

**HSE Integrated Ltd.  
Management Discussion and Analysis (“MD&A”)  
For the Quarter and Year to Date ended September 30, 2010 and 2009**

The following management discussion and analysis is dated November 9, 2010 and is a review of the financial results of HSE Integrated Ltd. (“HSE”, “We”, “Our”, or the “Corporation”) for the quarter and year to date ended September 30, 2010 and 2009. This MD&A should be read in conjunction with HSE’s other documents filed on SEDAR at [www.sedar.com](http://www.sedar.com). Unless otherwise disclosed, the financial information presented in this discussion has been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) and takes into consideration information available to management up to November 9, 2010. Unless otherwise stated, dollar figures presented are expressed in thousands of Canadian dollars and per-share figures in dollars per weighted-average common share. The following MD&A contains forward-looking information and statements. We refer you to the end of the MD&A for the disclaimer on forward-looking statements.

**SELECTED FINANCIAL INFORMATION**

	<b>Three Months Ended September 30, 2010</b>	Three Months Ended September 30, 2009	Quarter Over- Quarter % Change	<b>Nine Months Ended September 30, 2010</b>	Nine Months Ended September 30, 2009	Year Over Year % Change
Revenue	<b>\$20,349</b>	\$20,544	(0.9%)	<b>\$59,606</b>	\$62,511	(4.6%)
Operating and materials	<b>17,130</b>	17,456	(1.9%)	<b>51,681</b>	56,011	(7.7%)
Operating margin	<b>3,219</b>	3,088	4.2%	<b>7,925</b>	6,500	21.9%
Operating margin %	<b>15.8%</b>	15.0%		<b>13.3%</b>	10.4%	
Selling, general & administrative	<b>\$2,027</b>	\$2,072	(2.2%)	<b>\$5,891</b>	\$ 6,151	(4.2%)
Net loss	<b>(397)</b>	(722)	45.0%	<b>(1,840)</b>	(4,456)	58.7%
- per share basic & diluted	<b>(0.01)</b>	(0.02)		<b>(0.05)</b>	(0.12)	
EBITDA <sup>(1)</sup>	<b>\$1,192</b>	\$1,016	17.3%	<b>\$2,034</b>	\$349	482.8%
EBITDA %	<b>5.9%</b>	4.9%		<b>3.4%</b>	0.6%	
Total assets				<b>\$48,627</b>	\$59,706	
Total long-term liabilities				<b>6,943</b>	5,380	

(1) See Non-GAAP Measures

**FINANCIAL REVIEW**

**Overview**

HSE provides an integrated suite of worker, asset and community health and safety protection services to the private and public sector including: onsite safety supervision; gas detection; fixed and mobile air quality monitoring; breathing equipment rentals and services; fixed and mobile firefighting and fire protection services and equipment; hydrocarbon emergency response including well control and blowout recovery; worker shower (decontamination) services; onsite medical services; first aid; emergency medical response; worker safety training; industrial hygiene services; and safety management.

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Total revenue for the quarter decreased 0.9% from \$20.5 million in 2009 to \$20.3 million in 2010. Operating margin (revenue less operating expenses) of \$3.2 million was 15.8% of revenues, increasing from \$3.1 million or 15.0% of revenues in 2009. Selling, general and administrative expense ("SG&A") decreased to \$2.0 million from \$2.1 million in the prior year. As a percentage of revenue, SG&A decreased from 10.1% of revenue in fiscal 2009 to 10.0% in 2010. HSE reported a loss of \$397 or (\$0.01) per share compared to a loss of \$722 or (\$0.02) per share in the prior year. EBITDA<sup>(1)</sup> was \$1.2 million or 5.9% of revenue in 2010, up 17.3% from \$1.0 million or 4.9% of revenue in 2009.

Total revenue for the nine month period declined 4.6% from \$62.5 million in 2009 to \$59.6 million in 2010. Operating margin of \$7.9 million (13.3% of revenue) increased \$1.4 million or 21.9% from \$6.5 million (10.4% of revenue) in the prior year. SG&A was \$5.9 million for the period, a 4.2% decline from \$6.2 million in the prior year. As a result of the revenue decline, SG&A as a percentage of revenue rose slightly to 9.9% of revenue in 2010 compared to 9.8% in 2009. The Corporation reported a loss of \$1.8 million or (\$0.05) per share compared to a loss of \$4.5 million or (\$0.12) per share for the first nine months of the 2009 fiscal year. EBITDA for the nine-month period was \$2.0 million compared to \$0.3 million a year ago.

Included in SG&A expenses for 2010 is \$562 related to the Corporation's transition to the International Financial Reporting Standards ("IFRS") with which HSE must comply beginning in the 2011 fiscal year. Contained in 2009 SG&A expenses is \$516 (\$282 in the first quarter of the year and \$234 in the second quarter) related to cost reduction initiatives undertaken by the Corporation in response to the global recession and commodity price collapse and a commensurate decline in overall demand for HSE's services.

## Revenue

In terms of reporting, the Corporation provides health and safety services to customers in two main business areas: Industrial and Oilfield. The differentiation takes place primarily because of the activity drivers that affect demand. Oilfield operations are often short-term, mobile and temporary because they are primarily related to exploration, drilling, completion and workover activity associated with conventional oil and gas development. Demand for Oilfield health and safety services is highly cyclical due to external factors such as weather, commodity prices, currency exchange, capital markets, and changing government policy. Oilfield health and safety services are exclusively employed by oil and gas exploration, drilling and production companies that operate within the conventional upstream, or "wellhead", sector of the oil and gas industry. This includes oil and gas well exploration, drilling, completion and workover operations but does not include oilsands extraction.

Industrial health and safety services are provided to a vast array of clients with the commonality of being less influenced by the same external factors that has historically made the Oilfield sector cyclical. Industrial services are provided to customers operating in a wide variety of industries and the public sector including: non-conventional upstream oil development and production (including oilsands extraction); oil and gas processing and refining; petrochemicals; pulp and paper; utilities; power generation; agriculture food and beverage; offshore operations; and diverse manufacturing industries. Industrial also includes worker safety training and safety management services. Industrial health and safety services are in most cases delivered to permanent production, manufacturing or processing facilities or operations that operate 24/7/365.

The Corporation tracks billings to customers by defined revenue groupings, but uses a common pool of equipment and manpower resources to provide these services. Management, service support and administration services are provided from a common personnel pool.

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The revenue for these business areas is shown below:

	<b>Quarter ended September 30, 2010</b>	Quarter ended September 30, 2009	Year over year % change	Quarter ended September 30, 2008	Year over year % change
Industrial	\$ 11,384	\$ 14,375	(20.8%)	\$ 16,163	(11.1%)
Oilfield	8,965	6,169	45.3%	12,039	(48.8%)
<b>Total Revenue</b>	<b>\$ 20,349</b>	<b>\$ 20,544</b>	<b>(0.9%)</b>	<b>\$ 28,202</b>	<b>(27.2%)</b>

As a % of Revenue:

Industrial	55.9%	70.0%	57.3%
Oilfield	44.1%	30.0%	42.7%
<b>Total Revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

	<b>Nine months ended September 30, 2010</b>	Nine months ended September 30, 2009	Year over year % change	Nine months ended September 30, 2008	Year over year % change
Industrial	\$ 35,234	\$ 41,765	(15.6%)	\$ 47,191	(11.5%)
Oilfield	24,372	20,746	17.5%	36,667	(43.4%)
<b>Total Revenue</b>	<b>\$ 59,606</b>	<b>\$ 62,511</b>	<b>(4.6%)</b>	<b>\$ 83,858</b>	<b>(25.5%)</b>

As a % of Revenue:

Industrial	59.1%	66.8%	56.3%
Oilfield	40.9%	33.2%	43.7%
<b>Total Revenue</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Industrial**

The Industrial health and safety services component of the Corporation's total revenue declined in the third quarter of 2010. Although there was a general recovery in the industries and geographical markets in which HSE operates, services supplied to conventional and non-conventional hydrocarbon processing and extraction facilities were subject to pricing pressure which included price reductions to key clients in several markets due to lower commodity prices or project cost escalation (a significant contract re-pricing was factored into Q2 2010 financial results and disclosed in the MD&A at that time). The oil and gas processing plant shutdown and turnaround services that typically take place during the third quarter in western Canada were subject to pricing pressure caused primarily by increased focus on this market by HSE competitors that in the past have predominantly serviced the Oilfield sector. Some clients continue to use price as the major procurement criteria.

Due to the factors cited above, in the third quarter, Industrial revenue decreased \$3.0 million or 20.8% to \$11.4 million from \$14.4 million in the prior year. For the first nine months of the current fiscal year, Industrial health and safety services revenue was \$35.2 million, 15.6% lower than \$41.8 million generated in the same period in the 2009 fiscal year. Industrial health and safety services comprised 59.1% of total revenues, down from 66.8% in 2009. The three major factors causing this are: intense competition causing HSE to lose bids on price; re-priced contracts; and a reduced volume of plant shutdown and maintenance activity in all markets in the third quarter of 2010 compared to prior years.

## **Oilfield**

Oilfield revenues in the third quarter increased by \$2.8 million or 45.3% compared to third quarter of 2009. For the first nine months of the current fiscal year, Oilfield health and safety services revenue was \$24.4 million, 17.5% higher than the \$20.7 million generated in the same period in the 2009 fiscal year.

The improved financial performance of the Oilfield portion of the Corporation's business reflects an overall recovery in this sector compared to the same period in 2009. The factors behind this recovery include stable oil prices, improved economics in Alberta due to a revised royalty regime, and continued success by Exploration and Production companies using horizontal drilling and multi-stage fracturing extraction technologies in mature oilfields and in tight oil-bearing reservoirs. Many of the oil reservoirs being exploited in this manner are water-sensitive and therefore produce more effectively when fractured with acid or hydrocarbon compounds. Employing these fluids on horizontal oil well completions has resulted in increased demand for the Corporation's shower and fire protection services and on-site first aid services compared to 2009.

The finalization of the Alberta competitiveness review resulting in royalty changes announced in May of 2010 was very significant for conventional upstream activity and HSE's business. Of the \$3.6 million increase in Oilfield revenues to September 30 on a year-over-year basis, \$2.8 million or 77.1% of this took place in the third quarter. This is directly related to increased drilling activity and the type of activity as described above. The impact of this upturn going forward is discussed in the Outlook section that follows.

In the United States, Boots & Coots HSE Services LLC ("BCHSE"), the Corporation's venture with Boots & Coots, Inc., contributed \$0.4 million to revenue in the third quarter of 2010 compared to \$0.1 million in the same period of 2009. For the nine months ended September 30, 2010 revenue was \$1.0 million, an increase of \$0.7 million over the nine months ended September 30, 2009. BCHSE continues to gain customer acceptance as a capable provider of worker and asset protection services.

During the quarter ended September 30, 2010, the Corporation had one customer which contributed 13.8% of revenue for the quarter (9.6% year-to-date). The work is a combination of ongoing projects and revenue from a significant plant shutdown that commenced in September 2010. For the comparative period, the Corporation had two customers which contributed significant revenue. One customer contributed 9.2% of the revenue for the quarter (10.6% year-to-date). The other customer contributed 12.7% of the revenue for the quarter (9.1% year-to-date). Revenue from both customers related to ongoing long-term contracts.

## **Operating and Materials Expense and Operating Margin**

Operating and materials expense consists of costs directly attributable to the delivery of health and safety services to customers. These include: wages and benefits for field employees and contractors; equipment rentals and leases; field service center property costs; transportation; fuel; consumables; equipment repairs and maintenance; and field office administration including field sales.

Operating and materials expense for the quarter ended September 30, 2010 totaled \$17.1 million or 84.2% of revenue, as compared to \$17.5 million or 85.0% of revenue in 2009. Operating margin for the period increased from \$3.1 million (15.0% of revenue) in 2009 to \$3.2 million (15.8% of revenue) in 2010.

For the first nine months, operating and materials totaled \$51.7 million or 86.7% of revenue compared to \$56.0 million or 89.6% of revenue for the period ended September 30, 2009. Operating margin for the first nine months increased from \$6.5 million or 10.4% of revenue last year to \$7.9 million or 13.3% of revenue in 2010.

The increase in operating margin is due to a significant improvement in the profitability of the Corporation's U.S. operations, rigorous control over all expenses, the impact of higher-margin Oilfield health and safety services because of increased equipment rentals, and the full impact of the cost reduction initiatives undertaken in the first half of 2009. This improvement was achieved despite the

completion of the reversal of salaried employee pay reductions in 2010 brought in to offset the impact of the recession in 2009.

The allowance for doubtful accounts receivable was \$1.2 million or 6.9% of trade accounts receivable at the end of the quarter compared to \$1.3 million or 7.2% of trade accounts receivable at December 31, 2009. Days sales outstanding declined from 76 days in the third quarter of 2009 to 73 days for the same quarter in the current year due to more timely collections of balances outstanding from two significant customers and a general improvement in paperflow processes.

## **Selling, General and Administrative Expense**

Selling, general and administrative (“SG&A”) expense consists of costs not directly attributable to the delivery of services to customers. These include executive management; corporate head-office functions and support services; administrative personnel; corporate sales and marketing costs; liability insurance; professional fees; and investor-relations expenses.

SG&A for the quarter totaled \$2.0 million (10.0% of revenue), down slightly from \$2.1 million (10.1% of revenue) in the prior year. The Corporation continues to work diligently to minimize SG&A expenses without impairing financial performance. To this end, the Corporation increased sales and marketing efforts in terms of total manpower because of the improved economy, but was able to contain costs in other areas to achieve an overall SG&A reduction.

For the first nine months, SG&A declined to \$5.9 million from \$6.2 million in the prior year. The primary reason SG&A did not decrease as much as expected after last year’s cost reductions was expenses due to the conversion to IFRS. As a percentage of revenue SG&A increased to 9.9% from 9.8% in 2009.

## **EBITDA and Net Loss**

Despite a 0.9% decline in revenue, EBITDA (see “Non-GAAP Measures”) in the third quarter of 2010 improved 17.3% from the same period in 2009, as EBITDA improved from \$1.0 million in 2009 to \$1.2 million in 2010. The EBITDA margin was 5.9% for the quarter; lower than historical performance but slightly improved over the EBITDA margin of 4.9% in the third quarter of 2009. For the first nine months EBITDA was \$2.0 million compared to \$0.3 million in the same period of 2009.

This EBITDA increase was the result of an increase in higher-margin Oilfield health and safety services in the overall business mix, cost control, and significantly improved financial performance in the United States. Boots & Coots HSE Services LLC (“BCHSE”), the Corporation’s Oilfield health and safety services venture with Boots & Coots, Inc., contributed positive EBITDA of \$100 for the nine months period compared to negative EBITDA of (\$961) in the prior year. The Q1 EBITDA performance of BCHSE was negative, but in Q2 and Q3 BCHSE became a net cash contributor.

The quarter ended September 30, 2010 is the third consecutive quarter in which the Corporation has generated improved EBITDA and operating margins on a year-over-year basis

Total amortization for the quarter was \$1.4 million, down from \$1.7 million in the third quarter of 2009. Property and equipment amortization decreased in the current quarter to \$1.2 million compared to \$1.5 million in the prior year. HSE continues to tightly control capital additions. Intangible assets amortization remained consistent quarter-over-quarter.

Stock-based compensation for the quarter was \$26 (2009 – \$101). The slight year-over-year decline is due to a reduction in the number of outstanding unvested options.

Interest on long-term debt and other interest and bank charges decreased from \$140 2009 to \$74 in 2010. Capital lease obligations at September 30, 2010 decreased by \$251 compared to the same quarter from the prior year. Long-term debt was reduced by \$6.2 million compared to same quarter from the prior year.

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For the third quarter of 2010, the loss on the disposal of property and equipment was \$213 with proceeds on sale of \$24. Offsetting the loss is the amortization of a deferred gain on sale / leaseback of real estate assets.. The asset divestitures consisted primarily of retirement of vehicles replaced through the Corporation's fleet management program.

Net loss for the quarter was \$397 or (\$0.01) per share versus a net loss of \$722 or (\$0.02) per share in the same quarter from the prior year. The year-over-year improvement was primarily due to increased operating margins for the reasons described above.

**Current Quarter versus Q2 2010**

Revenue for the third quarter increased 10.9% to \$20.3 million from \$18.4 million in the second quarter. Oilfield health and safety revenue increased because of seasonal demand increases that take place every year after the removal of road bans instituted during spring breakup and improved drilling and well servicing activity as previously detailed. Industrial revenue decreased marginally from \$11.9 million in the second quarter to \$11.4 million in the third quarter. Historically Industrial health and safety revenues are lower in the third than second quarters.

Operating expenses increased by \$305 from \$16.8 million (91.7% of revenue) to \$17.1 million (84.2% of revenue). This is primarily due to an increase in personnel costs related to increased activity because field service wages are for the most part directly related to revenue.

SG&A increased slightly from \$1.9 million in the second quarter to \$2.0 million in the third quarter as reductions in professional fees were offset by increases in personnel costs.

**Liquidity and Capital Resources**

The Corporation's principal sources of capital are cash flows from operations and borrowings under an established credit facility with its senior lender and equity financing.

The Corporation, through the conduct of its operations, has undertaken certain contractual obligations as noted in the following table:

<b>Years ended December 31</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>Total</b>
Capital lease obligations	\$ 85	\$ 71	\$ 10	\$ –	\$ –	\$ 166
Vehicle and equipment operating leases	645	2,009	816	50	7	3,527
Rental facilities	624	2,360	2,224	1,846	1,464	8,518
Long-term debt	326	2,114	1,304	1,304	436	5,484
Total contractual obligations	\$ 1,680	\$ 6,554	\$ 4,354	\$ 3,200	\$ 1,907	\$ 17,695

**Liquidity**

On April 27, 2010, the Corporation entered into a \$15.0 million credit facility with a regional financial institution. The facility consists of a \$10.0 million operating revolving loan facility for general operating purposes and a \$5.0 million non-revolving reducing loan facility. The two facilities were used to retire the \$5.3 million in bank debt from a previous lender.

The \$5.0 million non-revolving term facility is repayable in monthly payments of \$109 starting July 1, 2010. The facility is payable in full 48 months after initial drawdown. The operating facility is renewable annually and is margined to accounts receivable. Both facilities bear interest at prime plus a fixed percentage. A standby fee is also required on any unused portion of the operating facility. Both facilities are subject to certain covenants including a working capital covenant, a debt to equity covenant, a fixed charge coverage ratio and other positive and negative covenants. The facilities are collateralized under a general security agreement which includes accounts receivable and property and equipment.

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A covenant waiver with respect to the fixed charge coverage covenant was received from HSE's senior secured lender on August 4, 2010 for the periods June 30, September 30 and December 31, 2010 conditional upon the Corporation being compliant with all covenants on March 31, 2011. Based on customer input on projected spending and equipment demand for Oilfield health and safety services for the upcoming winter drilling season, the Corporation expects that it will be in compliance with all senior lending covenants at March 31, 2011.

At the end of the third quarter, the Corporation had cash on hand of \$416.

On November 9, 2010, subject to the finalization of the trust indenture, the Corporation's Board of Directors approved the issue of up to \$2.0 million in subordinated secured convertible debentures. The debentures will have a coupon rate of 10%, a term of 3 years and are convertible into common shares of the Corporation at a conversion rate tied to the market price of the Corporation's shares.

***Cash provided by Operations***

Cash provided by operations in the quarter was \$301 in 2010 compared to \$336 used in operations in 2009. Improved operating margins and reduced operating costs resulted in improved operating cash flow despite slightly lower revenue levels. As well, the change in non-cash working capital improved when compared to 2009. Days sales outstanding ("DSO") improved to 73 days at September 30, 2010 from 76 days at September 30, 2009.

***Cash used in Financing and Investing***

During the quarter, the Corporation made scheduled capital lease and term debt payments of \$367. The Corporation did not need to draw on its operating line during the quarter.

Purchases of property and equipment for the third quarter amounted to \$422, the majority of which was revenue-generating health safety services rental equipment. Proceeds from the disposal of property and equipment were \$24.

**Working Capital**

At September 30, 2010, the Corporation had working capital (excluding current portions of long-term debt obligations) of \$13.9 million. This compares to \$14.1 million on December 31, 2009 and \$18.6 million at September 30, 2009. The decrease from September 30, 2009 is related primarily to a decrease in cash and cash equivalents as funds were used to pay down long-term debt during the fourth quarter of 2009.

**Outlook**

The overall outlook for HSE for the remainder of the 2010 fiscal year and into 2011 is generally positive, particularly when compared to the situation a year ago.

On the negative side, the global economy is still burdened by significant challenges including: a dependence upon government stimulus and rising public debt for economic growth; flat or falling housing prices; high levels of unemployment and personal debt; and restricted access to credit for all but the most credit-worthy borrowers. HSE's cost of capital on the equity side remains high with the Corporation's share value on the TSX trading at a fraction of book value and former levels. This depressed share price restrains the Corporation's expansion opportunities.

Encouraging developments include stable or rising commodity prices (for virtually all commodities with the exception of natural gas), low interest rates, improving public capital markets, a resolution of Alberta's New Royalty Framework issue, and a gradual increase in non-consumer industrial activity. HSE's client base is heavily biased towards commodities and resources and essential industries such as food, heavy manufacturing (automobiles and trucks), and power generation. The Corporation has minimal exposure to luxury goods, residential housing, and other industries that rely heavily on the after-tax disposable income of the consumer.

The quarter ended September 30, 2010 is the third consecutive reporting quarter in which the Corporation has reported improved EBITDA on a year-over-year basis. HSE believes this trend will continue for the remainder of 2010 and the 2011 fiscal year.

### ***Industrial***

In Q3 2010, Industrial health and safety revenues declined compared to the same period in 2009. This was not because of a reduction in demand for the services provided by HSE but, primarily, to intense pricing pressure from clients looking to increase their internal profit margins or reduce expenses by spending less on health and safety. In fact, because of increased regulatory requirements and expectations by shareholders and the public that companies do whatever is necessary to protect workers, assets and the community, total expenditures on the services HSE provides have grown in the past three decades. What HSE encountered in this reporting period was intense pricing pressure for safety services in the established western Canadian hydrocarbon processing industry. In other markets, major shutdown and turnaround projects do not happen every year. Thus far, the 2010 fiscal year has been one of lower activity in this area by HSE clients than in previous years.

Management believes the factors that caused Industrial health and safety revenues to decline in Q3 2010 are an anomaly that will ultimately be rectified by an improvement in the economy, client appreciation of quality services, and the more aggressive marketing campaign to new clients and industries that has been a key element of the 2010 strategic plan.

The oilsands and non-conventional bitumen thermal recovery market of northeast Alberta remains a stable market with a combination of growth opportunities and competitive challenges. New projects are going forward and will continue to do so for the foreseeable future. However, the growth and stability of this resource development project is attracting greater competition.

For the first time a major U.S. safety services provider has opened operations in Canada. This shows two trends that have never existed before: the growth of other health and safety consolidators like HSE (this one is based in Houston), and the recognition by larger international health and safety services providers of the potential of the Canadian market. While in the short term this appears to be a negative trend, in the long term the existence of more than one large, integrated, multi-service health and safety provider like HSE in the market will likely increase the market for outsource opportunities because the client will have a replacement option if service quality is not delivered by the current provider.

HSE opened a regional medical facility northeast of Fort McMurray adjacent to a large industrial housing complex in August of 2009. This was a new business model offering pro-active health services (preventative and diagnostic services as opposed to services to treat existing injuries or ailments) and return-to-work services such as physiotherapy. This project has gone cashflow-positive and the opportunity to gain two further major supporting clients was established in the third quarter. This business model has the potential for expansion into other geographic areas.

### ***Oilfield***

Demand for services in this business area has generally been in decline since its peak in 2006. While the total number of wells drilled in the Western Canadian Sedimentary Basin ("WCSB") stayed reasonably stable in 2007 and 2008, high demand created the entry of new competitors and increased capacity. HSE's revenues from this sector peaked in 2006 and declined each year until the second quarter of the current fiscal year. While this downturn across the WCSB was inevitable due to collapsed commodity prices and capital markets, demand in Alberta – HSE's largest market – was further impaired by royalty increases introduced by the Alberta government in the fall of 2007 (which have been reversed in May of 2010).

However, commencing in the second quarter of 2010 there has been the first measurable change in direction. According to the Canadian Association of Oilwell Drilling Contractors, for the period April 1 to June 30, 2010, there were 2,323 wells drilled in the WCSB, a 54 percent increase from 1,504 for the

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same period in 2009. For the period July 1 to August 31, 2010 (the latest period for which figures are available), total wells drilled was 1,292, a 21.0% increase over 1,068 in the prior year.

The trend towards higher levels of drilling activity is reinforced by well licensing activity. According to CIBC World Markets in a report dated October 26, 2010, total well licenses issued on a year-to-date basis was 41 percent higher than 2009 levels, 11,088 compared to 7,846 last year. There were 429 active drilling rigs in the WCSB on this day, substantially higher than the 255 rigs drilling on the same date in 2009.

Of particular interest to HSE shareholders is the switch to oil drilling as the preferred target and the related impact on the Corporation's opportunity to participate in this activity. As has been the trend since prices collapsed in 2008, there has been a switch to oil or natural gas liquids as the preferred target because of higher value. According to CAODC figures for July and August in Q3, 66.9% of the wells drilled targeted oil producing formations in 2010 compared to 43.2% in 2009. The total numbers of oilwells drilled was 864, almost double the 461 in the same period of 2009. Many of these wells are horizontals requiring multi-stage fracturing. Geologically they respond best to being stimulated with hydrocarbons or acid as opposed to water. This is causing increased demand for the Corporation's fire and shower units, a trend expected to continue for the foreseeable future.

On November 1 the Petroleum Services Association of Canada ("PSAC") released its forecast for the remainder of 2010 and the 2011 fiscal year. PSAC expects a total of 11,350 wells to be drilled this year. Of those put in production, 62% will be oilwells. This compares to 50% in 2009, 38% in 2008, 35% in 2007 and only 28% in 2006. Because of low gas prices and the impact that shale gas is having on the entire North American natural gas industry, this trend towards oilwell drilling is likely to continue.

Land sales – the purchase of future drilling rights – are a strong positive indicator of sustained Oilfield health and safety activity. To September 30, 2010, Alberta alone had collected \$1.9 billion from the sales of drilling rights, the highest in history for this period and exceeding the last record set in 2005. This is the first step in the full cycle hydrocarbon development process and historically has been a precursor of growing and sustained exploration and development spending.

The final signal of recovery is forward-looking client demand. Historically, in the fall of the year customers convey to their vendors their plans for the upcoming winter drilling season to confirm capacity and availability. The last time HSE's clients did this was the fall of 2007. In 2008 the global financial chaos was well underway in the fall, and in 2009 the signals of recovery and stability were still not yet firmly established. What is encouraging in the fall of 2010 is that clients are back to their normal activities of ensuring their suppliers like HSE have the equipment and manpower capacity to ensure their winter drilling programs are undertaken in an efficient manner. The indicated demand from HSE's client base for the remainder of 2010 and the first quarter of 2011 is positive.

Based on the foregoing, the Corporation expects Oilfield activity to continue to ramp up for the remainder of 2010 and continue into 2011. This is supported by the drilling forecasts at the PSAC 2011 forecast event held on November 1 in Calgary. For 2011 PSAC forecasts 12,250 wells drilled, an 8% increase from their 11,350 estimate for 2010; RBC Capital Markets predicted 12,000 wells for 2011, a 9% increase; and the Canadian Association of Petroleum Producers ("CAPP") forecast 11,150 wells, up from CAPP's internal estimate of 10,900 in 2010.

#### *United States*

HSE now reports segmented financial information for its U.S. operations which comprise – CRS Technologies Inc. ("CRU") which operates from Taylor, Michigan (a suburb of Detroit), and Boots & Coots HSE Services LLC ("BCHSE") which operates from a head office in Houston, Texas.

On a year-over-year basis, HSE's U.S. operations are significantly improved and continue to grow. Revenue for the third quarter increased to \$0.9 million from \$0.5 million in 2009. EBITDA increased to \$0.3 million in the quarter from negative \$0.2 million in 2009.

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The Corporation anticipates this trend will continue for the remainder of 2010. In the Industrial markets served from Michigan, marketing efforts with new clients in new areas are providing encouraging results. The BP Macondo blowout in the Gulf of Mexico earlier this year has renewed interest in the need for regulations and procedures that ensure drilling, completion and production operations are performed safely, both offshore and on land. There is growing concern about the safety of shale gas drilling both in the area of protection of the local communities on surface and the potential for subsurface contamination of groundwater through the hydraulic fracturing process. All of these developments tend to work in HSE's favor as an expert supplier of health and safety services.

On April 12, 2010 Boots & Coots, Inc. announced that it had entered into an agreement under which all of its shares would be acquired by Halliburton. This transaction was completed on September 17, 2010. This is resulting in some administrative changes as Boots & Coots moves over to the Halliburton systems. However, the partnership with Boots & Coots continues and the total impact of this transaction on HSE and BCHSE is not known at the time of this writing. What is occurring within BCHSE is increased marketing efforts of the combined safety solution, particularly in the Marcellus Shale region of Pennsylvania, to respond to safety concerns expressed by the public and governments.

**Quarterly Results**

	2010			2009				2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Industrial	<b>\$11,384</b>	\$11,926	\$ 11,924	\$ 12,533	\$ 14,375	\$ 15,249	\$ 12,141	\$ 15,308
Oilfield	<b>8,965</b>	6,424	8,983	6,557	6,169	4,317	10,260	14,597
Total Revenue	<b>\$20,349</b>	\$18,350	\$ 20,907	\$ 19,090	\$ 20,544	\$ 19,566	\$ 22,401	\$ 29,905
Net earnings (loss)	<b>(397)</b>	(1,235)	(208)	(2,178)	(722)	(1,928)	(1,806)	431
EBITDA <sup>(1)</sup>	<b>1,192</b>	(380)	1,222	496	1,016	(451)	(216)	2,713
Income (loss) per share – basic and diluted	<b>\$ (0.01)</b>	\$ (0.03)	\$ (0.01)	\$ (0.06)	\$ (0.02)	\$ (0.05)	\$ (0.05)	\$ 0.01

(1) See Non-GAAP Measures

HSE's business has two offsetting seasonal components. Revenue for Oilfield health and safety services is historically highest in the first and fourth quarters and lowest in the third quarter because this sector uses equipment that can only access well locations during certain times of the year, and because of the effects of weather on field activity. Industrial revenue includes a mix of year-round contracts and shutdowns and turnarounds which are major maintenance projects and repair activities on client facilities that are safety intensive thus requiring worker protection. These maintenance projects are normally scheduled during the second and third quarters to avoid the possibility of adverse effects from freezing weather. As a result, Industrial revenue tends to be highest in the second and third quarters.

**Related-Party Transactions**

During the quarter, the Corporation had the following transactions with related parties, all of which are measured at exchange amounts.

- In the third quarter, the Corporation paid rent of \$57 (2009 – \$57) for a regional office to a corporation related to a Director of the Corporation.
- In the third quarter, the Corporation also paid rent of \$74 (2009 – \$74) for a regional office to a corporation controlled by a Senior Manager of the Corporation.
- In the third quarter, the Corporation paid \$88 (2009 - \$0) for supplies and commissions to a corporation related to a Director of the Corporation pursuant to an agreement that predates the directorship.

## Critical Accounting Policies and Estimates

HSE prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles. In doing so, management is required to make various estimates and judgments in determining the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of commitments and contingencies. Management bases its estimates and judgments on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed periodically, and actual results may differ from those estimates under different assumptions or conditions. Management must use its judgment related to uncertainties in order to make these estimates and assumptions.

The accounting policies and estimates believed to require the most difficult, subjective or complex judgments and which are material to the Corporation's financial reporting results include: allowance for doubtful accounts, impairment of long-lived assets, amortization of property and equipment, and future income tax liabilities. A full description of the methods for determining these accounting policies and estimates as well as the risks related to the possible effects of changes in these policies and estimates, can be found in HSE's 2009 annual report.

## International Financial Reporting Standards

On February 13, 2008, the Canadian Accounting Standards Board ("AcSB") confirmed the requirement for all publicly accountable enterprises to adopt International Financial Reporting Standards ("IFRS") for fiscal years beginning on or after January 1, 2011. Effective January 1, 2011 HSE will be required to report its interim and annual financial statements in accordance with IFRS including comparative information for the 2010 period.

HSE has commenced the process to transition from current Canadian GAAP to IFRS. A project team led by Finance has been established. Representatives from other areas of HSE participate as required. A Steering Committee comprised of HSE Executives monitors the IFRS project on a monthly basis. Regular reporting to the Audit Committee and the Board of Directors on the status of the IFRS project has also been implemented.

HSE has developed a project plan that consists of three major phases: initial assessment, detailed assessment and design, and implementation.

Initial assessment – this phase involved performing a high-level impact assessment to identify the areas that would be affected by the transition to IFRS. As a result of these procedures, the potentially impacted areas were identified as high, medium and low impact. The level of impact was determined based on the relative significance of the account balance and the nature of the differences between current HSE accounting policies and the accounting policies required by IFRS.

Detailed assessment and design – this phase involved the identification of changes required to existing accounting policies, information systems and business processes, together with an analysis of policy alternatives allowed under IFRS and the development of a template for IFRS financial statements and notes

Implementation – this phase includes execution of changes to information systems and business processes, completing formal authorization processes to formally approve recommended accounting policy changes, completion of the opening balance sheet and training programs for the finance group and other areas of the Corporation as required. HSE's efforts are currently focused on this phase of the project.

### **Progress to date**

HSE has identified differences between accounting policies under Canadian GAAP and accounting policy choices under IFRS, both on an ongoing basis and with respect to certain choices available on conversion as allowed or required by IFRS 1. HSE undertook an analysis of all applicable standards to confirm the classification of the differences as high, medium and low impact. Differences in accounting

policies related to property and equipment, leases, impairments, stock-based compensation and financial statement and note disclosures have been identified as high and medium impact.

HSE has identified the major components of each of the types of property and equipment, and assigned useful lives and residual values for all of its asset classes. The Corporation has completed the calculation of the opening balance sheet adjustments. Work is underway to quantify the adjustments required at Q1, Q2 and Q3 of 2010 to prepare comparatives for the 2011 financial statements.

HSE has completed a review of all leased properties, vehicles and equipment to identify operating and finance leases. The Corporation is finalizing the calculation of the opening balance sheet adjustment. Work is also underway to quantify the adjustments required at Q1, Q2 and Q3 of 2010.

HSE has completed a review of stock based compensation and is finalizing the calculation of the opening balance sheet adjustment. Work is also underway to quantify the adjustments required at Q1, Q2 and Q3 of 2010.

HSE has completed a review of the IFRS impairment standard, identified its cash generating units and prepared a discounted cash flow model to determine value in use. HSE expects to have its work related to impairments completed by November 30, 2010.

HSE has completed a review of all new disclosures required under IFRS to identify system and business process changes required. HSE has prepared a draft template for IFRS financial statements and notes. HSE has completed a template for the required transition disclosures and supporting schedules. HSE is in the process of preparing 2010 IFRS quarter end, financial statements and notes. The purpose of this process is to build the 2010 comparatives required for 2011, identify where additional training of HSE resources may be required, and to test the timelines required to meet 2011 interim and annual reporting deadlines.

Changes to the general ledger will be straightforward. The most significant system changes relate to the fixed asset sub-system. The Corporation must track all assets as required under current Canadian GAAP until December 31, 2010 and then under IFRS effective January 1, 2011. Throughout 2010, the Corporation must also compile the fixed asset information under IFRS to prepare a comparative year of financial information HSE has addressed the requirement to maintain Canadian GAAP fixed assets throughout 2010 and to collect the required information to prepare 2010 comparative fixed assets under IFRS for 2011. HSE is currently planning its January 1, 2011 cutover strategy for fixed assets including appropriate testing procedures.

As the review of accounting policies is completed, the policies are approved and differences are quantified, appropriate changes to ensure the integrity of internal control over financial reporting and disclosure controls and procedures will be made. The certifying officers plan to complete the design, and initially evaluate the effectiveness of new controls in the fourth quarter of 2010 to prepare for certification under IFRS in 2011. The Corporation will also ensure that its key stakeholders are informed about the anticipated effects of the IFRS transition.

The Corporation is required to meet various financial covenants included in its credit facility. There is a possibility that these covenants will be affected by required IFRS changes. A clause is included in the credit facility agreement allowing for a period of time to renegotiate any affected covenants.

***Work to be completed by the end of fourth quarter***

- Formal approvals of recommended accounting policies and IFRS 1 elections by the Board of Directors.
- Formal approvals of draft templates for IFRS financial statements and notes by the Board of Directors and HSE's Auditors.
- Finalization of January 1, 2010 IFRS balance sheet including effects of deferred income taxes.

- Finalization and documentation of January 1, 2011 cut-over plan.

Most adjustments required on transition to IFRS will be made, retrospectively, against retained earnings on the opening January 1, 2010 balance sheet. However, IFRS 1 *First-Time Adoption of International Financial Reporting Standards* provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective application of IFRS. The Corporation is analyzing the various accounting policy choices and will implement those determined to be the most appropriate in the circumstances. Significant exemptions available to HSE under consideration are:

- An exemption allowing business combinations to be accounted for under IFRS standards starting at a date of the Corporation's choosing, rather than requiring that all acquisitions be restated from inception as they would have been under IFRS.
- An exemption allowing the Corporation to apply IFRS accounting for stock-based compensation on a prospective basis for stock options granted and vested prior to transition.

Described below are the high priority areas where changes in accounting policies are expected to impact the Corporation's consolidated financial statements. The list below should not be regarded as a complete list of changes that will result from HSE's transition to IFRS. It is intended to highlight the areas that we consider most significant. However, an analysis of changes is still in progress and not all decisions have been made where choices of accounting policies are available. The differences described below are those existing based on Canadian GAAP and IFRS as of today.

#### ***Property, Plant and Equipment – IAS 16***

IAS 16 defines property, plant and equipment as tangible items that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and are expected to be used during more than one year.

IFRS and Canadian GAAP contain the same basic principle for property, plant and equipment; however, there are some differences. IFRS requires that major components of an asset for which different depreciation methods or rates are appropriate to be depreciated separately. Depreciation commences when the asset is available for use where Canadian GAAP begins amortization when the asset is actually put into service. IFRS also permits property, plant and equipment to be measured at fair value or at amortized cost.

#### ***Impairment of Assets – IAS 36***

Canadian GAAP impairment testing compares the asset-carrying values with undiscounted future cash flows to determine whether impairment exists. If the carrying amount exceeds the recoverable amount, the carrying value is written down to estimated fair value.

IAS 36 uses a one-step approach for both testing for and measurement of impairment, with carrying values compared directly to the higher of fair value less costs to sell and value in use (calculated using discounted cash flows). This may result in more frequent impairments where carrying values of assets were previously supported under Canadian GAAP on an undiscounted cash-flow basis, but could not be supported under a discounted cash-flow basis.

IAS 36 also contains a requirement to reverse any previous impairment losses where circumstances have changed such that the impairments have reversed. Canadian GAAP prohibits the reversal of impairment losses.

#### ***Leases – IAS 17***

IAS 17 classifies a lease as either a finance lease or an operating lease. In respect of lessors, there is a subcategory of finance lease for manufacturer or dealer leases.

Both Canadian GAAP and IFRS lease classification depend on whether substantially all the risks and rewards of ownership of a leased asset have been transferred from the lessor to the lessee, and are made at the inception of the lease. A number of indicators are used to assist in lease classification. However, under Canadian GAAP, in practice, the quantitative thresholds included in certain of the indicators are treated as “bright lines” and there are fewer indicators to be considered.

Immediate gain recognition from the sale and leaseback of an asset depends upon whether or not the sale takes place at fair value, and whether the leaseback is classified as an operating lease or finance lease.

## **Business Risks**

The activities the Corporation undertakes involve a number of risks and uncertainties, some of which are: economic and market events including disruptions in international credit markets and reductions in macroeconomic activity; business cyclicalities within the industries in which HSE’s customers operate; competitive conditions including pricing pressures; risks of customer credit default; deterioration in the financial condition of financial institutions and insurance companies that HSE deals with; availability of financing at competitive rates; changes in foreign exchange rates and interest rates and litigation and contingencies. Additional risks and uncertainties that the Corporation may be unaware of, or that were determined to be immaterial may also become important factors that affect the Corporation. A discussion of the business risks faced by the Corporation is available in the Management Discussion and Analysis included in the Corporation’s 2009 Annual Report.

## **Internal Control Over Financial Reporting**

### ***Changes in Internal Controls Over Financial Reporting During 2010***

There have been no significant changes in the Corporation’s internal control over financial reporting during the quarter ended September 30, 2010 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

## **Common Shares Outstanding**

At November 9, 2010 and December 31, 2009 there were 37,575,675 common shares outstanding. At September 30, 2010, the Corporation had options outstanding to issue 2,242,000 shares at a weighted-average exercise price of \$1.32 per share. Of these options, 1,223,979 were exercisable.

At November 9, 2010 there were 2,210,332 options outstanding at a weighted average price of \$1.33 per share. Of these options, 1,233,979 were exercisable.

## **.Non-GAAP Measures**

This report makes reference to EBITDA, a measure that is not recognized under generally accepted accounting principles. Management believes that, in addition to net earnings, EBITDA is a useful supplementary measure. EBITDA provides investors with an indication of earnings before provisions for interest and bank charges, taxes, amortization, foreign exchange gains or losses, gains or losses on the disposal of property and equipment and the non-cash effect of stock-based compensation expense. Investors should be cautioned that EBITDA should not be construed as an alternative to net earnings determined by GAAP as an indication of the Corporation’s performance. HSE’s method of calculating EBITDA may differ from that of other companies and, accordingly, may not be comparable to measures used by other companies.

## EBITDA Calculation

For the nine months ended September 30	2010		2009	
Net earnings (loss)	\$	(1,840)	\$	(4,456)
Add (deduct):				
Amortization		4,325		5,081
Stock-based compensation		154		250
Interest and bank charges		333		409
Foreign exchange loss (gain)		(4)		8
Gain (loss) on disposal of property and equipment		(392)		254
Income tax		(542)		(1,197)
<b>EBITDA</b>	<b>\$</b>	<b>2,034</b>	<b>\$</b>	<b>349</b>

## Quarterly EBITDA Calculation

	2010			2009				2008
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net earnings (loss)	\$ (397)	\$ (1,235)	\$ (208)	\$ (2,178)	\$ (722)	\$ (1,928)	\$ (1,806)	\$ 431
Add (deduct):								
Amortization	1,359	1,396	1,570	1,618	1,650	1,692	1,739	1,399
Impairment of property and equipment	–	–	–	1,641	–	–	–	–
Stock-based compensation	26	87	41	43	101	99	50	95
Interest and bank charges	74	140	118	135	140	120	149	200
Foreign exchange loss (gain)	2	(1)	(5)	(8)	(3)	12	(1)	(35)
(Gain) loss on disposal of property and equipment	213	(218)	(387)	57	35	126	93	193
Income taxes	(85)	(549)	93	(812)	(185)	(572)	(440)	430
<b>EBITDA</b>	<b>\$ 1,192</b>	<b>\$ (380)</b>	<b>\$ 1,222</b>	<b>\$ 496</b>	<b>\$ 1,016</b>	<b>\$ (451)</b>	<b>\$ (216)</b>	<b>\$ 2,713</b>

## Forward-Looking Statements

Certain statements in this MD&A constitute forward-looking information and statements (collectively “forward-looking statements”) within the meaning of applicable securities laws. These forward-looking statements concern, among other things, the Corporation’s prospects, expected revenues, expenses, profits, financial position, strategic direction and growth initiatives, all of which involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this MD&A, such forward-looking statements use such words as *expect, anticipate, estimate, believe, may, will, would, could, might, intend, plan, continue, ongoing, project, objective, should* and other similar terms and phrases. This forward-looking information reflects the Corporation’s current expectations regarding future events and operating performance based on assumptions and analyses made by the Corporation based

on its experience and an assessment of current conditions, known trends, expected future developments and other factors which management believe to be appropriate under the circumstances. These forward-looking statements include:

- The oil and gas processing plant shutdown and turnaround services that typically take place during the third quarter in western Canada were subject to pricing pressure caused primarily by increased focus on this market by HSE competitors that in the past have predominantly serviced the Oilfield sector. Some clients continue to use price as the major procurement criteria.
- The finalization of the Alberta competitiveness review resulting in royalty changes announced in May of 2010 was very significant for conventional upstream activity and HSE's business
- BCHSE continues to gain customer acceptance as a capable provider of worker and asset protection services.
- Based on customer input on projected spending and equipment demand for Oilfield health and safety services for the upcoming winter drilling season, the Corporation expects that it will be in compliance with all senior lending covenants at March 31, 2011.
- The overall outlook for HSE for the remainder of the 2010 fiscal year and into 2011 is generally positive, particularly when compared to the situation a year ago.
- The quarter ended September 30, 2010 is the third consecutive reporting quarter in which the Corporation has reported improved EBITDA on a year-over-year basis. HSE believes this trend will continue for the remainder of 2010 and the 2011 fiscal year.
- Management believes the factors that caused Industrial health and safety revenues to decline in Q3 2010 are an anomaly that will ultimately be rectified by an improvement in the economy, client appreciation of quality services, and the more aggressive marketing campaign to new clients and industries that has been a key element of the 2010 strategic plan.
- While in the short term this appears to be a negative trend, in the long term the existence of more than one large, integrated, multi-service (Industrial) health and safety provider like HSE in the (Canadian) market will likely increase the market for outsource opportunities because the client will have a replacement option if service quality is not delivered by the current provider.
- This project (regional health facility in the Oilsands area of northeast Alberta) has gone cashflow-positive and the opportunity to gain two further major supporting clients was established in the third quarter. This business model has the potential for expansion into other areas.
- This is causing increased demand for the Corporation's fire and shower units, a trend expected to continue for the foreseeable future.
- Because of low gas prices and the impact that shale gas is having on the entire North American natural gas industry, this trend towards oilwell drilling is likely to continue.
- Land sales – the purchase of future drilling rights – are a strong positive indicator of sustained Oilfield health and safety activity. To September 30, 2010, Alberta alone had collected \$1.9 billion from the sales of drilling rights, the highest in history for this period and exceeding the last record set in 2005. This is the first step in the full cycle hydrocarbon development process and historically has been a precursor of growing and sustained exploration and development spending.
- What is encouraging in the Fall of 2010 is that clients are back to their normal activities of ensuring their suppliers like HSE have the equipment and manpower capacity to ensure their winter drilling programs are undertaken in an efficient manner. The indicated demand from HSE's client base for the remainder of 2010 and the first quarter of 2011 is positive.

**HSE Integrated Ltd.**

Management Discussion and Analysis

For the three month and nine month periods ended September 30, 2010 and 2009

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- Based on the foregoing (drilling forecasts, land sale activity and forward-looking client demand), the Company expects Oilfield activity to continue to ramp up for the remainder of 2010 and continue into 2011.
- The Company anticipates this trend will continue in the remainder of 2010. In the Industrial markets served from Michigan, marketing efforts with new clients in new areas are providing encouraging results. The BP Macondo blowout in the Gulf of Mexico earlier this year has renewed interest in the need for regulations and procedures that ensure drilling, completion and production operations are performed safely, both offshore and on land. There is growing concern about the safety of shale gas drilling both in the area of protection of the local communities on surface and the potential for subsurface contamination of groundwater through the hydraulic fracturing process. All of these developments tend to work in HSE's favor as an expert supplier of health and safety services.

The forward-looking statements contained in this MD&A reflect several material factors, expectations and assumptions including, without limitation: economic conditions within Canada and the United States, both in general and within specific industries; demand for the Corporation's services by customers in various industries and geographic locations; pricing levels for the Corporation's services; commodity prices; foreign currency exchange rates; interest rates; access to financing; the Corporation's future operating results and financial condition; and competition within particular markets or for particular services.

Forward-looking statements involve significant risks and uncertainties and should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, the factors discussed above and other risk factors discussed herein and listed from time to time in the Corporation's reports and public disclosure documents including its annual report, annual information form and other filings with securities commissions in Canada as reported under the Corporation's profile at [www.sedar.com](http://www.sedar.com).

The Corporation cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking statements contained in this MD&A speak only as of the date of this MD&A, and the Corporation assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.

**Additional Information**

Additional information relating to HSE is available under our profile on the SEDAR website at [www.sedar.com](http://www.sedar.com) and [www.hseintegrated.com](http://www.hseintegrated.com).