
Contributed surplus, opening	**1,531**	273
Unit based compensation	**396**	1,287
Units repurchased at less than carrying value	**117**	-
Exercise of unit options	**-**	(29)
Contributed surplus, ending	**2,044**	1,531

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

11. Cash Distributions
The Partnership has declared distributions to holders of Class A Units and Subordinated Class B Units for the three month period ended March 31, 2009 as follows:

Distribution Period 2009	Distribution Record Date	Distribution Payment Date	Per Class A Unit	Per Class B Unit	Total ($)
Jan 1 - 31	Jan 31	Feb 15	0.0792	-	**710**
Feb 1 - 28	Feb 28	Mar 15	0.0792	-	**710**
Jan 1 - Feb 28	Feb 28	Apr 15	-	0.1584	**426**
Mar 1 - 31	Mar 31	Apr 15	0.0792	0.0792	**796**
Total distributions declared during the period			0.2376	0.2376	**2,642**

As noted in note 8b, on March 1, 2009, the subordination period relating to the Subordinated Class B Units expired pursuant to the terms of the Amended and Restated Limited Partnership Agreement dated March 2, 2006. Upon the expiration of the subordination period, distributions to the holders of the Subordinated Class B Units and Class A Units will be made monthly on a proportionate basis which commenced on March 31, 2009, subject to the terms of the Limited Partnership Agreement and at the discretion of the Board of Directors of the general partner of Canadian Energy Services.

12. Commitments & Contingency Payable
The Partnership has commitments with payments due as follows:

	2009 - 9 Months	2010	2011	2012	2013	2014	Total
Office rent	584	371	375	137	49	-	**1,516**
Vehicle operating leases	41	31	15	13	-	-	**100**
Total	625	402	390	150	49	-	**1,616**

The Partnership is involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation will not have a material adverse impact on the Partnership's financial position or results of operations and therefore the commitment table does not include any commitments for outstanding litigation and potential claims.

Pursuant to its acquisition of Clear Environmental Solutions Inc. on June 12, 2008, the Partnership may be required to pay contingent consideration, pursuant to a potential earn-out payment, up to a maximum of $2,000, payable through the issuance of Class A Units. The contingent consideration payable is to be determined by subtracting $2,400 from the net income from operations before management bonuses and investment income of the Partnership attributable to the business and assets acquired in connection with the acquisition for the twelve month period beginning July 1, 2008 and multiplying the positive result, if any, by a four times multiple. The payment, if any, will be satisfied by the issuance of Class A Units to the vendor no later than 60 days following the end of such twelve month period. The Class A Units will be issued at a price equal to the weighted average trading price of the Class A Units for the ten trading days preceding the earn-out payment date. At March 31, 2009, the Partnership has recorded an accrual relating to the contingent liability of $2,000 (December 31, 2008 - $2,000) for the potential earn-out payment.

13. Financial Instruments
The classification of financial instruments remains consistent at March 31, 2009 with those at December 31, 2008. The carrying values of financial liabilities where interest is charged based on a variable rate are equal to fair value. The carrying value of long-term debt where interest is charged at a fixed rate is not significantly different than fair value. The carrying values of all other financial instruments approximate their fair value due to the relatively short period to maturity of the instruments.

a) Credit risk

Credit risk reflects the risk of loss if counterparties do not fulfill their contractual obligations to the Partnership. The Partnership manages credit risk by assessing the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accounts receivable includes balances from a large number of customers operating primarily in the oil and natural gas industry. Accordingly, the Partnership views the credit risks on these amounts as normal for the industry. An analysis of accounts receivable that are past due but not impaired is as follows:

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

	As at	
	March 31, 2009	December 31, 2008
	$	$
Past due 61-90 days	**2,137**	3,450
Past due 91-120 days	**320**	1,491
Past 120 days	**522**	318
Total past due	**2,979**	5,259

The Partnership reduces an account receivable to its estimated recoverable amount as soon as it is known to be not collectible in full. If it is expected that further losses will be incurred, an allowance for doubtful accounts is recorded. As at March 31, 2009, the Partnership had recorded a provision of $349 (December 31, 2008 - $428) relating to accounts receivable not considered to be collectible.

b) Interest rate risk
Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in prevailing market interest rates. The Partnership is exposed to interest rate risk as result of the funds borrowed at floating interest rates. The Partnership manages this risk by monitoring interest rate trends and forecasted economic conditions. As of March 31, 2009, the Partnership had not entered into any interest rate derivatives to manage its exposure to fluctuations in interest rates.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower, and all other variables were held constant, the Partnership's net earnings would be approximately $3 lower/higher for the three months ended March 31, 2009.

c) Foreign currency risk
Foreign currency risk is the risk that the value of future cash flows will fluctuate as a result of changes in foreign currency exchange rates. The Partnership's foreign currency risk arises from balances denominated in foreign currencies and on the translation of net investments in foreign operations. The Partnership uses the US Dollar as its functional currency for the operations of AES Drillings Fluids, LLC. Gains and/or losses resulting from foreign exchange variances are included in earnings. The Partnership manages foreign currency risk by monitoring exchange rate trends and forecasted economic conditions. As of March 31, 2009, the Partnership had not entered into any foreign currency derivatives to manage its exposure to currency fluctuations.

A 1% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. During the three month period ended March 31, 2009, a 1% increase/decrease in the Canadian dollar vis-a-vis the US Dollar is estimated to increase/decrease earnings of the Partnership by $15 for the three months ended March 31, 2009.

d) Commodity price risk
Commodity price risk is the risk that the value of future cash flows will fluctuate as a result of changes in commodity prices. The Partnership's is exposed both directly and indirectly to changes in underlying commodity prices, namely crude oil and natural gas. The prices of these commodities are significantly impacted by world economic events which impact the supply and demand of crude oil and natural gas. The Partnership is primarily impacted to the effects of changes in the prices of crude oil and natural gas which impact overall drilling activity which in turn impacts the overall demand for the Partnership's products and services. In addition, through its operations, the Partnership purchases various chemicals and oil based products and is directly exposed to changes in the prices of these items. As of March 31, 2009, the Partnership had not entered into any commodity derivatives to manage its exposure to fluctuations in commodity prices.

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

e) Liquidity risk

Liquidity risk is the risk that the Partnership will not be able to meet its financial obligations as they become due and describes the Partnership's ability to access cash. The Partnership requires sufficient cash resources to finance operations, fund capital expenditures, repay debt and other liabilities of the Partnership as they come due, and to fund the Partnership's cash distributions. The Partnership manages liquidity risk by maintaining the revolving demand loan facility and through management of its operational cash flows. The following table details the remaining contractual maturities of the Partnership's financial liabilities:

	Payments Due By Period [1]					
	Less than 3 months	3 months to 1 year	1-2 years	2-5 years	5+ years	**Total**
Accounts payable and accrued liabilities	15,787	-	-	-	-	**15,787**
Distributions payable [2]	1,221	-	-	-	-	**1,221**
Contingent payable [3]	2,000	-	-	-	-	**2,000**
Long-term debt at fixed interest rates [4]	228	682	750	303	-	**1,963**
Long-term debt at floating interest rates [4]	79	238	633	1,487	-	**2,437**
Office and vehicle operating leases	208	417	402	589	-	**1,616**
Total	19,523	1,337	1,785	2,379	-	**25,024**

[1] Payments denominated in foreign currencies have been translated at the respective March 31, 2009 exchange rate

[2] Distributions declared as of March 31, 2009

[3] To be satisfied through the issuance of Class A units

[4] Long-term debt information reflects principal payments and excludes interest portion

14. Capital Management

The Partnership considers capital to include unitholders' equity, long-term debt (including current portion), cash and cash equivalents, and bank indebtedness. The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain and grow the business while incurring an acceptable level of risk and providing unitholders with targeted distributions.

Management of the Partnership sets the amount of capital in proportion to risk, and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Partnership may adjust the level of distributions paid to unitholders, return capital to unitholders, issue new units, dispose of assets, repay debt, or issue new debt.

In addition to monitoring the externally imposed capital requirements, as detailed below, the Partnership manages capital by analyzing working capital levels, payout ratio, forecasted cash flows, and general economic conditions. Payout ratio is calculated as distributions declared as a percentage of cash flow from operations before changes in non-cash operating working capital. The Partnership has the following externally imposed capital requirements pursuant to the revolving demand facility agreement:

- The quarterly debt to equity ratio must not exceed 2.50 to 1.00. The ratio of debt to equity is calculated as total liabilities per the financial statements, less future income taxes and net of any cash credit balances, divided by total unitholders' equity per the financial statements, less any intangible assets including goodwill.
- The quarterly current assets to current liabilities ratio must not be less than 1.25 to 1.00. The ratio of current assets to liabilities is calculated as total current assets per the financial statements divided by current liabilities per the financial statements less current portion of long-term debt.
- The Partnership's annual debt service coverage ratio must not be less than 1.25 to 1.00. The debt service coverage ratio is calculated as net earnings for the period, before interest expense, future income tax expense, unit-based compensation, and amortization divided by the sum of all interest and principal payments for the period.

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

If the Partnership does not meet any one of these requirements, it is considered to be in default of the agreement and is restricted from making any distributions to unitholders without prior written consent of the commercial bank. As at March 31, 2009, the Partnership has met all of the requirements under this agreement.

15. Supplemental Information
The changes in non-cash working capital were as follows:

	Three Months Ended March 31,	
	2009	2008
	$	$
Operating activities		
Decrease (increase) in current assets		
Accounts receivable	**14,981**	(7,770)
Inventory	**2,198**	(1,183)
Prepaid expenses	**31**	(106)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**(9,762)**	2,845
Distributions payable	**(4)**	-
	7,444	(6,214)
Investing activities		
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**29**	(66)
	29	(66)

16. Segmented Information
The Partnership has two reportable segments as determined by management, which are the Drilling Fluids segment and the Environmental Services segment. The Drilling Fluids segment designs and implements drilling fluid systems for the oil and natural gas industry in the Western Canadian Sedimentary Basin and in the United States through its subsidiary AES Drilling Fluids, LLC. The Environmental Services segment is comprised of the Partnership's environmental division, Clear. The Environmental Services segment provides environmental and drilling fluids waste disposal services mostly to oil and gas producers active in the shallow natural gas producing areas of Alberta as well as to Alberta's oil sands. Selected summary financial information relating to the operational segments is as follows:

	Three Months Ended March 31, 2009		
	Drilling Fluids	Environmental Services [1]	**Total**
Revenue	26,457	3,841	**30,298**
Gross margin	6,717	1,328	**8,045**
Amortization	862	15	**877**
Interest expense	143	-	**143**
Net earnings before taxes	1,509	743	**2,252**
Total assets	92,428	15,203	**107,631**
Capital Expenditures	865	2	**867**

[1] The Environmental Services segment is comprised of the Partnership's environmental division which was acquired on June 12, 2008

(Unless otherwise stated, all amounts in thousands of Canadian dollars, except unit and per unit amounts)

Geographical information relating to the Partnership's activities is as follows:

	Revenue		Property and equipment & Intangible Assets & Goodwill	
	Three Months Ended March 31,		As At	
	2009	2008	**March 31, 2009**	December 31, 2008
	$	$	**$**	$
Canada	**29,282**	27,564	**64,695**	64,957
United States [1]	**1,016**	710	**1,516**	1,674
Total	**30,298**	28,274	**66,211**	66,631

[1] AES Drilling Fluids, LLC commenced operations in 2008.

17. Economic Dependence
For the three month period ended March 31, 2009, one customer accounted for 17.6% (2008 – 11.8%) of total revenue.

Partnership Information

BOARD OF DIRECTORS

Kyle D. Kitagawa[1]
Chairman

Colin D. Boyer[1,2]

John M. Hooks[2]

D. Michael G. Stewart[1]

Thomas J. Simons

Rodney L. Carpenter

[1] Member of the Audit Committee
[2] Member of the Governance and Compensation Committee

OFFICERS

Thomas J. Simons
President & Chief Executive Officer

Craig F. Nieboer
Chief Financial Officer

Kenneth E. Zinger
Chief Operating Officer

Kenneth D. Zandee
Vice President, Marketing

Scott R. Cochlan
Corporate Secretary

AUDITORS

Deloitte & Touche LLP
Chartered Accountants, Calgary, AB

BANKERS

HSBC Bank Canada, Calgary, AB

SOLICITORS

Blake, Cassels & Graydon LLP, Calgary, AB

www.CanadianEnergyServices.com

REGISTRAR & TRANSFER AGENT

Computershare Investor Services Inc.
Calgary, AB and Toronto, ON

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: CEU.UN

CORPORATE OFFICE

Suite 300 Energy Plaza, East Tower
311 – 6th Avenue SW
Calgary, AB T2P 3H2
Phone: 403-269-2800
Toll Free: 1-888-785-6695
Fax: 403-266-5708

DIVISIONS

Clear Environmental Solutions Inc.
440, 840 - 6th Avenue SW
Calgary, AB T2P 3E5
Phone: 403-263-5953
Fax: 403-229-1306

EQUAL Transport
18029 - Highway 10 East
Edson, AB T7E 1V6
Phone: 780-728-0067
Fax: 780-728-0068

Moose Mountain Mud
Box 32, Highway 9 South
Carlyle, SK S0C 0R0
Phone: 306-453-4411
Fax: 306-453-4401

US OPERATIONS

AES Drilling Fluids, LLC

1625 Broadway, Suite 1480
Denver, CO 80202
Phone: 303-820-2800
Fax: 303-820-2801

1000 W Wilshire Boulevard, Suite 361
Oklahoma City, OK 73116
Phone: 405-418-2972