LOGAN INTERNATIONAL INC.
2015 Management's Discussion and Analysis
For the Three Month Period Ended March 31, 2015

Logan International Inc.'s (the "Company" or "Logan International") condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IAS 34 Interim Financial Reporting. The information in this Management's Discussion and Analysis ("MD&A") has been prepared based upon information in those financial statements.

The following table sets forth selected financial information with respect to the Company's consolidated financial condition and results of operations for the periods presented and should be read together with the condensed interim consolidated financial statements and related notes and MD&A that follow. All reported amounts are stated in thousands of U.S. dollars unless otherwise noted.

FINANCIAL HIGHLIGHTS

	Three month periods ended March 31,	
	2015	2014
(000's, except per share amounts)		
Revenue	$ 27,755	$ 43,644
Gross profit	9,451	16,661
Net earnings (loss) for the period	(1,282)	2,901
Earnings (loss) per share – Basic	$ (0.04)	$ 0.09
Earnings (loss) per share – Diluted	$ (0.04)	$ 0.09
Weighted average common shares outstanding (000's):		
Basic	33,599	33,520
Diluted	33,748	33,928
EBITDA (1)	$ 2,824	$ 8,840
Modified EBITDA (1)	$ 3,162	$ 9,321
	March 31, 2015	December 31, 2014
Working Capital	$ 101,358	$ 97,807
Total Assets	$ 266,709	$ 271,763
Debt (2)	$ 52,887	$ 49,327
Shareholders' Equity	$ 184,126	$ 188,591

(1) Non-IFRS financial measure. See "Management's Discussion and Analysis - Non-IFRS Measurements"

(2) Includes borrowed debt and finance lease liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis has been prepared by management as at May 14, 2015 and is a review of the financial position and operating results for the three month periods ended March 31, 2015 and 2014 and should be read in conjunction with the Company's condensed interim consolidated financial statements for the periods presented, which were prepared in accordance with IFRS. All reported amounts are stated in thousands of U.S. dollars unless otherwise noted.

Forward Looking Statements: This MD&A contains forward-looking statements. These statements relate to future events or future performance of Logan International Inc. and its subsidiaries. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "propose", "expect", "potential", "continue", and similar expressions, are intended to identify forward-looking statements. Specific forward-looking statements in this MD&A include, but are not limited to, statements regarding expected capital expenditures; the generation of cash flow and working capital to support the Company's operating plan for the current year; the future recovery of oil and gas commodity prices, rig counts and related activity levels; future demand for the Company's products and services in North American and international markets; the Company's ability to weather current industry and economic conditions; the Company's ability to maintain a flexible capital structure; and the expected impact from the adoption of the new accounting standards. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Such statements reflect management's current views with respect to certain events, and are subject to certain risks, uncertainties and assumptions. Although management believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Many factors could cause Logan International's actual results, performance or achievements to differ materially from those described in this document. Readers are referred to Logan International's Annual Information Form for the year ended December 31, 2014, filed on www.sedar.com, which identifies significant risk factors that could cause actual results to differ materially from those contained in the forward-looking statements. Should one or more risks or uncertainties materialize, or should assumptions underlying forward-looking statements prove incorrect, actual results may vary materially from those described in this document. The forward-looking statements contained in this document are expressly qualified in their entirety by this cautionary statement. These statements speak only as of the date of this document. Logan International does not intend and does not assume any obligation, to update these forward-looking statements to reflect new information, subsequent events or otherwise, except as required by law.

Business Overview: Through its subsidiaries, the Company manufactures and sells a complete line of fishing and intervention tools, including retrieving, stroking and remedial tools and power swivel equipment (Logan Oil Tools, Inc.); designs, manufactures and repairs high performance polycrystalline diamond compact ("PDC") cutters and bearings for a variety of well workover, intervention, drilling and completion activities (Logan SuperAbrasives, Inc.); provides proprietary products, services and technologies to enhance production in sand-laden oil wells (Scope Production Developments Ltd.); provides proprietary multi-zonal completion technology and conventional completion products and services (Logan Completion Systems Inc.); designs, develops, manufactures and sells completion products such as packers, bridge plugs and collar locators (Logan Kline Tools); rents a proprietary tool that improves horizontal drilling effectiveness by reducing well-bore friction (Xtend Energy Services Inc.); and rents drilling and fishing jars in North America (Logan Jar, LLC). Other than Xtend Energy Services Inc. and Logan Jar, LLC, all of the Company's operating subsidiaries are included in the Company's downhole tool segment. Xtend Energy Services Inc. and Logan Jar, LLC are included in the Company's rental tool segment.

Downhole Tool Operations

Logan Oil Tools, Inc. (“Logan Oil Tools”)

Logan Oil Tools manufactures and sells fishing tools, stroking tools, remedial tools and power swivel equipment. Fishing tools are used in the retrieval of drill bits, drill pipe, tubing, casing and bottom hole assemblies from a well bore in order to permit drilling operations or production to continue. Stroking tools are used to free pipe that is stuck in a wellbore by delivering an upward or downward impact force. Remedial tools consist of casing patches and cutters that allow for the in-place repair of damaged pipe, thus eliminating the need to remove the casing string from the wellbore. Power swivel equipment is used in workover and drilling applications for improved pipe handling capability and enhanced safety and productivity of the drilling process. Logan Oil Tools sells its products in North America and in established international oil producing locations, including the North Sea, offshore West Africa, Russia, the Middle East and Latin America. Logan Oil Tools conducts its manufacturing operations in Houston, Texas and has sales facilities in oil and gas producing areas, enabling the Company to provide localized inventory and service. Its North American locations are: Bakersfield, California; Broussard and Houma, Louisiana; Oklahoma City, Oklahoma; Alice, Houston, Kilgore, and Odessa, Texas; Vernal, Utah; Williston, North Dakota; Williamsport, Pennsylvania; and Edmonton, Alberta. The Company also operates from locations in: Kintore, Scotland; Bogota, Colombia; Dubai, United Arab Emirates; and Singapore.

Logan SuperAbrasives, Inc. (“Logan SuperAbrasives”)

Logan SuperAbrasives designs, manufactures and repairs a complete line of specialized super-abrasive products for tooling, including high-performance PDC cutters for oilfield drill bits and PDC and tungsten carbide thrust and radial bearings for downhole drilling motors and production pumps. Logan SuperAbrasives conducts its manufacturing and sales operations in Houston, Texas. Logan SuperAbrasives was formerly known as Dennis Tool Company.

Logan Completion Systems Inc. (“Logan Completion Systems”)

Logan Completion Systems is a provider of specialized downhole completion equipment and services. Logan Completion Systems provides a wide range of conventional and unconventional completion equipment as well as well site installation services to the upstream well completion and workover markets. The product line consists of a wide range of packers, plugs, liner hangers and, since 2010, a proprietary multi-stage hydraulic fracturing (“frac”) system for unconventional shale wells. Logan Completion Systems conducts its operations from its service locations in Lloydminster, Bonnyville, Edmonton, Grande Prairie, and Red Deer, Alberta; Estevan, Saskatchewan; and Longview, Texas.

Logan Kline Tools (“Kline”)

Kline, founded in 1978, is a leading manufacturer of downhole tools and a recognized leader in the completion tool industry. Kline provides a wide range of conventional and unconventional completion equipment for the upstream well completion and workover markets. The product line consists of packers, plugs, tubing anchors, swivels and remedial tools for conventional applications and a multi-stage frac system for unconventional shale wells. Kline conducts manufacturing and sales operations in Tulsa, Oklahoma and maintains a sales and assembly facility in Odessa, Texas. In addition, Kline operates sales offices in Greeley, Colorado and Alice, Texas. Logan Kline Tools was formerly known as Kline Oilfield Equipment, Inc.

Scope Production Developments Ltd. (“Scope”)

Scope, founded in 2002, is a specialized provider of proprietary downhole tools and services that enhance production in heavy oil wells. Scope’s technologies are optimally suited for wells producing sand laden heavy oil from unconsolidated sandstone formations. The technologies include tools that limit sand intrusion into the pump intake as well as other tools that aid in cleaning out sanded wellbores. Scope is currently focused on the Canadian market. Scope conducts its operations in Lloydminster, Alberta.

Rental Tool Operations

Xtend Energy Services Inc. (“Xtend”)

Founded in 2003, Xtend rents a proprietary tool (the “Xciter”) that improves drilling effectiveness by reducing well-bore friction. Xtend maintains operating locations in Griffin, Saskatchewan; Nisku, Alberta; and Houston, Texas.

Logan Jar, LLC (“Logan Jar”)

Logan Jar rents the Sup-R-Jar drilling jar, which is used to deliver a sharp blow to the drill string to free stuck drill pipe. Logan Jar was formed by the Company in April 2013 in connection with the acquisition of the Sup-R-Jar product line. In addition, beginning in the third quarter of 2014, Logan Jar began renting fishing and coil tubing jars. Logan Jar has operations in: Oklahoma City, Oklahoma; Laurel, Mississippi; Houston and Alice, Texas; Broussard, Louisiana; and Nisku, Alberta.

Non-IFRS Measurements: This MD&A presents: (a) EBITDA as earnings before net finance cost, income taxes, and depreciation and amortization (“EBITDA”), and (b) Modified EBITDA as EBITDA before acquisition accounting adjustments, transaction fees, share-based compensation and severance costs (“Modified EBITDA”). Neither of these measurements should be considered an alternative to, or more meaningful than, “net earnings (loss) for the period” or “cash flow from operating activities” as determined in accordance with IFRS as an indicator of the Company’s financial performance. EBITDA and Modified EBITDA do not have standardized definitions as prescribed by IFRS; therefore, the Company’s presentation of these measurements may not conform to similar presentations by other companies. Management calculates EBITDA and Modified EBITDA each period and evaluates the Company’s operating performance based on these measurements. Management believes that Modified EBITDA, which eliminates significant non-cash or non-recurring items of revenue or cost, more accurately presents the results of the Company’s ongoing operations and its ability to generate the cash required to fund or finance future growth, acquisitions and capital investments. A reconciliation of EBITDA and Modified EBITDA with net earnings (loss) for each period follows.

(000’s)	Three month periods ended March 31, 2015	2014
Net earnings (loss) for the period	$ (1,282)	$ 2,901
Addbacks:		
Depreciation and amortization	3,026	3,249
Finance cost, net	1,471	1,323
Income tax expense (benefit)	(391)	1,367
EBITDA	2,824	8,840
Adjustments:		
Acquisition accounting adjustments	-	188
Transaction fees	5	16
Severance costs	178	140
Share-based compensation expense	155	137
Modified EBITDA	$ 3,162	$ 9,321

EBITDA and Modified EBITDA are provided as measures of the Company’s operating performance without regard to financing decisions, share-based compensation payments, age and cost of equipment used and income tax impacts, all of which are factors not controlled at the operating management level. The acquisition accounting adjustments reverse the effect of the increase or step-up in cost basis of inventories and subsequently sold fixed

assets acquired in business combinations. Transaction fees include professional and other fees incurred in connection with the Company's business acquisitions. Share-based compensation expense relates to amounts recognized from the granting of stock appreciation rights, stock options and restricted share units.

Results of Operations

(000's)	Three month periods ended March 31, 2015	2014
Revenue	$ 27,755	$ 43,644
Cost of goods sold	18,304	26,983
Gross profit	9,451	16,661
Gross profit margin	*34.1%*	*38.2%*
Administrative expenses	9,843	10,998
Other expense (income)	(190)	72
Finance cost, net	1,471	1,323
Total expenses	11,124	12,393
Earnings (loss) before income taxes	(1,673)	4,268
Income tax expense (benefit)	(391)	1,367
Net earnings (loss) for the period	$ (1,282)	$ 2,901

THREE MONTHS ENDED MARCH 31, 2015 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2014

REVENUE

The Company's revenue decreased to $27.8 million for the three month period ended March 31, 2015 from $43.6 million for the three month period ended March 31, 2014. Sales of fishing, intervention and consumable products declined $6.0 million, revenues from completion products sales and services decreased $8.8 million and rental revenues fell $1.1 million. The decline in revenues is primarily due to sharp decline in customers' drilling, completion and workover activities, which, in turn, was caused by the dramatic decline in oil and, to a lesser extent, gas prices.

Fishing, intervention and consumable products sales decreased 22% as customers consolidated and worked through their tool inventories. In addition, sales of stroking tools and power swivels, which are capital items, fell sharply due to decreases in customers' spending on capital assets. Sales of PDC cutters also declined as customer inventory levels were deemed to be sufficient to meet the reduced demand.

Revenues from completions products and services declined 67% primarily due to the weak demand in North American markets. In addition, the Company recorded no sales into the China market in the first three months of 2015, compared with $1.6 million in the same period of 2014. On a positive note, completion service revenues from the Company's expansion into U.S. markets increased from $0.1 million to $0.4 million compared with the first three months of 2014.

Rental revenues declined 33% from 2014, as revenues from Sup-R-Jar and Xciter rentals declined more than the increase in rental revenues from fishing and coil tubing jars. The Sup-R-Jar and Xciter products are more closely correlated to drilling activity levels, which declined more sharply than fishing activities.

The impact of the decline in the Canadian dollar relative to the U.S. dollar did not have a material effect on the results of the Company's operations in either period.

GROSS PROFIT

For the three month period ended March 31, 2015, gross profit was $9.5 million, or 34.1% of revenue, compared with $16.7 million, or 38.2% of revenue, for the three month period ended March 31, 2014. The decrease in gross profit was directly related to the decrease in revenue. The decrease in gross profit margin was also due to the the decline in revenues, the fixed nature of certain costs in the completions products and services product line and greater depreciation expense in the rental product line. The fishing, intervention and consumables product line recorded an increase in its gross profit margin as a result of the 2014 price adjustments, which became effective in the second quarter of 2014 and, to a lesser extent, manufacturing efficiencies compared with the prior year period.

ADMINISTRATIVE EXPENSES

Administrative expenses declined $1.2 million to $9.8 million for the three month period ended March 31, 2015, from $11.0 million for the same period in 2014. This decrease was mostly caused by lower compensation expense of $0.8 million, which was related to a reduction in administrative personnel, and a decrease of $0.3 million on commissions related to the decline in revenue.

OTHER INCOME/ EXPENSE

The Company recorded other income of $190 thousand for the three month period ended March 31, 2015 as compared with other expense of $72 thousand for the corresponding period in 2014. Other income / expense consists of gains and losses from the sale of assets and other miscellaneous items.

NET FINANCE COST

The Company recorded net finance costs of $1.5 million for the three month period ended March 31, 2015 and $1.3 million for the comparable period in 2014. Interest expense declined by $0.1 million in the current year period due to the reduction in outstanding borrowings and foreign exchange losses increased $0.3 million for current-year period.

INCOME TAXES

Income tax expense is recognized based on management's best estimate of the expected annual income tax rate for the full year applied to the pre-tax income of the period. The Group's consolidated effective tax rate was 23.4% for the three month period ended March 31, 2015 and 32.0% for the three month period ended March 31, 2014. The effective rate decreased in 2015 primarily due to the estimated losses in the Company's Canadian entities, which have lower tax rates than the United States, exceeding estimated earnings in the United States.

Results of Operating Segments

(000's)	Three month periods ended March 31, 2015	2014
Downhole Tool Segment		
Revenue		
Fishing, intervention and consumables (1)	$ 21,167	$ 27,165
Completion products and services (2)	4,394	13,230
	25,561	40,395
Costs of goods sold	16,393	24,656
Administrative expenses	6,491	7,968
Other (income) expense	(132)	80
Earnings from operations	$ 2,809	$ 7,691
Rental Tool Segment		
Revenue	$ 2,194	$ 3,249
Costs of goods sold	1,911	2,327
Administrative expenses	888	1,105
Other income	(58)	(7)
Loss from operations	$ (547)	$ (176)
Corporate administrative expenses	$ 2,464	$ 1,925
Corporate other income	-	(1)
Loss from operations	$ (2,464)	$ (1,924)

(1) This product line includes Logan Oil Tools and Logan SuperAbrasives.

(2) This product line includes Logan Completion Systems, Kline and Scope.

SEGMENTED ENTITY REVIEW FOR THE THREE MONTHS ENDED MARCH 31, 2015 COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2014

DOWNHOLE TOOL REVENUE

Revenue for the downhole tool segment decreased by $14.8 million to $25.6 million for the three month period ended March 31, 2015 from $40.4 million for the corresponding period in 2014. Revenues from sales of fishing, intervention and consumable products declined $6.0 million, or 22%, and revenues from completion products and services decreased $8.8 million, or 67%, versus the three month period ended March 31, 2014. The decreases across both product lines are directly attributed to the decline in drilling and workover activity stemming from lower oil and natural gas prices. The slowdown in industry activity caused customers to not only consolidate and work through their existing inventory, thus postponing purchases of consumable tools, but also to suspend the purchase of capital or long-term tools such as stroking tools and power swivels.

DOWNHOLE TOOL OPERATING EARNINGS

Operating earnings for the downhole tool segment decreased $4.9 million, from $7.7 million in the first quarter of 2014 to $2.8 million for the three months ended March 31, 2015. The decrease in operating earnings, despite the 19% decline in administrative expenses, was due to the decreased revenue. The operating earnings margin decreased to 11.0% compared with 19.0% in the first quarter of 2014.

RENTAL TOOL REVENUE

Revenue for the rental tool segment decreased to $2.2 million during the three months ended March 31, 2015 from $3.2 million for the same period in 2014. The majority of the decrease was attributable to decreased demand in Canadian markets, partially offset by rental revenues from fishing and coil tubing jars in 2015. The Sup-R-Jar and Xciter products are more closely tied to drilling activity levels, which declined steeply during the period. However, expansion of the Company's product offering to include rentals of product geared toward fishing activities provided a partial buffer to the decrease in demand for products tied to the drilling markets.

RENTAL TOOL OPERATING EARNINGS

The rental tool segment reported an operating loss of $0.5 million for the quarter ended March 31, 2015 compared with $0.2 million for the same period in 2014. The decrease was due to the 33% decrease in revenue, which also caused a decrease in operating earnings margin, as the majority of the rental tool segment's costs are fixed.

SUMMARY OF QUARTERLY RESULTS

(000's, except per share amounts)

	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Revenue	$ 27,755	$ 37,787	$ 46,707	$ 42,568	$ 43,644	$ 45,576	$ 46,692	$ 52,602
Net earnings (loss) for the period	(1,282)	(9,523)	4,074	2,759	2,901	3,751	4,858	4,809
EBITDA *	2,824	6,430	11,001	8,239	8,840	9,586	10,431	12,148
Modified EBITDA *	3,162	6,203	11,473	8,690	9,321	9,740	11,255	13,244
Earnings (loss) per share:								
Basic	$ (0.04)	$ (0.28)	$ 0.12	$ 0.08	$ 0.09	$ 0.11	$ 0.15	$ 0.14
Diluted	$ (0.04)	$ (0.28)	$ 0.12	$ 0.08	$ 0.09	$ 0.11	$ 0.14	$ 0.14
Weighted average number of shares outstanding:								
Basic	33,599	33,599	33,594	33,551	33,520	33,479	33,466	33,380
Diluted	33,748	33,938	34,063	33,933	33,928	33,917	34,060	33,810

* - Non-IFRS financial measure. See "Management's Discussion and Analysis - Non-IFRS Measurements".

SIGNIFICANT ITEMS AFFECTING THE COMPARABILITY OF QUARTERLY RESULTS

Seasonality

The Company's Canadian operations are seasonal because the ability to transport oilfield drilling and service equipment is dependent on weather conditions. These operations are generally strongest in the first quarter when the ground is frozen, enabling field personnel and equipment easy access to project sites. Operations are usually weakest

in the second quarter because, as the ground thaws, access to public roads is restricted by governmental agencies and access to well sites is difficult due to the instability of the ground.

In addition to seasonality, the comparability of quarterly results was affected by the following events:

2015

- The first quarter of 2015 was characterized by industry-wide responses to sharp decreases in oil and gas prices during the latter half of 2014, which resulted in a significant decline in the number of rigs operating during the first quarter of 2015. The average number of rigs operating in Canada during the first quarter decreased approximately 40% from 2014 to 2015. Likewise, the number of drilling rigs operating in the United States fell 43% during the first quarter of 2015. The adverse effect of the decline in the number of rigs operating during 2015 more than offset the seasonal strength typically seen during the first quarter.

2014

- The Company reported revenues of $0.3 million and a net loss of $0.3 million for the first quarter of 2014, related to Logan Jar, which was formed during the second quarter of 2013.

- During the first quarter of 2014, the Canadian dollar continued to weaken in comparison with the U.S. dollar. This had the effect of reducing reported sales for the first quarter of 2014 by $0.5 million compared with exchange rates in effect during the fourth quarter of 2013 and $0.9 million compared with exchange rates in effect during the first quarter of 2013. The effect of the change in foreign exchange rates on net earnings for the first quarter of 2014 was not significant compared to the fourth quarter of 2013 and the first quarter of 2013. The currency fluctuations during the last three quarters of 2014 had a lower impact on reported results.

- During the fourth quarter of 2014, the Company recognized an impairment loss on goodwill of $10.6 million.

2013

- The Company reported revenues of $2.3 million and a net loss of $1.0 million for the twelve month period ended December 31, 2013, related to Logan Jar, which was formed during the second quarter of 2013.

- During 2013, the Canadian dollar weakened in comparison with the U.S. dollar. This had the effect of reducing reported 2013 sales from our Canadian operations by approximately $1.5 million, as well as reducing net earnings by $0.2 million.

LIQUIDITY AND CAPITAL RESOURCES

For the three month period ended March 31, 2015, $2.8 million of cash was used for operating activities, compared with $5.5 million provided by operations for the same period in 2014. Cash used for investing activities for the three month period ended March 31, 2015 was $2.3 million, compared with $1.9 million in the corresponding period of 2014. Cash provided by financing activities was $5.0 million for the three month period ended March 31, 2015 versus cash used for financing activities of $1.6 million for the corresponding period in 2014. The Company believes that it is generating sufficient cash flow to support its operating plan for the current year.

Operating Cash Flows

The $8.3 million decrease in operating cash flows was primarily the result of a $5.9 million decrease in earnings before taxes and a $2.9 million increase in the amount of cash used for working capital during the three month period ended March 31, 2015 compared with the same period in 2014. Lower income tax payments of $0.9 million partially offset the decrease in cash flow during the first three months of 2015.

Investing Cash Flows

Cash used for investing activities was $2.3 million in 2015 and consisted of capital expenditures of $2.8 million, net of proceeds of $0.6 million, as compared to capital expenditures of $1.6 million and $1.0 million in deferred acquisition payments, net of sales proceeds of $0.8 million in the comparable 2014 period.

Financing Cash Flows

Cash provided by financing activities was $5.0 million in 2015 and mostly consisted of additional draws on the revolving credit agreement. In the prior year, the Company reduced borrowings by $1.6 million.

Working Capital

As at March 31, 2015, the Company's working capital increased by $3.6 million to $101.4 million from $97.8 million as at December 31, 2014. The increase in working capital was the net effect of: (a) a $5.9 million increase in inventory, a $3.2 million decrease in accounts payable and accrued expenses, a $0.6 million increase in income tax receivable and a $0.4 million reduction in current loans and borrowings, and (b) a $5.8 million decrease in trade receivables and a $0.8 million decrease in prepaid expenses. Inventories increased mostly due to the addition of two regional inventory hubs and, to a lesser extent, increases at certain LOT district locations. Accounts payable and accrued expenses declined due to the slowdown in manufacturing activities and the payment of accrued property tax and incentive compensation liabilities. In addition, accounts receivable declined commensurate with the decrease in revenues.

Property, Plant and Equipment

Net property, plant and equipment decreased to $49.6 million as at March 31, 2015 from $50.1 million as at December 31, 2014 and was the net result of depreciation expense of $2.2 million, equipment disposals of $0.1 million, a decrease of $1.0 million related to foreign exchange fluctuations and capital expenditures of $2.8 million. The current year capital expenditures were, for the most part, the completion of projects that were planned in 2014. The Company has adopted a "wait and see" approach with respect to additional capital expenditures for the remainder of the year, pending a firmer foundation in industry activities.

Capital Structure

The Company considers all bank and other borrowed debt, finance lease liabilities and shareholders' equity as capital. The Company's objective with the management of its capital is to maximize the profitability of its investments in assets and enhance returns to its shareholders. This objective is achieved by prudent management of the capital provided by operations, by optimizing the use of lower-cost capital and by raising equity capital, when appropriate, to fund growth initiatives and a conservative approach to safeguarding its financial condition.

The use of debt financing is based upon the Company's preferred capital structure, which is determined by considering industry norms, risks associated with its business activities and covenants contained in its bank credit agreement. Under the Company's credit agreement, the Company is required to maintain: (i) a financial leverage ratio, which measures the Group's total borrowed debt to its total earnings before interest, tax, depreciation and amortization, other non-cash items and certain acquisition costs (defined in the agreement as "EBITDA"), no greater than 3.00:1; (ii) an interest coverage ratio, which measures the Group's EBITDA to its interest expense, of at least 3.00:1; and (iii) an asset coverage ratio, measured by the sum of certain Group assets to the Group's total borrowed debt, of at least 1.33:1. As at March 31, 2015, the Company was in compliance with each of the financial covenants.

The Company intends to maintain a flexible capital structure that is consistent with the objectives stated above. In order to maintain or adjust its capital structure, the Company may issue new shares, increase debt or refinance existing debt with different characteristics.

As at March 31, 2015, borrowings under the Canadian revolving credit facility and U.S. revolving credit facility were $52.1 million. In addition, there were outstanding letters of credit of $38 thousand under the U.S. facility, resulting in borrowing availability of $62.9 million.

COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

The Company's future obligations consist of operating leases, finance leases, bank debt and other notes payable.

As at March 31, 2015, the Company's contractual maturities relating to future obligations are $3.0 million in 2015, $55.1 million in 2016, $2.4 million in 2017, $1.8 million in 2018, $1.4 million in 2019 and $6.6 million thereafter.

The Company is from time to time a party to lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract, property damages, punitive damages, civil penalties, or injunctive or declaratory relief. The Company records reserves for claims when it is probable that a liability has been incurred and the amount of the ultimate loss can be reasonably estimated. None of these proceedings, separately or in the aggregate, are expected to have a material adverse effect on the Company's financial position, results of operations or cash flows. The Company maintains insurance coverage considered appropriate by management for matters for which insurance coverage can be maintained.

SHAREHOLDERS' EQUITY

Shareholders' equity decreased to $184.0 million as at March 31, 2015 from $188.6 million as at December 31, 2014 primarily due to the Company's net loss of $1.3 million and a $3.4 million loss on foreign currency translation from foreign operations.

As at May 14, 2015, the number of issued and outstanding common shares was 33,606,496. As at May 14, 2015, there were outstanding options to purchase 1,457,436 common shares of the Company with exercise prices ranging from $3.56 to $7.05 (CDN) and 104,036 unvested restricted share units.

OFF-BALANCE SHEET ARRANGEMENTS

As at March 31, 2015, the Company is not a party to any off-balance sheet arrangements other than operating leases for warehouses, office facilities and equipment, which provide for terms of three to twelve years and, in certain cases, renewal options.

RELATED PARTY TRANSACTIONS

In June 2014, the Company and a member of the Company's Board of Directors entered into a retention agreement (the "Retention Agreement"). Among other things, the Retention Agreement provides for an annual retainer fee of $55,000. In addition to serving on the Board of Directors, the board member is obligated to provide certain management services.

The Company recorded sales of $0.3 million during the three month period ended March 31, 2015 and $0.9 million during the same period in 2014 to an entity controlled by a significant shareholder of the Company. In addition, the Company was owed $0.6 million and $0.5 million by this entity as at March 31, 2015 and December 31, 2014, respectively. The terms of these sales were similar to those charged to unrelated customers. No ongoing commitments resulted from these transactions.

BUSINESS RISKS

The Company is subject to the risks inherent in the oilfield services industry. Customer demand for the Company's products and services depends on the exploration, development and production activities of energy companies, which are, in turn, affected by oil and natural gas prices, weather, legislation, exchange rates, the health of domestic and world economies, fuel surpluses or shortages, substitution of alternative energy sources, changes in taxation or regulatory regimes and international political risks such as war, civil unrest, nationalization and expropriation or confiscation. Oil prices are influenced by global supply and demand and by the supply management practices of the Organization of the Petroleum Exporting Countries ("OPEC"), and natural gas prices are influenced by North American supply and demand and, to a lesser extent, by the price of competing fuels. Management mitigates competitive risks by focusing its efforts in areas where the Company has technical and operational advantages and

by employing highly competent professional staff. Environmental standards and regulations are becoming more stringent in the industry, particularly affecting the Company's completion services. Business risks are also mitigated by establishing strategic alliances with reputable partners, developing new technologies and methodologies, as well as investigating new business opportunities. Failure of the Company's products could result in a customer claim or could harm the Company's reputation.

OUTLOOK

In our previous report, we noted the sudden decline in the price of oil and warned of the harsh effects on industry activity, in general, and on Logan's operations, in particular. At the time, the price of West Texas Intermediate had fallen from a high of more than $100 per barrel to a low of $43. It has since recovered to around $60. The North American rig count declined from a high of 2,359 in 2014 to 1,168 at the time of our last report; it currently stands at 984. While the downturn has been felt in all geographies, the international market has remained much calmer as the related rig count has declined by less than 10% from the high in 2014. We are encouraged by the recent pickup in the price and the relative stability of the international market, but we are not completely convinced that the worst is over.

As we noted in our last report, we expect the depressed industry conditions will continue to create significant headwinds for all of our operations. Total sales for Logan Oil Tools ("LOT"), which is our largest company and which is less dependent on drilling and completion activities than our other operations, declined by 20% as compared to last year's first quarter. Included in this decrease was a decline of 16% in sales of fishing tools as customers postponed stock purchases while working through their tool inventories. Sales of power swivels decreased by almost one-third and sales of stroking tools declined by 20%, reflecting our customers' limited capital budgets. Sales outside of North America actually increased from last year's first quarter. We expect these trends will continue until there is a recovery in commodity prices. As we also noted in our previous report, we expected that the industry weakness would have a greater impact on the Logan businesses that are more closely correlated to drilling and completion activity than LOT. Unfortunately, these expectations also materialized. Revenue from our drilling rental and products businesses was off by more than 45% as compared to last year's first quarter. These products are directly involved in the well drilling process and, as such, will prosper and struggle in time with the rig count. In this year's first quarter, Logan's completion and production operations generated approximately 33% of the revenue it generated in the prior year period. These operations are more aligned to drilling and completion activities in Canada, which were more severely impacted in the quarter than the U.S. market. In addition, we recorded approximately $1.6 million in sales to China in 2014 and none in 2015. We believe that these operations which are directly correlated to drilling and completion will underperform until there is a meaningful upturn in North American rig count or in international orders. Finally, we initiated several cost cutting measures that resulted in a reduction in our administrative expenses by $1.2 million in the quarter as compared to the prior year quarter. We implemented additional reductions in both our manufacturing workforce and administrative staff to better align our costs with our sales in April.

We do not expect a significant turnaround in the industry or in our operations in the second quarter which, by historical standards, is generally the weakest as Canadian operations are significantly restricted by the Spring Break-up. However, we do not expect to see significant additional weakening in activity for the remainder of the year. Recently, we have seen indications that activity levels in our LOT business are improving. Equipment quotations, which precede orders, are up slightly both internationally and in North America and operators in two key basins in the US have started or are in the midst of planning workover campaigns that will result in increases in fishing tool sales in these markets. Even though a significant rebound in the current quarter is not expected, we are optimistic that a meaningful recovery will materialize as commodity pricing and rig activity improve. Until the turnaround is secure, we intend to operate the business cautiously. For the remainder of the year, we have no plans for significant capital expenditures and we intend to apply all available cash flow to debt reduction. However, we will be watchful for suitable growth opportunities, both internal and external, to better position Logan for when market conditions improve. We have a strong balance sheet and additional borrowing capacity to support us until conditions improve.

DISCLOSURE CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109. As at March 31,

2015, the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), together with the Company's management, have evaluated the design of the disclosure controls and procedures (as defined by National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Reports ("NI 52-109"), adopted by the Canadian Securities Administrators) to provide reasonable assurance that: (i) material information relating to the Company is made known to them by others within those entities, particularly during the period in which the annual and interim filings are being prepared; and (ii) material information required to be disclosed in the annual and interim filings is recorded, processed, summarized and reported on a timely basis. In conformance with NI 52-109, the Company has filed certificates signed by the CEO and the CFO that deal with matters of disclosure controls and procedures and have concluded that the design of these disclosure controls and procedures provides reasonable assurance that material information required to be disclosed by the Company in reports filed with Canadian securities regulators is accurate and complete and filed within the periods required.

Internal Controls over Financial Reporting

The CEO and CFO are responsible for designing internal control procedures over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with IFRS. The CEO and the CFO have concluded that there were no significant changes in the Company's internal control environment and that the design of the Company's internal controls over financial reporting, based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) – Integrated Framework (1992), was effective at March 31, 2015. Because of their inherent limitations, disclosure controls and procedures and internal controls over financial reporting may not prevent or detect misstatements, errors or fraud. Control systems, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires the use of certain critical accounting judgments, estimates, and assumptions. The carrying amount of assets, liabilities, accruals, and other financial obligations, as well as the determination of fair values, contingent liabilities, reported income and expense in these consolidated financial statements depends on the use of these judgments, estimates and assumptions. In the process of applying the Company's accounting policies, management takes into consideration existing circumstances and estimates at the date of the consolidated financial statements, which affects the reported amounts of income and expenses during the reporting periods. Given the uncertainty inherent in estimating these factors, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. There have not been any significant changes to the Company's accounting policies since the issuance of the Company's most recent Consolidated Annual Financial Statements.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements, as well as having an effect on both of the Company's reportable segments:

Cash generating units

In performing impairment assessments of long-lived assets, assets that cannot be assessed individually are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Judgment is required in identifying these cash generating units and they are based on how financial information is gathered and organized for review internally by management. The cash generating units that were identified by management were disclosed in the Company's most recent Consolidated Annual Financial Statements.

Deferred income taxes

The calculation of current and deferred income taxes requires management to make certain judgments regarding the tax rules in jurisdictions where the Company performs activities. Application of judgments is required regarding classification of transactions and in assessing probable outcomes of claimed deductions

including expectations about future operating results, the timing and reversal of temporary differences and possible audits of income tax and other tax filings to the tax authorities.

Business acquisitions
Business acquisitions are accounted for using the acquisition method. Determining whether an acquisition meets the definition of a business combination or represents an asset purchase requires judgment on a case by case basis. If the acquisition meets the definition of a business combination, the assets and liabilities are recognized based on the contractual terms, economic conditions, the Company's operating and accounting policies, and other factors existing as at the acquisition date.

The following are key estimates and assumptions made by management affecting the measurement of balances and transactions in the Company's financial statements, as well as having an effect on both of the Company's reportable segments:

Recoverability of indefinite-lived intangible assets
The Company assesses the carrying values of goodwill and other indefinite-lived intangible assets annually, or more frequently if warranted by a change in circumstances. If it is determined that the carrying value of an indefinite-lived intangible asset or goodwill cannot be recovered, the unrecoverable amounts are charged against current earnings. Recoverability is dependent upon assumptions and estimates regarding future sales, costs of production, sustaining capital requirements and tax rates. A material change in assumptions may significantly impact the potential impairment of these assets. In addition, assumptions used in the calculation of recoverable amounts are discount rates, future cash flows and profit margins.

Valuation of assets and liabilities acquired in a business combination
Acquired assets, assumed liabilities (other than deferred taxes) and contingent consideration are recognized at fair value on the date the Company effectively obtains control. The measurement of each business combination is based on the information available at the acquisition date. The determination of fair value of the acquired intangible assets, including goodwill, property, plant and equipment and other assets and the liabilities assumed at the date of acquisition, as well as the useful lives of the acquired intangible assets and property, plant and equipment, is largely based on projected cash flows, discount rates and market conditions existing at the date of acquisition.

Lives of property, plant and equipment and intangible assets
The estimated useful life, residual value and depreciation method chosen are the Company's best estimate and are determined using historical experience, market conditions and other estimates that consider the period and distribution of future cash inflows.

NEW ACCOUNTING STANDARDS

No amendments to existing standards or new accounting standards, as issued by the International Accounting Standards Board ("IASB"), were adopted by the Company effective January 1, 2015. A number of new standards and amendments to standards are not yet effective for the period ended March 31, 2015 and have not been applied in preparing the condensed interim consolidated financial statements. These new standards include:

IFRS 9
In November 2009, IFRS 9 *Financial Instruments* was published, covering the classification and measurement of financial assets. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and a single impairment method replacing the multiple rules in IAS 39. In October 2010, the requirements for classifying and measuring financial liabilities were added to IFRS 9. The new requirements are effective for annual periods beginning on or after January 1, 2018, with earlier application permitted. The adoption of IFRS 9 is not expected to have an impact on the Company's consolidated financial statements.

IFRS 15
In May 2014, the International Accounting Standards Board issued IFRS 15, "Revenue from Contracts with Customers" ("IFRS 15"). The new standard provides a comprehensive framework for recognition, measurement and disclosure of revenue from contracts with customers, excluding contracts within the scope of the standards on

leases, insurance contracts and financial instruments. IFRS 15 becomes effective for annual periods beginning on or after January 1, 2017, and is to be applied retrospectively. Early adoption is permitted. The Company is currently assessing the impact of the new standard on its consolidated financial statements.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Credit Risk

Credit risk refers to the risk of loss that a counterparty will fail to meet its contractual obligations. Credit risk arises from the Company's trade receivables balances, which are owed by entities in the energy exploration and production industry or by companies that provide services to this industry. The Company assesses the credit-worthiness of its customers, as well as monitors the age and balances outstanding on an ongoing basis. Payment terms with most customers are 30 days from invoice date, however industry practice can extend these terms. As at and for the three month period ended March 31, 2015, one customer accounted for 10.3% of total receivables and no single customer accounted for 10% or more of total revenue. Approximately $8.0 million of trade receivables as at March 31, 2015 and $7.0 million as at December 31, 2014 were more than 90 days past due and the Company recorded an allowance for doubtful accounts of $343 thousand and $307 thousand, as at March 31, 2015 and December 31, 2014, respectively. The Company sells and delivers tools and products to remote international locations. Since customers defer payment until the product is received, international accounts are seldom settled within normal domestic payment periods. Historically, the Company has not recorded material losses of accounts receivable because the majority of its sales are to large, financially strong international companies.

The Company maintains cash balances in excess of the insured limits at certain financial institutions. Management believes that the Company's exposure to uninsured cash balances is mitigated by minimizing account balances at small financial institutions.

Interest Rate Risk

Since the Company's credit borrowings bear interest at a floating rate, the Company is exposed to changes in interest rates. The Company prepared a sensitivity analysis and determined that a change of 1% in the interest rate would result in a change in net income of approximately $93 thousand for the three month period ended March 31, 2015 and $97 thousand for the three month period ended March 31, 2014.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages this risk through its budgeting and monitoring process to ensure it has sufficient cash and credit facilities to meet its obligations. In addition, the Company's objective is to maintain a strong capital structure so that it is able to secure external funding when needed.

Foreign Currency Risk

The Company's Canadian operations purchase certain products in U.S. dollars. As a result, fluctuations in the value of the Canadian dollar relative to the U.S. dollar can result in foreign exchange gains and losses. The Company does not currently have any agreements to fix or hedge the exchange rate of the Canadian dollar to the U.S. dollar, as the amounts exposed to foreign currency are primarily intercompany loans and payables between subsidiaries of the Company.

ADDITIONAL INFORMATION

Additional information regarding the Company, including the Annual Information Form of the Company, may be found on the Company's SEDAR profile at www.sedar.com.

CORPORATE INFORMATION

Directors

Paul McDermott, Chairman
Director and Managing Partner, Cadent Energy Partners, LLC
Houston, Texas

Gerald Hage
Director and Independent Businessman
Houston, Texas

David Barr
Director and Independent Businessman
Houston, Texas

Ian Bruce
Director and Independent Businessman
Calgary, Alberta

David Coppé
Director and Chief Executive Officer, Probe Holdings, Inc.
Ft. Worth, Texas

David Kennedy
Director and Independent Businessman
Bluffton, South Carolina

Glen Roane
Director and Independent Businessman
Canmore, Alberta

Officers

David MacNeill
President and Chief Executive Officer

Lawrence Keister
Vice President, Chief Financial Officer and Corporate Secretary

Lori Robertson
Vice President – Human Resources

Michael Rhoden
Chief Accounting Officer

Corporate Headquarters

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Wells Fargo, N.A.
Houston, Texas

HSBC
Calgary, Alberta

Legal Counsel

Norton Rose Fulbright Canada LLP
Calgary, Alberta

Squire, Sanders & Dempsey LLP
New York, New York

Registrar and Transfer Agent

Inquiries regarding change of address, registered shareholdings, stock transfers or lost certificates should be directed to:

Valiant Trust Company
Suite 310
606 Fourth Street S.W.
Calgary, Alberta T2P 1T1
Attention: Stock Transfer Department
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Stock Exchange Listing

Toronto Stock Exchange
Symbol: LII

Investor Contact

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