CriticalControl Solutions Corp.

CRITICALCONTROL ANNOUNCES FIRST QUARTER 2015 FINANCIAL RESULTS

CALGARY, ALBERTA, May 14, 2015 – CriticalControl Solutions Corp. (TSX: CCZ) today reported its financial results for the three months ended March 31, 2015.

"Top line growth in the first quarter in both Canada and the United States reinforces management's decision to focus on our core energy business," said Alykhan Mamdani, President and CEO of CriticalControl. "We will continue to execute our strategy as we streamline operations and integrate the United States based measurement services assets acquired in April 2015 to drive bottom line profitability."

Quarter ended March 31, 2015 highlights

Through a series of transactions that were concluded on May 4, 2015, CriticalControl sold its Service Bureau Operations segment. The Service Bureau Operations segment was not previously classified as held-for-sale or as discontinued operations, but has been classified as such for the three months ended March 31, 2015. The comparative condensed consolidated interim statement of earnings for the three months ended March 31, 2014 and related disclosures have been restated to present the discontinued operations separately from continuing operations. Accordingly, the comparative numbers and related analyses included in this press release have also been restated where appropriate.

On April 1, 2015, the Corporation announced that it had acquired, through Gas Analytical Services, Inc., certain assets of a company based in Dallas, Texas relating to the interpretation of gas charts, the provision of gas and liquids analysis and the provision of measurement related field services (the "Measurement Services Acquisition"). The purchase price of US$2.0 million was paid 80% on closing with the remainder payable on December 15, 2015.

Revenue – continuing operations

- Total revenue was $9.5 million in Q1 2015 compared to $7.5 million in Q1 2014, representing an increase of $2.0 million or 25.8%.
- Revenue from Canadian Energy Services was $3.5 million in Q1 2015 compared to $3.2 million in Q1 2014, representing an increase of 10.4% or $0.3 million in recurring revenue.
- Revenue from the US Energy Services business increased by $1.6 million or 37.2%, from $4.4 million in Q1 2014 to $6.0 million in Q1 2015. Excluding the positive impact of foreign exchange, a $0.1 million decrease in recurring revenue was offset by a $1.1 million increase in non-recurring revenue from fabrication, assembly and equipment.

Gross margin percentage – continuing operations

- Gross margin percentage for the Corporation was 34.4% in Q1 2015 compared to 33.3% in Q1 2014.
- Canadian Energy Services gross margin percentage increased from 43.1% in Q1 2014 to 54.0% in Q1 2015. The change is primarily attributable to investment in Q1 2014 associated with the rapid expansion and training related to ProMonitor in order to implement a large strategic ProMonitor project.
- US Energy Services gross margin percentage decreased from 26.2% in Q1 2014 to 22.8% in Q1 2015. Improvements in margins from economies of scale associated with US fabrication, assembly and equipment were more than offset by costs associated with the creation of a centralized processing centre for gas charts and reduced utilization of field and lab staff associated with poor weather.

Selling and administrative expenses – continuing operations

- Selling and administrative expenses for the Corporation increased by $0.6 million from $2.7 million in Q1 2014 to $3.3 million in Q1 2015. More than half of the increase can be attributed to the impact of the weaker Canadian dollar in relation to the US dollar, significantly lower bonus accruals in Q1 2014 compared to Q1 2015, and higher share-based compensation costs in Q1 2015. The remainder is attributable to various cost increases; including acquisition and divestiture related costs, relocation costs, normal salary increases, IT infrastructure, investor relations and corporate filings. Increased administrative salary costs in relation to January 1, 2015 raises and new corporate positions were partially offset by net savings in other areas.

Other expenses – continuing operations

- Research and development expenses increased by $0.2 million in Q1 2015 compared to Q1 2014. When the impact of amounts capitalized and SR&ED tax credits is considered, expenditures increased by $0.1 million.
- Finance costs in Q1 2015 decreased by $0.2 million compared to Q1 2014. The decrease is attributable to a favorable swing in unrealized foreign exchange, and to a lesser degree lower interest associated with decreased debt levels in relation to Q1 2014.
- Other operating expenses in Q1 2015 decreased by $0.1 million compared to Q1 2014, which is primarily attributable to a non-recurring expense in Q1 2014.

Earnings and net earnings

- Loss before income tax from continuing operations for Q1 2015 was $0.1 million compared to $0.5 million for Q1 2014. The loss before unrealized foreign exchange for Q1 2015 was $0.6 million compared to $0.7 million for Q1 2014.
- Net earnings for Q1 2015 was $0.6 million compared to a net loss of $0.2 million for Q1 2014. The increase is primarily attributable to the gain on disposal of the Service Bureau Operations.

Cash flow, working capital and debt

- Working capital increased by $3.6 million from $5.0 million at December 31, 2014 to $8.6 million at March 31, 2015. The key driver of the increase in working capital was the sale of the Service Bureau Operations.
- Net cash from operating activities increased by $0.1 million from $0.2 million in Q1 2014 to $0.3 million in Q1 2015.
- Total loans and borrowings, net of cash decreased by $2.2 million from $4.3 million at December 31, 2014 to $2.1 million at March 31, 2015.

Outlook and forward looking statements

In light of the rapid decline in the price of oil commencing in Q4 2014, and the resulting reduced oil and gas exploration expected in 2015, CriticalControl has modified its short-term strategy with a view to reduce risk, increase focus and position the Corporation to capitalize on the eventual rebound in oil prices. While management is confident of an eventual rebound in investment in oil and gas, the timing of the rebound remains uncertain.

In a press release dated March 2, 2015, CriticalControl announced that it is reviewing strategic alternatives with respect to its non-energy services business, which comprised 30.6% of the Corporation's revenue in 2014. In a series of transactions which were concluded on May 4, 2015, the Corporation has divested all of these assets. The Corporation expects to incur restructuring costs in Q2 as it streamlines the organization to reflect a more focused company. The amount of these costs cannot be predicted at this time, but is expected to result in lower corporate costs in the second half of 2015.

The core focus of the Corporation is its energy services business. Management expects capital expenditures by oil and gas companies in 2015 to be very low. The Corporation's focus will be to increase penetration of its core software solutions (ProChart, NetFlow and ProTrend) into the Canadian and US markets, and the continued penetration of its emerging ProMonitor modules in Canada. The Measurement Services Acquisition, which closed on or about April 1, 2015, provides increased geographic exposure for the Corporation to penetrate its core software in the United States.

The Corporation expects to generate losses from the Measurement Services Acquisition in the first three months as the acquired assets are integrated into the Corporation's operations and revenue from the assets is stabilized. Management expects a positive contribution from the Measurement Services Acquisition in the second half of 2015. Notwithstanding the forgoing expectations, some of the aspects of the integration of the assets into the

Corporation's operations is outside of management's control and a delay in such integration will delay the positive financial contribution from the assets.

The Corporation launched its combined electronic fluid measurement meter and NetFlow software solution on a single price rental or leasing model in Canada and the United States in late 2014. Management is optimistic that this combined software and hardware solution will resonate with the needs of gas producers in this uncertain market. Although early response to the solution has been positive, it is too early in the sales process to predict the impact of this solution to the Corporation's future growth.

Management expects that a decline in the Corporation's revenue from the sale of measurement related fabrication equipment in the United States due to reduced exploration will be offset by increased penetration of the Corporation's software into its US and Canadian client base, which will grow with the Measurement Services Acquisition.

About CriticalControl

CriticalControl provides solutions for the collection, control and analysis of measurement and operational data related to oil and gas wells across North America. We provide services to capture the data, cloud based software to visualize and manage it and the business intelligence to make quicker and more informed operational decisions.

For further information

Alykhan Mamdani
President & CEO
Tel (403) 705-7500