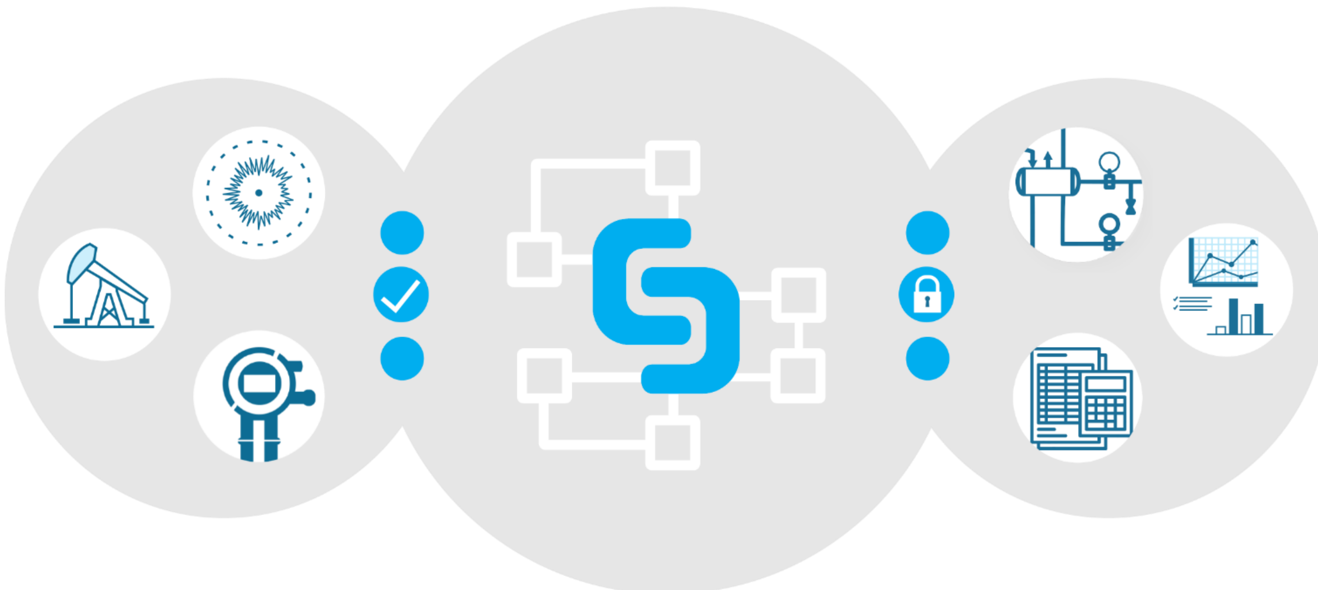

Q2 2018

Condensed Consolidated Interim Financial Statements

Critical Control Energy Services Corp.

June 30, 2018

NOTICE OF NO AUDITOR REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation’s management.

The Corporation’s independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements.

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION			
As at		**June 30,**	December 31,
($ thousands) - unaudited	Note	**2018**	2017
Assets			
Current assets			
Cash and cash equivalents		**277**	287
Accounts receivable		**5,669**	5,938
Inventory		**2,258**	2,357
Prepaid expenses		**303**	253
		8,507	8,835
Deposits		**82**	81
Tax credit recoverable		**293**	293
Deferred income taxes		**2,941**	3,188
Property and equipment		**2,965**	2,899
Intangible assets and goodwill		**19,600**	19,248
		34,388	34,544
Liabilities			
Current liabilities			
Bank indebtedness	3	**5,314**	4,743
Accounts payable and accrued liabilities		**3,615**	2,963
Deferred revenue		**833**	827
Current portion of long-term debt	3	**3,022**	661
Current portion of deferred lease inducements		**12**	12
		12,796	9,206
Long-term debt	3	**595**	2,712
Deferred lease inducements		**35**	41
		13,426	11,959
Shareholders' Equity			
Common shares		**29,780**	29,685
Preferred shares and warrants		**4,105**	4,105
Contributed surplus		**1,574**	1,645
Accumulated other comprehensive income		**1,813**	1,885
Deficit		**(16,310)**	(14,735)
		20,962	22,585
		34,388	34,544

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

($ thousands, except per share amounts) - unaudited	Note	Three months ended 2018	Three months ended 2017	Six months ended 2018	Six months ended 2017
Revenue	5	**6,890**	7,629	**13,660**	15,269
Expenses					
Operating expense	6	**4,039**	4,133	**8,108**	8,250
General and administrative	6	**2,233**	2,343	**4,334**	4,789
Research and development		**357**	336	**738**	685
Foreign exchange	6	**(384)**	440	**(863)**	548
Depreciation and amortization		**864**	778	**1,669**	1,451
Loss (gain) on sale of asset		**4**	4	**(1)**	4
Other expenses	7	**405**	(17)	**407**	(7)
		(628)	(388)	**(732)**	(451)
Finance costs	6	**167**	295	**330**	559
Loss before income taxes		**(795)**	(683)	**(1,062)**	(1,010)
Income taxes (recovery)		**534**	(283)	**340**	(558)
Net loss		**(1,329)**	(400)	**(1,402)**	(452)
Other comprehensive income (loss)					
Foreign currency translation adjustment, net of tax		**(41)**	(3)	**(72)**	51
		(41)	(3)	**(72)**	51
Total comprehensive income (loss)		**(1,370)**	(403)	**(1,474)**	(401)
Earnings (loss) per share					
Net earnings					
Basic / Diluted		**(0.03)**	(0.01)	**(0.03)**	(0.01)

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDED STATEMENTS OF CHANGES IN EQUITY
For the six months ended June 30, 2018 and 2017

($ thousands) - unaudited	Common shares	Preferred shares and warrants	Contributed surplus	Accumulated other comprehensive income [1]	Deficit	Total equity
Balance at December 31, 2017	**29,685**	**4,105**	**1,645**	**1,885**	**(14,735)**	**22,585**
Comprehensive income (loss)	**-**	**-**	**-**	**(72)**	**(1,402)**	**(1,474)**
Preferred share dividend	**-**	**-**	**-**	**-**	**(173)**	**(173)**
Employee share purchase plan proceeds	**-**	**-**	**3**	**-**	**-**	**3**
Shares issued from treasury under employee share purchase plan	**19**	**-**	**(19)**	-	-	**-**
Shares issued from treasury under deferred common shares	**76**	**-**	**(76)**	**-**	**-**	**-**
Share-based payments	**-**	**-**	**21**	**-**	**-**	**21**
Balance at June 30, 2018	**29,780**	**4,105**	**1,574**	**1,813**	**(16,310)**	**20,962**
Balance at December 31, 2016	31,888	-	1,607	1,824	(11,312)	24,007
Comprehensive income (loss)	-	-	-	51	(452)	(401)
Employee share purchase plan proceeds	-	-	15	-	-	15
Shares issued from treasury under employee share purchase plan	16	-	(16)	-	-	**-**
Shares issued from treasury under deferred common shares	36	-	(36)	-	-	-
Share-based payments	-	-	70	-	-	70
Balance at June 30, 2017	31,940	-	1,640	1,875	(11,764)	23,691

[1] Accumulated other comprehensive income (loss) consists of foreign currency translation adjustment, net of tax.
All amounts will be reclassified to profit or loss when specific conditions are met.

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended June 30,

($ thousands) - unaudited	Note	2018	2017
Cash provided by (used in)			
Operating activities			
Net loss		**(1,402)**	(452)
Adjustments for:			
Depreciation and amortization		**1,669**	1,451
Loss (gain) on sale of asset		**(1)**	4
Foreign exchange	6	**(863)**	548
Finance costs	6	**330**	559
Income taxes (recovery)		**340**	(558)
Other		**36**	70
Income taxes - paid		**(18)**	-
Interest - paid		**(44)**	(296)
Funds provided by (used in) operations		**47**	1,326
Change in non-cash working capital		**1,107**	(1,564)
		1,154	(238)
Investing activities			
Purchase of property and equipment		**(709)**	(500)
Purchase of software		**(8)**	(18)
Proceeds on sale of property and equipment		**25**	-
Additions to product development costs		**(789)**	(786)
		(1,481)	(1,304)
Financing activities			
Proceeds from employee share purchase plan		**(12)**	16
Proceeds from bank indebtedness		**6,281**	1,941
Repayment of bank indebtedness		**(6,010)**	(1,743)
Proceeds from long-term debt		**433**	-
Repayment of long-term debt		**(189)**	(554)
Preferred share dividends		**(173)**	-
		327	(340)
Effect of translation of foreign currency cash		**(10)**	3
Net (decrease) increase in cash		**(10)**	(1,879)
Cash and cash equivalents, beginning of period		**287**	552
Cash and cash equivalents, end of period		**277**	(1,327)

(See Notes to the Condensed Consolidated Interim Financial Statements)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STRUCTURE OF CORPORATION

Organization

Critical Control Energy Services Corp. (the "Corporation" or "Critical Control") is incorporated in Alberta and domiciled in Canada. The registered address of the Corporation is 1400, 350 – 7 Avenue SW, Calgary, Alberta T2P 3N9. Critical Control is a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under symbols "CCZ" and "CCZ.PR.A".

These consolidated financial statements of the Corporation as at and for the three and six months period ended June 30, 2018, are available upon request from the Corporation's head office at Suite 800, 140 – 10th Avenue SE, Calgary, Alberta, Canada T2G 0R1, at www.criticalcontrol.com or at www.sedar.com.

Operations

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

In assessing performance of the segments and the allocation of resources to the segments, executive management evaluates gross margin, operating income, and earnings (loss) before tax directly attributable to each segment. All of the Corporation's identifiable assets are located in Canada and the United States.

The reportable segments are managed separately because of the unique characteristics and requirements of each business.

The Software business provides cloud based software and software based services to its upstream and midstream oil and gas clients:

- ***Measurement Data Management***: Gas chart integration and reporting; web-based monitoring and control of electronic devices at the well site; and cost-efficient data validation.
- ***Regulatory Compliance and Risk Management***: Integrated pipeline and asset profiles management; intelligent fluid analysis management; and streamlined, auditable meter calibration.
- ***Production and Financial Accounting***: Production accounting; financial and joint interest accounting; capital projects management; land and contracts management; production asset management; and facility processing contract management.

The Field Services business provides the following services to its upstream and midstream oil and gas clients:

- ***Gas Measurement Field Services***: Inclusive of natural gas meter installation, calibration, and monitoring.
- ***Gas and Liquid Laboratory Services***: Gas composition management services including gas sample analysis and data management tools.
- ***Certification and Proving***: Calibration and certification of measurement meters and gas measurement equipment.
- ***Distribution of Measurement Equipment****:* Sale of gas measurement related equipment.
- ***Fabrication***: Assembly and sale of gas measurement related equipment.

2. BASIS OF PREPARATION

Statement of compliance:

These condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) applicable to the preparation of interim financial statements. These condensed consolidated interim financial statements were prepared using International Accounting Standard (IAS) 34 - Interim Financial Reporting as at and for the three and six months period ended June 30, 2018. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors as of August 14, 2018.

These condensed consolidated interim financial statements were prepared by management and follow the same accounting policies and methods as the audited consolidated financial statements as at and for the year-ended December 31, 2017, as described in Note 25. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements. As a result, these condensed consolidated interim financial statements should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2017, prepared in accordance with IFRS as issued by the IASB.

The Corporation has prepared financial forecasts for the remainder of 2018, 2019 and 2020 and as set out in note 3, the Corporation is in compliance with its financial covenants at June 30, 2018. The Corporation is working closely with its lender to ensure continued compliance with those covenants and, in the event that the Corporation in in breach of those covenants at September 30, 2018, the lender has agreed to waive such breaches. Also, as set out in note 3, the Corporation's $2.7 million term loan matures and must be repaid on April 30, 2019.

In order to continue to be compliant with its covenants, to address the maturing $2.7 million term loan and to ensure sufficient liquidity to meet its financial obligations for the remainder of 2018, the Corporation will require additional capital, replacement financing or an amended credit agreement from its existing lender.

The Corporation is actively engaged in addressing alternative solutions, including but not limited to, the raising of additional equity capital, the replacement of its existing credit facility with different repayment terms, or a combination thereof. Until an alternative solution is reached, the Corporation has suspended payment of cash dividends on its preferred shares.

Basis of measurement:

The consolidated financial statements have been prepared on the historical cost basis.

Functional and presentation currency:

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in dollars has been rounded to the nearest thousand except for share and per share amounts.

Use of estimates and judgments:

The preparation of the condensed consolidated interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets, liabilities, income and expenses. Judgments and estimates are continually evaluated and are based on historical experience and expectations of future events. While judgments and estimates used by Critical Control are believed to be reasonable under current circumstances, actual results could differ. The Corporation has applied significant judgments on a basis consistent with the prior year.

Change in estimates and judgments:

Effective January 1, 2018, the corporation has made a prospective change to its deprecation and amortization rates.

Depreciation and amortization

Depreciation and amortization is calculated based on the depreciable amount, which is the cost of an asset less its residual value. Depreciation and amortization is charged to earnings, from the date assets are installed and ready for use, on a straight-line, over the estimated useful lives of each part of an item of property and equipment.

The methods and rates of depreciation and amortization are as follows:

Leasehold improvements	straight-line over lease term
Computer hardware	straight-line over five years
Office and operating equipment	straight-line over five years
Vehicles	straight-line over five years
Product development costs	straight-line over five years
Customer relationship and contracts	straight-line over two to seven years
Software	straight-line over two years

Deferred income tax

In the six months ended June 30, 2018 the Corporation did not recognize deferred tax assets estimated to be $0.9 million relating to non-capital tax losses of $4.5 million, as it is uncertain whether future taxable profit will be available against which the Corporation can use the benefits therefrom.

New Standards and Interpretations Adopted

A number of new standards and amendments to existing standards have been issued by the International Accounting Standards Board (IASB) that are effective after December 31, 2017, and, therefore, have not been applied to the consolidated financial statements. These new standards and amendments and their anticipated impact on Critical Control's consolidated financial statements once they are adopted are as follows:

IFRS 9 - Financial Instruments: IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models for debt instruments in IAS 39 – Financial Instruments – Recognition and Measurement (IAS 39) with a new measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments and related dividends which will now limit recognition to fair value through profit or loss or at fair value through other comprehensive income.

Requirements for financial liabilities were also added in October 2010 but they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

The standard is required to be applied for years beginning on, or after, January 1, 2018. The Corporation has adopted this standard and concluded that there is a minimal impact on the consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers: IFRS 15 replaces the previous guidance on revenue recognition and provides a framework to record revenue from contracts for the sale of goods or services, unless the contracts are in the scope of IAS 17 – Leases or other IFRS standards. Under IFRS 15, revenue is to be recognized to depict the transfer of goods or services in an amount that reflects the consideration to which the entity expects to be entitled following five steps:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when (or as) the entity satisfies a performance obligation

The new standard is effective for annual periods beginning on or after January 1, 2018, using either a full retrospective approach for all periods presented in the period or a modified retrospective approach. The Corporation has adopted this standard and concluded that there is a minimal impact on the consolidated financial statements.

3. BANK INDEBTEDNESS AND LONG-TERM DEBT

As at		**June 30,**	December 31,
($ thousands)	**Note**	**2018**	2017
Secured bank term loan (CAD $3.0 million)	b	**2,685**	2,874
Secured bank term loan (CAD $2.0 million)	c	**932**	499
		3,617	3,373
Current portion		**3,022**	661
Long-term portion		**595**	2,712

On December 1, 2017, the Corporation executed an amendment to the credit facility agreement with its lender. Significant details of the facility are summarized below.

(a) A revolving demand operating credit up to $8.5 million to support working capital requirements in Canada and the United States. The operating line bearing interest rate is prime plus 1.25%.

(b) On May 9, 2016, a previous demand term loan was repaid and replaced with a $3.0 million committed term loan. This committed term loan matures on April 30, 2019. The Corporation made interest only payments until September 2017. Beginning in September 2017, the Corporation started making monthly principal payments, based on a five year amortization period. The loan bearing interest rate is prime plus 1.75% per year. Repayment of this loan is guaranteed by Export Development Canada ("EDC").

(c) On December 1, 2017, the banking facility agreement was amended to include a credit limit of $2.0 million to fund equipment required under contracts with customers where the subscription of the Corporation's software is bundled with the provision of oil and gas measurement and communication equipment. As at June 30, 2018, $0.9 million of the line of credit has been used. The loan bearing interest rate is prime plus 1.25% per year. The Corporation shall only make interest payments the first six months starting immediately after the first draw. After which, monthly payments of principal and interest are payable over a 36 month term not including the interest only period. Repayment of 75% of this loan is guaranteed by EDC.

The credit facility is secured by the following:

- A general security agreement creating a first-priority security interest in all present and future undertaking and personal property of the Corporation;
- Upstream guarantees from all material subsidiaries of the Corporation, secured by general security agreements and UCC filings as considered appropriate; and
- A guarantee from Export Development Canada (EDC) with respect to the $3.0 million and $2.0 million committed term loans.

The credit facility agreement requires adherence to certain financial covenants, including a Debt to Capitalization ratio not to exceed 0.38 to 1.00 and an Adjusted Debt Service ratio to exceed 1.10 to 1.00. As at June 30, 2018, the Corporation is in compliance with its financial covenants.

4. EARNINGS PER SHARE

Basic earnings per share for the three and six months period ended June 30, 2018 and 2017 is based on the net earnings attributable to shareholders, as reported in the consolidated statements of operations and comprehensive income (loss), and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three months period ended June 30, 2018 and 2017 is based on the net earnings attributable to shareholders as reported in the consolidated statements of operations and comprehensive income (loss) and basic weighted average number of common shares outstanding in the period adjusted for dilutive instruments:

	Three months ended		**Six months ended**	
	2018	2017	**2018**	2017
Weighted average of common shares				
Basic	**44,188,943**	58,651,681	**44,071,307**	58,500,326
Diluted	**44,188,943**	58,651,681	**44,071,307**	58,500,326

The average market value of the Corporation's shares for purposes of calculating the dilutive effect of deferred common shares was based on quoted market prices for the period during which the deferred common shares were outstanding. The following potential common shares were excluded from the weighted average number of common shares outstanding (diluted) for 2018 because they were antidilutive:

- 1,719,988 deferred common shares; and
- 189,608 shares reserved under the Employee Share Purchase Plan.

5. REVENUE

	Three months ended June 30,		**Six months ended June 30,**	
($ thousands)	**2018**	2017	**2018**	2017
Cloud based software	**1,983**	1,918	**4,015**	3,811
Software based services	**1,900**	2,360	**3,743**	4,496
Measurement services	**1,940**	2,229	**3,804**	4,660
Equipment and other revenue	**1,067**	1,122	**2,098**	2,302
	6,890	7,629	**13,660**	15,269

Cloud based software is reasonably expected to be continually provided to clients on a recurring periodic basis. This would include subscription revenue for software.

Software based services are provided to clients based on a per occurrence charge. This would include the implementation of cloud based software and monthly recurring services inclusive of gas chart integration and production and financial accounting.

Measurement services are non-software based services reasonably expected to be provided on a recurring periodic basis. This would include gas and liquid laboratory services, certification and proving, and gas measurement field services.

Equipment and other revenue are viewed as one-time in nature. This would include equipment sales, and fabrication projects.

CRITICAL CONTROL

6. EXPENSES BY NATURE

The Corporation presents certain expenses in the consolidated statements of operations and comprehensive income (loss) by function. The following table presents those expenses by nature:

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2018**	2017	**2018**	2017
Expenses				
Salaries, subcontractors, and benefits	**4,077**	4,167	**8,117**	8,478
Material and supplies	**836**	970	**1,707**	1,859
External services and facilities	**1,695**	1,639	**3,321**	3,317
Share-based payment	**21**	36	**35**	70
	6,629	6,812	**13,180**	13,724
Allocated to:				
Operating expense	**4,039**	4,133	**8,108**	8,250
General and administrative	**2,233**	2,343	**4,334**	4,789
Research and development	**357**	336	**738**	685
	6,629	6,812	**13,180**	13,724
Foreign exchange				
Foreign exchange - realized	**45**	(1)	**62**	(18)
Foreign exchange - unrealized	**(429)**	441	**(925)**	566
	(384)	440	**(863)**	548
Finance costs				
Bank related charges	**58**	99	**119**	222
Interest on bank indebtedness	**39**	101	**75**	131
Interest on long-term debt	**70**	95	**136**	206
	167	295	**330**	559

7. OTHER EXPENSES

	Three months ended June 30,		Six months ended June 30,	
($ thousands)	**2018**	2017	**2018**	2017
Termination benefits	**355**	-	**357**	10
Other	**50**	(17)	**50**	(17)
	405	(17)	**407**	(7)

CRITICAL CONTROL

8. SEGMENTED INFORMATION

The following presents the results of Critical Control's operating segments:

Three months ended June 30, ($ thousands)	**Software 2018**	Software 2017	**Field Services 2018**	Field Services 2017	**Corporate 2018**	Corporate 2017	**Total 2018**	Total 2017
Revenue								
Cloud based software	**1,983**	1,918	**-**	-	**-**	-	**1,983**	1,918
Software based services	**1,900**	2,360	**-**	-	**-**	-	**1,900**	2,360
Measurement services	**-**	-	**1,940**	2,229	**-**	-	**1,940**	2,229
Equipment and other revenue	**45**	59	**1,022**	1,063	**-**	-	**1,067**	1,122
	3,928	4,337	**2,962**	3,292	**-**	-	**6,890**	7,629
Expenses								
Operating expense	**1,556**	1,581	**2,483**	2,552	**-**	-	**4,039**	4,133
Research and development	**357**	336	**-**	-	**-**	-	**357**	336
Depreciation and amortization	**600**	557	**264**	221	**-**	-	**864**	778
Loss on sale of asset	**4**	4	**-**	-	**-**	-	**4**	4
	2,517	2,478	**2,747**	2,773	**-**	-	**5,264**	5,251
	1,411	1,859	**215**	519	**-**	-	**1,626**	2,378
General and administrative	**-**	-	**-**	-	**2,233**	2,343	**2,233**	2,343
Foreign exchange	**-**	-	**-**	-	**(384)**	440	**(384)**	440
Other expenses	**-**	-	**-**	-	**405**	(17)	**405**	(17)
Finance costs	**-**	-	**-**	-	**167**	295	**167**	295
Income taxes	**-**	-	**-**	-	**534**	(283)	**534**	(283)
Net income (loss)	**1,411**	1,859	**215**	519	**(2,955)**	(2,778)	**(1,329)**	(400)
Purchase of property, equipment, and intangible assets	**613**	411	**-**	-	**-**	-	**613**	411

Six months ended June 30, ($ thousands)	**Software 2018**	Software 2017	**Field Services 2018**	Field Services 2017	**Corporate 2018**	Corporate 2017	**Total 2018**	Total 2017
Revenue								
Cloud based software	**4,015**	3,811	**-**	-	**-**	-	**4,015**	3,811
Software based services	**3,743**	4,496	**-**	-	**-**	-	**3,743**	4,496
Measurement services	**-**	-	**3,804**	4,660	**-**	-	**3,804**	4,660
Equipment and other revenue	**165**	165	**1,933**	2,137	**-**	-	**2,098**	2,302
	7,923	8,472	**5,737**	6,797	**-**	-	**13,660**	15,269
Expenses								
Operating expense	**3,135**	3,244	**4,973**	5,006	**-**	-	**8,108**	8,250
Research and development	**738**	685	**-**	-	**-**	-	**738**	685
Depreciation and amortization	**1,177**	1,077	**492**	374	**-**	-	**1,669**	1,451
Loss on sale of asset	**(1)**	4	**-**	-	**-**	-	**(1)**	4
	5,049	5,010	**5,465**	5,380	**-**	-	**10,514**	10,390
	2,874	3,462	**272**	1,417	**-**	-	**3,146**	4,879
General and administrative	**-**	-	**-**	-	**4,334**	4,789	**4,334**	4,789
Foreign exchange	**-**	-	**-**	-	**(863)**	548	**(863)**	548
Other expenses	**-**	-	**-**	-	**407**	(7)	**407**	(7)
Finance costs	**-**	-	**-**	-	**330**	559	**330**	559
Income taxes	**-**	-	**-**	-	**340**	(558)	**340**	(558)
Net income (loss)	**2,874**	3,462	**272**	1,417	**(4,548)**	(5,331)	**(1,402)**	(452)
Purchase of property, equipment, and intangible assets	**1,506**	1,304	**-**	-	**-**	-	**1,506**	1,304