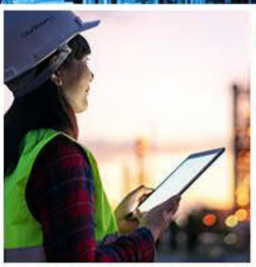
ClearStream



FIRST QUARTER

2021

Helping Customers
Bring Resources to Our world.

ClearStream Announces First Quarter 2021 Financial Results

New project awards and contract renewals total $176 million during the first four months of 2021

Calgary, Alberta (May 6, 2021) – ClearStream Energy Services Inc. ("ClearStream" or the "Company") (TSX: CSM) today announced its results for the three months ended March 31, 2021. All amounts are in Canadian dollars and expressed in thousands of dollars unless otherwise noted.

"EBITDAS" and "Adjusted EBITDAS" are not standard measures under IFRS. Please refer to the Advisory regarding Non-Standard Measures at the end of this press release for a description of these items and limitations of their use.

"We delivered a solid first quarter in 2021 as the recovery that commenced in the second half of 2020 extended into the first quarter of 2021. We continued to see our business stabilize as revenues in the first quarter were similar to the fourth quarter of 2020. However, gross profit margins improved compared to the first quarter of 2020 due to aggressive cost management to right size the organization and adapt to market demand," said Yves Paletta, Chief Executive Officer.

"While our customers remain cautious, the continued improvement in oil and natural gas prices during the first quarter of 2021 and the rollout of vaccinations provide for a more optimistic outlook for our sector. We have seen an increase in bidding activity due to our service offerings aligning with current market needs, resulting in a strong win rate as evidenced by the $176 million of new awards and contract renewals secured during the first four months of 2021. We believe that activity levels will continue to recover in the second half of 2021," added Mr. Paletta.

HIGHLIGHTS

- Revenues for the three months ended March 31, 2021 were $82.2 million, representing a decrease of $44.6 million or 35.2% from Q1 2020 and a decrease of $2.3 million or 2.7% from Q4 2020.
- Gross profit margin for the three months ended March 31, 2021 was 9.8%, as compared to 7.2% in Q1 2020 and 9.9% in Q4 2020.
- Adjusted EBITDAS for the three months ended March 31, 2021 was $2.2 million, representing a decrease of $0.5 million or 16% from Q1 2020 and an increase of $0.5 million or 340% from Q4 2020.
- Selling, general and administrative expenses for the three months ended March 31, 2021 were $6.0 million, representing a decrease of $0.5 million or 8.8% from Q1 2020 and a decrease of $1.9 million or 24% from Q4 2020.
- Liquidity remained strong with total cash and available credit facilities of $66.2 million at March 31, 2021, down from $71.7 million at December 31, 2020 due to a reduction in the maximum borrowing base under the asset-based lending facility effective March 23, 2021.
- New project awards and contract renewals were $135 million for the three months ended March 31, 2021 and approximately $41 million for the month of April 2021. Approximately 60% of that work will be completed in 2021 with the balance scheduled for 2022-2025.

<u>Maintenance and Construction Services</u>

Activity levels for maintenance and construction services in the first quarter were similar to the fourth quarter of 2020, as public health measures to limit the spread of the virus remained in place. Revenues from maintenance and construction services in Q1 2021 were 4.6% lower than Q4 2020 and 35.8% lower than Q1 2020, which was largely unaffected by the pandemic.

With the continuing recovery in world oil prices combined with on-going strength in North American natural gas prices, bidding activity for new work accelerated towards the end of 2020 and has continued to be very active in 2021. We remain focused on consolidating various scopes of work with existing customers by adding additional services to enable more efficient execution and lower costs for our customers on each work site.

During the first quarter, we established a joint venture with Christina River Enterprises, the business entity of the Fort McMurray #468 First Nation, to provide heavy equipment operators in North Eastern Alberta. This joint venture will leverage the experience and strengths of both parties for mutual benefit and growth, and further position us as a leading service provider of heavy equipment operators.

Wear Technology Overlay Services

In 2020, activity levels for wear technology overlay services remained well below historical levels as customers scaled back their production output and spending on consumables in response to weak oil prices. We saw a modest increase in activity in Q1 2021 with revenues up 13.2% from Q4 2020. With the recovery in world oil prices, we are seeing customers increase their production outlook for 2021, which should result in an increase in demand for wear technology overlay services.

Environmental Services

We are actively pursuing opportunities with our customers to secure funding under the federal and provincial programs for the closure and reclamation of oil and gas wells, pipelines and facilities in British Columbia, Alberta and Saskatchewan. We expect the pace at which funding under these programs is released to accelerate in 2021. In addition, we are seeing oil and gas companies increase their own expenditures for reclamation and remediation activities.

To accelerate our turnkey asset retirement solution and better support our customers, on February 1, 2021, ClearStream re-branded its environmental services offering as Flint Environmental Services. The combination of our environmental specialists and project managers together with Flint's personnel operating through its extensive network of facilities in Western Canada, has added value to our integrated full-service offering, as evidenced by the corresponding increase in activity levels in Q1 2021 with revenues up more than 50% from Q4 2020.

FIRST QUARTER 2021 FINANCIAL RESULTS

($ millions, except per share amounts)	Three months ended March 31,		
	2021	**2020**	**% Change**
Revenue			
Maintenance and Construction Services	74.0	115.3	(35.8)%
Wear Technology Overlay Services	8.6	11.8	(27.2)%
Total	82.2	126.8	(35.2)%
Gross Profit			
Maintenance and Construction Services	5.9	6.7	(12.1)%
Wear Technology Overlay Services	2.2	2.4	(11.8)%
Total	8.0	9.1	(12.0)%
% of revenue	9.8 %	7.2 %	35.7 %
Selling, general and administrative expenses	6.0	6.5	(8.8)%
% of revenue	7.3 %	5.2 %	40.7 %
Adjusted EBITDAS			
Maintenance and Construction Services.	5.8	6.6	(11.3)%
Wear Technology Overlay Services	2.1	2.4	(14.0)%
Corporate	(5.7)	(6.3)	(10.4)%
Total	2.2	2.7	(16.0)%
% of revenue	2.7 %	2.1 %	29.6 %
Loss from continuing operations	(7.6)	(9.3)	(18.4)%
Net loss per share from continuing operations (basic and diluted)	(0.07)	(0.08)	(18.4)%

Note: (1) “Adjusted EBITDAS” is not a standard measure under IFRS. Please refer to the Advisory regarding Non-Standard Measures at the end of this press release for a description of this measure and limitations of its use.

2021 SUMMARY RESULTS COMMENTARY

Revenue for the three months ended March 31, 2021 was $82,204 compared to $126,799 for the same period in 2020, a decrease of 35.2%. The decrease in 2021, in comparison to 2020, was driven by the macro-economic uncertainties and the economic impacts of the COVID-19 pandemic which started in mid-March 2020 extending through Q1 2021. However, we have seen a stabilization of our business with revenue for the three months ended March 31, 2021 relatively consistent with the three months ended December 31, 2020 of $84,530. Revenues within the Wear segment and the Environmental division of the Maintenance and Construction segment have increased over Q4 2020.

Gross profit for the three months ended March 31, 2021 was $8,045 compared to $9,146 for the same period in 2020, a decrease of 12.0%. Gross profit margin for the three months ended March 31, 2021 was 9.8% compared to 7.2% for the same period in 2020 and is holding consistent with the three months ended December 31, 2020 at 9.9%. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins across the whole business, we took immediate steps to adjust our cost structures. This included closing ClearStream Wear's locations in Nisku and Edmonton and consolidating all operations into the Sherwood Park location during the third quarter of 2020. These mitigation measures have improved operational flexibility and reduced the fixed costs associated with ClearStream's operations as shown by the increase in gross profit margin for the three months ended March 31, 2021 in comparison to the three months ended March 31, 2020.

Selling, general and administrative (“SG&A”) expenses for the three months ended March 31, 2021 were $5,969, in comparison to $6,542 for the same period in 2020, a decrease of 8.8%. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2021 were 7.3% compared to 5.2% in the same period in 2020. The increase in SG&A expenses as a percentage of revenue was due to the decline in revenue resulting from macro-economic uncertainty and the economic impact of the COVID-19 pandemic. In response to reduced operational volumes, we right sized our SG&A cost structures compared to the prior year as shown by the decrease in total SG&A expenses in the first quarter of 2021 compared to the same period in 2020.

For the three months ended March 31, 2021, Adjusted EBITDAS was $2,229 compared to $2,653 in 2020. As a percentage of revenue, Adjusted EBITDAS was 2.7% for the three months ended March 31, 2021 compared to 2.1% for the same period in 2020. Adjusted EBITDAS as a percentage of revenue increased due to gross profit margin increases in both the Maintenance and Construction Services segment and the Wear Technology Overlay Services segment.

Income from government subsidies includes the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") received from the Government of Canada to assist with the payment of employee wages and rent as a result of the impact of the COVID-19 pandemic. During the three months ended March 31, 2021, the Company qualified for both CEWS and CERS and recorded total subsidies of $6,755 in the Consolidated Interim Statements of Loss and Comprehensive Loss.

Loss from continuing operations for the three months ended March 31, 2021 was $7,569 compared to a loss of $9,272 for the same period in 2020. The income variance was driven by the government subsidies received in 2021 and the recovery of the share-based compensation and other long-term incentive plans in 2020, offset by the impairment of right of-use assets in 2021 and the goodwill impairment loss in 2020.

LIQUIDITY AND CAPITAL RESOURCES

On March 23, 2021, ClearStream and the lead lender under its asset-based lending facility entered into an amended and restated credit agreement that extended the maturity date of the revolving facility to March 31, 2022, reduced the maximum borrowings available under the revolving facility to $15 million and effected certain other amendments. Due to ClearStream's current cash position, it was able to reduce the maximum borrowings available under the revolving facility.

The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flow from operations will be sufficient to meet its short-term contractual obligations, maintain compliance with its financial covenants, and maintain a positive cash position through March 31, 2022.

As at March 31, 2021 and December 31, 2020, issued and outstanding share capital included 109,992,668 common shares, 127,735 Series 1 preferred shares, and 40,111 Series 2 preferred shares. The Series 1 preferred shares (having an aggregate value of $127.735 million) are convertible at the option of the holder into common shares at a price of $0.35/share and the Series 2 preferred shares (having an aggregate value of $40.111 million) are convertible into common shares at a price of $0.10/share.

OUTLOOK

The third wave of the COVID-19 pandemic (including variants) continues to impact both local and global economies. The public health measures to limit the spread of the virus, including business restrictions, travel restrictions, border closures, quarantines and social distancing, will remain in place for the near-term to both slow down the spread and to allow for the global distribution of vaccines to get ahead of this new wave. As the rate of vaccinations increases, we expect that governments will reduce those measures and further re-open their economies, which should increase demand for oil and gas products worldwide.

With the current level in world oil prices, we expect that our customers who are involved in the energy sector will realize higher cash flows, and increase their spending to address maintenance projects and asset retirement obligations that have been deferred in the last few years. We expect that activity levels will recover even further in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability.

With energy transition and environmental considerations becoming increasingly important for all stakeholders in the energy sector, our customers will focus on improving their operational processes for greater efficiencies and reliability.

To better support our customers, ClearStream has continued to add new service offerings that encompass the full asset lifecycle and is now offering a suite of more than 40 services. Through the extensive regional coverage provided by our 15 operating facilities, we believe that ClearStream is well-positioned to consolidate further multiple services required at various operating sites while generating efficiencies and cost reductions for its customers.

ClearStream's business model continues to prove its resilience as we are working closely with our customers every day in helping them to effectively manage their operations.

Additional Information

Our unaudited condensed interim consolidated financial statements for three months ended March 31, 2021 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.clearstreamenergy.ca and will be available shortly through SEDAR at www.sedar.com.

About ClearStream Energy Services Inc.

With a legacy of excellence and experience stretching back more than 50 years, ClearStream provides solutions for the Energy and Industrial markets including: Oil & Gas, Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and a dedicated workforce, we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.clearstreamenergy.ca or contact:

Randy Watt
Chief Financial Officer
ClearStream Energy Services Inc.
(587) 318-0997
rwatt@clearstreamenergy.ca

Yves Paletta
Chief Executive Officer
ClearStream Energy Services Inc.
(587) 318-0997
ypaletta@clearstreamenergy.ca

Advisory regarding Forward-Looking Information

Certain information included in this MD&A may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. This press release contains forward-looking information relating to: our business plans, strategies and objectives; the effects of the COVID-19 pandemic on global commerce and oil prices; that customers will remain cautious regarding their spending plans; that activity levels will recover in the second half of 2021; contract renewals and project awards, including the estimated value thereof and the timing of completing the associated work; that the demand for wear technology overlay services will increase as customers increase production levels; that the pace at which funding under federal and provincial programs for the closure and reclamation of oil and gas wells, pipelines and facilities is released will accelerate in 2021; that the consolidation of our wear technology overlay facilities has improved our production flexibility and reduced our fixed costs; the sufficiency of our liquidity and cash flow from operations to meet our short-term contractual obligations and maintain compliance with our financial covenants through March 31, 2022; that the COVID-19 pandemic will continue to impact both the local and global economy; the duration of public health measures; that governments will start to re-open their economies as the rate of vaccinations increases; that our customers who are involved in the energy industry will begin to increase their spending and address maintenance projects that have been deferred as they realize higher cash flows from the recovery in world oil prices; that activity levels will recover in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability; that our customers will focus on improving their operational processes; and that we are well-positioned to consolidate further multiple services while generating efficiencies and cost reductions for our customers.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, the success of our response to the COVID-19 global pandemic, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. Risks and uncertainties about ClearStream’s business are more fully discussed in ClearStream’s disclosure materials, including its annual information form and management’s discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available at www.sedar.com. In formulating the forward-looking information, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this press release, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Advisory regarding Non-Standard Measures

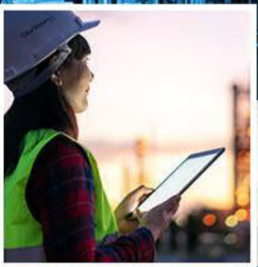
The terms ‘‘EBITDAS’’ and “Adjusted EBITDAS” (collectively, the ‘‘Non-standard measures’’) are financial measures used in this press release that are not standard measures under IFRS. ClearStream’s method of calculating Non-Standard Measures may differ from the methods used by other issuers. Therefore, ClearStream’s Non-Standard Measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDAS refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery), share-based compensation, and other long-term incentive plans. EBITDAS is used by management and the directors of ClearStream as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDAS to monitor the performance of ClearStream’s reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine ClearStream’s ability to generate cash available for debt service, working capital, capital expenditures and income taxes. ClearStream has provided a reconciliation of income (loss) from continuing operations to EBITDAS in its management's discussion and analysis of the operating and financial results for the three months ended March 31, 2021.

Adjusted EBITDAS refers to EBITDAS excluding the gain on sale of assets held for sale, impairment of goodwill and intangible assets, restructuring costs, gain on sale of property, plant and equipment, recovery of contingent consideration liability, other loss, one time incurred expenses, impairment of right-of-use assets, bargain purchase gain, gain on remeasurement of right-of-use assets, and government subsidies. ClearStream has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is used by ClearStream and management believes it is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDAS is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. ClearStream has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS in its management's discussion and analysis of the operating and financial results for the three months ended March 31, 2021.

Investors are cautioned that the Non-Standard Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-Standard Measures should only be used with reference to ClearStream's consolidated interim and annual financial statements available on SEDAR at www.sedar.com or on ClearStream's website at www.clearstreamenergy.ca.

ClearStream



FIRST QUARTER

MD&A 2021

Helping Customers
Bring Resources to Our world.

Management's Discussion and Analysis

May 6, 2021

The following is management's discussion and analysis ("MD&A") of the consolidated results of operations, balance sheets and cash flows of ClearStream Energy Services Inc. ("ClearStream" or the "Company") for the three months ended March 31, 2021 and 2020. This MD&A should be read in conjunction with ClearStream's unaudited condensed interim consolidated financial statements and the notes thereto for the three months ended March 31, 2021 and 2020 and the audited consolidated financial statements for the years ended December 31, 2020 and 2019.

All amounts in this MD&A are in Canadian dollars and expressed in thousands of dollars unless otherwise noted. The accompanying unaudited condensed interim consolidated financial statements of ClearStream have been prepared by and are the responsibility of management. The contents of this MD&A have been approved by the Board of Directors of ClearStream on the recommendation of its Audit Committee. This MD&A is dated May 6, 2021 and is current to that date unless otherwise indicated.

The unaudited condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This MD&A makes reference to certain measures that are not defined in IFRS and contains forward-looking information. These measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Advisory regarding Forward-Looking Information" and "Advisory regarding Non-Standard Measures".

References to "we", "us", "our" or similar terms, refer to ClearStream, unless the context otherwise requires.

Reportable Segments

The three segments listed below represent the reportable segments that the chief operating decision maker considers when reviewing the performance of ClearStream and deciding where to allocate resources.

ClearStream's operations, assets and employees are mainly located in Canada with some activity in the United States through its Universal Weld Overlays division. ClearStream utilizes EBITDAS and Adjusted EBITDAS as performance measures for its segmented results. These measures are considered to be non-standard measures under IFRS.

Segment	Business Description
Maintenance and Construction Services	Operational, maintenance, turnaround and construction services to the conventional oil and gas, oilsands, and other industries as well as abandonment, decommissioning, and reclamation services.
Wear Technology Overlay Services	Custom fabrication services supporting pipeline and infrastructure projects, patented wear overlay technology services specializing in overlay pipe spools, pipe bends and plate.
Corporate	Head office management, administrative, legal and interest expenses.

Advisory regarding Forward-Looking Information

Certain information included in this MD&A may constitute "forward-looking information" within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. Specifically, this MD&A contains forward-looking information relating to: our business plans, strategies and objectives; the effects of the COVID-19 pandemic on global commerce and oil prices; that the COVID-19 outbreak and other market conditions will have longer term impacts on our activity levels and margins; that the consolidation of our wear technology overlay facilities has improved our production flexibility and reduced our fixed costs; the sufficiency of our liquidity and cash flow from operations to meet our short-term contractual obligations and maintain compliance with our financial covenants through March 31, 2022; the effect of known claims and litigation on our financial position and results of operations; that the COVID-19 pandemic will continue to impact both the local and global economy; the duration of public health measures; that governments will start to re-open their economies as the rate of vaccinations increases; that our customers who are involved in the energy industry will begin to increase their spending and address maintenance projects that have been deferred as they realize higher cash flows from the recovery in world oil prices; that activity levels will recover in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability; that our customers will focus on improving their operational processes; and that we are well-positioned to consolidate further multiple services while generating efficiencies and cost reductions for our customers.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, the success of our response to the COVID-19 global pandemic, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. Risks and uncertainties about ClearStream's business are more fully discussed in ClearStream's disclosure materials, including its annual information form and management's discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available at www.sedar.com. In formulating the forward-looking information, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management's assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this MD&A, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Advisory regarding Non-Standard Measures

The terms ''EBITDAS'' and "Adjusted EBITDAS" (collectively, the ''Non-Standard Measures'') are financial measures used in this MD&A that are not standard measures under IFRS. ClearStream's method of calculating Non-Standard Measures may differ from the methods used by other issuers. Therefore, ClearStream's Non-Standard Measures, as presented may not be comparable to similar measures presented by other issuers.

EBITDAS refers to net earnings determined in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery), share-based compensation, and other long-term incentive plans. EBITDAS is used by management and the directors of ClearStream as well as many investors to determine the ability of an issuer to generate cash from operations. Management also uses EBITDAS to monitor the performance of ClearStream's reportable segments and believes that in addition to net income or loss and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures and income taxes. ClearStream has provided a reconciliation of income (loss) from continuing operations to EBITDAS in this MD&A.

Adjusted EBITDAS refers to EBITDAS excluding the gain on sale of assets held for sale, impairment of goodwill and intangible assets, restructuring costs, gain on sale of property, plant and equipment, recovery of contingent consideration liability, other loss, one time incurred expenses, impairment of right-of-use assets, bargain purchase gain, gain on remeasurement of right-of-use assets, and government subsidies. ClearStream has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is used by ClearStream and management believes it is a useful supplemental measure from which to determine ClearStream's ability to generate cash available for debt service, working capital, capital expenditures, and income taxes. Adjusted EBITDAS is a measure that management believes facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. ClearStream has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS in this MD&A.

Investors are cautioned that the Non-Standard Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-Standard Measures should only be used with reference to ClearStream's consolidated interim and annual financial statements available on SEDAR at www.sedar.com or on ClearStream's website at www.clearstreamenergy.ca.

2021 SUMMARY OF RESULTS – CONTINUING OPERATIONS ($000's)

For three months ended March 31,		2021		2020
Revenue	$	82,204	$	126,799
Cost of revenue		(74,159)		(117,653)
Gross profit		8,045		9,146
Selling, general and administrative expenses		(5,969)		(6,542)
Share-based compensation and other long-term incentive plans recovery		—		1,109
Amortization of intangible assets		(162)		(351)
Depreciation expense		(3,184)		(3,312)
Income from equity investment		61		49
Interest expense		(4,420)		(4,097)
Restructuring expense		(403)		(413)
Impairment of intangible assets and goodwill		—		(5,000)
Impairment of right-of-use assets		(8,270)		—
(Loss) gain on sale of property, plant and equipment		(22)		140
Income from government subsidies		6,755		—
Loss from continuing operations		(7,569)		(9,272)
Add:				
Amortization of intangible assets		162		351
Depreciation expense		3,184		3,312
Share-based compensation and other long-term incentive plans recovery		—		(1,109)
Interest expense		4,420		4,097
EBITDAS		197		(2,620)
Loss (gain) on sale of property, plant and equipment		22		(140)
Impairment of intangible assets and goodwill		—		5,000
Restructuring expense		403		413
Income from government subsidies		(6,755)		—
One-time incurred expenses		92		—
Impairment of right-of-use assets		8,270		—
Adjusted EBITDAS	$	2,229	$	2,653

Net loss per share (dollars) For the year ended December 31,		2021		2020
Basic & Diluted:				
Continuing operations	$	(0.07)	$	(0.08)
Net loss and comprehensive loss	$	(0.07)	$	(0.09)

Selected Balance Sheet Accounts		March 31, 2021		December 31, 2020
Total assets	$	207,773	$	215,607
ABL facility		40,429		40,626
Senior secured debentures		105,173		105,171
Other secured borrowings		16,782		17,703
Shareholders' deficit	$	27,512	$	19,940

2021 RESULTS

Revenue for the three months ended March 31, 2021 was $82,204 compared to $126,799 for the same period in 2020, a decrease of 35.2%. The decrease in 2021, in comparison to 2020, was driven by the macro-economic uncertainties and the economic impacts of the COVID-19 pandemic which started in mid-March 2020 extending through Q1 2021. However, we have seen a stabilization of our business with revenue for the three months ended March 31, 2021 relatively consistent with the three months ended December 31, 2020 of $84,530. Revenues within the Wear segment and the Environmental division of the Maintenance and Construction segment have increased over Q4 2020.

Gross profit for the three months ended March 31, 2021 was $8,045 compared to $9,146 for the same period in 2020, a decrease of 12.0%. Gross profit margin for the three months ended March 31, 2021 was 9.8% compared to 7.2% for the same period in 2020 and is holding consistent with the three months ended December 31, 2020 at 9.9%. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins across the whole business, we took immediate steps to adjust our cost structures. This included closing ClearStream Wear's locations in Nisku and Edmonton and consolidating all operations into the Sherwood Park location during the third quarter of 2020. These mitigation measures have improved operational flexibility and reduced the fixed costs associated with ClearStream's operations as shown by the increase in gross profit margin for the three months ended March 31, 2021 in comparison to the three months ended March 31, 2020.

Selling, general and administrative (“SG&A”) expenses for the three months ended March 31, 2021 were $5,969, in comparison to $6,542 for the same period in 2020, a decrease of 8.8%. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2021 were 7.3% compared to 5.2% in the same period in 2020. The increase in SG&A expenses as a percentage of revenue was due to the decline in revenue resulting from macro-economic uncertainty and the economic impact of the COVID-19 pandemic. In response to reduced operational volumes, we right sized our SG&A cost structures compared to the prior year as shown by the decrease in total SG&A expenses in the first quarter of 2021 compared to the same period in 2020.

Non-cash items that impacted the 2021 results were depreciation, amortization, and an impairment of right-of-use assets. For the three months ended March 31, 2021, depreciation and amortization expenses were $3,346 compared to $3,663 for the same period in 2020. The decrease in depreciation and amortization expenses was due to the passage of time and regular reduction of asset values. The Company recognized an impairment of right-of use assets in the three months ended March 31, 2021 of $8,270 of which the primary purpose was earning sub-lease income. The term of the existing sub-lease agreement ended during the three months ended March 31, 2021 and with current market conditions the potential for these assets to generate sub-lease income in the future is uncertain. The right-of-use land and building impaired are included in the Corporate segment.

For the three months ended March 31, 2021, interest expenses were $4,420 compared to $4,097 in 2020, an increase of 7.9%. The increase was due to non cash accretion recoveries largely related to earn-out adjustments for the acquisition of Universal Weld Overlays Inc. and other non cash accretion included in interest in the three months ended March 31, 2020 of $1,101. Excluding accretion, interest expenses for the three months ended March 31, 2021 were $778 less than the same period in 2020. This decrease was due to nil being drawn on the revolving portion of the asset-based lending facility as at March 31, 2021 compared to $16,825 being drawn as at March 31, 2020.

Restructuring expenses of $403 were recorded during the three months ended March 31, 2021 compared to $413 in 2020. The non-recurring restructuring expenses in 2021 and 2020 were related to cost reduction initiatives in response to changing market conditions.

Impairment of goodwill of $5,000 was recorded for the three months ended March 31, 2020 as a result of the identification of indicators of impairment at March 31, 2020 related to the forecasted impact of the COVID-19 pandemic, which had decreased global demand for oil and gas and resulted in a reduction in the long-term outlook for commodity prices. Management therefore performed impairment tests as at March 31, 2020 for the Wear and UWO cash-generating units (“CGUs”), both of which are within the Wear Technology Overlay Services segment. This testing resulted in an impairment of the UWO CGU of $5,000 in the three months ended March 31, 2020. No impairment was required for the Wear CGU.

Income from government subsidies includes the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") received from the Government of Canada to assist with the payment of employee wages and rent as a result of the impact of the COVID-19 pandemic. During the three months ended March 31, 2021, the Company qualified for both CEWS and CERS and recorded total subsidies of $6,755 in the Consolidated Interim Statements of Loss and Comprehensive Loss.

Loss from continuing operations for the three months ended March 31, 2021 was $7,569 compared to a loss of $9,272 for the same period in 2020. The income variance was driven by the government subsidies received in 2021 and the recovery of the share-based compensation and other long-term incentive plans in 2020, offset by the impairment of right of-use assets in 2021 and the goodwill impairment loss in 2020.

For the three months ended March 31, 2021, Adjusted EBITDAS was $2,229 compared to $2,653 in 2020. As a percentage of revenue, Adjusted EBITDAS was 2.7% for the three months ended March 31, 2021 compared to 2.1% for the same period in 2020. Adjusted EBITDAS as a percentage of revenue increased due to gross profit margin increases in both the Maintenance and Construction Services segment and the Wear Technology Overlay Services segment.

SEGMENT OPERATING RESULTS

MAINTENANCE AND CONSTRUCTION SERVICES

For three months ended March 31,	2021	2020
Revenue	$ 74,035	$ 115,344
Cost of revenue	(68,143)	(108,641)
Gross profit	5,892	6,703
Selling, general and administrative expenses	(133)	(190)
Amortization of intangible assets	(47)	(39)
Depreciation expense	(1,839)	(1,904)
Income from equity investments	61	49
Interest expense	(266)	(318)
Restructuring recovery (expense)	6	(16)
Gain on sale of property, plant and equipment	(22)	140
Income from government subsidies	5,678	—
Income from continuing operations	9,330	4,425
Add:		
Amortization of intangible assets	47	39
Depreciation expense	1,839	1,904
Interest expense	266	318
EBITDAS	11,482	6,686
Gain on sale of property, plant and equipment	22	(140)
Restructuring (recovery) expense	(6)	16
Income from government subsidies	(5,678)	—
Adjusted EBITDAS	$ 5,820	$ 6,563

Revenues

Revenues for the Maintenance and Construction Services segment were $74,035 for the three months ended March 31, 2021 compared to $115,344 for the same period in 2020, which reflects a decrease of 35.8%. The decrease in 2021 was due to reduced customer spending and the ongoing lower industry volume of certain scheduled maintenance activities starting in April 2020 and extending through Q1 2021. This was a result of volatility in crude oil prices due to macro-economic uncertainty and the economic impact of the COVID-19 pandemic.

Gross Profit

Gross profit was $5,892 for the three months ended March 31, 2021 compared to $6,703 for the same period in 2020, a decrease of 12.1%. Gross profit margin was 8.0% for the three months ended March 31, 2021 compared to 5.8% for the same period in 2020. The increase in gross profit margin was due to mitigation measures taken to lower cost structures in response to volume reductions.

Selling, General and Administrative Expenses

SG&A expenses for the Maintenance and Construction Services segment were $133 for the three months ended March 31, 2021, compared to $190 for the same period in 2020, a decrease of 30.2%. The decrease in SG&A expenses were primarily due to the impact of our cost mitigation initiatives in response to lower volumes from market uncertainty.

WEAR TECHNOLOGY OVERLAY SERVICES

For three months ended March 31,	2021	2020
Revenue	$ 8,565	$ 11,767
Cost of revenue	(6,412)	(9,326)
Gross profit	2,153	2,442
Selling, general and administrative expenses	(72)	(22)
Amortization of intangible assets	(115)	(313)
Depreciation expense	(679)	(805)
Interest and foreign exchange expense (recovery)	(88)	73
Restructuring expense	(277)	(16)
Impairment of intangible assets and goodwill	—	(5,000)
Income from government subsidies	496	—
Income (loss) from continuing operations	1,418	(3,640)
Add:		
Amortization of intangible assets	115	313
Depreciation expense	679	805
Interest and foreign exchange expense (recovery)	88	(73)
EBITDAS	2,300	(2,595)
Impairment of intangible assets and goodwill	—	5,000
Restructuring expense	277	16
Income from government subsidies	(496)	—
Adjusted EBITDAS	$ 2,081	$ 2,419

Revenues

Revenues for this segment for the three months ended March 31, 2021 were $8,565, compared to $11,767 for the same period in 2020, a decrease of 27.2%. The decrease in 2021 was due to activity levels for weld technology overlay services continuing to remain below historical levels as customers scaled back their production output and decreased spending on consumables in response to weak oil prices.

Gross Profit

Gross profit was $2,153 for the three months ended March 31, 2021, compared to $2,442 for the same period in 2020, a decrease of 11.8%. Gross profit margins were 25.1% for the three months ended March 31, 2021 compared to 20.8% for the same period in 2020. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins, we took immediate steps to adjust our cost structure and optimize our overlay manufacturing footprint by consolidating all operations into our facility in Sherwood Park resulting in the closure of the facilities in Edmonton and Nisku during the third quarter of

2020. The increase in gross profit margin in the three months ended March 31, 2021 compared to the same period in 2020 was due to cost reductions and an increase in the number of higher margin projects.

Selling, General and Administrative Expenses

SG&A expenses for the Wear Technology Overlay Services segment were $72 for the three months ended March 31, 2021, compared to $22 for the same period in 2020.

CORPORATE

ClearStream's head office functions are located in Calgary, Alberta. The Corporate segment provides typical head office functions, including strategic planning, corporate communications, taxes, legal, marketing, finance, human resources and information technology, for the entire organization. The tables below reflect the costs of ClearStream's corporate function, as well as other corporate overhead expenses.

For three months ended March 31,	2021	2020
Selling, general and administrative expenses	$ (5,764)	$ (6,330)
Share-based compensation and other long-term incentive plans recovery	—	1,109
Depreciation expense	(666)	(604)
Interest expense	(4,066)	(3,852)
Restructuring expense	(132)	(381)
Impairment of right-of-use assets	(8,270)	—
Income from government subsidies	581	—
Loss from continuing operations	(18,317)	(10,058)
Add:		
Depreciation expense	666	604
Share-based compensation and other long-term incentive plans (recovery) expense	—	(1,109)
Interest expense	4,066	3,852
EBITDAS	(13,585)	(6,711)
Loss on sale of property, plant and equipment	—	—
Restructuring expense	132	381
Income from government subsidies	(581)	—
One-time incurred expenses	92	—
Impairment of right-of-use assets	8,270	—
Adjusted EBITDAS	$ (5,672)	$ (6,330)

Selling, General and Administrative Expenses

SG&A expenses were $5,764 for the three months ended March 31, 2021 compared to $6,330 for the same period in 2020. SG&A expenses as a percentage of revenue were 7.0% for the three months ended March 31, 2021 compared to 5.0% for the same period in 2020. This increase in SG&A expenses as a percentage of revenue in 2021 was due to the decline in revenue resulting from macro-economic uncertainty and the economic impact of the COVID-19 pandemic. As it became clear that the COVID-19 outbreak and other market conditions were going to have longer term impacts on our activity levels and margins, we took steps to adjust our cost structure as shown by the decrease in total SG&A expenses in the three months ended March 31, 2021 compared to the same period in 2020.

DISCONTINUED OPERATIONS

For three months ended March 31,	2021	2020
Loss from discontinued operations	$ (3)	$ (86)

The Company continues to incur expenses relating to the sale of businesses that it owned prior to March 2018. These expenses consist largely of legal costs relating to Quantum Murray and legal proceedings that existed prior to the sale of the business.

LIQUIDITY AND CAPITAL RESOURCES

For three months ended March 31,	2021	2020
Cash provided by operating activities	$ 22,829	$ 3,564
Cash provided by (used in) investing activities	879	(132)
Cash used in financing activities	(2,980)	(10,541)
Consolidated cash, end of period	$ 51,205	$ —

The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flow from operations will be sufficient to meet its short-term contractual obligations, maintain compliance with its financial covenants, and maintain a positive cash position through March 31, 2022.

Investing Activities

Cash provided by investing activities during the three months ended March 31, 2021 consisted of the purchase of assets, offset by proceeds from the disposal of certain assets as well as proceeds from dividends from equity investments.

Financing Activities

a. ABL Facility

ClearStream has an asset-based lending facility (the “ABL Facility”) comprised of (i) a revolving credit facility providing for maximum borrowings up to $15,000 (the “Revolving Facility”) with a Canadian chartered bank (the "Lender") and (ii) a term loan facility providing for maximum borrowings of up to $40,500 (the “Term Loan Facility”) with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”). The Revolving Facility matures on March 31, 2022 and the Term Loan Facility matures 180 days thereafter.

The amount available under the Revolving Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The Revolving Facility borrowing base as at March 31, 2021 was $15,000, (December 31, 2020 - $49,054). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable and inventories of the Company and the other guarantors, being certain of the Company's direct and indirect subsidiaries. The interest rate on the Revolving Facility is prime plus 2.5%, increasing to prime plus 4.0% if the Revolving Facility is more than 50% drawn.

As at March 31, 2021, nil (December 31, 2020 - nil) was drawn on the Revolving Facility, and there were $2,750 (December 31, 2020 - $3,125) of letters of credit reducing the amount available to be drawn. As at March 31, 2021, the net unamortized amount of deferred financing costs was $71 (December 31, 2020 - $113).

As at March 31, 2021, $40,500 (December 31, 2020 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is equal to the interest rate on the Revolving Facility plus 2.0%.

The financial covenants applicable under the ABL Facility are as follows:

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter (commencing March 31, 2021); and
- The Company must not expend or become obligated for any capital expenditures in an aggregate amount exceeding $6,600 during the period commencing January 1, 2021 and ending December 31, 2021, and any fiscal year thereafter.

As at March 31, 2021, ClearStream was in compliance with all financial covenants under the ABL Facility.

b. Other Secured Borrowings

On June 26, 2019, the Company received $19,000 from two secured loans with the Business Development Bank of Canada (“BDC”) as a partial source of funds for the acquisition of certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business").

The $13,500 loan is repayable over 300 monthly payments of $45. The interest rate on the loan is the BDC Floating Base Rate less 1.0%. Interest accrues and is payable monthly. The Company allocated $195 in deferred financing costs to this loan that will be amortized over the life of the loan.

The $5,500 loan is repayable over 72 monthly payments of $76. The interest rate on the loan is the BDC Floating Base Rate less 0.5%. Interest accrues and is payable monthly. The Company allocated $85 in deferred financing costs to this loan that will be amortized over the life of the loan.

The loans are secured by a first security interest on the real property and equipment acquired through the acquisition of the AECOM PSD Business and a security interest in all other present and future property, subject to the priorities granted to existing lenders under the ABL Facility, senior secured debentures and other existing commitments.

The loans require the Company to maintain a fixed charge coverage ratio equal to or greater than 1.10:1.00 on annual basis.

As at March 31, 2021, ClearStream was in compliance with all financial covenants under the loan agreements with BDC.

c. Senior Secured Debentures

On March 23, 2016, the Company issued 8.00% senior secured debentures due March 23, 2026 (the "Senior Secured Debentures") pursuant to a trust indenture between ClearStream, as issuer, and BNY Trust Company of Canada, as debenture trustee, as amended and supplemented (the "Senior Secured Indenture"), on a private placement basis to Canso. On June 2, 2020, the debenture trustee was changed to Computershare Trust Company of Canada.

The Senior Secured Debentures bear interest at an annual rate of 8.00% payable semi-annually in arrears on June 30 and December 31 in each year. The maturity date of the Senior Secured Debentures is March 23, 2026. The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Facility and the BDC secured loans. The Senior Secured Debentures provide for certain events of default and covenants of the Company, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm’s length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

ClearStream prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Based on the current environment, significant market uncertainty exists that could impact the estimates and assumptions made by the ClearStream. Significant accounting policies and methods used in the preparation of the consolidated financial statements, including use of estimates and judgments, are described in note 1 of the unaudited condensed interim consolidated financial statements.

CONTINGENCIES

Contingencies are provided for when they are likely to occur and can be reasonably estimated. ClearStream is subject to claims and litigation proceedings arising in the normal course of operations. The known claims and litigation proceedings are not expected to materially affect the Company's financial position or reported results of operations.

SUMMARY OF QUARTERLY RESULTS

($000s except unit amounts)

	2021 Q1	2020 Q4	2020 Q3	2020 Q2	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Revenue	$82,204	$84,530	$100,755	$81,037	$126,799	$137,066	$139,542	$103,690
Gross Profit Margin	$8,045	$8,372	$9,965	$6,030	$9,319	$14,864	$15,831	$11,277
Gross Profit Margin %	9.8%	9.9%	9.9%	7.4%	7.3%	10.8%	11.3%	10.9%
Net (loss) income from continuing operations	$(7,569)	$1,754	$9,684	$1,303	$(9,272)	$(10,449)	$928	$7,091
Net (loss) income	$(7,572)	$1,722	$9,832	$1,299	$(9,357)	$(10,536)	$619	$6,785
Net (loss) income per share from continuing operations	$(0.07)	$0.02	$0.09	$0.01	$(0.08)	$(0.09)	$0.01	$0.06
Net (loss) income per share	$(0.07)	$0.02	$0.09	$0.01	$(0.09)	$(0.10)	$0.01	$0.06

ClearStream's revenues are somewhat seasonal, in particular for the Maintenance and Construction Services segment. Typically, there are scheduled shutdown turnaround projects in the spring and fall which increase revenues over and above the standard maintenance and operational support services. In 2020, this trend was disrupted due to the COVID-19 pandemic causing the postponement of scheduled spring shutdown turnaround projects to 2020 Q3 as shown by the increased revenue in 2020 Q3 in comparison to other quarters in 2020.

TRANSACTIONS WITH RELATED PARTIES

As at March 31, 2021, directors, officers and key employees beneficially held an aggregate of 11,868,442 common shares or 10.8% of the issued and outstanding common shares.

SHARE CAPITAL

The authorized share capital of the Company consists of: (i) an unlimited number of common shares, and (ii) preferred shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding common shares at the time of issuance of such preferred shares.

As at March 31, 2021 and December 31, 2020, issued and outstanding share capital included 109,992,668 common shares, 127,735 Series 1 preferred shares, and 40,111 Series 2 preferred shares.

	Preferred Shares Series 1	Preferred Shares Series 2	Common Shares
Balance as at December 31, 2020	127,735	40,111	109,992,668
Balance as at March 31, 2021	127,735	40,111	109,992,668

The Series 1 and Series 2 Preferred Shares have a 10% fixed cumulative preferential cash dividend payable when the Company shall have sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The board of directors of the Company does not intend to declare or pay any cash dividends until such time as the Company's balance sheet and liquidity position supports the payment. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 and Series 2 Preferred Shares.

As at March 31, 2021, the accrued and unpaid dividends on the Series 1 and Series 2 preferred shares totaled $47,230 (December 31, 2020 - $43,102). Assuming that the holders of the preferred shares exercise the right to convert such accrued and unpaid dividends into additional preferred shares and then convert such preferred shares into common shares, approximately 185,301,117 (December 31, 2020 - 166,463,401) common shares would be issued, which represents approximately 168% (December 31, 2020 - 151%) of the common shares outstanding as at March 31, 2021.

In addition, holders of the Series 1 and Series 2 Preferred Shares have the right, at their option, to convert their Preferred Shares into Common Shares at a price of $0.35 and $0.10 per Common Share, respectively, subject to adjustment in certain circumstances. The Series 1 and Series 2 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

Based upon the conversion rights of the Series 1 and Series 2 Preferred Shares there could be significant dilution to the current holders of Common Shares. Up to approximately 766,067,000 (December 31, 2020 - 766,067,000) additional Common Shares would be issuable upon conversion of the face amount of the Preferred Shares into Common Shares, representing approximately 697% (December 31, 2020 - 697%) of the Common Shares outstanding as at March 31, 2021.

The only potentially dilutive securities as at March 31, 2021 were the preferred shares and stock options. All potentially dilutive securities were anti-dilutive for the three months ended March 31, 2021.

OUTLOOK

The third wave of the COVID-19 pandemic (including variants) continues to impact both local and global economies. The public health measures to limit the spread of the virus, including business restrictions, travel restrictions, border closures, quarantines and social distancing, will remain in place for the near-term to both slow down the spread and to allow for the global distribution of vaccines to get ahead of this new wave. As the rate of vaccinations increases, we expect that governments will reduce those measures and further re-open their economies, which should increase demand for oil and gas products worldwide.

With the current level in world oil prices, we expect that our customers who are involved in the energy sector will realize higher cash flows, and increase their spending to address maintenance projects and asset retirement obligations that have been deferred in the last few years. We expect that activity levels will recover even further in the second half of 2021 as customers prioritize asset management and integrity services to increase operational reliability.

With energy transition and environmental considerations becoming increasingly important for all stakeholders in the energy sector, our customers will focus on improving their operational processes for greater efficiencies and reliability.

To better support our customers, ClearStream has continued to add new service offerings that encompass the full asset lifecycle and is now offering a suite of more than 40 services. Through the extensive regional coverage provided by our 15 operating facilities, we believe that ClearStream is well-positioned to consolidate further multiple services required at various operating sites while generating efficiencies and cost reductions for its customers.

ClearStream's business model continues to prove its resilience as we are working closely with our customers every day in helping them to effectively manage their operations.

RISK FACTORS

For additional information regarding the risks that the Company is exposed to, see the disclosure provided under the heading “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2020, which is available on the SEDAR website at www.sedar.com.

COVID-19 Pandemic

The outbreak of the COVID-19 pandemic and its impact on the global economy (including a material reduction in the demand for petroleum products) has impacted the Company’s plans and activities by reducing the demand for its services and its gross profit margins. The Company may face disruption to operations, supply chain delays, travel and trade restrictions and the impact on economic activity can be difficult to quantify. Such pandemics or diseases represent a serious threat to maintaining a skilled workforce and could be a major healthcare challenge for the Company. There can be no assurance that the Company’s personnel will not be impacted by COVID-19 and ultimately that the Company would see its workforce productivity reduced. In addition, the COVID-19 pandemic has created a dramatic slowdown in both the global and local economy. The duration of the COVID-19 pandemic and the resulting travel restrictions, social distancing, Government response actions, business closures and business disruptions, can all have an impact on the Company’s operations and access to capital.

There can be no assurance that the Company will not continue to be impacted by adverse consequences that may be brought about by the COVID-19 pandemic, including an extended period of low commodity prices further reducing the demand for its services and its gross profit margins which in turn will put pressure on its financial liquidity.

The full extent of the risks surrounding the severity and timing of the COVID-19 pandemic are continually evolving and are not fully known at this time; therefore, there is significant risk and uncertainty which may have a material and adverse affect on our operations. The following risks disclosed in our Annual Information Form for the year ended December 31, 2020 may be exacerbated as a result of the COVID-19 pandemic:

- The Company’s credit facilities may not provide sufficient liquidity;
- Failure to comply with the covenants in the agreements governing the Company’s debt could adversely affect the Company’s financial condition;
- The Company’s business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American oil and natural gas, which is volatile;
- The Company relies on certain key personnel whose absence or loss could disrupt its operations and have a material adverse effect on its business;
- Since a significant portion of the Company’s work is in the oil sands sector, the Company’s performance is sensitive to factors affecting the oil sands sector, including temporary or permanent shutdown of projects due to downturns in oil and gas prices, natural disasters, mechanical breakdowns, technology failures or pressure from environmental activism;
- The Company may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits;
- Cyber attacks and loss of the Company’s information and computer systems as its workforce moves to remote connections could adversely affect the Company’s business; and
- The Company's business is subject to changes in general economic conditions over which it has little or no control.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

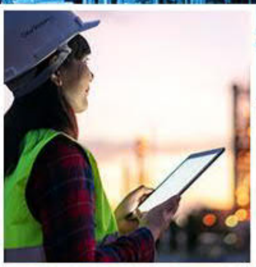
We are required to comply with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". This instrument requires us to disclose in our interim MD&A any weaknesses in or changes to our internal control over financial reporting during the period that may have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We confirm that no such weaknesses were identified in, or changes were made to, internal controls over financial reporting during the three months ended March 31, 2021.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

ADDITIONAL INFORMATION

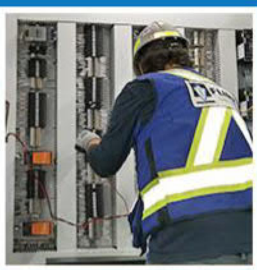
Additional information relating to ClearStream is available in our Annual Information Form for the year ended December 31, 2020.

ClearStream



FIRST QUARTER

FINANCIAL STATEMENTS 2021



Helping Customers
Bring Resources to Our world.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF

CLEARSTREAM ENERGY SERVICES INC.

THREE MONTHS ENDED MARCH 31, 2021 AND 2020

(UNAUDITED)

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 31, 2021	December 31, 2020
Assets			
Cash		$ 51,205	$ 30,477
Accounts receivable	8	73,877	89,508
Inventories		6,039	6,885
Prepaid expenses		1,857	1,813
Total current assets		132,978	128,683
Property, plant and equipment	2	60,638	72,688
Goodwill and intangible assets		13,702	13,842
Long-term investments		455	394
Total assets		**$ 207,773**	**$ 215,607**
Liabilities and shareholders' equity			
Accounts payable and accrued liabilities		$ 36,997	$ 34,614
Deferred consideration		818	802
Earn-out contingent liability		190	170
Current portion of ABL facility	3	—	40,626
Current portion of lease liabilities		7,453	7,604
Current portion of other secured borrowings	3	1,610	1,679
Total current liabilities		**47,068**	**85,495**
Lease liabilities		27,443	28,858
Other secured borrowings	3	15,172	16,023
ABL facility	3	40,429	—
Senior secured debentures	3	105,173	105,171
Total liabilities		235,285	235,547
Common shares	7	462,054	462,054
Preferred shares	7	141,933	141,933
Contributed surplus		20,679	20,679
Deficit		(652,178)	(644,606)
Total shareholders' deficit		(27,512)	(19,940)
Total liabilities and shareholders' deficit		**$ 207,773**	**$ 215,607**

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

Consolidated Interim Statements of Loss and Comprehensive Income Loss

(In thousands of Canadian dollars)

(Unaudited)

For three months ended March 31,	Notes		2021		2020
Revenue	4	$	82,204	$	126,799
Cost of revenue			(74,159)		(117,653)
Gross profit			8,045		9,146
Selling, general and administrative expenses	5		(5,969)		(6,542)
Share-based compensation and other long-term incentive plans recovery			—		1,109
Amortization of intangible assets			(162)		(351)
Depreciation expense	2		(3,184)		(3,312)
Income from equity investment			61		49
Interest expense			(4,420)		(4,097)
Restructuring costs			(403)		(413)
Impairment of goodwill and intangible assets			—		(5,000)
Impairment of right-of-use assets	2		(8,270)		—
(Loss) gain on sale of property, plant and equipment	2		(22)		140
Income from government subsidies	6		6,755		—
Loss from continuing operations			(7,569)		(9,272)
Loss from discontinued operations (net of income taxes)			(3)		(86)
Net loss and comprehensive loss		**$**	**(7,572)**	**$**	**(9,357)**
Net loss per share (dollars)					
Basic & diluted:					
Continuing operations		$	(0.07)	$	(0.08)
Discontinued operations		$	—	$	—
Net loss		$	(0.07)	$	(0.09)

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

Consolidated Interim Statements of Shareholders' Deficit

(In thousands of Canadian dollars, except number of shares)

(Unaudited)

	Notes	Number of Common Shares	Common Shares	Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Deficit
December 31, 2020		109,992,668	$ 462,054	$ 141,933	$ 20,679	$ (644,606)	$ (19,940)
Net loss		—	—	—	—	(7,572)	(7,572)
At March 31, 2021		109,992,668	$ 462,054	$ 141,933	$ 20,679	$ (652,178)	$ (27,512)

	Notes	Number of Common Shares	Common Shares	Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Deficit
December 31, 2019		109,992,668	$ 462,054	$ 141,933	$ 20,679	$ (648,105)	$ (23,439)
Net loss		—	—	—	—	(9,357)	(9,357)
At March 31, 2020		109,992,668	$ 462,054	$ 141,933	$ 20,679	$ (657,462)	$ (32,796)

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

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

For three months ended March 31,	Notes		2021		2020
Operating activities:					
Net loss		$	(7,572)	$	(9,357)
Adjustments for:					
Share-based compensation and other long-term incentive plans recovery			—		(1,109)
Amortization of intangible assets			162		351
Depreciation expense	2		3,184		3,312
Income from equity investments			(61)		(49)
Accretion expense (recovery)			45		(297)
Impairment of goodwill and intangible assets			—		5,000
Impairment of right-of-use assets	2		8,270		—
Amortization of deferred financing costs			158		739
Recovery of contingent consideration liability			—		(758)
Loss (gain) on sale of property, plant and equipment	2		22		(140)
Deferred interest payments			(69)		—
Changes in non-cash working capital			18,690		5,872
Cash flow provided by operating activities		$	22,829	$	3,564
Investing activities:					
Purchase of property, plant and equipment	2		(350)		(294)
Net proceeds on disposal of property, plant and equipment	2		1,251		181
Purchase of intangible assets			(22)		(19)
Cash flow provided by (used in) investing activities		$	879	$	(132)
Financing activities:					
Repayment of other secured borrowings	3		(851)		(228)
Increase in bank indebtedness			—		3,248
Refinancing fees	3		(78)		(309)
Repayment of ABL facility	3		(126)		(10,570)
Repayment of lease liabilities			(1,925)		(2,682)
Cash flow used in financing activities		$	(2,980)	$	(10,541)
Increase (decrease) in cash			20,728		(7,109)
Cash, beginning of period			30,477		7,109
Cash, end of period		$	51,205	$	—

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

CLEARSTREAM ENERGY SERVICES INC.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

(Unaudited)

Reporting Entity

ClearStream Energy Services Inc. ("ClearStream" or the "Company") is a corporation formed pursuant to the Business Corporations Act (Ontario). The head office is located at 311 - 6th Avenue S.W., Calgary, Alberta. ClearStream is a fully-integrated provider of upstream, midstream, and downstream production services, which includes maintenance and turnarounds, facilities construction, welding and fabrication and environmental services with locations across Western Canada.

These unaudited condensed interim consolidated financial statements were authorized for issuance in accordance with a resolution of the Board of Directors of ClearStream on May 6, 2021.

1. Significant accounting policies

a. Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Financial Accounting Standards Board ("IASB"). Accordingly, certain information normally disclosed in annual consolidated financial statements has been omitted or condensed. The interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2020. These interim financial statements follow the same accounting policies and methods of computations as the most recent annual consolidated financial statements.

These interim financial statements have been prepared on a historical cost basis and presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

Certain amounts in the previous periods presented herein have been reclassified from the prior year to conform to the current period presentation.

2. Property, plant and equipment

	Land and buildings	Computer hardware	Furniture, tools and equipment	Leasehold improvements	Right-of-use assets	Automotive and heavy equipment	Total
Cost							
Balance as at December 31, 2020	**$ 18,491**	**$ 2,184**	**$ 12,565**	**$ 3,542**	**$ 50,425**	**$ 46,458**	**$133,665**
Additions	—	9	252	—	328	89	678
Impairment	—	—	—	—	(8,270)	—	(8,270)
Disposals	—	(1)	(54)	—	—	(3,473)	(3,528)
Asset class transfer	—	—	575	—	(646)	71	—
Balance as at March 31, 2021	**$ 18,491**	**$ 2,192**	**$ 13,338**	**$ 3,542**	**$ 41,837**	**$ 43,145**	**$122,545**
Accumulated Depreciation							
Balance as at December 31, 2020	**$ 1,153**	**$ 1,347**	**$ 8,850**	**$ 2,502**	**$ 19,771**	**$ 27,354**	**$ 60,977**
Depreciation	165	62	288	45	1,763	861	3,184
Disposals	—	—	(54)	—	—	(2,200)	(2,254)
Asset class transfer	—	—	545	—	(597)	52	—
Balance as at March 31, 2021	**$ 1,318**	**$ 1,409**	**$ 9,629**	**$ 2,547**	**$ 20,937**	**$ 26,067**	**$ 61,907**
Net book value							
As at December 31, 2020	**$ 17,338**	**$ 837**	**$ 3,715**	**$ 1,040**	**$ 30,654**	**$ 19,104**	**$ 72,688**
As at March 31, 2021	**$ 17,173**	**$ 783**	**$ 3,709**	**$ 995**	**$ 20,900**	**$ 17,078**	**$ 60,638**

Right-of-use assets consist of the following:

	Land and buildings	Furniture, tools and equipment	Automotive and heavy equipment	Total
Cost				
Balance as at December 31, 2020	**$ 43,237**	**$ 69**	**$ 7,120**	**$ 50,425**
Impairment	(8,270)	—	—	(8,270)
Asset class transfer	—	—	(645)	(645)
Additions	—	—	328	328
Balance as at March 31, 2021	**$ 34,967**	**$ 69**	**$ 6,803**	**$ 41,837**
Accumulated Depreciation				
Balance as at December 31, 2020	**$ 18,714**	**$ 55**	**$ 1,002**	**$ 19,771**
Depreciation	1,302	3	458	1,763
Asset class transfer	—	—	(597)	(597)
Balance as at March 31, 2021	**$ 20,016**	**$ 58**	**$ 863**	**$ 20,937**
Net book value				
As at December 31, 2020	**$ 24,523**	**$ 14**	**$ 6,118**	**$ 30,654**
As at March 31, 2021	**$ 14,951**	**$ 11**	**$ 5,940**	**$ 20,900**

On January 19, 2021, the Company entered into a 48-month lease to rent a building, which had not commenced by the quarter-end and as a result, a lease liability and right-of-use asset has not been recognized at March 31, 2021. The aggregate future cash outflows to which the Company is exposed in respect of this contract is a fixed payment of $27 per month, for the 48 months.

The Company recognized an impairment charge of $8,270 during the three months ended March 31, 2021 representing right-of-use assets with the primary purpose of earning sub-lease income coming to term without exercising extension options of the associated property leases. In the short-term, sub-lease income is no longer expected to be earned by the right-of-use assets. The recoverable amount was determined to be nil based on the estimated value-in-use at the termination dates. The right-of-use land and building impaired are included in the Corporate segment.

3. ABL Facility and Other Borrowings

a. ABL Facility

ClearStream has an asset-based lending facility (the “ABL Facility”) comprised of (i) a revolving credit facility providing for maximum borrowings up to $15,000 (the “Revolving Facility”) with a Canadian chartered bank (the "Lender") and (ii) a term loan facility providing for maximum borrowings of up to $40,500 (the “Term Loan Facility”) with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”). The Revolving Facility matures on March 31, 2022 and the Term Loan Facility matures 180 days thereafter.

The amount available under the Revolving Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The Revolving Facility borrowing base as at March 31, 2021 was $15,000, (December 31, 2020 - $49,054). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable and inventories of the Company and the other guarantors, being certain of the Company's direct and indirect subsidiaries. The interest rate on the Revolving Facility is prime plus 2.5%, increasing to prime plus 4.0% if the Revolving Facility is more than 50% drawn.

As at March 31, 2021, nil (December 31, 2020 - nil) was drawn on the Revolving Facility, and there were $2,750 (December 31, 2020 - $3,125) of letters of credit reducing the amount available to be drawn. As at March 31, 2021, the net unamortized amount of deferred financing costs was $71 (December 31, 2020 - $113).

As at March 31, 2021, $40,500 (December 31, 2020 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is equal to the interest rate on the Revolving Facility plus 2.0%.

The financial covenants applicable under the ABL Facility are as follows:

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter (commencing March 31, 2021); and
- The Company must not expend or become obligated for any capital expenditures in an aggregate amount exceeding $6,600 during the period commencing January 1, 2021 and ending December 31, 2021, and any fiscal year thereafter.

As at March 31, 2021, ClearStream was in compliance with all financial covenants under the ABL Facility.

b. Other Secured Borrowings

On June 26, 2019, the Company received $19,000 from two secured loans with the Business Development Bank of Canada (“BDC”) as a partial source of funds for the acquisition of certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business").

The $13,500 loan is repayable over 300 monthly payments of $45. The interest rate on the loan is the BDC Floating Base Rate less 1.0%. Interest accrues and is payable monthly. The Company allocated $195 in deferred financing costs to this loan that will be amortized over the life of the loan.

The $5,500 loan is repayable over 72 monthly payments of $76. The interest rate on the loan is the BDC Floating Base Rate less 0.5%. Interest accrues and is payable monthly. The Company allocated $85 in deferred financing costs to this loan that will be amortized over the life of the loan.

The loans are secured by a first security interest on the real property and equipment acquired through the acquisition of the AECOM PSD Business and a security interest in all other present and future property, subject to the priorities granted to existing lenders under the ABL Facility, senior secured debentures and other existing commitments.

The loans require the Company to maintain a fixed charge coverage ratio equal to or greater than 1.10:1.00 on annual basis.

As at March 31, 2021, ClearStream was in compliance with all financial covenants under the loan agreements with BDC.

c. Senior Secured Debentures

Balance as at January 1, 2020	$	96,955
Accretion		149
Debentures issued to settle interest		8,069
Balance as at December 31, 2020	$	105,173
Balance as at March 31, 2021	$	105,173

On March 23, 2016, the Company issued 8.00% senior secured debentures due March 23, 2026 (the "Senior Secured Debentures") pursuant to a trust indenture between ClearStream, as issuer, and BNY Trust Company of Canada, as debenture trustee, as amended and supplemented (the "Senior Secured Indenture"), on a private placement basis to Canso. On June 2, 2020, the debenture trustee was changed to Computershare Trust Company of Canada.

The Senior Secured Debentures bear interest at an annual rate of 8.00% payable semi-annually in arrears on June 30 and December 31 in each year. The maturity date of the Senior Secured Debentures is March 23, 2026. The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Facility and the BDC secured loans. The Senior Secured Debentures provide for certain events of default and covenants of the Company, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

4. Revenue

The following are amounts for each significant category of revenue recognized during the three months ended March 31, 2021 and 2020:

For three months ended March 31,		2021		2020
Rendering of services	$	70,096	$	115,032
Sales of goods		12,108		11,767
Total revenue	$	82,204	$	126,799

5. Selling, general & administrative expenses

For three months ended March 31,	2021	2020
Salaries & benefits	$ 4,069	$ 4,555
Occupancy and office costs	704	573
Professional fees	613	713
Travel & advertising	166	325
Insurance	417	376
Total	$ 5,969	$ 6,542

6. Income from government subsidies

Income from government subsidies includes the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS") received from the Government of Canada to assist with the payment of employee wages and rent as a result of the impact of the COVID-19 pandemic. During the three months ended March 31, 2021, the Company qualified for both CEWS and CERS and recorded total subsidies of $6,755 (March 31, 2020 - nil) in the Consolidated Interim Statements of Loss and Comprehensive Loss.

At March 31, 2021 $2,326 (December 31, 2020 - $663) of government subsidies were accrued and included in accounts receivable.

7. Share capital and loss per share

The authorized share capital of the Company consists of: (i) an unlimited number of common shares, and (ii) preferred shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding common shares at the time of issuance of such preferred shares.

As at March 31, 2021 and December 31, 2020, issued and outstanding share capital included 109,992,668 common shares, 127,735 Series 1 preferred shares, and 40,111 Series 2 preferred shares.

The Series 1 and Series 2 Preferred Shares have a 10% fixed cumulative preferential cash dividend payable when the Company shall have sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The board of directors of the Company does not intend to declare or pay any cash dividends until such time as the Company's balance sheet and liquidity position supports the payment. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 and Series 2 Preferred Shares.

As at March 31, 2021, the accrued and unpaid dividends on the Series 1 and Series 2 preferred shares totaled $47,230 (December 31, 2020 - $43,102). Assuming that the holders of the preferred shares exercise the right to convert such accrued and unpaid dividends into additional preferred shares and then convert such preferred shares into common shares, approximately 185,301,117 (December 31, 2020 - 166,463,401) common shares would be issued, which represents approximately 168% (December 31, 2020 - 151%) of the common shares outstanding as at March 31, 2021.

In addition, holders of the Series 1 and Series 2 Preferred Shares have the right, at their option, to convert their Preferred Shares into Common Shares at a price of $0.35 and $0.10 per Common Share, respectively, subject to adjustment in certain circumstances. The Series 1 and Series 2 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

Based upon the conversion rights of the Series 1 and Series 2 Preferred Shares there could be significant dilution to the current holders of Common Shares. Up to approximately 766,067,000 (December 31, 2020 - 766,067,000) additional Common Shares would be issuable upon conversion of the face amount of the

Preferred Shares into Common Shares, representing approximately 697% (December 31, 2020 - 697%) of the Common Shares outstanding as at March 31, 2021.

The only potentially dilutive securities as at March 31, 2021 were the preferred shares and stock options. All potentially dilutive securities were anti-dilutive for the three months ended March 31, 2021.

8. Financial instruments and risk management

Financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable, ABL Facility, senior secured debentures, other secured borrowings, deferred consideration and earn-out liability.

a. Risk management

ClearStream's Board of Directors has overall responsibility for the establishment and oversight of ClearStream's risk management framework. ClearStream has exposure to credit risk,customer concentration risk, and liquidity risk.

i. Credit risk

The Company has exposure to credit risk, which is the risk of financial loss to ClearStream if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from ClearStream's accounts receivable. The following table outlines ClearStream's maximum exposure to credit risk:

	March 31, 2021	December 31, 2020
Cash	$ 51,205	$ 30,477
Accounts receivable	73,877	89,508
Total	$ 125,082	$ 119,985

Cash is held at Canadian Schedule A Banks and is therefore considered low credit risk.

ClearStream has a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment terms and conditions are offered. ClearStream's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, ClearStream reviews credit bureau ratings, bank accounts and financial information for each new customer. ClearStream's customers are primarily Canadian energy companies engaged in upstream, midstream and downstream activities, all of which have strong creditworthiness.

Of the total balance of accounts receivable at March 31, 2021, $53,257 (December 31, 2020 - $73,704) related to trade receivables and $20,620 (December 31, 2020 - $15,804) related to accrued revenue (i.e., for work performed but not yet invoiced).

Trade receivables are non-interest bearing and generally due on 30-90 day terms. As at March 31, 2021, approximately $3,522 of ClearStream's trade receivables had been outstanding longer than 90 days (December 31, 2020 - $5,884). Management has fully evaluated the outstanding receivables as at March 31, 2021 and has determined that the lifetime expected credit losses of the trade receivables was immaterial at this time.

ii. Liquidity risk

Liquidity risk is the risk that ClearStream will not be able to meet its financial obligations as they come due. ClearStream's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

ClearStream's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, ClearStream will replace it with new debt, convert it into equity or refinance or restructure, depending on the state of the capital markets at the time.

ClearStream manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations.

There are no material changes to customer concentration or liquidity risk for three months ended March 31, 2021.

9. Segment information

The Company has organized the business around differences in products and services provided to customers. All or substantially all of ClearStream's operations, assets and employees are located in Canada.

ClearStream has five operating segments, which are aggregated into two reportable segments, as follows:

- The Maintenance and Construction Services segment is a fully integrated provider of maintenance and construction services to the energy industry. This segment provides maintenance services, welding, fabrication, machining, construction, turnaround services, heavy equipment operators and a resource/labour supply to Canadian energy companies engaged in upstream, midstream and downstream activities. The Maintenance and Construction reportable segment consists of the Union and Non-union operating segments as well as the Environmental operating segment on the basis of the similarities in their service offerings, customers and business environment.
- The Wear Technology Overlay Services segment specializes in the supply and fabrication of overlay pipe spools, pipe bends, wear plates and vessels for corrosion and abrasion resistant applications across various end markets. This reportable segment consists of the Wear and UWO CGUs on the basis of similarities in their service offerings, customers and technologies.

In addition to the reportable operating segments, the Corporate division is a standard head office function, which deals with strategic planning, corporate communications, taxes, legal, marketing, finance, financing (including interest expense), human resources and information technology for the entire organization.

The Eliminations column includes adjustments required to account for joint ventures as equity investments, and eliminations of inter-divisional transactions. ClearStream accounts for inter-segment sales based on transaction price.

For the three months ended March 31, 2021	Maintenance and Construction Services	Wear Technology Overlay services	Corporate	Eliminations	Total
Revenues	$ 74,035	$ 8,565	$ —	$ (396)	$ 82,204
Cost of revenues	(68,143)	(6,412)	—	396	(74,159)
Gross profit	5,892	2,153	—	—	8,045
Selling, general & administrative expenses	(133)	(72)	(5,764)	—	(5,969)
Amortization of intangible assets	(47)	(115)	—	—	(162)
Depreciation expense	(1,839)	(679)	(666)	—	(3,184)
Income from equity investment	61	—	—	—	61
Interest expense	(266)	(88)	(4,066)	—	(4,420)
Restructuring recovery (expense)	6	(277)	(132)	—	(403)
Impairment of right-of-use assets	—	—	(8,270)	—	(8,270)
Loss on sale of property, plant and equipment	(22)	—	—	—	(22)
Income from government subsidies	5,678	496	581	—	6,755
Income (loss) from continuing operations	$ 9,330	$ 1,418	$ (18,317)	$ —	$ (7,569)

For the three months ended March 31, 2020	Maintenance and Construction Services	Wear Technology Overlay services	Corporate	Eliminations	Total
Revenues	$ 115,344	$ 11,767	$ —	$ (313)	$126,799
Cost of revenues	(108,641)	(9,326)	—	313	(117,653)
Gross profit	6,703	2,442	—	—	9,146
Selling, general and administrative expenses	(190)	(22)	(6,330)	—	(6,542)
Share-based compensation and other long-term incentive plans recovery	—	—	1,109	—	1,109
Amortization of intangible assets	(39)	(313)	—	—	(351)
Depreciation expense	(1,904)	(805)	(604)	—	(3,312)
Income from equity investment	49	—	—	—	49
Interest (expense) recovery	(318)	73	(3,852)	—	(4,097)
Gain on sale of assets held for sale	—	—	—	—	—
Restructuring expense	(16)	(16)	(381)	—	(413)
Impairment of goodwill and intangible assets	—	(5,000)	—	—	(5,000)
Gain on sale property, plant and equipment	140	—	—	—	140
Income (loss) from continuing operations	$ 4,425	$ (3,640)	$ (10,058)	$ —	$ (9,272)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sean McMaster (1) (2)
Chair of the Board

Jordan Bitove (2) (3)
Director

H. Fraser Clarke (1) (2)
Director

Karl Johannson (1) (2) (3)
Director

Dean MacDonald (3)
Director

Yves Paletta
Director

Notes:
(1) Member of the Audit Committee
(2) Member of the Corporate Governance and Compensation Committee
(3) Member of the Health, Safety and Environment Committee

HEAD OFFICE

ClearStream Energy Services Inc.
Intact Place, East Tower
1650, 311 – 6th Avenue S.W.
Calgary, Alberta T2P 3H2
T: 587-318-0997
F: 587-475-2181
www.clearstreamenergy.ca

BANKER

Bank of Montreal

AUDITORS

Ernst & Young LLP

OFFICERS

Yves Paletta
Chief Executive Officer

Randy Watt
Chief Financial Officer

Neil Wotton
Chief Operating Officer

Barry Card
Chief Commercial Officer

Murray Desrosiers
Senior Vice President and General Counsel

Deloris Hetherington
Vice President, Human Resources

Angela Martens
Vice President, Finance and Corporate Controlling

Brad Naeth
Vice President, Wear Technology Overlay

Herb Thomas
Vice President, Operations (Flint)

Angela Thompson
Vice President, Project Services

Clint Tisnic
Vice President, Operational Finance

LEGAL COUNSEL

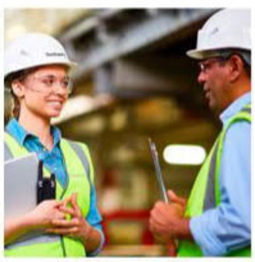
Blake, Cassels & Graydon LLP
McCarthy Tetrault LLP

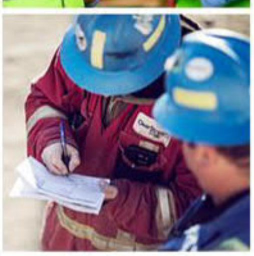
TRANSFER AGENT

Computershare Investor Services Inc.

EXCHANGE LISTING

Toronto Stock Exchange
Symbol: CSM





ClearStream

Corporate Office

Suite 1650, 311 - 6th Avenue SW
Calgary, AB, Canada

Tel: 587.318.0997
InvestorRelations@clearstreamenergy.ca

CLEARSTREAMENERGY.CA