Press Release

Pason Reports First Quarter 2017 Results

FOR IMMEDIATE RELEASE

CALGARY, Alberta (May 2, 2017) – Pason Systems Inc. (TSX:PSI) announced today its 2017 first quarter results.

Performance Data

Three Months Ended March 31,	**2017**	2016	Change
(CDN 000s, except per share data)	**($)**	($)	(%)
Revenue	**59,049**	45,813	29
Income (loss)	**7,153**	(10,860)	—
Per share – basic	**0.08**	(0.13)	—
Per share – diluted	**0.08**	(0.13)	—
EBITDA (1)	**23,469**	(353)	—
As a % of revenue	**39.7**	(0.8)	—
Adjusted EBITDA (1)	**24,908**	8,763	184
As a % of revenue	**42.2**	19.1	—
Funds flow from operations	**21,074**	3,335	532
Per share – basic	**0.25**	0.04	525
Per share – diluted	**0.25**	0.04	525
Cash from operating activities	**29,831**	11,331	163
Free cash flow (1)	**28,511**	4,141	589
Capital expenditures	**1,134**	6,580	(83)
Working capital	**203,224**	214,538	(5)
Total assets	**427,075**	482,620	(12)
Total long-term debt	**—**	—	—
Cash dividends declared	**0.17**	0.17	—
Shares outstanding end of period (#000's)	**84,672**	84,108	1

(1) Non-IFRS financial measures are defined in the Management's Discussion and Analysis section.

Q1 2017 vs Q1 2016

The Company generated consolidated revenue of $59.0 million in the first quarter of 2017, an increase of 29% from the same period in 2016. A modest recovery in commodity prices and increased optimism has led to increased drilling activity in Canada and in the US market . This increase was partially offset by a strengthening Canadian dollar relative to the US dollar and a decline in drilling activity in certain key international markets.

Consolidated EBITDA was $23.5 million in the first quarter, an increase of $23.8 million from the first quarter of 2016. Included in EBITDA in the prior year results are restructuring charges related to the reduction of personnel and consolidation of office space totaling $10.9 million. Adjusted EBITDA, which adjusts for foreign exchange and certain non-recurring charges,including restructuring costs, increased to $24.9 million, up from $8.8 million in the first quarter of 2016.

The Company recorded net income of $7.2 million ($0.08 per share) in the first quarter of 2017, compared to a net loss of $10.9 million ($0.13 per share) recorded in the same period in 2016. The first quarter 2016 results include the restructuring costs referred to above. The increase in Canadian and US revenue combined with cost reduction programs previously implemented and a significant decline in depreciation expense from 2016 levels led to the increase in income from 2016 levels.

President’s Message

After two very challenging years, Pason has returned to positive income territory. Income for the first quarter of 2017 was $7.2 million, or $0.08 per share, compared to a loss of $10.9 million in the previous year period. Adjusted EBITDA was $24.9 million, resulting in an adjusted EBITDA margin of 42%. Free Cash Flow for the quarter was $28.5 million. At March 31, 2017, our working capital position stood at $203 million, including cash at $163 million. There is no debt on our balance sheet. We are maintaining our quarterly dividend at $0.17 share.

The key drivers of improved financial performance were: 1) higher drilling activity in Canada as well as certain US regions, especially the Permian; 2) increased US market share; and 3) a significant reduction in operating costs and depreciation. These improvements were partially offset by negative exchange rate effects, lower market share and heightened pricing pressure in Canada, and weakness in certain international markets, especially Argentina and Mexico.

Since the beginning of the New Year, growth in drilling activity in North American land has exceeded our expectations. The outlook for the remainder of 2017 is more positive than what we experienced in 2016. Some analysts are projecting that oil may rally to the mid-$60s by the end of the year. This would likely lead to a sustained growth in North American land drilling activity.

However, inventories of crude oil and refined products continue to be at very high levels. For the optimistic oil price scenario to materialize, OPEC and its allies need to extend their production cuts that went into effect in January. A failure to extend the output agreement at the next OPEC meeting at the end of May could send oil prices much lower. As a result, there continues to be a lot of uncertainty around E&P capital spending plans, and therefore for drilling activity, going forward.

We are more optimistic about the outlook for the oil price for the medium to longer term. The rate of depletion of developed oil reserves in many non-OPEC countries is accelerating. Continued underinvestment in new supply increases the probability of a supply deficit down the road.

Pason’s two main objectives for 2017 remain:1) to fully participate in the industry’s upturn while containing growth of the cost base; and 2) to become a key enabler of drilling automation and big data strategies.

With our current cost structure, we can absorb higher activity levels without having to add cost proportionally in many regions. We are therefore well-positioned to maximize returns in the industry’s continued growth.

At the same time, we continue to invest approximately $30 million annually in R&D and IT. We are focusing our development efforts on products and services that directly improve the efficiency, effectiveness, and safety of drilling operations and wellbore quality. Examples of this include our ePVT Adaptive Alarms and Digital Trip Sheets, AC AutoDriller, abbl Directional Advisor and the deployment of the advanced Exxon Drilling Advisory System. We are building on our acquisition of Verdazo Analytics to provide customers with a holistic platform to analyze drilling, production, and operational data. The addition of an enhanced Live Rig View (LRV) web service to our cloud-based offering benefits office-based users of Pason data.

Our very capable and flexible rigsite IT and communications platform can host new Pason and third party software. Our capital expenditures will be relatively small going forward with a larger portion of our current development efforts focused on software and analytics. For 2017, we intend to spend up to $25 million in capital expenditures

We feel good about Pason's market position and prospects, and are excited about the potential of our new products and services. We are the service provider of choice for many leading operators and drilling contractors with Pason equipment installed on over 65% of all active land drilling rigs in the Western Hemisphere and a growing presence in the Middle East.

Marcel Kessler
President and Chief Executive Officer
May 2, 2017

Management's Discussion and Analysis

The following discussion and analysis has been prepared by management as of May 2, 2017, and is a review of the financial condition and results of operations of Pason Systems Inc. (Pason or the Company) based on International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements and accompanying notes.

Certain information regarding the Company contained herein may constitute forward-looking statements under applicable securities laws. Such statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking statements.

All financial measures presented in this report are expressed in Canadian dollars unless otherwise indicated.

Additional IFRS Measures

In its interim condensed consolidated financial statements, the Corporation uses certain additional IFRS measures. Management believes these measures provide useful supplemental information to readers.

Funds flow from operations

Management believes that funds flow from operations, as reported in the Consolidated Statements of Cash Flows, is a useful additional measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables. Funds flow from operations represents the cash flow from continuing operations, excluding non-cash items. Funds flow from operations is defined as net income adjusted for depreciation and amortization expense, non-cash stock-based compensation expense, deferred taxes, and other non-cash items impacting operations.

Cash from operating activities

Cash from operating activities is defined as funds flow from operations adjusted for changes in working capital items.

Non-IFRS Financial Measures

These definitions are not recognized measures under IFRS, and accordingly, may not be comparable to measures used by other companies. These Non-IFRS measures provide readers with additional information regarding the Company's ability to generate funds to finance its operations, fund its research and development and capital expenditure program, and pay dividends.

Revenue per EDR Day

Revenue per EDR day is defined as the daily revenue generated from all products that the Company has on rent on a drilling rig that has the Company's base EDR installed. This metric provides a key measure on the Company's ability to increase production adoption and evaluate product pricing.

EBITDA

EBITDA is defined as net income before interest expense, income taxes, stock-based compensation expense, depreciation and amortization expense, and gains on disposal of investments.

Adjusted EBITDA

Adjusted EBITDA is defined as EBITDA, adjusted for foreign exchange, impairment of property, plant, and equipment, restructuring costs, and other items which the Company does not consider to be in the normal course of continuing operations.

Free cash flow

Free cash flow is defined as cash from operating activities plus proceeds on disposal of property, plant, and equipment, less capital expenditures, and deferred development costs.

Overall Performance

Three Months Ended March 31,	**2017**	2016	Change
(000s)	**($)**	($)	(%)
Revenue			
Electronic Drilling Recorder	**25,656**	19,155	34
Pit Volume Totalizer/ePVT	**8,576**	6,356	35
Communications	**6,923**	4,331	60
Software	**5,016**	3,131	60
AutoDriller	**3,829**	2,766	38
Gas Analyzer	**4,612**	3,624	27
Other	**4,437**	6,450	(31)
Total revenue	**59,049**	45,813	29

Electronic Drilling Recorder (EDR) and Pit Volume Totalizer (PVT) rental day performance for Canada and the United States is reported below:

Canada

Three Months Ended March 31,	**2017**	2016	Change
	#	#	(%)
EDR rental days	**23,800**	15,000	59
PVT rental days	**21,800**	14,000	56

United States

Three Months Ended March 31,	**2017**	2016	Change
	#	#	(%)
EDR rental days	**35,300**	25,200	40
PVT rental days	**27,800**	19,000	46

The Pason EDR remains the Company's primary product. The EDR provides a complete system of drilling data acquisition, data networking, and drilling management tools and reports at both the wellsite and customer offices. The EDR is the base product from which all other wellsite instrumentation products are linked. By linking these products, a number of otherwise redundant elements such as data processing, display, storage, and networking are eliminated. This ensures greater reliability and a more robust system of instrumentation for the customer.

Total revenue for the three months ended March 31, 2017, increased 29% over the same period in 2016. This increase is attributable to an increase in drilling activity in the Company's major North American markets, offset by a strengthening Canadian dollar relative to the US dollar.

Industry activity in the US market increased 31% in the first quarter of 2017 compared to the corresponding period in 2016, while first quarter Canadian rig activity increased 80%. Canadian EDR days, which includes some non-oil and gas-related activity, increased 59% in the first quarter of 2017 from 2016 levels, while US EDR days increased by 40% from the first quarter of 2016.

For the three months ended March 31, 2017, the Pason EDR was installed on 55% of the land rigs in the US compared to 52% during the same time period in 2016.

The Canadian business unit continued to see increased competition from a number of competitors. For the three months ended March 31, 2017, the Pason EDR was installed on 90% of the land rigs in the Canadian market; for the same period in 2016 the number of EDR days exceeded the number of reported industry days.

For the purposes of market share, the Company uses the number of EDR days billed and oil and gas drilling days as reported by accepted industry sources.

The Canadian market saw an increase in pricing pressure during the first quarter of 2017 relative to the same period in 2016.

The revenue generated from the Company's other wellsite instrumentation products tracked the increase in drilling activity. The notable exceptions were:

- an increase in product adoption of the ePVT in the US market
- continued increase in customer adoption of the communication solutions previously rolled out in the Canadian and US markets
- increase in AutoDriller rentals in Canada due to the significant increase in drilling activity which led to more mechanical rigs being deployed in the first quarter of 2017 compared to 2016
- a drop in revenue of service rig recorders in Latin America due to the drop in drilling activity which impacted other revenue

Included in the software category is revenue from the company's data analytics subsidiary, Verdazo.

Other revenue is down due to the sale of the net operating assets of 3PS, Inc. (3PS) effective January 1, 2017.

The international rig count was down in most of the Company's major international markets, most notably Argentina, Mexico, and Offshore. In the Middle East, the Company is realizing an increase in its share of net income from its Saudi Arabia joint venture as a result of a continuing increases in rig count and market penetration.

Discussion of Operations

United States Operations

Three Months Ended March 31,	**2017**	2016	Change
(000s)	**($)**	($)	(%)
Revenue			
Electronic Drilling Recorder	**15,124**	10,687	42
Pit Volume Totalizer/ePVT	**4,603**	3,176	45
Communications	**2,583**	1,545	67
Software	**2,468**	1,757	40
AutoDriller	**1,408**	965	46
Gas Analyzer	**1,765**	1,598	10
Other	**2,015**	3,898	(48)
Total revenue	**29,966**	23,626	27
Operating costs	**14,210**	15,245	(7)
Depreciation and amortization	**5,001**	6,773	(26)
Segment operating profit	**10,755**	1,608	569

Three Months Ended March 31,	**2017**	2016
	$	$
Revenue per EDR day - USD	**634**	618
Revenue per EDR day - CAD	**839**	850

US segment revenue increased by 27% in the first quarter of 2017 over the 2016 comparable period. Included in the prior year results was revenue (included in other revenue) from 3PS, the net operating assets of which were sold effective January 1, 2017. Removing 3PS revenue from the comparative figures, revenue increased by 38% (42% increase when measured in USD). The strengthening Canadian dollar relative to the US dollar had a negative impact on revenue when measured in Canadian dollars.

Industry activity in the US market during the first quarter of 2017 increased 31% from the prior year. US market share was 55% for the first quarter of 2017 compared to 52% during the three months ended March 31, 2016, primarily driven by market share growth in key US regions combined with changes in the mix of active customers.

EDR rental days increased by 40% for the quarter ended March 31, 2017, over the same time period in 2016, while revenue per EDR day in the first quarter of 2017 increased to US$634, an increase of US$16 over the same period in 2016. This increase is due to an uptick on adoption of certain key products, including ePVT, combined with continued customer acceptance of enhanced communication solutions, offset by selective pricing discounts on certain products.

Operating costs decreased by 7% in the first quarter relative to the same period in the prior year. When measured in USD, and removing 3PS costs, operating costs increased by 13%, which is a direct result of the business unit investing in field costs to meet the significant increase in drilling activity.

Depreciation expense for the first three months of 2017 decreased 26% over 2016 amounts due to the asset impairment charges recorded in prior years and a significantly lower capital program.

Segment profit increased by $9.1 million in the first quarter of 2017 compared to the corresponding period in 2016.

Canadian Operations

Three Months Ended March 31,	**2017**	2016	Change
(000s)	**($)**	($)	(%)
Revenue			
Electronic Drilling Recorder	**8,436**	5,834	45
Pit Volume Totalizer/ePVT	**3,477**	2,532	37
Communications	**3,852**	2,429	59
Software	**2,476**	1,295	91
AutoDriller	**1,949**	1,104	77
Gas Analyzer	**2,582**	1,648	57
Other	**1,215**	983	24
Total revenue	**23,987**	15,825	52
Operating costs	**5,794**	5,324	9
Depreciation and amortization	**5,934**	7,582	(22)
Segment operating profit	**12,259**	2,919	320

Three Months Ended March 31,	**2017**	2016
	$	$
Revenue per EDR day- CAD	**975**	1,039

Canadian segment revenue increased by 52% for the quarter ended March 31, 2017 compared to the same period in 2016. This increase is the result of an 80% increase in the number of drilling industry days in the first quarter compared to 2016 levels. Included in the software category is revenue earned by Verdazo.

EDR rental days increased 59% in the first quarter of 2017 compared to 2016.

Revenue per EDR day decreased by $64 to $975 during the first quarter of 2017 compared to 2016, resulting from selective price discounts on certain products.

Operating costs increased by 9% in the first quarter of 2017 relative to the same period in 2016 due to the inclusion of Verdazo operating costs.

Depreciation expense decreased by approximately 22% for the three months ended March 31, 2017, due to prior year's impairment charges and lower capital expenditures.

The first quarter 2017 operating income of $12.3 million is an increase of $9.3 million from the prior year.

International Operations

Three Months Ended March 31,	2017	2016	Change
(000s)	($)	($)	(%)
Revenue			
Electronic Drilling Recorder	**2,096**	2,634	(20)
Pit Volume Totalizer/ePVT	**496**	648	(23)
Communications	**488**	357	37
Software	**72**	79	(9)
AutoDriller	**472**	697	(32)
Gas Analyzer	**265**	378	(30)
Other	**1,207**	1,569	(23)
Total revenue	**5,096**	6,362	(20)
Operating costs	**4,192**	5,531	(24)
Depreciation and amortization	**1,038**	2,007	(48)
Segment operating loss	**(134)**	(1,176)	—

The international rig count was down in most of the Company's major international markets, most notably Argentina, Mexico, and Offshore. As a result, revenue in the International operations segment decreased 20% in the first quarter of 2017 compared to the same period in 2016.

Operating costs decreased by 24% in the first quarter relative to the same period in the prior year, as the business units continue to identify and implement changes to its cost structure to meet the challenging business environment while maintaining customer service.

Depreciation expense decreased by approximately 48% for the three months ended March 31, 2017, primarily due to lower capital expenditures.

The segment operating loss was $0.1 million for the first quarter of 2017, an improvement from the $1.2 million loss recorded in the corresponding period in 2016.

Corporate Expenses

Three Months Ended March 31,	2017	2016	Change
(000s)	($)	($)	(%)
Other expenses			
Research and development	**5,877**	6,628	(11)
Corporate services	**4,068**	4,322	(6)
Stock-based compensation	**2,547**	962	165
Other			
Restructuring costs	**—**	10,861	—
Foreign exchange loss (gain)	**223**	(2,719)	—
Other	**1,216**	974	25
Total corporate expenses	**13,931**	21,028	(34)

In the first quarter of 2016, the Company initiated additional cost reduction initiatives to address the prolonged downturn in oil and gas drilling activity. These actions included further staff reductions and office space consolidation. As a result, the Company recorded a restructuring charge of $10.9 million in the first quarter of 2016.

Q1 2017 vs Q4 2016

Consolidated revenue was $59.0 million in the first quarter of 2017 compared to $48.8 million in the fourth quarter of 2016, an increase of $10.2 million or 21%. The first quarter of the year is typically the strongest for the Company due to the seasonality of the Canadian drilling activity. Activity in the WCSB showed significant seasonal improvements as a result of a modest recovery in commodity prices. The Canadian segment earned revenue of $24.0 million in the first quarter of 2017 as compared to $14.6 million in the fourth quarter of 2016, an increase of $9.4 million. Revenue in the US market increased by $1.4 million, from $28.6 million in the fourth quarter of 2016 to $30.0 million in the first quarter of 2017. The International segment experienced a revenue decrease of $0.5 million.

The Company recorded a net profit in the first quarter of 2017 of $7.2 million ($0.08 per share) compared to a loss of $11.3 million ($0.13 per share) in the fourth quarter of 2016. The fourth quarter 2016 results includes a $17.5 million impairment charge relating to the write-off of intangible assets as a result of the Company's divestiture of the net operating assets of 3PS, a previous wholly-owned subsidiary.

Sequentially, EBITDA increased from a negative $2.3 million in the fourth quarter of 2016 to $23.5 million in the first quarter of 2017. Adjusted EBITDA, which adjusts for foreign exchange and certain non-recurring charges, including impairment charges, increased from a $15.2 million in the fourth quarter of 2016 to $24.9 million in the first quarter of 2017. Funds flow from operations increased from $15.3 million in the fourth quarter of 2016 to $21.1 million in the first quarter of 2017.

First Quarter Conference Call

Pason will be conducting a conference call for interested analysts, brokers, investors and media representatives to review its first quarter 2017 results at 9:00 am (Calgary time) on Wednesday, May 3, 2017. The conference call dial-in number is 1-888-231-8191 or 1-647-427-7450. You can access the seven-day replay by dialing 1-855-859-2056 or 1-416-849-0833, using password 84467812.

Pason Systems Inc. is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, web-based information management, and analytics, enable collaboration between the rig and the office. Pason's common shares trade on the Toronto Stock Exchange under the symbol PSI.

Additional information, including the Company's Annual Report and Annual Information Form for the year ended December 31, 2016, is available on SEDAR at www.sedar.com or on the Company's website at www.pason.com.

Condensed Consolidated Interim Balance Sheets

As at	March 31, 2017	December 31, 2016
(CDN 000s) (unaudited)	($)	($)
Assets		
Current		
Cash and cash equivalents	**163,346**	146,479
Trade and other receivables	**52,370**	50,721
Prepaid expenses	**4,295**	3,826
Income taxes recoverable	**9,450**	15,066
Assets held for sale	—	8,413
Total current assets	**229,461**	224,505
Non-current		
Property, plant and equipment	**140,811**	150,504
Intangible assets and goodwill	**41,520**	43,698
Deferred tax assets	**15,283**	16,544
Total non-current assets	**197,614**	210,746
Total assets	**427,075**	435,251
Liabilities and equity		
Current		
Trade payables and accruals	**23,458**	24,347
Stock-based compensation liability	**2,779**	1,516
Liabilities held for sale	**—**	223
Total current liabilities	**26,237**	26,086
Non-current		
Stock-based compensation liability	**3,363**	2,941
Onerous lease obligation	**2,904**	2,917
Deferred tax liabilities	**14,623**	16,656
Total non-current liabilities	**20,890**	22,514
Equity		
Share capital	**140,683**	139,730
Share-based benefits reserve	**23,616**	23,026
Foreign currency translation reserve	**68,438**	69,443
Retained earnings	**147,211**	154,452
Total equity	**379,948**	386,651
Total liabilities and equity	**427,075**	435,251

Condensed Consolidated Interim Statements of Operations

Three Months Ended March 31,	2017	2016
(CDN 000s, except per share data) (unaudited)	**($)**	($)
Revenue	**59,049**	45,813
Operating expenses		
Rental services	**21,483**	23,771
Local administration	**2,713**	2,329
Depreciation and amortization	**11,973**	16,362
	36,169	42,462
Operating profit	**22,880**	3,351
Other expenses		
Research and development	**5,877**	6,628
Corporate services	**4,068**	4,322
Stock-based compensation expense	**2,547**	962
Other expense	**1,439**	9,116
	13,931	21,028
Income (loss) before income taxes	**8,949**	(17,677)
Income tax provision (recovery)	**1,796**	(6,817)
Net income (loss)	**7,153**	(10,860)
Income (loss) per share		
Basic	**0.08**	(0.13)
Diluted	**0.08**	(0.13)

Condensed Consolidated Interim Statements of Other Comprehensive Income

Three Months Ended March 31,	2017	2016
(CDN 000s) (unaudited)	**($)**	($)
Net income (loss)	**7,153**	(10,860)
Items that may be reclassified subsequently to net income:		
Foreign currency translation adjustment	**(1,595)**	(25,127)
Reclassification of foreign currency translation gain on disposition of 3PS assets	**590**	—
Other comprehensive (loss) gain	**(1,005)**	(25,127)
Total comprehensive income (loss)	**6,148**	(35,987)

Condensed Consolidated Interim Statements of Changes in Equity

(CDN 000s) (unaudited)	Share Capital ($)	Share-Based Benefits Reserve ($)	Foreign Currency Translation Reserve ($)	Retained Earnings ($)	Total Equity ($)
Balance at January 1, 2016	128,067	23,367	85,603	252,411	489,448
Net loss	—	—	—	(10,860)	(10,860)
Dividends	—	—	—	(14,294)	(14,294)
Other comprehensive loss	—	—	(25,127)	—	(25,127)
Exercise of stock options	925	(315)	—	—	610
Expense related to vesting of options	—	640	—	—	640
Balance at March 31, 2016	128,992	23,692	60,476	227,257	440,417
Net loss	—	—	—	(29,761)	(29,761)
Dividends	—	—	—	(43,044)	(43,044)
Other comprehensive income	—	—	8,967	—	8,967
Exercise of stock options	9,488	(3,022)	—	—	6,466
Expense related to vesting of options	—	2,356	—	—	2,356
Shares issued pursuant to business acquisition	1,250	—	—	—	1,250
Balance at December 31, 2016	139,730	23,026	69,443	154,452	386,651
Net income	—	—	—	7,153	7,153
Dividends	—	—	—	(14,394)	(14,394)
Other comprehensive loss	—	—	(1,005)	—	(1,005)
Exercise of stock options	953	(247)	—	—	706
Expense related to vesting of options	—	837	—	—	837
Balance at March 31, 2017	**140,683**	**23,616**	**68,438**	**147,211**	**379,948**

Condensed Consolidated Interim Statements of Cash Flows

Three Months Ended March 31,	2017	2016
(CDN 000s) (unaudited)	($)	($)
Cash from (used in) operating activities		
Net income (loss)	**7,153**	(10,860)
Adjustment for non-cash items:		
Depreciation and amortization	**11,973**	16,362
Stock-based compensation	**2,547**	962
Non-cash restructuring costs	**—**	4,833
Deferred income taxes	**(889)**	(5,288)
Unrealized foreign exchange (gain) loss and other	**290**	(2,674)
Funds flow from operations	**21,074**	3,335
Movements in non-cash working capital items:		
(Increase) decrease in trade and other receivables	**(1,843)**	11,264
(Increase) decrease in prepaid expenses	**(442)**	136
Decrease (increase) in income taxes recoverable	**6,792**	(2,743)
Increase in trade payables, accruals and stock-based compensation liability	**3,914**	6,102
Effects of exchange rate changes	**1,507**	(906)
Cash generated from operating activities	**31,002**	17,188
Income tax paid	**(1,171)**	(5,857)
Net cash from operating activities	**29,831**	11,331
Cash flows from (used in) financing activities		
Proceeds from issuance of common shares	**706**	610
Payment of dividends	**(14,394)**	(14,294)
Net cash used in financing activities	**(13,688)**	(13,684)
Cash flows (used in) from investing activities		
Additions to property, plant and equipment	**(841)**	(4,883)
Development costs	**(293)**	(1,697)
Proceeds on disposal of investment and property, plant and equipment	**3**	109
Acquisition	**(4,750)**	—
Proceeds on sale of net operating assets	**7,123**	—
Changes in non-cash working capital	**(189)**	(719)
Net cash from (used in) investing activities	**1,053**	(7,190)
Effect of exchange rate on cash and cash equivalents	**(329)**	(10,210)
Net increase (decrease) in cash and cash equivalents	**16,867**	(19,753)
Cash and cash equivalents, beginning of period	**146,479**	195,846
Cash and cash equivalents, end of period	**163,346**	176,093

Operating Segments

The Company operates in three geographic segments: Canada, the United States, and International (Latin America, Offshore, the Eastern Hemisphere, and the Middle East). The amounts related to each segment are as follows:

Three Months Ended March 31, 2017	**Canada**	**United States**	**International**	**Total**
	($)	**($)**	**($)**	**($)**
Revenue	**23,987**	**29,966**	**5,096**	**59,049**
Rental services and local administration	**5,794**	**14,210**	**4,192**	**24,196**
Depreciation and amortization	**5,934**	**5,001**	**1,038**	**11,973**
Segment operating profit (loss)	**12,259**	**10,755**	**(134)**	**22,880**
Research and development				**5,877**
Corporate services				**4,068**
Stock-based compensation				**2,547**
Other expenses				**1,439**
Income tax expense				**1,796**
Net income				**7,153**
Capital expenditures	**(53)**	**1,286**	**(99)**	**1,134**
Goodwill	**1,259**	**7,181**	**2,600**	**11,040**
Intangible assets	**29,771**	**709**	**—**	**30,480**
Segment assets	**122,216**	**253,754**	**51,105**	**427,075**
Segment liabilities	**20,429**	**11,795**	**14,903**	**47,127**

Three Months Ended March 31, 2016				
Revenue	15,825	23,626	6,362	45,813
Rental services and local administration	5,324	15,245	5,531	26,100
Depreciation and amortization	7,582	6,773	2,007	16,362
Segment operating profit (loss)	2,919	1,608	(1,176)	3,351
Research and development				6,628
Corporate services				4,322
Stock-based compensation				962
Other income				9,116
Income tax recovery				(6,817)
Net loss				(10,860)
Capital expenditures	1,717	4,774	89	6,580
Goodwill	—	24,008	2,600	26,608
Intangible assets	27,820	184	647	28,651
Segment assets	156,355	264,895	61,370	482,620
Segment liabilities	19,063	10,767	12,373	42,203

Other Expenses (Income)

Three Months Ended March 31,	2017	2016
	($)	($)
Foreign exchange loss (gain)	223	(2,719)
Restructuring costs	—	10,861
Other	1,216	974
Other expenses	1,439	9,116

In the first quarter of 2016, the Company initiated additional cost reduction initiatives to address the prolonged downturn in oil and gas drilling activity. These actions included further staff reductions and office space consolidation. As a result, the Company recorded a restructuring charge of $10,861 in the first quarter of 2016.

Pason Systems Inc.

Pason Systems Inc. is a leading global provider of specialized data management systems for drilling rigs. Our solutions, which include data acquisition, wellsite reporting, remote communications, and web-based information management, enable collaboration between the rig and the office. Pason's common shares trade on the Toronto Stock Exchange under the symbol PSI.TO.

For more information about Pason Systems Inc., visit the company's website at www.pason.com or contact:

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Forward-looking information and statements are subject to known or unknown risks and uncertainties that may cause actual results to differ materially from those anticipated or implied in the forward-looking information and statements. Risk factors that could cause actual results or events to differ materially from current expectations include, among others, the ability of Pason to successfully implement its strategic initiatives and whether such strategic initiatives will yield the expected benefits, the operating performance of Pason's assets and businesses, the price of energy commodities, competitive factors in the energy industry, changes in laws and regulations affecting Pason's businesses, technological developments, and general economic conditions.

Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which they are placed will occur. Such forward looking statements, although considered reasonable by management as of the date hereof, may prove to be incorrect and actual results may differ materially from those anticipated. Forward-looking statements contained in this press release are expressly qualified by this cautionary statement.

Additional information on risks and uncertainties and other factors that could affect Pason's operations or financial results are included in Pason's reports on file with the Canadian securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com) or through Pason's website (www.pason.com). Furthermore, any forward looking statements contained in this news release are made as of the date of this news release, and Pason does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by securities law.