



Condensed Consolidated Financial Statements

For the Three and Nine Months Ended September 30, 2021 and 2020

CES Energy Solutions Corp.

Condensed Consolidated Statement of Financial Position (unaudited)

(stated in thousands of Canadian dollars)

	As at	
	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash	—	18,251
Accounts receivable	267,829	159,113
Income taxes receivable	526	1,192
Inventory	232,036	178,558
Prepaid expenses and deposits	33,157	16,425
	533,548	373,539
Property and equipment (note 4)	262,493	274,159
Right of use assets (note 5)	40,609	40,280
Intangible assets	36,620	46,913
Deferred income tax asset	49,749	57,424
Other assets	18,714	14,831
Goodwill	50,778	50,742
	992,511	857,888
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	142,223	79,979
Financial derivative liability	—	1,111
Dividends payable (note 11)	4,078	—
Income taxes payable	771	885
Current portion of lease obligations	15,498	19,152
	162,570	101,127
Long-term debt (note 6)	335,299	284,685
Lease obligations	19,970	13,260
Deferred income tax liability	2,141	2,322
Other long-term liabilities (note 10)	1,341	831
	521,321	402,225
Commitments (note 12)		
Shareholders' equity		
Common shares (note 9)	661,169	663,275
Contributed surplus	33,892	38,052
Deficit	(370,597)	(391,680)
Accumulated other comprehensive income	146,726	146,016
	471,190	455,663
	992,511	857,888

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

CES Energy Solutions Corp.Condensed Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss) (unaudited)
(stated in thousands of Canadian dollars, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	314,395	166,293	828,626	675,233
Cost of sales (note 8)	246,350	133,911	643,098	554,102
Gross margin	68,045	32,382	185,528	121,131
General and administrative expenses	45,322	35,970	133,563	128,056
Operating profit	22,723	(3,588)	51,965	(6,925)
Finance costs	5,334	5,993	17,089	18,476
Impairment of goodwill	—	—	—	248,905
Other gain	(146)	(98)	(237)	(672)
Income (loss) before taxes	17,535	(9,483)	35,113	(273,634)
Current income tax expense	824	636	2,577	1,602
Deferred income tax expense (recovery)	3,339	2,606	7,375	(11,880)
Net income (loss)	13,372	(12,725)	25,161	(263,356)
Other comprehensive income (loss) (items that may be subsequently reclassified to profit and loss):				
Unrealized foreign exchange gain (loss) on translation of foreign operations	15,043	(12,482)	693	28,740
Change in fair value of other assets, net of tax	(132)	111	17	461
Comprehensive income (loss)	28,283	(25,096)	25,871	(234,155)
Net income (loss) per share (note 9)				
Basic	0.05	(0.05)	0.10	(1.00)
Diluted	0.05	(0.05)	0.10	(1.00)

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

CES Energy Solutions Corp.Condensed Consolidated Statements of Changes in Equity (unaudited)
(stated in thousands of Canadian dollars)

	Nine Months Ended September 30,	
	2021	2020
COMMON SHARES		
Balance, beginning of period	663,275	660,174
Issued pursuant to stock-based compensation (note 10)	9,510	13,805
Issued pursuant to stock settled director fees	75	44
Common shares repurchased and canceled through NCIB (note 9)	(11,691)	(7,171)
Balance, end of period	661,169	666,852
CONTRIBUTED SURPLUS		
Balance, beginning of period	38,052	42,686
Reclassified pursuant to stock-based compensation (note 9)	(9,510)	(13,805)
Stock-based compensation expense (note 10)	5,350	7,974
Balance, end of period	33,892	36,855
DEFICIT		
Balance, beginning of period	(391,680)	(165,829)
Net income (loss)	25,161	(263,356)
Dividends declared	(4,078)	(2,948)
Balance, end of period	(370,597)	(432,133)
ACCUMULATED OTHER COMPREHENSIVE INCOME		
Balance, beginning of period	146,016	142,279
Unrealized foreign exchange gain on translation of foreign operations	693	28,740
Change in fair value of other assets, net of tax	17	461
Balance, end of period	146,726	171,480
	471,190	443,054

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

CES Energy Solutions Corp.

Condensed Consolidated Statements of Cash Flows (unaudited)
(stated in thousands of Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income (loss)	13,372	(12,725)	25,161	(263,356)
Adjustments for:				
Depreciation and amortization	16,807	18,346	51,107	58,030
Stock-based compensation (note 10)	1,618	2,540	5,349	8,593
Other non-cash loss	192	328	1,259	15,814
Deferred income tax expense (recovery)	3,339	2,606	7,375	(11,880)
Gain on disposal of assets	(441)	(691)	(6,519)	(765)
Gain on repurchase of senior unsecured notes	—	(62)	(12)	(182)
Impairment of goodwill	—	—	—	248,905
Change in non-cash working capital (note 13)	(80,770)	29,958	(118,619)	101,506
	(45,883)	40,300	(34,899)	156,665
FINANCING ACTIVITIES:				
Repurchase of senior unsecured notes	—	(938)	(988)	(1,818)
Repayment of lease obligations	(4,353)	(5,575)	(14,395)	(17,672)
Increase (decrease) in Senior Facility	50,256	(294)	50,216	(79,563)
Shareholder dividends	—	—	—	(4,268)
Common shares repurchased and cancelled through NCIB (note 9)	(1,429)	(2,366)	(11,691)	(7,171)
	44,474	(9,173)	23,142	(110,492)
INVESTING ACTIVITIES:				
Investment in property and equipment	(7,320)	(3,294)	(14,398)	(21,643)
Investment in intangible assets	(425)	(195)	(1,088)	(935)
Investment in other assets	(3,378)	(2,945)	(3,378)	(2,669)
Deferred acquisition consideration	—	—	—	(150)
Proceeds on disposal of assets	663	5,374	12,342	9,291
	(10,460)	(1,060)	(6,522)	(16,106)
Effect of foreign exchange on cash	—	(666)	28	(666)
CHANGE IN CASH	(11,869)	29,401	(18,251)	29,401
Cash, beginning of period	11,869	—	18,251	—
Cash, end of period	—	29,401	—	29,401
SUPPLEMENTARY CASH FLOW DISCLOSURE				
Interest paid	223	781	11,184	13,522
Income taxes paid	399	1,855	1,880	3,632

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

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

1. The Company

CES Energy Solutions Corp. (the “Company” or “CES”) is a company domiciled in Canada and was incorporated under the Canada Business Corporations Act on November 13, 1986. CES’ principal place of business is located at Suite 1400, 332 – 6th Avenue SW, Calgary, Alberta, Canada T2P 0B2. The condensed consolidated financial statements of the Company as at and for the three and nine months ended September 30, 2021 and 2020 comprise the accounts of 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 North American oil and gas industry. CES operates under the following trade names and brands: AES Drilling Fluids, Jacam Catalyst, Superior Weighting Products, Canadian Energy Services, PureChem Services, StimWrx Energy Services, Sialco Materials Ltd, and Clear Environmental Solutions.

2. Basis of Presentation

Statement of Compliance

These condensed consolidated financial statements have been prepared by management of the Company in accordance with International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. These 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, 2020. These condensed consolidated financial statements were authorized for issue by the Company’s Board of Directors on November 11, 2021.

3. Significant Accounting Policies, Estimates and Judgments

These condensed consolidated financial statements have been prepared following the same accounting principles and methods of computation as outlined in the Company’s consolidated financial statements for the year ended December 31, 2020. A description of accounting standards and interpretations that have been adopted by the Company can be found in the notes of the annual consolidated financial statements for the year ended December 31, 2020.

The preparation of the condensed consolidated financial statements requires management to make assumptions and estimates 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. These condensed consolidated financial statements include estimates, which by their nature, are uncertain. These assumptions and associated estimates are based on historical experience and other factors that are considered to be relevant. The ongoing COVID-19 pandemic and the resulting volatility of the current market conditions continue to impact the Company and may result in additional uncertainties, risks and complexities in management’s determination of the estimates and assumptions used to prepare CES’ financial results. As the COVID-19 pandemic continues, management cannot reasonably estimate the length or severity of the impact on CES. As such, actual results may differ from estimates and the effect of such differences may be material.

4. Property and Equipment

Balance at December 31, 2020	274,159
Additions	17,094
Transfers	2,228
Disposals, net of amortization	(3,668)
Amortization	(27,058)
Effect of movements in exchange rates	(262)
Balance at September 30, 2021	262,493

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

5. Right of Use Assets

Balance at December 31, 2020	40,280
Additions	17,636
Transfers	(2,228)
Disposals, net of amortization	(2,212)
Amortization	(12,789)
Effect of movements in exchange rates	(78)
Balance at September 30, 2021	40,609

6. Long-Term Debt

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

	As at	
	September 30, 2021	December 31, 2020
Senior Facility	51,151	—
Senior unsecured notes due Oct 21, 2024 bearing interest at 6.375% payable semi-annually ("Senior Notes")	287,954	288,954
	339,105	288,954
Less: unamortized debt issue costs	(3,806)	(4,269)
Long-term debt	335,299	284,685

Senior Facility

On September 1, 2021, the Company completed an amendment and two year extension of its existing syndicated senior facility (the "Senior Facility"). The amendment took effect September 1, 2021 and will remain in effect until maturity on September 28, 2024, subject to certain terms and conditions, and the Senior Facility may be extended by one year upon agreement of the lenders and the Company. The Senior Facility is comprised of a Canadian facility of \$145,000 and a US facility of US\$70,000. The principal amendment made to the Senior Facility was to shift availability to the US through an increase to the US facility from US\$50,000 to US\$70,000 and a corresponding reduction in the Canadian facility from \$170,000 to \$145,000, for a total facility size of approximately C\$ equivalent \$232,500. The agreement also preserves the Company's ability to use proceeds under the Senior Facility to repurchase or redeem a portion of the Company's outstanding senior unsecured notes, subject to minimum liquidity requirements. Other terms and conditions from the amendment remain materially consistent with those of the previous senior facility.

As at September 30, 2021, the Company had a net draw of \$50,458 on the Senior Facility (December 31, 2020 - net cash balance of \$18,251), with capitalized transaction costs of \$693 (December 31, 2020 - \$392). Transaction costs attributable to the Senior Facility are recorded as part of the Senior Facility and amortized to finance costs over the remaining term. As at September 30, 2021, the maximum available draw on the Senior Facility was \$145,000 on the Canadian facility and US\$70,000 on the US facility.

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

The covenant calculations as at September 30, 2021 and December 31, 2020, are as follows:

	As at	
	September 30, 2021	December 31, 2020
Net Senior Debt	71,795	2,456
EBITDA for the four quarters ended	121,687	92,327
Ratio	0.590	0.027
Maximum	2.500	2.500
EBITDA for the four quarters ended	121,687	92,327
Interest Expense for the four quarters ended	20,263	22,155
Ratio	6.005	4.167
Minimum	2.500	2.500

Senior Notes

During the nine months ended September 30, 2021, the Company repurchased and canceled \$1,000 of its Senior Notes for an aggregate purchase price of \$988 resulting in a gain of \$12 recorded against finance costs. As at September 30, 2021, the Company had \$287,954 of remaining outstanding principal on its Senior Notes due October 21, 2024. The Senior Notes incur interest at a rate of 6.375% per annum and interest is payable semi-annually on April 21 and October 21. The Senior Notes are unsecured, ranking equal in right of payment to all existing and future unsecured indebtedness, and have been guaranteed by the Company's current and future subsidiaries. The Senior Notes contain certain early redemption options, whereby the Company can choose to redeem all of or a portion of at various redemption prices, which include the principal amount plus any accrued and unpaid interest to the applicable redemption date. The Company has the ability to redeem all of its outstanding Senior Notes on or after October 21, 2021. Certain restrictions exist relating to items such as making restricted payments and incurring additional debt.

As at September 30, 2021, the Company was in compliance with the terms and covenants of its lending agreements. For the three and nine months ended September 30, 2021, the Company recorded \$5,738 and \$16,753, respectively (2020 - \$5,738 and \$18,643, respectively) in interest expense related to its long-term debt and lease balances, including the amortization of debt issue costs.

Scheduled principal payments on the Company's long-term debt at September 30, 2021, are as follows:

2021 - 3 months	—
2022	—
2023	—
2024	339,105
2025	—
2026 and thereafter	—
	339,105

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

7. Government Grants

During the three and nine months ended September 30, 2021, the Company recognized Canada Emergency Wage Subsidy ("CEWS") benefits of \$696 and \$5,527, respectively (2020 - \$5,557 and \$11,834, respectively) as a reduction to wage expense. During the three and nine months ended September 30, 2021, \$348 and \$2,977, respectively (2020 - \$2,897 and \$6,185, respectively) was allocated to cost of sales and \$348 and \$2,550 was allocated to general and administrative expenses, respectively (2020 - \$2,660 and \$5,649, respectively).

During the three and nine months ended September 30, 2021, the Company qualified for the Canada Emergency Rent Subsidy ("CERS") program which relates to eligible expenses such as rent and operating costs for the Company's leased properties, most of which are capitalized as ROU assets. During the three and nine months ended September 30, 2021, the Company recognized \$484 and \$832, respectively (2020 - \$nil) as a reduction to Finance Costs as part of the CERS program.

8. Cost of Sales

Included in cost of sales for the nine months ended September 30, 2021, is a gain of \$4,444 on the sale and leaseback of specific real estate assets for proceeds of \$8,100.

9. 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 common share capital is presented below:

	Nine Months Ended September 30, 2021		Year Ended December 31, 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance, beginning of period	258,264,857	663,275	263,956,291	660,174
Issued pursuant to stock-based compensation	4,261,814	—	3,699,275	—
Contributed surplus related to stock-based compensation	—	9,510	—	14,302
Issued pursuant to stock settled director fee	44,133	75	49,868	50
Common shares repurchased and canceled through NCIB	(7,698,926)	(11,691)	(9,440,577)	(11,251)
Balance, end of period	254,871,878	661,169	258,264,857	663,275

Normal Course Issuer Bid ("NCIB")

On July 15, 2021, the Company announced the renewal of its previous NCIB, which ended on July 20, 2021, to repurchase for cancellation up to 11,754,973 common shares, being 7.5% of the public float of common shares at the time of renewal. The renewed NCIB will terminate on July 20, 2022 or such earlier date as the maximum number of common shares are purchased pursuant to the NCIB or the NCIB is completed or is terminated at the Company's election.

Since the July 21, 2021 commencement of this NCIB program and up to September 30, 2021, the Company repurchased 532,200 common shares at an average price of \$1.60 per share for a total amount of \$851.

Since inception of the Company's NCIB programs on July 17, 2018, and up to September 30, 2021, the Company has repurchased 27,741,106 common shares at an average price of \$2.00 per share for a total amount \$55,620. For the nine months ended September 30, 2021, the Company repurchased 7,698,926 common shares at an average price of \$1.52 for a total amount of \$11,691.

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

c) Net income per share

In calculating the basic and diluted net income (loss) per share for the three and nine months ended September 30, 2021 and 2020, 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,	
	2021	2020	2021	2020
Net income (loss)	13,372	(12,725)	25,161	(263,356)
Weighted average number of shares outstanding:				
Basic shares outstanding	255,194,323	264,841,429	255,109,710	263,760,203
Effect of dilutive shares	8,090,407	—	8,499,272	—
Diluted shares outstanding	263,284,730	264,841,429	263,608,982	263,760,203
Net income (loss) per share - basic	\$0.05	(\$0.05)	\$0.10	(\$1.00)
Net income (loss) per share - diluted	\$0.05	(\$0.05)	\$0.10	(\$1.00)

Excluded from the calculation of dilutive shares for the three and nine months ended September 30, 2021 are 4,410,870 and 4,837,742, respectively (2020 - nil) of Share Rights that are considered anti-dilutive.

10. Stock-Based Compensation

For the three and nine months ended September 30, 2021, stock-based compensation expense of \$2,505 and \$9,770, respectively (2020 – \$2,540 and \$8,593, respectively) was recorded in general and administrative expenses relating to the Company's stock-based compensation plans. As at September 30, 2021, a total of 12,743,594 common shares were reserved for issuance under the Company's Restricted Share Unit Plan and Stock Settled Director Fee Program, of which 4,705,766 common shares remained available for grant.

a) 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, 2021		Year Ended December 31, 2020	
	Restricted Share Units	Average Price	Restricted Share Units	Average Price
Balance, beginning of period	8,432,088	\$1.77	6,411,540	\$3.79
Granted during the period	3,924,642	1.91	5,941,372	0.93
Reinvested during the period	—	—	72,224	3.52
Vested during the period	(4,261,814)	2.23	(3,699,275)	3.87
Forfeited during the period	(57,088)	2.69	(293,773)	3.63
Balance, end of period	8,037,828	\$1.59	8,432,088	\$1.77

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, 2021, was reduced by an estimated weighted average forfeiture rate of 0.26% per year at the date of grant.

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)

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

b) Phantom Share Unit ("PSU") Plan

Effective June 23, 2020, the Company implemented the PSU Plan, which provides cash-settled incentives to eligible non-executive employees and consultants of the Company through the issuance of PSUs. The PSUs generally vest over three years, on the anniversary from the date of grant, subject to other such vesting schedules or conditions as determined by the Plan Administrator. Throughout the vesting period, holders of PSUs will be entitled to the dividend equivalents in the form of additional PSUs on each dividend payment date, to be held in the PSU account until such time as the awards have vested.

A summary of changes under the PSU plan is presented below:

	Nine Months Ended September 30, 2021	Year Ended December 31, 2020
	Phantom Share Units	Phantom Share Units
Balance, beginning of period	4,726,795	—
Granted during the period	2,794,689	4,829,781
Vested during the period	(1,525,101)	—
Forfeited during the period	(151,398)	(102,986)
Balance, end of period	5,844,985	4,726,795

Included in the stock-based compensation expense for the three and nine months ended September 30, 2021 is an expense of \$887 and \$4,421, respectively (2020 - \$619 and \$619, respectively) relating to the Company's PSU Plan. The amount of compensation expense recorded for the nine months ended September 30, 2021, was reduced by an estimated weighted average forfeiture rate of 4.18% per year at the date of grant. As at September 30, 2021, \$1,997 was included in accounts payable and accrued liabilities and \$1,341 was included in other long-term liabilities for outstanding PSUs.

11. Dividends

On August 12, 2021, the Company's Board of Directors approved the reinstatement of its dividend on a quarterly basis. The Company declared dividends to holders of common shares for the nine months ended September 30, 2021, as follows:

	Dividend Record Date	Dividend Payment Date	Per Common Share	Total
September	Sep 30	Oct 15	\$0.016	4,078
Total dividends declared			\$0.016	4,078

12. Commitments

The Company has commitments related to short-term leases, leases of low-value assets, variable payments associated with long-term leases, and capital commitments with payments due as follows:

Less than 1 year	2,960
1-5 years	14
5+ years	—
Total	2,974

Payments denominated in foreign currencies have been translated using the September 30, 2021 exchange rate

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.

CES Energy Solutions Corp.

Notes to the Condensed Consolidated Financial Statements (unaudited)
(stated in thousands of Canadian dollars, except for share and per share amounts)

13. Supplemental Information

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(Increase) decrease in current assets				
Accounts receivable ⁽¹⁾	(63,558)	17,613	(108,050)	123,612
Inventory	(40,503)	6,781	(53,478)	18,757
Prepaid expenses and deposits	(13,439)	(6,875)	(16,732)	4,275
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities ⁽²⁾	32,689	16,221	62,639	(58,302)
Effects of movement in exchange rate	6,520	(3,940)	(148)	12,078
	(78,291)	29,800	(115,769)	100,420
Relating to:				
Operating activities	(80,770)	29,958	(118,619)	101,506
Investing activities	2,479	(158)	2,850	(1,086)

¹Includes income taxes receivable

²Includes income taxes payable and other long-term liabilities relating to the cash-settled PSU plan

For the three and nine months ended September 30, 2021 and 2020, 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.

14. Geographical Information

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

	Revenue		Revenue	
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
United States	196,966	113,859	540,270	463,636
Canada	117,429	52,434	288,356	211,597
	314,395	166,293	828,626	675,233

	Long-Term Assets ⁽¹⁾	
	September 30, 2021	December 31, 2020
United States	279,946	295,722
Canada	129,268	131,203
	409,214	426,925

¹Includes: Property and equipment, right of use assets, intangible assets, other assets and goodwill

15. Related Parties

During the three and nine months ended September 30, 2021, CES paid rent of \$18 and \$66, respectively (2020 - \$nil and \$27, respectively) to an executive officer of the Company for use of a temporary rental property. 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.

CES Energy Solutions Corp.

Information

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Trading Symbol: CEU

OTC

Trading Symbol: CESDF

BOARD OF DIRECTORS

Philip J. Scherman¹
Chairman

John M. Hooks²

Spencer D. Armour III^{1,2,3}

Kyle D. Kitagawa^{1,2}

Stella Cosby^{2,3}

Kenneth E. Zinger

¹Member of the Audit Committee

²Member of the Compensation, Corporate Governance and Nominating Committee

³Member of the Health, Safety and Environment Committee

EXECUTIVE OFFICERS

Kenneth E. Zinger
President & Chief Executive Officer

Anthony M. Aulicino
Chief Financial Officer

Richard Baxter
President, US Drilling Fluids

Vernon J. Disney
President, US Production Chemicals

CORPORATE SECRETARY

Matthew S. Bell

AUDITORS

Deloitte LLP
Chartered Professional Accountants, Calgary, AB

BANKERS

Scotiabank Canada, Calgary, AB

LEGAL COUNSEL

Stikeman Elliot, LLP, Calgary, AB
Crowe & Dunlevy, Oklahoma City, OK

REGISTRAR & TRANSFER AGENT

Computershare Investor Services Inc.
Calgary, AB and Toronto, ON

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