Canadian Energy
SERVICES

Condensed Consolidated Financial Statements

For the Three Months Ended March 31, 2012

Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Financial Position (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	As at	
	March 31, 2012	December 31, 2011
ASSETS		
Current assets		
Accounts receivable	**172,107**	166,007
Inventory	**61,778**	59,376
Prepaid expenses	**4,184**	5,172
	238,069	230,555
Property and equipment (note 4)	**48,280**	43,543
Intangible assets	**14,107**	14,425
Deferred income tax asset	**376**	602
Goodwill	**97,553**	96,226
	398,385	385,351
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**66,174**	71,122
Financial derivative liability	**10**	183
Dividends payable (note 9)	**2,769**	2,481
Income taxes payable	**5,954**	-
Current portion of long-term debt (note 5)	**20,918**	747
Current portion of finance lease obligation (note 6)	**2,873**	2,362
	98,698	76,895
Long-term debt (note 5)	**76,937**	94,064
Finance lease obligation (note 6)	**3,566**	2,715
Deferred income tax liability	**7,893**	7,617
	187,094	181,291
Shareholders' equity		
Common shares (note 7)	**202,866**	200,412
Contributed surplus	**5,088**	4,135
Retained earnings	**8,283**	2,322
Accumulated other comprehensive loss	**(4,946)**	(2,809)
	211,291	204,060
	398,385	385,351

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

Canadian Energy Services & Technology Corp.
Condensed Consolidated Statements of Comprehensive Income (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
Revenue	**156,557**	111,539
Cost of sales	**119,199**	78,915
Gross margin	**37,358**	32,624
General and administrative expenses	**16,187**	14,586
Operating profit	**21,171**	18,038
Finance costs	**915**	657
Income before taxes	**20,256**	17,381
Current income tax expense	**5,955**	1,692
Deferred income tax expense	**599**	3,874
Net income	**13,702**	11,815
Other comprehensive loss:		
Unrealized foreign exchange loss on translation of foreign operations	**(2,137)**	(3,139)
Comprehensive income	**11,565**	8,676
Net income per share (note 7)		
Basic	**0.25**	0.22
Diluted	**0.24**	0.21

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

Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Changes in Equity (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
COMMON SHARES		
Balance, beginning of period	**200,412**	195,755
Stock options exercised (note 7)	**591**	378
Consideration for acquired business (note 3)	**1,863**	-
Balance, end of period	**202,866**	196,133
CONTRIBUTED SURPLUS		
Balance, beginning of period	**4,135**	1,900
Stock options exercised (note 7)	**(138)**	(96)
Stock-based compensation (note 8)	**1,091**	806
Balance, end of period	**5,088**	2,610
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance, beginning of period	**(2,809)**	(5,383)
Unrealized foreign exchange loss on translation of foreign operations	**(2,137)**	(3,139)
Balance, end of period	**(4,946)**	(8,522)
RETAINED EARNINGS (DEFICIT)		
Balance, beginning of period	**2,322**	(13,255)
Net income	**13,702**	11,815
Dividends declared (note 9)	**(7,741)**	(5,807)
Balance, end of period	**8,283**	(7,247)
	211,291	182,974

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Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Cash Flows (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended March 31,	
	2012	2011
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net income for the period	**13,702**	11,815
Adjustments for:		
Depreciation and amortization	**2,581**	2,196
Stock-based compensation	**1,091**	806
Non-cash finance costs (income)	**(7)**	122
Deferred income tax expense	**599**	3,874
Gain on disposal of assets	**(138)**	(48)
Change in non-cash working capital (note 11)	**(8,296)**	(18,509)
	9,532	256
FINANCING ACTIVITIES:		
Repayment of long-term debt and finance leases	**(811)**	(928)
Issuance of long-term debt and lease proceeds	**1,470**	-
Issuance of shares, net of issuance costs	**453**	282
Increase in Senior Credit Facility	**3,354**	10,711
Shareholder dividends	**(7,453)**	(5,441)
	(2,987)	4,624
INVESTING ACTIVITIES:		
Investment in property and equipment	**(5,614)**	(5,325)
Investment in intangible assets	**(102)**	-
Acquisition of Petrotreat Inc. (note 3)	**(1,344)**	-
Proceeds on disposal of property and equipment	**515**	270
	(6,545)	(5,055)
Effect of exchange rate on bank indebtedness	**-**	175
CHANGE IN CASH	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**-**	-
SUPPLEMENTARY CASH FLOW DISCLOSURE		
Interest paid	**1,002**	797
Taxes paid	**37**	-

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

1. The Company

Canadian Energy Services & Technology Corp., formerly Canadian Energy Services L.P. ("CES" or the "Company"), is a company domiciled in Canada. The condensed consolidated financial statements of the Company as at and for the three months ended March 31, 2012, and 2011, comprise the Company and its subsidiaries (together referred to as the "Company" or "CES").

The Company specializes in the design and implementation of drilling fluid solutions for the North American oil and gas industry, and in particular for horizontal and directional resource play drilling. In Canada, it operates as Canadian Energy Services and Moose Mountain Mud. In the United States ("US"), it operates through its indirect wholly-owned subsidiary, AES Drilling Fluids, LLC ("AES"). In Canada, in addition to drilling fluids, the Company operates a transportation division, Equal Transport; an environmental services division, Clear Environmental Solutions; and has established a drilling fluid and production chemical blending division, PureChem Services.

The Western Canadian drilling industry is subject to seasonality with activity usually peaking during the winter months in the fourth and first quarters of any given calendar year. As temperatures rise in the spring, the ground thaws and becomes unstable, resulting in government road bans which severely restrict activity in the second quarter. These seasonal trends typically lead to quarterly fluctuations in Canadian operating results and working capital requirements which should be considered in any quarter over quarter analysis of the Company. As the drilling fluids business expands in the US and as the production chemical business is built out, it is expected that the overall seasonality of the Company's operations will be less pronounced.

2. Significant Accounting Policies

a) Basis of Presentation

These unaudited condensed consolidated financial statements have been prepared by management of the Company in accordance with IAS 34, "Interim Financial Reporting" ("IAS 34"), following the same accounting principles and methods of computation as outlined in the Company's consolidated financial statements for the year ended December 31, 2011.

These unaudited condensed consolidated financial statements include all necessary disclosures required for interim financial statements but do not include all disclosures required for annual financial statements. Therefore, these condensed consolidated financial statements should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2011. These condensed consolidated financial statements were authorized for issue by the Board of Directors on May 10, 2012.

b) Basis of measurement

These unaudited condensed consolidated financial statements have been prepared on a going concern basis using the historical cost convention except for the following items in the statement of financial position:

(i) derivative financial instruments are measured at fair value; and
(ii) financial instruments at fair value through profit or loss are measured at fair value.

c) Significant accounting judgments and estimates

The preparation of the unaudited condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Actual outcomes will differ from these estimates. The critical accounting estimates and judgments have been set out in Note 3 to the Company's consolidated financial statements for the year ended December 31, 2011.

3. Business Acquisition

On February 16, 2012, in order to expand the Company's drilling fluid and production chemical manufacturing division, the Company closed the acquisition of all the business assets of Petrotreat Inc. ("Petrotreat"), a privately-held production chemical and well stimulation service company that provides solutions to oil and gas producers to increase the productivity of their oil, gas, or injection wells and provides products to remove paraffin, asphaltene, and inorganic deposition in the near wellbore or from production equipment both downhole or on surface. The effective date of the acquisition was February 1, 2012. The aggregate purchase price was $3,207, consisting of $1,344 in cash and $1,863 in share consideration through the issuance of 147,826 common shares of the Company. The purchase price allocation was based upon the respective closing date fair values as of February 16, 2012. In conjunction with this transaction, the Company recorded $70 in transaction costs to general and administrative expenses.

The Company's preliminary purchase price allocation was as follows:

Allocation of purchase price $000's	
Current assets	210
Property and equipment	183
Intangible assets	620
Goodwill	2,214
Total assets	**3,227**
Current liabilities	(20)
Total liabilities	**(20)**
Net assets acquired	**3,207**

Consideration given $000's	
Cash	1,344
Share consideration	1,863
Total consideration	**3,207**

The goodwill recognized on acquisition is primarily attributed to the assembled workforce, the synergies existing within the acquired business, and the synergies which will contribute to operational efficiencies within the rest of the Company.

4. Property and Equipment

Property and equipment are comprised of the following balances:

	March 31, 2012			December 31, 2011		
$000's	**Cost**	**Accumulated Amortization**	**Carrying Value**	Cost	Accumulated Amortization	Carrying Value
Trucks and trailers	**10,605**	**(4,141)**	**6,464**	10,286	(3,805)	6,481
Buildings	**13,687**	**(1,369)**	**12,318**	12,143	(1,207)	10,936
Tanks	**12,630**	**(757)**	**11,873**	10,387	(662)	9,725
Vehicles	**9,481**	**(2,807)**	**6,674**	9,009	(2,725)	6,284
Field equipment	**7,606**	**(2,680)**	**4,926**	6,949	(2,414)	4,535
Computer equipment	**1,249**	**(870)**	**379**	1,186	(837)	349
Processing equipment	**3,460**	**(359)**	**3,101**	3,083	(298)	2,785
Land	**1,745**	**-**	**1,745**	1,670	-	1,670
Furniture and fixtures	**777**	**(346)**	**431**	697	(316)	381
Leasehold improvements	**881**	**(512)**	**369**	829	(432)	397
	62,121	**(13,841)**	**48,280**	56,239	(12,696)	43,543

5. Long-Term Debt

The Company has a three year committed credit agreement with a commercial bank providing for a Senior Credit Facility (the "Senior Facility"), permitting it to borrow up to $120,000, subject to the value of certain accounts receivable, inventory, and capital assets. The Facility has a three year term, as of December 21, 2011, and may be extended by one year upon the agreement of the lender and the Company.

On March 22, 2012, the Company entered into an amending agreement on its Senior Credit Facility (the "Bridge Facility") permitting it to borrow up to an additional $20,000. Terms and conditions, including the borrowing base, prime interest pricing margin, and covenants are consistent with the Company's Senior Credit Facility. The Bridge Facility was drawn in full on March 30, 2012 and is repayable in full on or before September 18, 2012.

As of March 31, 2012, based on eligible accounts receivable, inventory, and capital asset balances, the maximum available draw on the Senior Facility and the Bridge Facility (collectively the "Facilities") was $132,078 (December 31, 2011 - $120,000). At March 31, 2012, the Company had drawn $75,879 on the Senior Facility (December 2011 – $93,362) and $20,000 on the Bridge Facility (December 2011 – $nil). Amounts drawn on the Facilities incur interest at the bank's prime rate plus an applicable pricing margin ranging from 0.75% to 2.25% or the LIBOR rate plus an applicable pricing margin ranging from 1.75% to 3.25%. The Facilities have a standby fee ranging from 0.40% to 0.73%.

The Company's long-term debt is comprised of the following balances:

	As at	
$000's	**March 31, 2012**	December 31, 2011
Senior facility	**95,879**	93,362
Vehicle financing loans	**1,976**	1,449
	97,855	94,811
Less current portion of long-term debt	**(20,918)**	(747)
Long-term debt	**76,937**	94,064

Vehicle financing loans are secured by each related vehicle and incur interest at rates up to 8.71%, with a weighted average rate of approximately 6.22%, and have termination dates ranging from November 2012 to September 2015.

For the three months ended March 31, 2012, the Company paid $975 (2011 – $106), in interest expense related to its long-term debt and lease balances.

Scheduled principal payments at March 31, 2012, are as follows:

$000's	
2012 - 9 months	**20,700**
2013	**810**
2014	**76,286**
2015	**59**
2016	**-**
Total	**97,855**

6. Finance Leases

On March 30, 2012, the Company completed a sale and leaseback transaction on specified assets for proceeds equal to the net book value of the respective assets in the amount of $1,470. The leases are for a period of 48 months, terminating in March 2016, and have a fixed interest rate of 5.16%.

The Company's floating interest rate equipment leases are for terms ranging from March 2013 to March 2014 with interest on the Company's lease facilities at the bank's prime rate of interest plus 1.75%. The Company's fixed interest rate equipment leases are for terms ranging from September 2015 to March 2016 with a weighted average interest rate on the Company's lease facilities of 5.06%. The Company's vehicle leases are for terms ranging from July 2012 through April 2017 with interest rates of up to 9.07% and a weighted average interest rate of approximately 6.21%. The carrying value of assets under finance leases at March 31, 2012 totaled $7,390 (December 31, 2011 – $5,732). Amortization expense relating to assets under finance leases for the three months ended March 31, 2012, totaled $389 (2011 – $157).

Amounts outstanding under the Company's finance lease obligations are as follows:

	As at	
$000's	**March 31, 2012**	December 31, 2011
Finance lease obligations	**6,439**	5,077
Less current portion of finance lease obligations	**(2,873)**	(2,362)
Long-term finance lease obligations	**3,566**	2,715

7. Share Capital

a) Authorized

The Company is authorized to issue an unlimited number of common shares.

b) Issued and outstanding

A summary of the changes to shareholders' equity is presented below:

	Three Months Ended March 31, 2012		Year Ended December 31, 2011	
Common Shares *($000's except shares)*	**Number of Shares**	**Amount**	Number of Shares	Amount
Balance, beginning of period	**55,138,435**	**200,412**	54,395,487	195,755
Consideration for acquired business	**147,826**	**1,863**	-	-
Issued pursuant to Option Plan & SRIP	**95,600**	**453**	742,948	3,568
Contributed surplus related to Option Plan & SRIP exercise	**-**	**138**	-	1,089
Balance, end of period	**55,381,861**	**202,866**	55,138,435	200,412

c) Net income per share

In calculating the basic and diluted net income per share for the three months ended March 31, 2012 and 2011, the weighted average number of shares used in the calculation is shown in the table below:

	Three Months Ended March 31,	
$000's, except share and per share amounts	**2012**	2011
Net income	**13,702**	11,815
Weighted average number of shares outstanding:		
Basic shares outstanding	**55,255,804**	54,425,742
Effect of dilutive securities	**1,846,747**	1,384,008
Diluted shares outstanding	**57,102,551**	55,809,750
Net income per share - basic	**$0.25**	$0.22
Net income per share - diluted	**$0.24**	$0.21

Excluded from the calculation of dilutive securities for the three months ended March 31, 2012, are 53,087 Share Rights (2011 – nil).

8. Stock-Based Compensation

As at March 31, 2012, a total of 5,538,186 common shares were reserved for issuance under the Company's Option Plan, Share Rights Incentive Plan, and Restricted Share Unit Plan, of which 2,046,117 common shares remained available for grant. For the three months ended March 31, 2012, stock compensation expense of $1,091 (2011 – $806) was recorded in general and administrative expenses relating to the Company's Option, Share Rights, and Restricted Share Unit stock-based compensation plans.

a) Option Plan, formerly referred to as the Company Unit Option Plan

CES has a Share Rights Incentive Plan for any new issuances effective after January 1, 2010. All prior grants under the Unit Option Plan will continue based on the terms and conditions as of the original grant.

(stated in thousands of Canadian dollars, except per share amounts)

A summary of changes to the Option Plan is presented below:

	Three Months Ended March 31, 2012		Year Ended December 31, 2011	
	Options	**Average Exercise Price**	Options	Average Exercise Price
Balance, beginning of period	**115,000**	**$2.43**	229,050	$2.47
Granted during the period	**-**	**-**	-	-
Exercised during the period	**(20,000)**	**2.28**	(114,050)	2.51
Forfeited during the period	**-**	**-**	-	-
Balance, end of period	**95,000**	**$2.47**	115,000	$2.43
Exercisable options, end of period	**68,000**	**$2.71**	47,500	$2.90

b) Share Rights Incentive Plan ("SRIP")

CES' SRIP provides incentives to the employees, officers, and directors of the Company by issuing options to acquire common shares. Share Rights granted generally vest as to one-third on each of the first, second, and third anniversary dates of the grant, or such other vesting schedule as determined by the Board of Directors, and expire no later than five years after the grant. Under the SRIP, employees may elect to exercise the Share Rights at an adjusted exercise price in which the option exercise price will be adjusted downwards by the cumulative dividends paid by the Company.

A summary of changes to the Share Rights is presented below:

	Three Months Ended March 31, 2012		Year Ended December 31, 2011	
	Share Rights	**Average Exercise Price**	Share Rights	Average Exercise Price
Balance, beginning of period	**2,987,602**	**$6.20**	3,511,500	$5.65
Granted during the period	**26,087**	**12.90**	273,000	10.59
Exercised during the period	**(75,600)**	**5.39**	(628,898)	5.22
Forfeited during the period	**(120,000)**	**5.69**	(168,000)	5.16
Balance, end of period	**2,818,089**	**$6.30**	2,987,602	$6.20
Exercisable Share Rights, end of period	**462,001**	**$6.09**	505,600	$6.11

The compensation costs for Share Rights granted during the three months ended March 31, 2012, were calculated using a Black-Scholes option pricing model using the following assumptions:

	Three Months Ended March 31, 2012
Risk-free interest rate	**1.31%**
Expected average life of Share Rights	**3.0 years**
Share Right term	**3.0 years**
Annual forfeiture rate	**8.22%**
Dividend yield	**4.20%**
Expected volatility	**42.51%**
Weighted average fair value per Share Right	**$2.92**

The following table summarizes information about the outstanding grants under the Company's Share Rights Incentive Plan and Option Plan as at March 31, 2012:

	Options & Share Rights Outstanding			Options & Share Rights Exercisable	
Range of exercise prices	Options and Share Rights	Weighted average exercise price	Weighted average term remaining in years	Options and Share Rights	Weighted average exercise price
\$1.84 - \$3.10	55,500	\$2.00	1.95	28,500	\$2.16
\$3.11 - \$4.23	39,500	3.11	1.63	39,500	3.11
\$4.24 - \$5.25	716,002	4.81	3.02	18,001	4.58
\$5.26 - \$5.91	54,000	5.66	3.29	18,000	5.66
\$5.92 - \$8.25	1,749,000	6.17	3.51	426,000	6.17
\$8.26 - \$10.74	216,000	10.33	4.21	-	-
\$10.75 - \$12.90	83,087	11.99	3.87	-	-
	2,913,089	\$6.18	3.39	530,001	\$5.65

c) Restricted Share Unit Plan ("RSU")

CES' RSU Plan provides incentives to eligible employees, officers, and directors of the Company through the issuance of RSU's. The RSU's shall generally vest and be redeemed on the first anniversary from the date of grant, subject to other such vesting schedules or conditions as determined by the Board of Directors. Throughout the vesting period, holders of Restricted Shares will be entitled to the dividend equivalents in the form of additional Restricted Shares on each dividend payment date, to be held in the RSU account until such time as the awards have vested.

A summary of changes to the RSU plan is presented below:

	Three Months Ended March 31, 2012		Year Ended December 31, 2011	
	Restricted Share Units	**Average Price**	Restricted Share Units	Average Price
Balance, beginning of period	**310,030**	**\$10.84**	-	\$ -
Granted during the period	**265,506**	**13.01**	307,500	10.84
Reinvested during the period	**3,444**	**10.84**	2,530	10.83
Balance, end of period	**578,980**	**\$11.84**	310,030	\$10.84

On March 13, 2012, a grant of 265,506 Restricted Share Units was approved by the Company's Board of Directors to selected directors, officers, and employees of the Company. The fair value of the Restricted Share Units granted, as of the date of grant, during the three months ended March 31, 2012, was \$13.01 per RSU (2011 – \$nil). The compensation costs for Restricted Shares granted during the three months ended March 31, 2012, is based on the five day volume weighted average share price at the date of grant. The amount of compensation expense recorded for the three months ended March 31, 2012, was reduced by an estimated weighted average forfeiture rate of 7.11% per year at the date of grant. As at March 31, 2012, the Restricted Shares have a remaining weighted average term of 1.79 years (December 31, 2011 – 4.74).

9. Dividends

The Company declared dividends to holders of common shares for the three months ended March 31, 2012, as follows:

\$000's except per share amounts	**Dividend Record Date**	**Dividend Payment Date**	**Per Common Share**	**Total**
January	Jan 31	Feb 15	\$0.045	**2,483**
February	Feb 29	Mar 15	0.045	**2,489**
March	Mar 31	Apr 13	0.050	**2,769**
Total dividends declared during the period			\$0.140	**7,741**

Subsequent to March 31, 2012, the Company declared dividends to holders of common shares in the amount of \$0.05 per common share payable on May 15, 2012, for shareholders of record on April 30, 2012.

10. Commitments

The Company has commitments with payments due as follows:

$000's	**2012 - 9 months**	**2013**	**2014**	**2015**	**2016**	**Total**
Office and facility rent	1,317	1,075	595	488	223	**3,698**

Payments denominated in foreign currencies have been translated at the respective period end exchange rates

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

11. Supplemental Information

The changes in non-cash working capital were as follows:

	Three Months Ended March 31,	
$000's	**2012**	2011
Decrease (increase) in current assets		
Accounts receivable	**(7,331)**	(20,658)
Inventory	**(3,063)**	(4,033)
Prepaid expenses	**919**	(3,420)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	**1,487**	8,906
	(7,988)	(19,205)
Relating to:		
Operating activities	**(8,296)**	(18,509)
Investing activities	**308**	(696)

For the three months ended March 31, 2012 and 2011, changes in non-cash working capital relating to investing activities have been included in "Investment in property and equipment" on the Condensed Consolidated Statements of Cash Flows.

12. Segmented Information

The Company has three reportable operating segments as determined by management, which are the Drilling Fluids segment, the Trucking segment, and the Environmental Services segment. The Drilling Fluids segment designs and implements drilling fluid systems for the oil and natural gas industry in the Western Canadian Sedimentary Basin and in the United States through its subsidiary, AES Drilling Fluids, LLC. The Trucking segment is comprised of heavy duty trucks, trailers, and tanker trailers used in hauling drilling fluids to locations and hauling produced fluids for operators. The Environmental Services segment is comprised of the Company's environmental division, Clear Environmental Services, which provides environmental and drilling fluids waste disposal services largely to oil and gas producers.

Selected summary financial information relating to the operational segments is as follows:

	Three Months Ended March 31, 2012				
$000's	Drilling Fluids [1]	Trucking	Environmental Services	Intercompany Eliminations	**Total**
Revenue	145,147	6,039	5,624	(253)	**156,557**
Gross margin	34,468	760	2,130	-	**37,358**
Depreciation and amortization	1,846	554	181	-	**2,581**
Interest expense	885	65	25	-	**975**
Income before taxes	18,805	444	1,007	-	**20,256**
Total assets	362,328	19,094	16,963	-	**398,385**
Capital expenditures	3,888	3,579	8	-	**7,475**

	Three Months Ended March 31, 2011				
$000's	Drilling Fluids [1]	Trucking	Environmental Services	Intercompany Eliminations	Total
Revenue	100,259	5,843	5,597	(160)	111,539
Gross margin	28,871	1,751	2,002	-	32,624
Depreciation and amortization	1,516	498	182	-	2,196
Interest expense	663	54	13	-	730
Income before taxes	15,125	1,343	913	-	17,381
Total assets	282,317	14,304	15,583	-	312,204
Capital expenditures	3,850	779	-	-	4,629

[1] Results from PureChem operations for the three months ended March 31, 2012 and 2011 have been included in the Drilling Fluids segment.

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

	Revenue	
	Three Months Ended March 31,	
$000's	**2012**	2011
Canada	**79,476**	56,188
United States	**77,081**	55,351
Total	**156,557**	111,539

	Long-Term Assets [1]	
$000's	**March 31, 2012**	December 31, 2011
Canada	**81,761**	76,904
United States	**78,179**	77,290
Total	**159,940**	154,194

[1] Includes: Property and equipment, goodwill, and intangible assets

13. Economic Dependence

For the three months ended March 31, 2012, one customer accounted for 15% (2011 – one customer accounted for 14%) of the Company's total revenue.

STOCK EXCHANGE LISTING
The Toronto Stock Exchange
Trading Symbol: CEU

OTCQX
Trading Symbol: CESDF

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