Canadian Energy
SERVICES

Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2014 and 2013

Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Financial Position (unaudited)
(stated in thousands of Canadian dollars)

	As at	
	September 30, 2014	December 31, 2013
ASSETS		
Current assets		
Accounts receivable	**265,256**	207,106
Income taxes receivable	**1,180**	3,805
Inventory	**138,877**	87,621
Prepaid expenses	**15,329**	7,795
	420,642	306,327
Property and equipment (note 4)	**192,737**	146,291
Intangible assets	**99,838**	84,315
Deferred income tax asset	**865**	5
Goodwill	**324,463**	270,381
	1,038,545	807,319
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**125,398**	88,066
Financial derivative liability	**286**	171
Dividends payable (note 9)	**5,889**	4,362
Income taxes payable (note 6)	**4,108**	405
Current portion of deferred acquisition consideration (note 3)	**28,609**	10,878
Current portion of long-term debt (note 5)	**1,418**	1,955
Current portion of finance lease obligations	**5,901**	3,124
	171,609	108,961
Deferred acquisition consideration (note 3)	**11,001**	12,723
Long-term debt (note 5)	**317,969**	306,838
Finance lease obligations	**7,129**	3,205
Deferred income tax liability	**20,893**	15,073
	528,601	446,800
Commitments and contingencies (note 10)		
Shareholders' equity		
Common shares (note 7)	**454,196**	342,532
Contributed surplus	**19,224**	13,387
Deficit	**(6,940)**	(10,349)
Accumulated other comprehensive income	**43,333**	14,949
Equity attributable to shareholders of the Company	**509,813**	360,519
Non-controlling interest (note 2)	**131**	-
	509,944	360,519
	1,038,545	807,319

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

Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Income and Comprehensive Income (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
Revenue	**272,938**	182,274	**694,033**	462,249
Cost of sales	**195,022**	132,024	**503,406**	342,523
Gross margin	**77,916**	50,250	**190,627**	119,726
General and administrative expenses	**40,119**	28,171	**105,023**	72,379
Operating profit	**37,797**	22,079	**85,604**	47,347
Finance costs	**6,614**	5,330	**17,238**	13,566
Income before taxes	**31,183**	16,749	**68,366**	33,781
Current income tax expense	**11,025**	828	**15,691**	2,663
Deferred income tax expense (recovery)	**(910)**	3,321	**3,656**	6,700
Net income	**21,068**	12,600	**49,019**	24,418
Net income attributable to:				
Shareholders of the Company	**20,937**	12,600	**48,888**	24,418
Non-controlling interest (note 2)	**131**	-	**131**	-
	21,068	12,600	**49,019**	24,418
Other comprehensive gain (loss):				
Unrealized foreign exchange gain (loss) on translation of foreign operations	**27,220**	(8,442)	**28,384**	5,895
Comprehensive income	**48,288**	4,158	**77,403**	30,313
Other comprehensive income attributable to:				
Shareholders of the Company	**48,157**	4,158	**77,272**	30,313
Non-controlling interest (note 2)	**131**	-	**131**	-
	48,288	4,158	**77,403**	30,313
Net income per share (note 7)				
Basic	**0.10**	0.06	**0.24**	0.13
Diluted	**0.09**	0.06	**0.23**	0.13

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

Canadian Energy Services & Technology Corp.

Condensed Consolidated Statements of Changes in Equity (unaudited)
(stated in thousands of Canadian dollars)

	Nine Months Ended September 30,	
	2014	2013
COMMON SHARES		
Balance, beginning of period	**342,532**	215,571
Issued pursuant to the Offering, net of share issue costs and taxes (note 7)	**72,718**	33,472
Consideration for business combinations (note 3)	**24,712**	74,200
Issued pursuant to stock-based compensation (note 7)	**13,699**	9,431
Issued pursuant to property and equipment acquisition (note 13)	**60**	4,153
Issued pursuant to stock dividend and stock settled director fee (note 7)	**475**	474
Balance, end of period	**454,196**	337,301
CONTRIBUTED SURPLUS		
Balance, beginning of period	**13,387**	8,051
Reclassified pursuant to stock-based compensation (note 7)	**(10,132)**	(5,050)
Stock-based compensation expense (note 8)	**15,969**	8,293
Balance, end of period	**19,224**	11,294
ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)		
Balance, beginning of period	**14,949**	(4,917)
Unrealized foreign exchange gain on translation of foreign operations	**28,384**	5,895
Balance, end of period	**43,333**	978
DEFICIT		
Balance, beginning of period	**(10,349)**	(3,285)
Net income attributable to shareholders of the Company	**48,888**	24,418
Dividends declared (note 9)	**(45,479)**	(31,589)
Balance, end of period	**(6,940)**	(10,456)
NON-CONTROLLING INTEREST		
Balance, beginning of period	**-**	-
Net income attributable to non-controlling interest (note 2)	**131**	-
Balance, end of period	**131**	-
	509,944	339,117

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

Canadian Energy Services & Technology Corp.
Condensed Consolidated Statements of Cash Flows (unaudited)
(stated in thousands of Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	**2014**	2013
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income for the period attributable to shareholders	**20,937**	12,600	**48,888**	24,418
Adjustments for:				
Depreciation and amortization	**10,562**	7,380	**28,550**	18,323
Stock-based compensation	**6,222**	3,601	**15,969**	8,293
Non-cash expenses (income)	**1,249**	(52)	**1,609**	484
Deferred income tax expense (recovery)	**(910)**	3,321	**3,656**	6,700
Gain on disposal of assets	**(198)**	(8)	**(520)**	(130)
Change in non-cash working capital (note 11)	**(46,677)**	(21,392)	**(56,611)**	(34,525)
	(8,815)	5,450	**41,541**	23,563
FINANCING ACTIVITIES:				
Proceeds from the JACAM Acquisition Bridge Facility	**-**	-	**-**	160,000
Repayment of the JACAM Acquisition Bridge Facility	**-**	-	**-**	(160,000)
Repayment of promissory note payable	**-**	-	**-**	(10,255)
Repayment of long-term debt and finance leases	**(1,851)**	(1,190)	**(4,882)**	(3,574)
Net proceeds from Senior Notes issuance	**79,509**	-	**79,509**	219,652
Increase (decrease) in Senior Facility	**(71,873)**	2,522	**(64,851)**	(13,911)
Shareholder dividends	**(16,267)**	(10,501)	**(43,499)**	(30,257)
Issuance of shares, net of issuance costs	**72,395**	34,115	**75,425**	37,320
	61,913	24,946	**41,702**	198,975
INVESTING ACTIVITIES:				
Investment in property and equipment	**(13,897)**	(10,536)	**(43,350)**	(27,996)
Investment in intangible assets	**(2,634)**	(385)	**(4,507)**	(1,705)
Business combinations (note 3)	**(37,298)**	(20,377)	**(37,298)**	(194,667)
Proceeds on disposal of property and equipment	**731**	902	**1,912**	1,830
	(53,098)	(30,396)	**(83,243)**	(222,538)
CHANGE IN CASH	**-**	-	**-**	-
Cash, beginning of period	**-**	-	**-**	-
Cash, end of period	**-**	-	**-**	-
SUPPLEMENTARY CASH FLOW DISCLOSURE				
Interest paid	**711**	703	**10,532**	5,108
Income taxes paid	**2,155**	4,467	**9,521**	18,115

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

1. The Company

Canadian Energy Services & Technology Corp. (the "Company" or "CES") is a company domiciled in Canada. These unaudited condensed consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2014 and 2013 comprise the Company and its subsidiaries (together referred to as the "Company" or "CES").

CES' core business is to design, implement, and manufacture technically advanced consumable fluids and specialty chemicals for the oil and gas industry. CES operates in the Western Canadian Sedimentary Basin ("WCSB") and in several basins throughout the United States ("US"), with an emphasis on servicing the ongoing major resource plays. CES' business units include: Canadian Energy Services, Moose Mountain Mud, AES Drilling Fluids, AES Drilling Fluids Permian, PureChem Services, JACAM Chemicals, Clear Environmental Solutions, and Equal Transport.

The Western Canadian drilling industry is subject to seasonality with activity usually peaking during the winter months in the first and last 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. The overall seasonality of the Company's operations has, and will continue to become less pronounced as a result of expansion in the US and increased diversification of operations away from the drill-bit.

2. Basis of Presentation

Statement of Compliance

These unaudited condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard ("IAS") 34, *"Interim Financial Reporting"*, following the same accounting principles and methods of computation as outlined in the Company's consolidated financial statements for the year ended December 31, 2013, with the exception of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were adopted effective January 1, 2014. These are as follows: amendments to IAS 32*, "Financial Instruments: Presentation",* and IAS 36, *"Impairment of Assets"*, and the adoption of International Financial Reporting Interpretation Committee 21, *"Levies"*. The adoption of these amendments and interpretations has not had a material impact on the accounting policies, methods of computation, or presentation applied by the Company.

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 unaudited 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, 2013. These unaudited condensed consolidated financial statements were authorized for issue by the Company's Board of Directors on November 13, 2014.

Recent Accounting Pronouncements

On May 28, 2014, the International Accounting Standards Board issued International Financial Reporting Standard ("IFRS") 15, *"Revenue from Contracts with Customers",* which is the result of the joint project with the Financial Accounting Standards Board. The new standard replaces the two main recognition standards IAS 18, *"Revenue",* and IAS 11, *"Construction Contracts"*. The new standard provides a five step model framework as a core principle upon which an entity recognizes revenue and becomes effective January 1, 2017. The Company is currently assessing the potential impact of the adoption of IFRS 15 on the Company's financial statements.

Non-Controlling Interest

Effective July 1, 2014, the Company entered into an arrangement with an unrelated third party for the creation of Stim Rock, LLC. ("Stim Rock"). Stim Rock has been primarily formed for the purpose of marketing and selling chemicals used in the stimulation and fracturing markets, and services related thereto. The Company owns 51% of the outstanding shares and holds the majority voting rights. Management has exercised judgment in assessing its control of Stim Rock and has included the financial results of Stim Rock in its consolidated financial statements as at and for the three and nine months ended September 30, 2014.

3. Business Combinations

a) Canadian Acquisitions

On July 1, 2014, CES completed the acquisitions of all of the business assets of Rheotech Drilling Fluids Services Inc. ("Rheotech") and of all of the business assets of Canwell Enviro-Industries Ltd. ("Canwell") collectively (the "Canadian Acquisitions"). Rheotech and Canwell were Western Canadian Sedimentary Basin based private businesses selling oilfield chemical solutions. The Canadian Acquisitions are expected to strengthen the Company's position as a leading provider of drilling fluids and production and specialty chemicals in the WCSB.

The aggregate purchase price of the Canadian Acquisitions was $56,485, consisting of $16,000 of share consideration satisfied through the issuance of 1,456,422 common shares, on a post-split basis, of the Company, $40,485 payable in cash, of which $23,398 was paid on the respective closing date. Included in cash consideration payable is deferred acquisition consideration of $15,500 which is payable in cash as an earn-out if and when certain of the business assets acquired achieves certain sales thresholds over a thirty-six month period post close, $402 in other post close and deferred consideration, and $1,185 in working capital adjustments. The purchase price allocations were based upon the respective fair values as of the acquisition date. In conjunction with the Canadian Acquisitions, the Company recorded $165 in transaction costs to general and administrative expenses.

The Company's combined purchase price allocation for the Canadian Acquisitions is as follows:

Allocation of purchase price $000's	
Current assets	10,664
Property and equipment	3,824
Intangible assets	13,212
Goodwill	31,032
Total assets	**58,732**
Current liabilities	(1,356)
Current portion of lease liabilities	(27)
Non-current portion of lease liabilities	(31)
Deferred income tax liability	(833)
Total liabilities	**(2,247)**
Net assets acquired	**56,485**

Consideration given $000's	
Cash	23,398
Share consideration	16,000
Contingent consideration	15,500
Consideration payable post-close	402
Working capital adjustment	1,185
Total consideration	**56,485**

From the respective dates of the Canadian Acquisitions to September 30, 2014, the companies acquired contributed in aggregate an estimated $26,764 of revenue to the Company. The amount of profit or loss attributable to the Canadian Acquisitions from the date of acquisition to September 30, 2014, and the amount of revenue or profit or loss attributable to the Canadian Acquisitions as if the business combinations had been completed on January 1, 2014, is not readily determinable.

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

b) Southwest acquisition

On September 5, 2014, through a US subsidiary, CES completed the acquisition of all of the oilfield chemical business assets of Southwest Treating Products, LLC. ("Southwest"). Southwest was a west Texas based private oilfield chemical company that provides production and specialty chemical solutions for a number of leading oil and natural gas companies. The acquisition of Southwest will accelerate the expansion of Company's US production and specialty chemicals operations into the west Texas Permian Basin and the Eagle Ford shale in south Texas. The effective date of the Southwest acquisition was September 1, 2014.

The aggregate purchase price was $21,474 (US$ 19,676), consisting of $8,712 (US$8,000) of share consideration satisfied through the issuance of 868,455 common shares of the Company, $12,762 (US$11,676) payable in cash, of which $11,644 (US$10,653) was paid on the closing date. Included in cash consideration payable is $1,118 (US$1,023) in other post close and deferred consideration. The purchase price allocations were based upon the respective fair values as of the respective acquisition dates. In conjunction with this acquisition, the Company recorded $62 in transaction costs to general and administrative expenses.

Allocation of purchase price $000's	
Current assets	3,611
Property and equipment	2,368
Intangible assets	4,782
Goodwill	12,040
Total assets	**22,801**
Current liabilities	(1,284)
Current portion of lease liabilities	(21)
Non-current portion of lease liabilities	(22)
Net assets acquired	**21,474**

Consideration given $000's	
Cash	11,644
Share consideration	8,712
Consideration payable post-close	1,118
Total consideration	**21,474**

From the date of this acquisition to September 30, 2014, Southwest contributed an estimated $1,336 of revenue to the Company. The amount of profit or loss attributable to the acquisition from the date of acquisition to September 30, 2014, and the amount of revenue or profit or loss attributable to the acquisition as if the business combination had been completed on January 1, 2014, is not readily determinable.

The goodwill recognized on the Company's acquisitions is primarily attributed to the assembled workforce, the synergies existing within the acquired businesses, 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:

	As at September 30, 2014			As at December 31, 2013		
$000's	**Cost**	**Accumulated Depreciation**	**Carrying Value**	Cost	Accumulated Depreciation	Carrying Value
Buildings	**56,400**	**(5,274)**	**51,126**	45,657	(3,438)	42,219
Trucks and trailers	**40,706**	**(14,010)**	**26,696**	30,305	(9,435)	20,870
Vehicles	**31,665**	**(9,066)**	**22,599**	21,019	(6,735)	14,284
Field equipment	**27,921**	**(8,927)**	**18,994**	16,589	(6,088)	10,501
Tanks	**25,510**	**(3,779)**	**21,731**	21,898	(2,505)	19,393
Aircraft	**23,134**	**(2,490)**	**20,644**	18,466	(1,315)	17,151
Processing equipment	**20,433**	**(3,027)**	**17,406**	13,632	(1,630)	12,002
Land	**6,940**	**-**	**6,940**	3,724	-	3,724
Computer equipment	**4,845**	**(2,526)**	**2,319**	4,673	(1,733)	2,940
Leasehold improvements	**4,500**	**(1,899)**	**2,601**	3,449	(1,342)	2,107
Furniture and fixtures	**2,682**	**(1,001)**	**1,681**	1,800	(700)	1,100
	244,736	**(51,999)**	**192,737**	181,212	(34,921)	146,291

5. Long-Term Debt

On September 5, 2014, the Company entered into a new syndicated Senior Facility (the "Senior Facility") which allows the Company to borrow up to $200,000. The Senior Facility has a term to maturity of three years, maturing on September 30, 2017 and may be extended by one year upon the agreement of the lenders and the Company. In addition, subject to certain terms and conditions, the Company may increase its Senior Facility by $100,000 to a maximum borrowing of $300,000. Amounts drawn on the Senior Facility incur interest at the bank's prime rate or US base rate plus an applicable pricing margin ranging from 0.50% to 1.25% or the Canadian Bankers' Acceptance rate or the LIBOR rate plus an applicable pricing margin ranging from 1.50% to 2.25%. The Senior Facility has a standby fee ranging from 0.30% to 0.45%. The applicable pricing margins are based on a sliding scale of senior funded debt to EBITDA ratio. The obligations and indebtedness under the Senior Facility are secured by all of the assets of CES and its subsidiaries.

In conjunction with the Senior Facility, the following are the financial covenants imposed on CES:

- The ratio of Total Net Funded Debt to EBITDA calculated on a rolling four-quarter basis shall not exceed 4.00 to 1.00.
- The ratio of Senior Funded Debt to trailing EBITDA must not exceed 2.50 to 1.00 calculated on a rolling four-quarter basis.
- The quarterly ratio of EBITDA to interest expense must be more than 3.00 to 1.00 calculated on a rolling four-quarter basis.

The relevant definitions of key ratio terms as set forth in the Senior Facility agreement are as follows:

- EBITDA is defined as net income before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, amortization of capitalized deferred financing costs, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, and stock-based compensation.
- Total Net Funded Debt is defined as all funded obligations, liabilities, and indebtedness excluding deferred income tax liabilities and deferred tax credits, office leases, other leases characterised as operating leases, and accrued interest not yet due and payable.
- Senior Funded Debt is defined as Total Net Funded Debt minus the principal amount owing on the Company's Senior Notes.

The above noted definitions are not recognized under IFRS and are provided strictly for the purposes of the debt covenant calculation.

As at September 30, 2014, the Company was in compliance with the terms and covenants of its lending agreements. The Company's debt covenant calculations as September 30, 2014, are as follows:

	As at	
$000's	**September 30, 2014**	December 31, 2013
Total Net Funded Debt to EBITDA Ratio (Must be < 4.00:1.00)		
Maximum Total Net Funded Debt	**334,026**	319,083
EBITDA for the four quarters ended	**166,092**	109,818
Ratio	**2.01**	2.91
Maximum Senior Funded Debt to EBITDA Ratio (Must be < 2.50:1.00)		
Maximum Senior Funded Debt	**34,026**	94,083
EBITDA for the four quarters ended	**166,092**	109,818
Ratio	**0.20**	0.86
Minimum EBITDA to Interest Expense (Must be > 3.00:1.00)		
EBITDA for the four quarters ended	**166,092**	109,818
Interest Expense	**20,848**	17,836
Ratio	**7.97**	6.16

As of September 30, 2014, the maximum available draw on the Senior Facility was $200,000 (December 31, 2013 - $150,000) and the Company had a draw of $18,525 (December 31, 2013 – $84,001), net of capitalized transaction costs of $731 (December 31, 2013 – $384). Transaction costs attributable to the Senior Facility are recorded as part of the Senior Facility and amortized to finance costs over the remaining term.

Additional Senior Notes
On July 3, 2014, CES completed the private placement of $75,000 of 7.375% senior unsecured notes (the "Additional Senior Notes") due on April 17, 2020 at a premium price of $1,057.50 per $1,000.00 principal amount of Notes. The Additional Senior Notes were issued under the indenture governing the Company's $225,000 of Senior Notes and accordingly will form a single series with such previously issued Senior Notes.

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

	As at	
$000's	**September 30, 2014**	December 31, 2013
Senior Facility	**19,256**	84,385
Senior Notes	**300,000**	225,000
Vehicle financing loans	**1,127**	2,207
Equipment financing loans	**613**	1,162
	320,996	312,754
Less net unamortized debt issue costs	**(5,740)**	(3,961)
Less net unamortized debt premium	**4,131**	-
Less current portion of long-term debt	**(1,418)**	(1,955)
Long-term debt	**317,969**	306,838

Vehicle financing loans are secured by each related vehicle and incur interest at rates up to 7.74%, with a weighted average rate of approximately 6.02%, and have termination dates ranging from November 2014 to August 2016. Equipment financing loans are secured by each related piece of equipment and incur interest at 17.25%, and have a termination date of April 2015.

For the three and nine months ended September 30, 2014, the Company recorded $6,557 and $17,015, respectively, (2013 – $5,078 and $10,477, respectively) in interest expense related to its long-term debt and lease balances, including the amortization of capitalized transaction costs.

Scheduled principal payments on the Company's long-term debt for the next five years at September 30, 2014, are as follows:

$000's	
2014 - 3 months	**699**
2015	**891**
2016	**150**
2017	**19,256**
2018	**-**
Total	**20,996**

6. Income Taxes

CES is subject to federal, provincial, and state income taxes in Canada, the United States, and other foreign jurisdictions based on the taxable income or loss including the transactions entered into and recorded by the Company and based on the estimates and calculations used by the Company during the normal course of business to the extent that income is not sheltered by existing tax pools.

In August 2014, the Company received a proposal letter from the Canada Revenue Agency (the "CRA") which stated its intent to challenge the Canadian tax consequences of the Company's conversion from a publicly-traded Canadian limited partnership to a publicly-traded corporation (the "Conversion"). The CRA's position is based on the acquisition of control rules and the general anti-avoidance rules in the Income Tax Act (Canada). CES provided a response to the proposal letter in September 2014 and to date, no further correspondence has been received. The impact of the CRA proposal on CES' tax provision has been considered by management and the Company remains confident that the tax returns as filed correctly reported the Canadian tax consequences of the Conversion transaction. If the proposed reassessments are issued by the CRA, management intends to vigorously defend CES' tax filing position. No amount has been provided for in the Company's September 30, 2014 financial statements related to the Conversion.

7. Share Capital

a) Authorized

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

b) Issued and outstanding

On June 19, 2014, the Company's shareholders approved a three-for-one split of CES' outstanding common shares (the "Stock Split"). The Stock Split was effected in the form of the issuance of two additional common shares for each share owned by shareholders of record at the close of business on July 18, 2014. All share data and information related to the Company's stock-based compensation plans presented herein have been retroactively adjusted to give effect to the stock split. A summary of the changes to common share capital is presented below:

	Nine Months Ended September 30, 2014		Year ended December 31, 2013	
Common Shares *($000's except number of shares)*	**Number of Shares [1]**	**Amount**	Number of Shares [1]	Amount
Balance, beginning of period	**201,321,384**	**342,532**	170,543,558	215,571
Issued pursuant to the Offering, net of share issue costs and taxes	**6,912,000**	**72,718**	6,330,000	33,472
Consideration for business combinations	**2,324,877**	**24,712**	18,877,863	74,200
Issued pursuant to stock-based compensation	**3,531,068**	**3,567**	4,702,681	7,008
Contributed surplus related to stock-based compensation	**-**	**10,132**	-	7,199
Issued pursuant to property and equipment acquisition	**7,365**	**60**	714,324	4,153
Issued pursuant to stock dividend and stock settled director fee	**60,546**	**475**	152,958	929
Balance, end of period	**214,157,240**	**454,196**	201,321,384	342,532

[1] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of common shares outstanding have been retroactively adjusted to effect the stock split.

Prospectus Offering
On July 11, 2014, the Company, through a syndicate of underwriters, completed a bought deal short-form prospectus offering (the "Offering") of common shares. Pursuant to the Offering, the Company issued a total of 6,912,000 common shares, on a post-split basis, of the Company for gross proceeds of $75,226. Net proceeds, after offering expenses and underwriter's commission of approximately $3,368, were $71,858.

c) Net income per share
In calculating the basic and diluted net income per share for the three and nine months ended September 30, 2014 and 2013, the weighted average number of shares used in the calculation is shown in the table below:

	Three Months Ended September 30,		Nine Months Ended September 30,	
$000's, except share and per share amounts	**2014**	2013	**2014**	2013
Net income [1]	**20,937**	12,600	**48,888**	24,418
Weighted average number of shares outstanding:				
Basic shares outstanding [2]	**212,194,898**	195,638,078	**205,938,807**	187,029,238
Effect of dilutive shares [3]	**8,254,917**	8,310,564	**8,568,118**	7,356,201
Diluted shares outstanding	**220,449,815**	203,948,642	**214,506,925**	194,385,439
Net income per share - basic [2]	**$0.10**	$0.06	**$0.24**	$0.13
Net income per share - diluted [3]	**$0.09**	$0.06	**$0.23**	$0.13

[1] Represents net income attributable to the shareholders of the Company.
[2] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of common shares outstanding and net income per share amounts have been retroactively adjusted to effect the stock split.
[3] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of dilutive Shares Rights and Restricted Share Units outstanding have been retroactively adjusted to effect the stock split.

Excluded from the calculation of dilutive shares for the three and nine months ended September 30, 2014, are 1,440,000 and 1,539,000, respectively, of Share Rights (2013 – 39,000) that are considered anti-dilutive.

8. Stock-Based Compensation

Pursuant to the Stock Split, for each Share Right and Restricted Share Unit outstanding, an additional two Share Rights or Restricted Share Units were issued at an exercise price reduced to one-third of the original exercise price. The Company's stock-based compensation plans have been retroactively adjusted to give effect to the stock split as reflected in the information below.

As at September 30, 2014, a total of 21,415,724 common shares were reserved for issuance under the Company's Share Rights Incentive Plan, Restricted Share Unit Plan, and Stock Settled Director Fee Program, of which 9,302,434 common shares remained available for grant. For the three and nine months ended September 30, 2014, stock compensation expense of $6,222 and $15,969, respectively, (2013 – $3,601 and $8,293, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans.

a) 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 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 date of 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.

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

A summary of changes under the SRIP is presented below:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Share Rights [1]	**Average Exercise Price [1]**	Share Rights [1]	Average Exercise Price [1]
Balance, beginning of period	**7,174,644**	**$3.84**	8,760,264	$2.55
Granted during the period	**1,827,000**	**10.32**	1,926,000	6.96
Exercised during the period	**(1,594,205)**	**2.24**	(3,257,403)	2.10
Forfeited during the period	**(156,000)**	**4.20**	(254,217)	3.27
Balance, end of period	**7,251,439**	**$5.78**	7,174,644	$3.84
Exercisable Share Rights, end of period	**2,834,395**	**$2.66**	3,486,600	$2.26

[1] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of share rights outstanding and average exercise prices have been retroactively adjusted to effect the stock split.

The compensation costs for Share Rights granted during the nine months ended September 30, 2014, were calculated using a Black-Scholes option pricing model using the following weighted average assumptions:

	Nine Months Ended September 30, 2014
Risk-free interest rate	**1.20%**
Expected average life of Share Rights	**3.25 years**
Share Right term	**5.0 years**
Annual forfeiture rate	**6.44%**
Dividend yield	**1.32%**
Expected volatility	**32.92%**
Weighted average fair value per Share Right [1]	**$2.32**

[1] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of share rights outstanding and average exercise prices have been retroactively adjusted to effect the stock split.

The following table summarizes information about the outstanding grants under the Company's SRIP as at September 30, 2014:

	Share Rights Outstanding			Share Rights Exercisable	
Range of exercise prices	Share Rights [1]	Weighted average exercise price [1]	Weighted average term remaining in years	Share Rights [1]	Weighted average exercise price [1]
$1.41 - $2.75	1,672,500	$1.96	0.91	1,672,500	$1.96
$2.76 - $3.64	1,811,395	3.56	2.86	1,049,395	3.55
$3.65 - $6.68	293,544	4.86	3.31	112,500	4.66
$6.69 - $7.41	1,647,000	7.25	4.21	-	-
$7.42 - $10.98	1,827,000	10.32	4.64	-	-
	7,251,439	$5.78	3.18	2,834,395	$2.66

[1] Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of share rights outstanding and average exercise prices have been retroactively adjusted to effect the stock split.

b) Restricted Share Unit ("RSU") Plan

CES' RSU Plan provides incentives to eligible employees, officers, and directors of the Company through the issuance of RSUs. The RSUs generally vest from one year, and up to three years, on the 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 under the RSU plan is presented below:

	Nine Months Ended September 30, 2014		Year Ended December 31, 2013	
	Restricted Share Units (1)	**Average Price (1)**	Restricted Share Units (1)	Average Price (1)
Balance, beginning of period	**4,972,498**	**$4.84**	2,224,530	$3.86
Granted during the period	**1,934,188**	**9.80**	3,888,861	5.14
Reinvested during the period	**112,752**	**5.80**	159,685	4.08
Vested during the period	**(1,936,863)**	**4.66**	(1,272,466)	3.97
Forfeited during the period	**(70,735)**	**4.16**	(28,112)	3.57
Cancelled during the period	**(150,000)**	**3.93**	-	-
Balance, end of period	**4,861,840**	**$6.96**	4,972,498	$4.84

(1) Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of RSUs outstanding and average prices have been retroactively adjusted to effect the stock split.

The weighted average fair value of RSUs granted during the nine months ended September 30, 2014, was $9.80 per RSU. The stock-based compensation costs for RSUs granted are based on the five day volume weighted average share price at the date of grant. The amount of compensation expense recorded for the nine months ended September 30, 2014, was reduced by an estimated weighted average forfeiture rate of 2.1% per year at the date of grant.

9. Dividends

The Company declared dividends to holders of common shares for the nine months ended September 30, 2014, as follows:

$000's except per share amounts	**Dividend Record Date**	**Dividend Payment Date**	**Per Common Share (1)**	**Total**
January	Jan 31	Feb 14	$0.0217	**4,372**
February	Feb 28	Mar 14	$0.0217	**4,373**
March	Mar 28	Apr 15	$0.0233	**4,743**
April	Apr 30	May 15	$0.0233	**4,746**
May	May 30	Jun 13	$0.0250	**5,089**
June	Jun 30	Jul 15	$0.0250	**5,100**
July	Jul 31	Aug 15	$0.0250	**5,311**
August	Aug 29	Sep 15	$0.0275	**5,856**
September	Sep 30	Oct 15	$0.0275	**5,889**
Total dividends declared during the period			$0.2200	**45,479**

(1) Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, the number of common shares outstanding and dividends declared per common share have been retroactively adjusted to effect the stock split.

Subsequent to September 30, 2014, the Company declared dividends to holders of common shares in the amount of $0.0275 per common share payable on November 14, 2014, for shareholders of record on October 31, 2014.

10. Commitments

The Company has commitments with payments due as follows:

$000's	**2014 - 3 months**	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Office and facility rent	1,273	4,423	3,532	2,327	1,864	20	**13,439**

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 provisions for outstanding litigation and potential claims.

11. Supplemental Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
$000's	**2014**	2013	**2014**	2013
Decrease (increase) in current assets				
Accounts receivable	**(60,008)**	(49,184)	**(38,486)**	(52,768)
Inventory	**(26,516)**	2,560	**(43,801)**	(646)
Prepaid expenses	**(9,516)**	(3,247)	**(7,166)**	(1,924)
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	**50,064**	28,268	**33,259**	20,876
	(45,976)	(21,603)	**(56,194)**	(34,462)
Relating to:				
Operating activities	**(46,677)**	(21,392)	**(56,611)**	(34,525)
Investing activities	**701**	(211)	**417**	63

For the three and nine months ended September 30, 2014 and 2013, changes in non-cash working capital relating to investing activities have been included in "Investment in property and equipment" on the Consolidated Statements of Cash Flows.

12. Geographical Information

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

	Revenue			
	Three Months Ended September 30,		Nine Months Ended September 30,	
$000's	**2014**	2013	**2014**	2013
Canada	**113,633**	64,627	**272,785**	163,702
United States	**159,305**	117,647	**421,248**	298,547
Total	**272,938**	182,274	**694,033**	462,249

	Long-Term Assets (1)	
$000's	**September 30, 2014**	December 31, 2013
Canada	**173,103**	118,560
United States	**443,935**	382,427
Total	**617,038**	500,987

(1) Includes: Property and equipment, goodwill, and intangible assets

13. Related Parties

For the three and nine months ended September 30, 2014, lease payments on equipment and office leases in the amount of $4 and $36, respectively (2013 - $44 and $104, respectively) were made for rental agreements CES has with companies controlled by an officer and insiders of the Company. During the three months ended September 30, 2014, the Company acquired all remaining equipment leases from a company controlled by one of the Company's employees and insiders. The aggregate purchase price was $24.

During the nine months ended September 30, 2014, the Company acquired property and equipment from a company controlled by one of the Company's employees and insiders. The aggregate purchase price was $821, consisting of $761 in cash paid on the date of the transaction and $60 in share consideration satisfied through the issuance of 7,365 common shares, on a post-split basis, of the Company.

These transactions have been accounted for at the exchange amount being the amount agreed to by the related parties, which approximates the arm's length equivalent fair value.

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Trading Symbol: CEU

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Trading Symbol: CESDF

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[2]Member of the Compensation Committee
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