

**HSE Integrated Ltd.  
Management Discussion and Analysis (“MD&A”)  
For the Three Months Ended March 31, 2008 and 2007**

The following management discussion and analysis is dated May 14, 2008, and is a review of the financial results of HSE Integrated Ltd. (“HSE”, “We”, “Our”, or the “Company”) for the three months ended March 31, 2008 and 2007. This should be read in conjunction with the documents filed on SEDAR at 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 May 14, 2008. 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**

	Quarter Ended Mar. 31, 2008	Quarter Ended Mar. 31, 2007	% Change
Revenue	<b>\$27,569</b>	\$27,948	(1.4%)
Operating and materials	<b>22,552</b>	20,631	9.3%
Operating margin	<b>5,017</b>	7,317	(31.4%)
Operating margin %	<b>18.2%</b>	26.2%	(8.0%)
Selling, general & administrative	<b>2,384</b>	2,515	(5.2%)
Net earnings (loss)	<b>(11)</b>	904	(101.2%)
- per share basic and diluted	<b>0.00</b>	0.02	(100.0%)
EBITDA <sup>(1)</sup>	<b>2,633</b>	4,802	(45.2%)
EBITDA %	<b>9.6%</b>	17.2%	(7.6%)
Total Assets	<b>\$77,237</b>	\$105,220	(26.6%)
Total Long-Term Liabilities	<b>21,670</b>	21,659	0.0%

See Non-GAAP Measures for <sup>(1)</sup>

**Financial Review**

**Revenue**

HSE operates in a single industry segment, which involves providing an integrated package of asset, worker and community safety protection services including: on-site 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; worker decontamination (shower) services; on-site medical services; worker safety training; and safety management and consulting services.

For the three months ended March 31, 2008 the Company had no customers representing more than 10% of revenue (2007 – one customer more than 10% of revenue).

The Company currently provides services to its customers in the following main business areas: Oilfield Services (“Oilfield”) and Industrial Services (“Industrial”). Oilfield is the conventional upstream, or “wellhead”, sector of the oil and gas industry. Industrial represents non-conventional upstream oil development and production including oilsands extraction, oil and gas processing and refining plants and facilities, petrochemicals, pulp and paper, utilities, power generation, diverse manufacturing industries, worker safety training, and safety management and consulting services. The Company had previously separately disclosed revenue for air quality monitoring (“Environment”), but has now grouped these services into either the Industrial or Oilfield market in which these services are deployed.

The revenue for these services is shown below:

	<b>Quarter ended Mar. 31, 2008</b>	Quarter ended Mar. 31, 2007	Quarter ended Mar. 31, 2006
Oilfield	<b>\$15,961</b>	\$19,799	\$23,389
Industrial	<b>11,608</b>	8,149	\$4,076
<b>Total Revenue</b>	<b>\$27,569</b>	\$27,948	27,465

  

As a % of Revenue:			
Oilfield	<b>57.9%</b>	70.8%	85.2%
Industrial	<b>42.1%</b>	29.2%	14.8%
<b>Total Revenue</b>	<b>100.0%</b>	100.0%	100.0%

### Oilfield

Oilfield revenues in the quarter experienced a 19% reduction compared to the first quarter of 2007, and a 32% decline as compared to the first quarter of 2006. This is primarily due to reduced overall activity levels within the conventional upstream, or "wellhead", sector of the oil and gas industry: oil and natural gas well drilling, completion and work-over (repair and maintenance) operations. Services provided in the Oilfield sector are primarily oriented towards supporting the development of natural gas, particularly sour gas containing hydrogen sulphide. The primary driver of revenue decline relates to the reduction in natural gas drilling and work-over activity. Industry sources have indicated that over the past two years, new conventional oil and gas well drilling activity levels in the Western Canadian Sedimentary Basin ("WCSB") have declined, as have well workover and stimulation activities on existing wells. In addition to the overall activity decline and due primarily to commodity prices, there has been a shift in new wells drilled in the first quarter of 2006, 2007 and 2008 from natural gas to crude oil. This has also contracted overall demand for the Company's services.

To meet growing industry demand in British Columbia and Saskatchewan, equipment and personnel were redeployed from Alberta generating increases in Oilfield revenue of 18% in these markets compared to the same period in the prior year. However, this only partially offset an almost 28% reduction in Oilfield revenue in Alberta when compared to 2007.

Although HSE has experienced only moderate reductions in service pricing with customers, additional capacity added by competitors, in conjunction with an overall industry reduction in demand, has also contributed to the Company's lower revenue levels for this sector.

### Industrial

The Company continues its business diversification strategy, and reports a 42% (\$3.5 million) increase in Industrial revenues in the first quarter when compared to the prior year, and an almost 185% (\$7.5 million) increase when compared to the similar period in 2006.

The rise in Industrial revenues is from increased demand for safety equipment and services from oil and gas processing facilities, thermal heavy oil recovery, and oilsands extraction and construction projects in Alberta; safety services, fire suppression, gas detection and breathing air equipment rental services to diverse industrial and commercial markets in British Columbia, Alberta, and Ontario; safety services for the refining, mining, offshore drilling and production and other industries in Atlantic Canada; and worker safety training and safety consulting services in all markets.

A significant portion of the increase in Industrial revenues came from continued growth in demand for a growing range of HSE's services to oilsands construction, extraction and processing operations in Northeast Alberta. This geographic area experienced growth rates of 42% over the prior year, and 600%

when compared to the same period in 2006. In the first quarter of 2008, revenue from this region represented almost 21% of total revenue.

Equipment and services delivered in Central and Atlantic Canada, and the North Eastern United States, is classified as Industrial revenue. Revenue from these areas in the first quarter of 2008 was \$3.7 million and has increased by almost 83% when compared to 2007, and by 544% when compared to the same period in 2006. This is due both to the acquisitions completed in April 2006, and increased demand created by more aggressive marketing efforts in new and existing markets.

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

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

Operating and materials expense for the quarter ended March 31, 2008 totaled \$22.6 million or 82% of revenue as compared to \$20.6 million or almost 74% of revenue in 2007. Operating margin for the quarter has declined from \$7.3 million (26% of revenue) in 2007, to \$5.0 million (18% of revenue) in 2008.

The reduction in operating margins is mainly due to lower utilization of the Company's higher margin large equipment fleet (fire trucks and mobile decontamination units), that are primarily deployed in the completion and stimulation of newly drilled natural gas wells, or major work-over and/or recompletion of existing natural gas wells. Industry sources have indicated that natural gas directed drilling activity in the first quarter of 2008 was lower than the previous two years. In the first quarter, rental revenue of fire trucks and mobile decontamination units to customers in the Oilfield sector declined by 44% and 66% as compared to the same periods in 2007 and 2006, respectively. The large equipment fleet also employs a sizable fixed overhead support structure that did not realize its required economies of scale due to lower utilization levels.

Lower overall equipment utilization, particularly of the Company's largest and most expensive capital assets, resulted in lower revenue from these assets. However, this was partially offset by the redeployment of personnel to servicing Industrial clients, a key element of the Company's sector and regional diversification strategy.

Higher input costs (such as fuel) also negatively impacted the quarter. Partially offsetting the reduced margins from lower equipment utilization was approximately \$0.6 million of realized overhead cost reduction in the first quarter (as compared to the same quarter in the prior year) as a result of the initiatives announced in the fourth quarter of last year.

### **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 costs generally associated with the following: corporate head-office functions and services; administrative personnel; corporate sales and marketing costs; liability insurance; professional fees; and investor relations expenses.

SG&A for the quarter ended March 31, 2008 amounted to \$2.4 million, which represents a 5% reduction from the same period in the prior year. This is in line with the Company's ongoing overhead efficiency initiatives which have been underway since the second quarter of 2007.

### **EBITDA and Net Earnings (Loss)**

Despite relatively stable revenue levels as compared to the prior year, EBITDA (see "Non-GAAP Measures") in the quarter has declined to \$2.6 million, from \$4.8 million in the prior year. This was

primarily caused by reduced rental revenue due to reduced utilization of higher margin safety equipment associated with the Oilfield services component.

Total amortization for the quarter was \$2.1 million. This was comprised of \$1.9 million in property and equipment amortization, and \$0.2 million in intangible asset amortization. Property and equipment amortization has increased by \$0.3 million when compared to the prior year due to previous investments in property and equipment and from similar assets acquired through acquisitions.

Stock-based compensation for the quarter was \$0.1 million (2007 - \$0.4 million), and has decreased due to no additional grants of stock options to employees of the Company since the second quarter of 2007.

Interest on long term debt and other interest and bank charges in the quarter decreased slightly from the same period in the prior year. Decreased interest from obligations under capital leases was offset by interest increases due to a draw on the operating line of credit.

For the first quarter of 2008, there were no disposals of property and equipment as compared to a net loss of \$0.7 million with proceeds on sale of \$0.4 million in the first quarter of 2007. Asset divestitures in the first quarter of 2007 consisted mainly of retirement of vehicles replaced through the Company's capital expenditure program.

HSE had an income tax expense of approximately \$0.1 million in the first quarter, which represents a reduction from the \$0.6 million recorded for the same period in the prior year primarily due to reduced earnings.

The net loss for the quarter was \$0.01 million, which represents a decline compared to the net earnings of \$0.9 million for the same period in 2007. The decrease in net earnings is primarily due to lower levels of EBITDA.

### **Liquidity and Capital Resources**

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

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

Years ended December 31,	2008	2009	2010	2011	2012	Total
Capital lease obligations	\$1,114	1,146	303	111	6	\$2,680
Vehicle operating leases	1,235	1,389	1,301	692	17	4,634
Property & other leases	1,859	2,095	1,640	920	429	6,943
Long-term debt	152	1,153	13,871	20	-	15,196
Total contractual obligations	\$4,360	5,783	17,115	1,743	452	\$29,453

### **Cash Provided by (Used in) Operations**

Cash used by operations in the quarter was \$2.6 million as compared to cash provided by operations of \$1.2 million for the same period in the prior year. The primary causes for the change are lower levels of earnings, and greater levels in accounts receivable. In the first quarter of 2008, a new invoicing software system was installed that provides the benefits of increased administrative efficiency, and greater controls over the timely recognition of revenue. The launch of this software created initial delays in invoicing, and accounts for much of the relative rise in accounts receivable in the first quarter. These delays have been largely remedied in the second quarter through increased training and user experience. Approximately 3% of accounts receivable is aged greater than 90 days, the full amount of which has been provided for in the allowance for doubtful accounts.

### ***Cash Provided by (Used in) Financing and Investing***

During the quarter, the Company drew an advance on its operating line of credit for \$3.7 million (of the \$7.5 million available for use). The Company also made scheduled debt reductions of \$0.6 million towards capital lease and other long term debt obligations.

Purchases of property and equipment for the quarter amounted to \$0.5 million, the majority of which consists of revenue generating safety services rental equipment.

### ***Liquidity***

The Company's credit facilities include a \$25 million three-year interest-only revolving facility and a \$7.5 million operating facility. The revolving facility matures on June 25, 2010, with an ability to extend the term at the lender's option. The operating facility is renewable annually and is margined to accounts receivable. The credit facilities are subject to covenants that are typical for this type of facilities, and are collateralized under a general security agreement.

At the end of the current quarter, the draw against the revolving facility was \$13.8 million. At March 31, 2008, the Company was in compliance with its financial covenants and continues to maintain a favourable relationship with its primary lender.

### **Outlook**

#### *Oilfield*

Due to a steady increase in the price of crude oil, a significant recovery in the price of natural gas, and resolution of some of the "unintended consequences" of Alberta's new Crown royalty regime intended to come into effect January 1, 2009, demand for Company equipment and services from clients in the Oilfield sector in Alberta – HSE's largest market - appears to be set to improve once the seasonal spring break-up period ends, typically in late May or early June. Indications from Company clients are that their capital programs – particularly for natural gas – will be steady or increased in the second half of 2008 compared to the first quarter of 2008 and the last half of 2007. This will benefit the Company and should increase demand for and utilization of the larger capital assets specifically oriented towards natural gas drilling, completion and development. Recent announcements of increased capital budgets for natural gas development in Alberta give the Company some confidence that the period of lowest demand for its assets and services has passed.

HSE's strategy will be to continue to carefully monitor demand and redeploy capital assets outside of the Oilfield sector in Alberta (either Industrial markets or Oilfield in other jurisdictions) in order to achieve asset utilization rates that will generate a more satisfactory return on invested capital than the Company has achieved in the past several reporting quarters.

Due to attractive fiscal regimes and new discoveries of hydrocarbons in British Columbia and Saskatchewan, demand for the Company's Oilfield equipment and services in these markets will continue to grow.

#### *United States Expansion*

Since demand for the Company's Oilfield equipment and services began to decline in 2006, HSE has been examining opportunities for expansion in the continental U.S. Natural gas drilling has been very active and many of the new producing reservoirs and basins contain hydrogen sulphide gas or are stimulated with acid or hydrocarbons, requiring worker protection services such as mobile shower units or oilfield firefighting equipment and services. Of particular interest is that the worker and asset safety protection practices are less advanced or comprehensive than in Canada.

Since July of 2006, HSE has been in a partnership with Boots & Coots International Well Control, Inc. ("Boots & Coots") Boots & Coots offers a specialized risk management and well control insurance program to E&P companies in Canada. Through this program, Boots & Coots works with well control and petroleum industry insurance underwriters to review proposed drilling programs and certain producing operations and analyze their risk potential for a blowout or related emergency situations. Services also include providing an engineer or well control specialist to act as an advisor in the event of an operational risk or pressure control situation. HSE is the first-line responder for well control and emergency response equipment and services for Boots & Coots in Canada.

Since the fall of 2006, HSE has been in discussions with Boots & Coots about a complementary alliance in the U.S. whereby HSE would deliver its comprehensive suite of Oilfield safety equipment and services through Boots & Coots. Discussions on how this would work accelerated in the fourth quarter of 2007 and HSE and Boots & Coots began extensive market research in Colorado, Wyoming, Oklahoma and Texas. Based upon favourable market response, a final agreement was announced in May 2008 to create a new U.S. operating company to facilitate HSE's U.S. expansion.

The name of the new company will be Boots & Coots HSE Services, Inc. and headquartered in Texas. The company's Board of Directors will be comprised of representatives of both Boots & Coots and HSE, with HSE as the operating partner responsible for operations. Jarvis Jackson of HSE, currently Vice-President of Emergency Response and Business Development, will become President of the new entity.

Initially Boots & Coots HSE Services will provide fire protection and worker decontamination services during well stimulation operations. This will involve the relocation of the necessary specialized and proprietary capital assets, designed and manufactured by HSE in Canada, to selected US markets. The new company is expected to be operating in one or more markets in the central and western producing regions of the US by mid-2008.

The Company believes that the U.S. market will remain active for natural gas drilling, and that gas development companies and their subcontractors are ready to embrace a higher level of worker and asset safety protection services than they have in the past. The Company is optimistic that by transferring capital assets to the U.S. it will achieve higher utilization levels for currently underutilized capital assets than it will without this initiative.

### Industrial

Based on the success in growing the Industrial segment of the business in 2007 and the indications that this will continue beyond the first quarter in 2008, the Company now believes that it can continue to grow in this large and diverse marketplace for many years. HSE remains the only company of its type servicing diverse industries across Canada with a broad, integrated suite of services that cost-effectively assist our clients in fulfilling their obligation to protect their workers, their assets and the communities in which they operate.

What is particularly satisfying to the management of staff of HSE is growing customer acceptance of the Company as a committed, safe, fair and consistent provider of quality Industrial safety services on a scale that has never been available in the past. Because HSE is the largest company of its type and the first to provide its unique integrated services package – and demand continues to grow - the Company is clearly meeting a need in the marketplace that has always existed but has never been satisfied by a single vendor. At this time HSE does not know of any major competitors in any markets in which it operates that are contemplating delivering the same services suite on a similar scale.

Supplying Industrial safety services and equipment is different than Oilfield in that it has a higher component of labor and a lower component of equipment rentals. While this results in a generally lower operating margin, it is also much less capital intensive than the Oilfield side of the business. The Company believes that the Industrial sector offers greater revenue predictability, decreased cyclicality, and attractive returns on invested capital.

A key element of continuing to grow the Industrial component will be access to manpower. But in the past year the Company has made significant strides in creating and staffing its Human Resources and Staff Development departments and is the best equipped it has ever been to meet this opportunity.

## Quarterly Results

	2008		2007			2006			
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenue:									
Oilfield	\$15,961	15,879	11,722	6,486	19,799	18,672	20,737	13,253	23,389
Industrial	11,608	10,585	11,856	12,866	8,149	7,526	6,215	6,671	4,076
Total revenue	\$27,569	\$26,464	\$23,578	\$19,352	\$27,948	\$26,198	\$26,952	\$19,924	\$27,465
Net earnings (loss)	(11)	(9,173)	(15,920)	(3,113)	904	984	1,197	(1,073)	2,353
EBITDA <sup>(1)</sup>	2,633	2,601	1,376	(1,790)	4,802	4,341	4,283	1,140	5,548
Income (loss) per share – basic and diluted	\$0.00	\$(0.25)	\$(0.42)	\$(0.08)	\$0.02	\$0.03	\$0.03	\$(0.03)	\$ 0.07

See Non-GAAP Measures for <sup>(1)</sup>

HSE's business has a somewhat seasonal component. Revenue for the Oilfield services side of the business tends to be highest in the first and fourth quarters and lower in the second 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. On the Industrial revenue side, the second and third quarters tends to be higher due to greater levels of safety service projects supporting scheduled facility maintenance and repair activities at client sites.

## Related Party Transactions

During the quarter, the Company had the following transactions with related parties all of which are measured at exchange amounts, which approximate an arm's length equivalent at fair market value:

- Included in accounts receivable is a promissory note of \$49, (2007 - \$49) which is due from an officer and director of the Company. This note is payable on demand. In the quarter, the Company paid rent and property taxes to a corporation related to this same officer and director of the Company in the amount of \$60 (2007 – \$57). The rent is for a regional office.
- In the first quarter of 2008, the Company also paid rent and property taxes of \$78 (2007 – \$74), and \$10 (2007 - \$nil) for regional offices to two different corporations. Different members of senior management of the Company control each corporation.

## 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 and 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 is material to the Company's financial reporting results include: allowance for doubtful accounts, intangible assets, impairment of long lived assets, depreciation and amortization of property and equipment, and future income tax liabilities. A full description of these accounting policies and estimates can be found in HSE's 2007 Annual Report.

### **Accounting Pronouncements**

Effective January 1, 2008, the Company adopted the following Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, Financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation; and Section 1535, Capital Disclosures. The adoption of the new standards resulted in additional note disclosure requirements. For a description of the principal changes due to the adoption of the accounting standards and for further details on changes in significant accounting policies, see note 2 to the unaudited Consolidated Financial Statements for the quarter ended March 31, 2008.

### **Business Risks**

The activities the Company undertakes involve a number of risks and uncertainties, some of which are: business cyclicity, availability of qualified staff and litigation and contingencies. Additional risks and uncertainties that the Company may be unaware of, or that were determined to be immaterial, may also become important factors that affect the Company. A discussion on the business risks faced by the Company can be found in HSE's 2007 Annual Report.

### **Disclosure Controls and Procedures**

An evaluation was performed under the supervision and with participation of the Company's management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company's disclosure controls and procedures as defined in Multilateral Instrument 52-109. Based on that evaluation, the Company's management, including the CEO and CFO, concluded that the Company's disclosure controls and procedures were designed to provide a reasonable level of assurance over disclosure of material information, and are effective as at March 31, 2008.

### **Management's Report on Internal Control over Financial Reporting**

The CEO and CFO of HSE Integrated Ltd. are responsible for designing internal controls over financial reporting or causing them to be designed under supervision. The Company's internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Internal controls over financial reporting, no matter how well designed, have inherent limitations. Therefore, internal controls over financial reporting can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

There have been no changes in the Company's internal control over financial reporting during the first quarter of 2008 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

### **Common Shares Outstanding**

At May 14, 2008, there were 37,567,675 common shares of HSE outstanding, which is the same amount outstanding as at December 31, 2007.

## 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 Company'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 quarters ended March 31	2008	2007
Net earnings (loss)	(11)	\$904
Add (deduct):		
Amortization	2,125	1,888
Stock-based compensation	135	357
Interest and bank charges	297	332
Foreign exchange loss (gain)	(2)	(1)
Loss on disposal of property and equipment	-	707
Income tax	89	615
<b>EBITDA</b>	<b>\$2,633</b>	<b>\$4,802</b>

## Quarterly EBITDA Calculation

	2008		2007				2006	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net earnings (loss)	\$(11)	\$(9,173)	\$(15,920)	\$(3,113)	\$904	\$984	\$1,197	\$(1,073)
Add (deduct):								
Amortization	2,125	2,243	2,004	1,955	1,888	2,458	1,862	1,870
Impairment of goodwill and intangible assets	-	10,505	15,000	-	-	-	-	-
Stock-based compensation	135	255	186	333	357	285	312	231
Interest and bank charges	297	311	309	302	332	403	346	359
Foreign exchange loss (gain)	(2)	12	22	3	(1)	(93)	-	-
Loss (gain) on disposal of property and equipment	-	103	99	30	707	(26)	(19)	272
Income taxes	89	(1,655)	(324)	(1,300)	615	330	585	(519)
<b>EBITDA</b>	<b>\$2,633</b>	<b>\$2,601</b>	<b>\$1,376</b>	<b>\$(1,790)</b>	<b>\$4,802</b>	<b>\$4,341</b>	<b>\$4,283</b>	<b>\$1,140</b>

## Forward-Looking Statements

This report contains forward-looking information and statements within the meaning of applicable securities laws. These forward-looking statements concern, among other things, the Company's prospects, expected revenues, expenses, profits, financial position, strategic direction, and growth initiatives, all of which are subject to risks, uncertainties and assumptions. These forward-looking statements are identified by their use of terms and phrases such as *expect*, *anticipate*, *estimate*, *believe*, *may*, *will*, *intend*, *plan*, *continue*, *project*, *objective* and other similar terms and phrases. These statements are based on certain assumptions and analyses made by the Company based on its experience and assessment of current conditions, known trends, expected future developments and other factors it believes are appropriate under the circumstances. Such statements are subject to numerous external variables, both known and unknown, such as changes in commodity prices for natural gas and oil,

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changes in drilling activity, weather conditions, industry-specific and general economic conditions and exchange rate fluctuations. If any of these risks and uncertainties materializes or if assumptions are incorrect, actual results may differ materially from those expressed or implied in the forward-looking statements. The forward-looking statements included in this MD&A are not guarantees of future performance and should not be unduly relied upon. Such information and 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 information and statements.

The forward-looking information and statements contained in the MD&A speak only as of the date of this MD&A, and none of the Company or its subsidiaries assumes any 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 at [www.hseintegrated.com](http://www.hseintegrated.com).