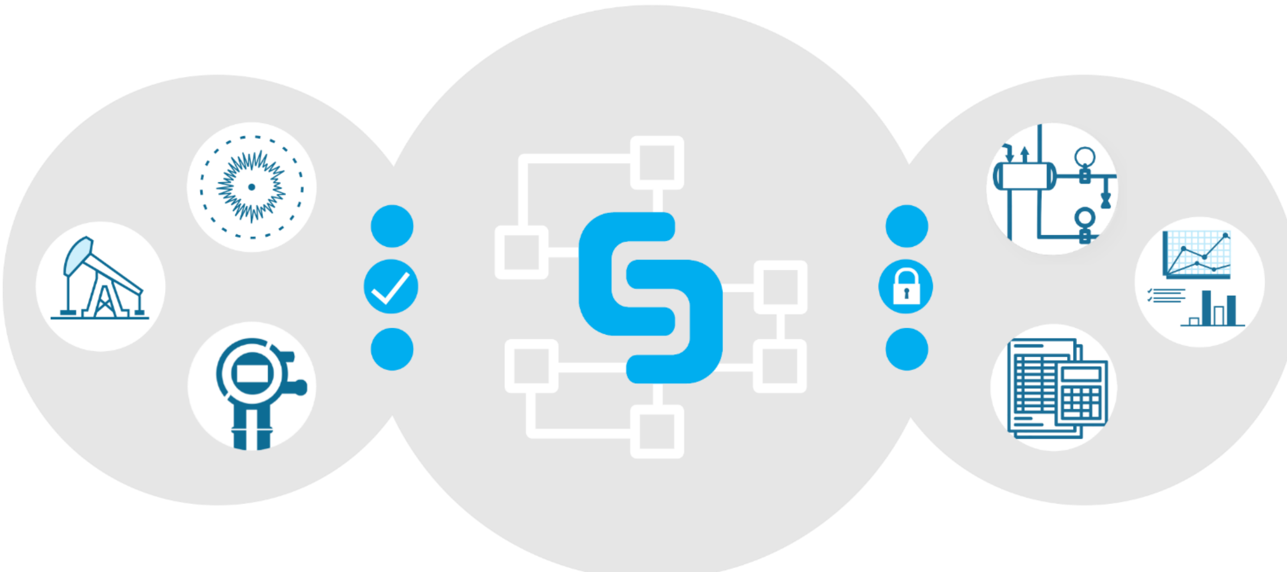

Q1 2019

Condensed Consolidated Interim Financial Statements

Critical Control Energy Services Corp.

March 31, 2019

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		**March 31,**	December 31,
($ thousands) - unaudited	Note	**2019**	2018
Assets			
Current assets			
Cash and cash equivalents		**860**	630
Accounts receivable		**4,387**	4,737
Inventory		**1,289**	1,379
Prepaid expenses and deposits		**533**	1,079
		7,069	7,825
Deposits		**265**	343
Property and equipment		**4,227**	2,353
Intangible assets and goodwill		**6,110**	6,228
		17,671	16,749
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**3,189**	3,727
Deferred revenue		**725**	873
Factoring facility	4	**2,830**	2,801
Current portion of lease liabilities	5	**705**	-
Current portion of long-term debt	4	**82**	-
Current portion of deferred lease inducements		**-**	12
		7,531	7,413
Lease liabilities	5	**1,482**	-
Long-term debt	4	**6,615**	6,825
Deferred lease inducements		**-**	29
		15,628	14,267
Shareholders' Equity			
Common shares		**29,817**	29,815
Preferred shares and warrants		**4,105**	4,105
Contributed surplus		**1,487**	1,487
Accumulated other comprehensive income		**1,551**	1,221
Deficit		**(34,917)**	(34,146)
		2,043	2,482
		17,671	16,749
Subsequent events	11		

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
For the three months ended March 31,

($ thousands, except per share amounts) - unaudited	Note	2019	2018
Revenue	7	**6,229**	6,770
Expenses			
Operating expense	8	**3,425**	4,069
General and administrative	8	**1,480**	2,101
Research and development		**305**	381
Foreign exchange	8	**395**	(479)
Depreciation and amortization		**693**	805
Gain on sale of property and equipment		**-**	(5)
Other expenses	9	**197**	2
		(266)	(104)
Finance costs	8	**505**	163
Loss before income taxes		**(771)**	(267)
Income tax recovery		**-**	(194)
Net loss		**(771)**	(73)
Other comprehensive income (loss)			
Foreign currency translation adjustment, net of tax		**330**	(31)
		330	(31)
Total comprehensive loss		**(441)**	(104)
Loss per share			
Net loss			
Basic / Diluted		**(0.02)**	(0.00)

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDED STATEMENTS OF CHANGES IN EQUITY

For the three months ended March 31, 2019 and 2018

($ thousands) - unaudited

	Common shares	Preferred shares and warrants	Contributed surplus	Accumulated other comprehensive income	Deficit	Total equity
Balance at December 31, 2018	**29,815**	**4,105**	**1,487**	**1,221**	**(34,146)**	**2,482**
Comprehensive income (loss)	**-**	**-**	**-**	**330**	**(771)**	**(441)**
Shares issued from treasury under employee share purchase plan	**2**	**-**	**(2)**	-	-	**-**
Share-based payments	**-**	**-**	**2**	**-**	**-**	**2**
Balance at March 31, 2019	**29,817**	**4,105**	**1,487**	**1,551**	**(34,917)**	**2,043**
Balance at December 31, 2017	29,685	4,105	1,645	1,885	(14,735)	22,585
Comprehensive loss	-	-	-	(31)	(73)	(104)
Preferred share dividend	**-**	**-**	**-**	**-**	(86)	(86)
Employee share purchase plan proceeds	-	-	1	-	-	1
Shares issued from treasury under employee share purchase plan	4	-	(4)	-	-	**-**
Share-based payments	-	-	16	-	-	16
Balance at March 31, 2018	29,689	4,105	1,658	1,854	(14,894)	22,412

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31,

($ thousands) - unaudited	Note	2019	2018
Cash provided by (used in)			
Operating activities			
Net loss		**(771)**	(73)
Adjustments for:			
Depreciation and amortization		**693**	805
Gain on sale of property and equipment		**-**	(5)
Foreign exchange	8	**395**	(479)
Finance costs	8	**505**	163
Income tax recovery		**-**	(194)
Share-based payments		**2**	16
Income taxes paid		**-**	(18)
Interest paid		**(151)**	(27)
Cash provided by operations before change in non-cash working capital balances		**673**	188
Change in non-cash working capital balances		**(76)**	932
		597	1,120
Investing activities			
Purchases of property and equipment		**(8)**	(335)
Additions to product development costs		**(100)**	(424)
Proceeds on sale of property and equipment		**-**	(14)
		(108)	(773)
Financing activities			
Proceeds from employee share purchase plan		**-**	1
Proceeds from bank indebtedness		**-**	4,202
Repayment of bank indebtedness		**-**	(4,298)
Proceeds from Factoring Facility		**4,564**	-
Repayment of Factoring Facility		**(4,535)**	-
Proceeds from long-term debt		**-**	222
Repayment of long-term debt		**-**	(94)
Preferred share dividends		**-**	(86)
Repayments of lease liabilities	5	**(269)**	-
		(240)	(53)
Effect of translation of foreign currency cash		**(19)**	(3)
Net increase in cash		**230**	291
Cash and cash equivalents, beginning of period		**630**	287
Cash and cash equivalents, end of period		**860**	578

(See Notes to the Condensed Consolidated Interim Financial Statements)

CRITICAL CONTROL

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 - UNAUDITED

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. Prior to voluntary delisting on February 28, 2019, Critical Control was a publicly-traded company listed on the Toronto Stock Exchange ("TSX") under symbols "CCZ" and "CCZ.PR.A".

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 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") and the interpretations of the IFRS Interpretations Committee ("Interpretations Committee") in effect as at January 1, 2019. These condensed consolidated interim financial statements were prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting as at and for the three month period ended March 31, 2019. These condensed consolidated interim financial statements were authorized for issuance by the Board of Directors on May 21, 2019.

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, 2018, with the exception of the adoption of IFRS 16 – Leases as discussed below. These condensed consolidated interim financial statements do not contain all of the disclosures required for the annual consolidated financial statements and as a result, should be read in conjunction with the Corporation's previous annual consolidated financial statements for the year-ended December 31, 2018.

Basis of measurement:

The condensed consolidated interim financial statements have been prepared on the historical cost basis, except for certain financial instruments measured at their fair value.

Functional and presentation currency:

The condensed consolidated interim 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 in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues, and expenses. Actual results may differ from these estimates. The Corporation has applied estimates and judgments on a basis consistent with the prior year.

3. NEW STANDARDS AND INTERPRETATIONS ADOPTED:

IFRS 16 - Leases

IFRS 16 replaces the previous guidance on lease recognition under IAS 17 and establishes principles for recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. The new standard brings most leases on to the statement of financial position for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, will remain largely unchanged. The amendments were effective for annual periods beginning on or after January 1, 2019, with early application permitted if IFRS 15 – Revenue from Contracts with Customers, had also been applied.

<u>Adoption</u>

The Corporation adopted IFRS 16 effective January 1, 2019 using a modified retrospective approach whereby the consolidated financial statements of prior periods presented were not restated and continue to be reported under IAS 17 and related interpretations, as permitted by the specific transition provisions of IFRS 16.

The Corporation recognized lease liabilities at January 1, 2019 for leases previously classified as operating leases, measured at the present value of lease payments using the Corporation's incremental borrowing rate at that date. Property and equipment includes the corresponding right-of-use assets also recognized at January 1, 2019. The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid lease payments and lease incentives relating to that lease recognized in the consolidated statement of financial position as at December 31, 2018.

As permitted by IFRS 16, the Corporation elected not to recognize lease liabilities and right-of-use assets for short-term leases and leases of low value assets which will continue to be expensed on a straight-line basis over the lease term. The following practical expedients to facilitate the initial adoption of IFRS 16 have also been applied:

- The lease definition was grandfathered for existing contracts on transition. The definition of a lease under IFRS 16 was applied to existing contracts at January 1, 2019;
- Each lease component and any associated non-lease components are accounted for as a single lease component;
- A single incremental borrowing rate is applied to a portfolio of leases with similar characteristics;
- Right-of-use assets and lease liabilities were not recognized for leases with a remaining term of 12 months or less as of January 1, 2019; and
- Hindsight was used when determining the lease term when the lease contracts contain options to extend or terminate the lease.

The following table summarizes the impacts of adopting IFRS 16 at January 1, 2019:

	January 1, 2019 prior to adoption of IFRS 16	Adjustments	**January 1, 2019 after adoption of IFRS 16**
Deposits	343	(78)	**265**
Property and equipment	2,353	2,407	**4,760**
Deferred lease inducements	41	(41)	**-**
Lease liabilities	-	2,370	**2,370**

The following table reconciles the operating lease commitments at December 31, 2018 as disclosed in the audited consolidated financial statements to the lease liabilities recognized on initial application of IFRS 16 at January 1, 2019:

Operating lease commitments at December 31, 2018	**3,065**
Discounted using the incremental borrowing rate of 15% at January 1, 2019	**2,301**
Recognition exemption for short-term leases	**(14)**
Extension options reasonably certain to be exercised	**83**
Lease liabilities recognized at January 1, 2019	**2,370**

Accounting policy

The following accounting policy applies as of January 1, 2019 following the adoption of IFRS 16. Prior to January 1, 2019, the Corporation continued to apply IAS 17 and related interpretations as disclosed in the audited annual consolidated financial statements as at and for the year-ended December 31, 2018, as permitted by the specific transition provisions of IFRS 16.

The Corporation enters into leases for office space and office equipment in the normal course of business which expire at various times through 2024. Lease contracts are typically made for fixed periods and there are no significant renewal or purchase options included. Leases are negotiated on an individual basis and each contain different terms and conditions. The Corporation does not have any contingent rental or sublease payments, nor any sublease income.

The Corporation assesses whether a contract contains a lease at the inception of a contract. A lease contract conveys the right to control the use of an identified asset for a period in exchange for consideration. Lease liabilities are recognized with corresponding right-of-use assets for all lease agreements, except for short-term leases with terms of 12 months or less and leases of low value assets, which are expensed on a straight-line basis over the lease term. Consideration in a contract is allocated to lease and non-lease components on a relative stand-alone value basis. Lease components and any associated non-lease components are accounted for as a single lease component.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Corporation's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. A single incremental borrowing rate is applied to a portfolio of leases with similar characteristics. Lease payments included in the measurement of the lease liability comprise fixed (and in-substance fixed) lease payments, less any lease incentives, variable lease payments that depend on an index or rate, and payments expected under residual value guarantees and payments relating to purchase options and renewal option periods that are reasonably certain to be exercised (or periods subject to termination options that are not reasonably certain to be exercised).

Lease liabilities are subsequently measured at amortized cost using the effective interest method. Lease liabilities are remeasured, with a corresponding adjustment to the related right-of-use assets, when there is a change in variable lease payments arising from a change in an index or rate, or when the Corporation changes the assessment of whether to exercise renewal or termination options.

Right-of-use assets are measured at cost, comprised of the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date and any initial direct costs. They are subsequently depreciated on a straight-line basis and reduced by impairment losses, if any. Right-of-use assets may also be adjusted to reflect the remeasurement of related lease liabilities. The right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the underlying asset or the end of the lease term.

Variable lease payments that do not depend on an index or rate are not included in the measurement of lease liabilities and right-of-use assets. The related payments are expensed in operating costs in the period in which the event or condition that triggers those payments occurs.

Estimates and judgements

The application of IFRS 16 requires the Corporation to make judgments and estimates that affect the measurement of right-of-use assets and lease liabilities. In determining the lease term, all facts and circumstances that create an economic incentive to exercise renewal options (or not exercise termination options) are considered. Assessing whether a contract includes a lease also requires judgment. Estimates are required to determine the appropriate discount rate used to measure lease liabilities.

4. FACTORING FACILITY AND LONG-TERM DEBT

As at		**March 31,**	December 31,
($ thousands)	**Note**	**2019**	2018
Term Loan	a	**6,697**	6,825
Factoring Facility	b	**2,830**	2,801
		9,527	9,626
Current portion			
Factoring Facility		**2,830**	2,801
Term Loan		**82**	-
Long-term portion of Term Loan		**6,615**	6,825
		9,527	9,626

On November 14, 2018, the Corporation closed a credit facility agreement with a new lender. Significant details of the facility are summarized below.

(a) A $7.0 million non-revolving term loan ("Term Loan") maturing three years after the closing date. The Term Loan is interest only until December 31, 2019 at which time principal payments thereafter will be calculated based on 80% of free cash flow reported for the second preceding month, the first payment which is due in March 2020. The Term Loan bears interest at a rate of 15% and is payable on the last day of each month. The interest rate is reduced to 13.5% if the debt to EBITDA ratio, calculated on a trailing twelve month basis, is less than 2.75 to 1.00 at the end of a fiscal quarter, and is increased by 3% if amounts are not paid when due.

An interest reserve equal to nine months of interest and a default reserve equal to three months of interest were withheld from the amount advanced and have been included in prepaid expenses and deposits. Interest payments for the first nine months are applied against the interest reserve and the default reserve is returned upon repayment of the Term Loan.

After considering the timing of repayments and transaction costs of $0.3 million incurred to finance the Term Loan, the effective interest rate is 18.29%.

(b) An accounts receivable factoring agreement ("Factoring Facility") up to a maximum of $4.4 million which is the total of the Corporation's trade accounts receivable at March 31, 2019 (December 31, 2018 - $4.7 million). The fees charged under the factoring agreement are (i) an initial discount fee of 1.50%; (ii) a further daily discount fee of 0.05% on any unpaid amounts in which more than 30 days have elapsed from the factoring of the individual accounts receivable; (iii) monthly monitoring fee of $4 thousand. Under the factoring agreement, a reserve is withheld from the factoring purchase price in the amount of 10% for the individual accounts receivable 0-121 days based on the face value and is returned to the Corporation upon collection of the individual accounts receivable.

Under the terms of the factoring agreement, the Corporation is not permitted to amend payment terms relating to any trade accounts receivable or the lender may require immediate repayment of the accounts receivable or charge a further discount of 5% for every 30 days in which payment terms were extended. Should any customer dispute occur, or a customer fail to pay within 120 days from the invoice date, the individual accounts receivable must be repurchased from the factoring corporation at their request for a price equal to the outstanding amount. When the Corporation is obliged to re-purchase an individual accounts receivable, a daily discount fee of 0.05% will be incurred for each day that any portion of the individual accounts receivable remains unpaid.

The amounts owing under the agreement are secured by the Corporation's trade accounts receivable on which the lender has a first priority lien. As at March 31, 2019, the amounts advanced under this facility totaled $2.8 million (December 31, 2018 - $2.8 million). This arrangement is recorded as a financing from the lender and factoring costs are charged to operations as incurred.

After a period of one year from the closing date, the amounts may be repaid on 90 days' notice without penalty. The prepayment option represents an embedded derivative which should be separated from the host Term Loan, however had no value at March 31, 2019 or December 31, 2018.

The Term Loan and Factoring Facility are 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; and
- Upstream guarantees from all material subsidiaries of the Corporation.

The Term Loan and Factoring Facility require adherence to the following financial covenants:

- Current ratio to exceed 0.90 to 1.00 each quarter up to and including the quarter ended June 30, 2019 and exceed 1.00 to 1.00 thereafter;
- Commencing January 1, 2019, debt to EBITDA ratio not to exceed 4.00 to 1.00 each quarter up to and including the quarter ended December 31, 2019 and not to exceed 2.75 to 1.00 thereafter;
- Commencing January 1, 2019, debt service coverage ratio to exceed 1.00 to 1.00 each quarter; and
- Commencing January 1, 2019, interest coverage ratio to exceed 1.25 to 1.00 each quarter up to and including the quarter ended December 31, 2019 and exceed 1.75 to 1.00 thereafter.

On March 26, 2019, the Corporation and its lender entered into an amending agreement to revise the calculation of the debt to EBITDA ratio, debt service coverage ratio and interest coverage ratio. The revision is such that EBITDA or adjusted EBITDA as applicable for the quarters ended March 31, 2019 and June 30, 2019 are calculated based on each respective quarters annualized results opposed to the previous rolling four quarter basis.

As at March 31, 2019 and December 31, 2018, the Corporation was in compliance with its financial covenants. Based on the current financial forecasts, the Corporation expects to be in compliance with its amended financial covenants for fiscal 2019 and the first quarter ended March 31, 2020.

5. LEASE LIABILITIES

As at **($ thousands)**	**March 31,** **2019**
Balance, on adoption of IFRS 16 (Note 3)	**2,370**
Interest on lease obligations	**86**
Repayments of lease liabilities	**(269)**
Balance end of period	**2,187**
Current portion	**705**
Long-term portion	**1,482**
	2,187

The Corporation is committed to discounted minimum lease payments as follows:

As at **($ thousands)**	**March 31,** **2019**
Less than one year	**705**
Two to three years	**1,231**
Four to five years	**168**
Greater than five years	**83**
	2,187

6. EARNINGS PER SHARE

Basic earnings per share for the three months ended March 31, 2019 and March 31, 2018 is based on the net loss attributable to shareholders, as reported in the condensed consolidated interim statements of operations and comprehensive loss, and the weighted average number of common shares outstanding in the period.

Diluted earnings per share for the three months ended March 31, 2019 and March 31, 2018 is based on the net loss attributable to shareholders as reported in the condensed consolidated interim statements of operations and comprehensive loss and basic weighted average number of common shares outstanding in the period adjusted for dilutive instruments:

For the three months ended March 31,	2019	2018
Weighted average number of common shares		
Basic	**44,486,232**	44,047,780
Diluted	**44,486,232**	44,047,780

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 diluted weighted average number of common shares outstanding because they were antidilutive:

- 1,019,988 deferred common shares (March 31, 2018 - 1,576,635);
- 1,013,000 preferred shares warrants (March 31, 2018 - 1,013,000); and
- 330,188 shares reserved under the Employee Share Purchase Plan (March 31, 2018 - 227,568).

During the three months period ended March 31, 2019, 16,538 common shares were issued under the Employee Share Purchase Plan.

7. REVENUE

For the three months ended March 31, ($ thousands)	2019	2018
Cloud based software	**1,944**	2,032
Software based services	**1,667**	1,843
Measurement services	**1,718**	1,864
Equipment and other revenue	**900**	1,031
	6,229	6,770

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.

8. EXPENSES BY NATURE

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

For the three months ended March 31, ($ thousands)	**2019**	2018
Expenses		
Salaries, subcontractors, and benefits	**3,163**	3,659
Material and supplies	**682**	871
External services and facilities	**1,058**	1,624
Share-based payments	**2**	16
	4,905	6,170
Allocated to:		
Operating expense	**3,425**	4,069
General and administrative	**1,480**	2,101
	4,905	6,170
Foreign exchange		
Foreign exchange - realized	**5**	17
Foreign exchange - unrealized	**390**	(496)
	395	(479)
Finance costs		
Bank related charges	**6**	61
Interest on Factoring Facility	**121**	-
Facotoring Facility monitoring fees	**24**	-
Interest on bank indebtedness	**-**	36
Interest on lease obligations	**86**	-
Interest on long-term debt	**268**	66
	505	163

9. OTHER EXPENSES

For the three months ended March 31, ($ thousands)	**2019**	2018
Termination benefits	**177**	2
Other	**20**	-
	197	2

CRITICAL CONTROL

10. SEGMENTED INFORMATION

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

Three months ended March 31, ($ thousands)	Software 2019	Software 2018	Field Services 2019	Field Services 2018	Corporate 2019	Corporate 2018	Total 2019	Total 2018
Revenue								
Cloud based software	**1,944**	2,032	**-**	-	**-**	-	**1,944**	2,032
Software based services	**1,667**	1,843	**-**	-	**-**	-	**1,667**	1,843
Field service	**-**	-	**1,718**	1,864	**-**	-	**1,718**	1,864
Equipment and other revenue	**45**	120	**855**	911	**-**	-	**900**	1,031
	3,656	3,995	**2,573**	2,775	**-**	-	**6,229**	6,770
Expenses								
Operating expense	**1,337**	1,579	**2,088**	2,490	**-**	-	**3,425**	4,069
Research and development	**305**	381	**-**	-	**-**	-	**305**	381
Depreciation and amortization	**252**	577	**228**	228	**213**	-	**693**	805
Gain on sale of property and equipment	**-**	(5)	**-**	-	**-**	-	**-**	(5)
	1,894	2,532	**2,316**	2,718	**213**	-	**4,423**	5,250
	1,762	1,463	**257**	57	**(213)**	-	**1,806**	1,520
General and administrative	**-**	-	**-**	-	**1,480**	2,101	**1,480**	2,101
Foreign exchange	**-**	-	**-**	-	**395**	(479)	**395**	(479)
Other expenses	**-**	-	**-**	-	**197**	2	**197**	2
Finance costs	**-**	-	**-**	-	**505**	163	**505**	163
Income taxes	**-**	-	**-**	-	**-**	(194)	**-**	(194)
Net income (loss)	**1,762**	1,463	**257**	57	**(2,790)**	(1,593)	**(771)**	(73)
Purchase of property, equipment, and intangible assets	**108**	759	**-**	-	**-**	-	**108**	759

11. SUBSEQUENT EVENTS

On April 5, 2019, the Corporation entered into an agreement, amended April 16, 2019, for the re-arrangement and re-organization of the ownership structure of the Corporation ("Plan of Arrangement"). Subject to approval by the common and preferred shareholders, under the Plan of Arrangement, the Corporation will offer to its common and preferred shareholders:

- **Common shareholders** the election to have their common shares purchased by the Corporation for the price of CAD$0.08 per common share or consolidated on the basis of one post-Plan of Arrangement common share ("New Common Shares") for every five and one quarter pre-Plan of Arrangement common share ("Common Shares"); and
- **Preferred shareholders** the election to have their series A preferred shares ("Preferred Shares") purchased by the Corporation for the price of CAD$0.42 per preferred share, converted to common shares on the basis of two New Common Shares for every one Preferred Share, or exchanged for a newly created class of series B preferred shares (the "New Preferred Shares") on the basis of one New Preferred Share for every one Preferred Share. Each New Preferred Share can be converted to a New Common Share at any time, upon written notice to the Corporation from the holder of such New Preferred Share. The New Preferred Shares can be redeemed by the Company at any time by payment of CAD$2.00 per New Preferred Share plus accrued and unpaid dividends on the New Preferred Shares. As consideration for the exercise feature, existing accrued and unpaid dividends on the existing Preferred Shares and dividends on the New Preferred Shares for the next 36 months are waived. 8% dividends will be accrued thereafter to the New Preferred Shares.

Immediately prior to the Plan of Arrangement, the Corporation will undertake a "private placement" in the aggregate of CAD$1,400,000 whereby two current shareholders, including the Corporations' CEO, subscribe to Preferred Shares equal to the number of Preferred Shares that will be redeemed by the Corporation in respect of the Plan of Arrangement and that number of Common Shares such that the consideration paid for the Common Shares and Preferred Shares subscribed for up to an aggregate of CAD$1,400,000 (the "Financing"). In respect of the Financing, the Corporation has agreed to pay a commitment fee, being the issuance of an aggregate of 1,250,000 Common Shares with a deemed value of CAD$100,000 and for each dollar of additional Financing above $1,200,000, the issuance of Common Shares on a pro rata basis at $0.0833 per Common Share. Such fee is to be paid regardless of whether the Plan of Arrangement is completed.

On May 16, 2019, the Corporation issued the 330,188 shares reserved at March 31, 2019 under the Employee Share Purchase Plan. The total number of issued and outstanding common shares of the Corporation is 44,824,327 as at May 21, 2019.