



## CRITICAL CONTROL ANNOUNCES PROPOSED PLAN OF ARRANGEMENT

**CALGARY, ALBERTA, April 9, 2019** – Critical Control Energy Services Corp. (“**Critical Control**” or the “**Company**”) (formerly TSX: CCZ; TSX: CCZ.PR.A) is pleased to announce that it has entered into an arrangement agreement with 2209021 Ontario Inc. (“**Numberco**”) and Alykhan Mamdani (“**Mamdani**”) providing for the re-arrangement and re-organization of the ownership structure of Critical Control (the “**Agreement**”).

### Summary of the Arrangement

Pursuant to the Agreement, Critical Control will offer to its shareholders, by way of a statutory plan of arrangement under the *Business Corporations Act* (Alberta) (the “**Arrangement**”):

- the election to have their Common shares (the “**Common Shares**”): (A) purchased by Critical Control for the price of \$0.08 per Common Share; or (B) consolidated on the basis of one (1) post-Arrangement Common Share (the “**New Common Shares**”) for every five and one quarter (5.25) pre-Arrangement Common Shares (the “**Common Share Exchange**”); and
- the election to have their Series A Preferred shares (the “**Preferred Shares**”): (A) purchased by Critical Control for the price of \$0.42 per Preferred Share; or (B) converted to Common Shares on the basis of two (2) New Common Shares for every one (1) Preferred Share; or (C) exchanged for a newly created class of Series B Preferred Shares (the “**New Preferred Shares**”) on the basis of one (1) New Preferred Share for every one (1) Preferred Share. Each New Preferred Share can be converted to a New Common Share at any time, upon written notice to Critical Control from the holder of such New Preferred Share. The New Preferred Shares can be redeemed by the Company at any time by payment of \$2.00 per New Preferred Share plus accrued and unpaid dividends on the New Preferred Shares. In addition, existing accrued and unpaid dividends on the existing Series A Preferred shares and dividends on the New Preferred Shares for the next 36 months are waived and 8% dividends will be accrued thereafter.

Pursuant to an odd lot repurchase provision, shareholders who hold less than 500 New Preferred Shares or 500 New Common Shares after the Arrangement will have such shares purchased by the Company for \$0.42 per New Common Share (\$0.08 per pre-consolidated Common Share) and \$0.42 per New Preferred Share, as applicable.

### Benefits of the Arrangement

The proposed Arrangement offers a number of benefits to the shareholders of Critical Control, including the following:

- a simplified ownership structure of Critical Control;
- an opportunity for shareholders of Critical Control to receive cash consideration, if desired, for their Common Shares and/or Preferred Shares; and



- providing a capital structure to enable Critical Control to be in a better position to obtain equity and debt financing as required, which the board of the Company (the “**Board**”) determines is in the best interests of the Company.

### **Further Details about the Arrangement and the Agreement**

Immediately prior to the Arrangement, Critical Control will undertake a “private placement” in the aggregate of \$1,200,000 whereby Mamdani and Numberco will, jointly and severally, subscribe for Preferred Shares equal to the number of Preferred Shares that will be redeemed by the Company in respect of the Arrangement and that number of Common Shares such that the consideration paid for the Common Shares and Preferred Shares subscribed for is in aggregate \$1,200,000 (the “**Financing**”).

In respect of the Financing, Critical Control has agreed to pay a commitment fee to Numberco, being the issuance of an aggregate of 1,250,000 Common Shares (the equivalent of 238,095 New Common Shares) with an aggregate deemed value of \$100,000 (\$0.08 per Common Share), which fee shall be paid via the issuance of Common Shares to Numberco immediately following the annual and special meeting of the shareholders of Critical Control (the “**Meeting**”), such fee to be paid to Numberco regardless of whether the Arrangement is approved or rejected at the Meeting.

Mamdani is a director, the President & Chief Executive Officer and acting Chief Financial Officer of the Company. Numberco is a ‘control person’ of the Company as defined in securities laws as it beneficially owns or exercises control or direction over 12,352,182 Common Shares, representing approximately 27.76% of the issued and outstanding Common Shares of Critical Control on a non-diluted basis.

Furthermore, the Agreement contains representations and warranties for the benefit of Critical Control, Mamdani and Numberco, conditions relating to shareholder, court and regulatory approvals, material adverse changes and compliance with the Agreement, as are in each case customary in comparable transactions of this nature. In addition, the Agreement includes a condition that Critical Control will have entered into a number of “lock-up agreements” with holders of Preferred Shares which will result in, at minimum, 600,000 Preferred Shares being converted into Common Shares by such holders of Preferred Shares under the Arrangement.

### **Special Committee and Advisors**

The Board has formed a special committee (the “**Special Committee**”) of independent directors to review, assess and evaluate the fairness of the Arrangement, review and assess the propriety and fairness of the Financing and oversee the preparation of a formal independent fairness opinion of the Arrangement (the “**Fairness Opinion**”).

Deloitte LLP is acting as exclusive financial advisor to the Special Committee in connection with the proposed Arrangement. Deloitte will be providing the Fairness Opinion to determine if the Arrangement is fair to the shareholders from a financial point of view.



## **Conditions and Shareholder Meeting**

Critical Control is subject to Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). MI 61-101 provides that, in certain circumstances, where a “related party” (as defined in MI 61-101) of an issuer is entitled to receive a “collateral benefit” (as defined in MI 61-101) in connection with a transaction such as the Arrangement, such transaction may be considered a “business combination” for the purposes of MI 61-101 and subject to minority shareholder approval requirements.

Completion of the Arrangement will be subject to the approval, at the Meeting, of at least: (a) 66⅔% of the votes cast by the holders of Common Shares and the holders of Preferred Shares, each voting separately as a class, voting in favour of the Arrangement; and (b) subject to the simple majority of the votes cast by the holders of Common Shares and the holders of Preferred Shares, each voting separately as a class, voting in favour of the Arrangement, excluding for this purpose, votes attached to the Common Shares and Preferred Shares held by each of Numberco and Mamdani. The Meeting is currently scheduled to take place on May 27, 2019 in Calgary, Alberta.

The Board has approved the Arrangement and the Agreement. The Board believes that the Arrangement is in the best interests of the Company and has agreed to recommend that its shareholders vote to approve the Arrangement at the Meeting.

Further details regarding the Arrangement will be contained in a management information circular (the “**Information Circular**”) to be sent to Critical Control shareholders in connection with the Meeting. The Information Circular is expected to be mailed to holders of Common Shares and Preferred Shares on or about April 23, 2019. All Critical Control shareholders are urged to read the Information Circular once available as it will contain additional important information concerning the Arrangement. The Information Circular will be available electronically on the Company’s SEDAR profile at [www.sedar.com](http://www.sedar.com) shortly following the mailing of the Information Circular.

The Arrangement is conditional upon the approval of the Court of Queen’s Bench of Alberta. Further particulars of the Meeting, the Arrangement and the Agreement will be communicated to Critical Control shareholders in due course.

It is expected that the Arrangement will be completed by June 30, 2019. There can be no assurance that the Arrangement will be completed as proposed or at all.

This announcement is for informational purposes only and does not constitute an offer to purchase, a solicitation of an offer to sell any shares or a solicitation of a proxy.

## **About Critical Control**

Critical Control provides solutions for the collection, control and analysis of measurement and operational data related to oil and gas wells across North America. It provides 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.



**CRITICAL  
CONTROL**

Critical Control Energy Services Corp.

## **For Further Information**

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President & CEO  
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## **Cautionary Note Regarding Forward-Looking Statements**

*Certain disclosures in this release constitute forward-looking statements, including: obtaining Critical Control shareholder and final court approval of the Arrangement and timing and completion of the Arrangement. In making the forward-looking statements in this release, Critical Control has applied certain factors and assumptions that are based on its current beliefs as well as assumptions made by and information currently available to it. Although Critical Control considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect, and the forward-looking statements in this release are subject to numerous risks, uncertainties and other factors that may cause future results to differ materially from those expressed or implied in such forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements. Critical Control does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.*