UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________________________ to _________________________

Commission file number: 001-36246

Civeo Corporation

(Exact name of registrant as specified in its charter)

British Columbia, Canada	98-1253716
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Three Allen Center, 333 Clay Street, Suite 4980, Houston, Texas	77002
(Address of principal executive offices)	(Zip Code)

(713) 510-2400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES [X] NO [ ]

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

YES [X] NO [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "accelerated filer," "large accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large Accelerated Filer [ ]	Accelerated Filer [X]	Emerging Growth Company [ ]
Non-Accelerated Filer [ ]	Smaller Reporting Company [ ]	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES [ ] NO [X]

The Registrant had 167,970,631 common shares outstanding as of October 22, 2018.

CIVEO CORPORATION

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PART I -- FINANCIAL INFORMATION

ITEM 1. *Financial Statements*

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands, Except Per Share Amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues:				
Service and other	$ 118,262	$ 95,564	$ 341,152	$ 274,438
Product	2,229	1,925	11,020	6,490
	120,491	97,489	352,172	280,928
Costs and expenses:				
Service and other costs	79,513	62,668	238,762	179,044
Product costs	2,240	2,859	9,056	7,639
Selling, general and administrative expenses	17,328	15,871	56,754	44,141
Depreciation and amortization expense	34,468	32,700	99,502	97,083
Impairment expense	—	4,360	28,661	4,360
Other operating expense (income)	(163)	375	348	1,104
	133,386	118,833	433,083	333,371
Operating loss	(12,895)	(21,344)	(80,911)	(52,443)
Interest expense	(6,404)	(5,441)	(19,329)	(15,697)
Loss on extinguishment of debt	—	—	(748)	(842)
Interest income	16	49	92	69
Other income	412	517	2,923	1,247
Loss before income taxes	(18,871)	(26,219)	(97,973)	(67,666)
Income tax benefit	5,330	4,011	29,386	9,875
Net loss	(13,541)	(22,208)	(68,587)	(57,791)
Less: Net income attributable to noncontrolling interest	97	123	341	343
Net loss attributable to Civeo Corporation	(13,638)	(22,331)	(68,928)	(58,134)
Less: Dividends attributable to Class A preferred shares	612	—	49,100	—
Net loss attributable to Civeo common shareholders	$ (14,250)	$ (22,331)	$ (118,028)	$ (58,134)
Per Share Data (see Note 10)				
Basic net loss per share attributable to Civeo Corporation common shareholders	$ (0.09)	$ (0.17)	$ (0.76)	$ (0.46)
Diluted net loss per share attributable to Civeo Corporation common shareholders	$ (0.09)	$ (0.17)	$ (0.76)	$ (0.46)
Weighted average number of common shares outstanding:				
Basic	165,855	130,889	154,411	127,512
Diluted	165,855	130,889	154,411	127,512

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

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Net loss	$ (13,541)	$ (22,208)	$ (68,587)	$ (57,791)
Other comprehensive income (loss):				
Foreign currency translation adjustment, net of taxes of zero	(1,343)	14,343	(25,598)	38,691
Total other comprehensive income (loss)	(1,343)	14,343	(25,598)	38,691
Comprehensive loss	(14,884)	(7,865)	(94,185)	(19,100)
Less: Comprehensive income attributable to noncontrolling interest	100	126	342	667
Comprehensive loss attributable to Civeo Corporation	$ (14,984)	$ (7,991)	$ (94,527)	$ (19,767)

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

CIVEO CORPORATION

CONSOLIDATED BALANCE SHEETS
(In Thousands)

	September 30, 2018	December 31, 2017
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,540	$ 32,647
Accounts receivable, net	85,238	66,823
Inventories	6,543	7,246
Prepaid expenses	15,693	14,481
Other current assets	13,910	1,553
Assets held for sale	12,318	9,462
Total current assets	138,242	132,212
Property, plant and equipment, net	708,455	693,833
Goodwill	119,444	—
Other intangible assets, net	130,497	22,753
Other noncurrent assets	1,998	5,114
Total assets	$ 1,098,636	$ 853,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 32,787	$ 27,812
Accrued liabilities	20,057	22,208
Income taxes	513	1,728
Current portion of long-term debt	28,146	16,596
Deferred revenue	4,415	5,442
Other current liabilities	4,406	1,843
Total current liabilities	90,324	75,629
Long-term debt, less current maturities	392,161	277,990
Deferred income taxes	22,875	—
Other noncurrent liabilities	30,035	23,926
Total liabilities	535,395	377,545
Commitments and contingencies (Note 14)		
Shareholders' Equity:		
Preferred shares (Class A Series 1, no par value; 50,000,000 shares authorized, 9,679 shares and zero shares issued and outstanding, respectively; aggregate liquidation preference of $97,754,916 as of September 30, 2018)	55,791	—
Common shares (no par value; 550,000,000 shares authorized, 168,327,857 shares and 132,427,885 shares issued, respectively, and 167,970,631 shares and 132,262,434 shares outstanding, respectively)	—	—
Additional paid-in capital	1,558,901	1,383,934
Accumulated deficit	(696,747)	(579,113)
Common shares held in treasury at cost, 357,226 and 165,451 shares, respectively	(990)	(358)
Accumulated other comprehensive loss	(353,812)	(328,213)
Total Civeo Corporation shareholders' equity	563,143	476,250
Noncontrolling interest	98	117
Total shareholders' equity	563,241	476,367
Total liabilities and shareholders' equity	$ 1,098,636	$ 853,912

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

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (In Thousands)

	Attributable to Civeo							
	Preferred Shares	Common Shares						
	Amount	Par Value	Additional Paid-in Capital	Accumulated Deficit	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total Shareholders' Equity
Balance, December 31, 2016	**$ —**	**$ —**	**$ 1,311,226**	**$ (472,764)**	**$ (65)**	**$ (362,930)**	**$ 523**	**$ 475,990**
Net income (loss)	—	—	—	(58,134)	—	—	343	(57,791)
Currency translation adjustment	—	—	—	—	—	38,367	324	38,691
Dividends paid	—	—	—	—	—	—	(1,066)	(1,066)
Cumulative effect of implementation of ASU 2016-09	—	—	636	(636)	—	—	—	—
Equity offering	—	—	64,817	—	—	—	—	64,817
Share-based compensation	—	—	5,481	—	(293)	—	—	5,188
Balance, September 30, 2017	**$ —**	**$ —**	**$ 1,382,160**	**$ (531,534)**	**$ (358)**	**$ (324,563)**	**$ 124**	**$ 525,829**
Balance, December 31, 2017	**$ —**	**$ —**	**$ 1,383,934**	**$ (579,113)**	**$ (358)**	**$ (328,213)**	**$ 117**	**$ 476,367**
Net income (loss)	—	—	—	(68,928)	—	—	341	(68,587)
Currency translation adjustment	—	—	—	—	—	(25,599)	1	(25,598)
Dividends paid	—	—	—	—	—	—	(361)	(361)
Cumulative effect of implementation of ASU 2014-09	—	—	—	394	—	—	—	394
Issuance of shares for acquisitions	6,972	—	166,882	—	—	—	—	173,854
Dividends attributable to Class A preferred shares (Note 12)	48,819	—	281	(49,100)	—	—	—	—
Share-based compensation	—	—	7,804	—	(632)	—	—	7,172
Balance, September 30, 2018	**$ 55,791**	**$ —**	**$ 1,558,901**	**$ (696,747)**	**$ (990)**	**$ (353,812)**	**$ 98**	**$ 563,241**

	Preferred Shares (in thousands)	Common Shares (in thousands)
Balance, December 31, 2017	**—**	**132,262**
Stock-based compensation	—	1,579
Issuance of shares for acquisitions	9,679	34,130
Balance, September 30, 2018	**9,679**	**167,971**

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

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Cash flows from operating activities:		
Net loss	$ (68,587)	$ (57,791)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	99,502	97,083
Impairment charges	28,661	4,360
Loss on extinguishment of debt	748	842
Deferred income tax benefit	(29,272)	(11,026)
Non-cash compensation charge	7,804	5,481
Gains on disposals of assets	(2,714)	(1,193)
Provision for loss on receivables, net of recoveries	(106)	8
Other, net	3,959	3,307
Changes in operating assets and liabilities:		
Accounts receivable	89	(2,845)
Inventories	1,342	(1,507)
Accounts payable and accrued liabilities	(10,787)	5,910
Taxes payable	939	9,928
Other current assets and liabilities, net	(5,716)	(7,032)
Net cash flows provided by operating activities	25,862	45,525
Cash flows from investing activities:		
Capital expenditures	(8,666)	(8,020)
Payments related to acquisitions, net of cash acquired	(181,589)	—
Proceeds from disposition of property, plant and equipment	4,038	1,625
Other, net	111	548
Net cash flows used in investing activities	(186,106)	(5,847)
Cash flows from financing activities:		
Proceeds from issuance of common shares, net	—	64,817
Revolving credit borrowings	289,450	44,525
Revolving credit repayments	(134,040)	(84,462)
Term loan repayments	(18,177)	(12,214)
Debt issuance costs	(2,742)	(1,795)
Other, net	(632)	(293)
Net cash flows provided by financing activities	133,859	10,578
Effect of exchange rate changes on cash	(1,722)	1,961
Net change in cash and cash equivalents	(28,107)	52,217
Cash and cash equivalents, beginning of period	32,647	1,785
Cash and cash equivalents, end of period	$ 4,540	$ 54,002
Non-cash investing activities:		
Value of common shares issued as consideration for acquisitions	$ 119,797	$ —
Value of preferred shares issued as consideration for acquisition	$ 54,821	$ —
Non-cash financing activities:		
Preferred dividends paid-in-kind	$ 971	$ —

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

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of the Business

We are one of the largest integrated providers of workforce accommodations, logistics and facility management services to the natural resource industry. Our scalable modular facilities provide long-term and temporary accommodations where traditional accommodations and related infrastructure is insufficient, inaccessible or not cost effective. Once facilities are deployed in the field, we also provide catering and food services, housekeeping, laundry, facility management, water and wastewater treatment, power generation, communications and redeployment logistics. Our accommodations support our customers' employees and contractors in the Canadian oil sands and in a variety of oil and natural gas drilling, mining and related natural resource applications as well as disaster relief efforts, primarily in Canada, Australia and the United States. We operate in three principal reportable business segments – Canada, Australia and U.S.

Basis of Presentation

Unless otherwise stated or the context otherwise indicates: (i) all references in these consolidated financial statements to "Civeo," "us," "our" or "we" refer to Civeo Corporation and its consolidated subsidiaries; and (ii) all references in this report to "dollars" or "$" are to U.S. dollars.

The accompanying unaudited consolidated financial statements of Civeo have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the SEC) pertaining to interim financial information. Certain information in footnote disclosures normally included in financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) has been condensed or omitted pursuant to those rules and regulations. The unaudited financial statements included in this report reflect all the adjustments, consisting of normal recurring adjustments, which Civeo considers necessary for a fair presentation of the results of operations for the interim periods covered and for the financial condition of Civeo at the date of the interim balance sheet. Results for the interim periods are not necessarily indicative of results for the full year.

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates and assumptions by management in determining the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. If the underlying estimates and assumptions upon which the financial statements are based change in future periods, actual amounts may differ from those included in the accompanying consolidated financial statements.

The financial statements included in this report should be read in conjunction with our audited financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2017.

2. RECENT ACCOUNTING PRONOUNCEMENTS

From time to time, new accounting pronouncements are issued by the Financial Accounting Standards Board (the FASB), which are adopted by us as of the specified effective date. Unless otherwise discussed, management believes that the impact of recently issued standards or other guidance updates, which are not yet effective, will not have a material impact on our consolidated financial statements upon adoption.

In January 2017, the FASB issued Accounting Standards Update (ASU) 2017-01, "Business Combinations (Topic 805): Clarifying the Definition of a Business" which changes the definition of a business to assist entities with evaluating when a set of transferred assets and activities is a business. ASU 2017-01 requires an entity to evaluate if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets; if so, the set of transferred assets and activities is not a business. The standard is effective for interim and annual reporting periods beginning after December 15, 2017. Effective with our quarterly report on Form 10-Q for the quarter ended March 31, 2018, we have adopted this standard effective January 1, 2018.

In January 2017, the FASB issued ASU 2017-04, "Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment." The standard simplifies the accounting for goodwill impairment by requiring a goodwill impairment to be measured using a single step impairment model, whereby the impairment equals the difference between the carrying amount and the fair value of the specified reporting units in their entirety. This eliminates the second step of the current impairment model that requires companies to first estimate the fair value of all assets in a reporting unit and measure impairments based on those fair values and a residual measurement approach. It also specifies that any loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective prospectively for public business entities for annual reporting periods beginning after December 15, 2019, and early adoption is permitted. We will adopt this new standard no later than January 1, 2020. The impact of the new standard will be dependent on the specific facts and circumstances of future individual goodwill impairments, if any.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" (ASU 2016-13). This new standard changes how companies will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. ASU 2016-13 is effective for financial statements issued for reporting periods beginning after December 15, 2019 and interim periods within the reporting periods. We are currently evaluating the impact of this new standard on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases" (Topic 842), which replaces the existing guidance for lease accounting, Leases (Topic 840). ASU 2016-02 requires lessees to recognize a lease liability and a right-of-use asset for all leases with terms longer than 12 months. The guidance is effective for financial statements issued for reporting periods beginning after December 15, 2018 and interim periods within the reporting periods. We anticipate adopting ASU 2016-02 and all related amendments as of January 1, 2019 and will elect the new optional transition method, which allows us to recognize a cumulative-effect adjustment to the opening balance of retained earnings as of the adoption date. We have determined that certain of our accommodation contracts could contain a lease component and will elect the new practical expedient for lessors, when certain criteria are met, which allows us to combine the lease and non-lease components of revenues for presentation purposes. We are currently evaluating the impact of this new standard on our consolidated financial statements. We have finalized our implementation plan and are in the process of analyzing our lease portfolio. This evaluation process includes reviewing all forms of leases, performing a completeness assessment over the lease population and analyzing the available practical expedients in order to determine the best implementation strategy. We expect the adoption of this new standard will result in an increase on our consolidated balance sheet for right-of-use assets and corresponding lease liabilities.

In May 2014, the FASB issued ASU 2014-09 establishing Accounting Standards Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (ASC 606). ASC 606 establishes a comprehensive new revenue recognition model designed to depict the transfer of goods or services to a customer in an amount that reflects the consideration the entity expects to be entitled to receive in exchange for those goods or services and requires significantly enhanced revenue disclosures. The standard is effective for annual and interim reporting periods beginning after December 15, 2017. Effective with our quarterly report on Form 10-Q for the quarter ended March 31, 2018, we have adopted this standard effective January 1, 2018 using the modified retrospective method as applied to customer contracts that were not completed as of January 1, 2018. As a result, financial information for reporting periods beginning after January 1, 2018 is presented under ASC 606, while comparative financial information has not been adjusted and continues to be reported in accordance with the Company's historical accounting policy for revenue recognition prior to the adoption of ASC 606. Upon adoption of this standard, we recognized a cumulative effect adjustment of $0.4 million to accumulated deficit in the accompanying unaudited consolidated balance sheet as of September 30, 2018. We expect the impact of the adoption of the new standard to be immaterial to our consolidated financial statements on an ongoing basis.

3. REVENUE

We generally recognize accommodation, mobile facility rental and catering and other services revenues over time as our customers simultaneously receive and consume benefits as we serve our customers because of continuous transfer of control to the customer. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. We transfer control and recognize a sale based on a periodic (usually daily) room rate each night a customer stays in our rooms or when the services are rendered. In some contracts, rates may vary over the contract term. In these cases, revenue may be deferred and recognized on a straight-line basis over the contract term. A limited portion of our revenue is recognized at a point in time when control transfers to the customer related to small modular construction and manufacturing contracts, minor catering arrangements and optional purchases our customers make for incidental services offered at our accommodation and mobile facilities.

For significant projects, manufacturing revenues are recognized over time with progress towards completion measured using the cost based input method as the basis to recognize revenue and an estimated profit. Billings on such contracts in excess of costs incurred and estimated profits are classified as deferred revenue. Costs incurred and estimated profits in excess of billings on these contracts are recognized as unbilled receivables. Management believes this input method is the most appropriate measure of progress to the satisfaction of a performance obligation on larger modular construction and manufacturing contracts. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, estimated profitability and final contract settlements may result in revisions to projected costs and revenue and are recognized in the period in which the revisions to estimates are identified and the amounts can be reasonably estimated. Factors that may affect future project costs and margins include weather, production efficiencies, availability and costs of labor, materials and subcomponents. These factors can significantly impact the accuracy of our estimates and materially impact our future reported earnings.

The following table disaggregates our revenue by our three reportable segments: Canada, Australia and U.S., and major categories for the periods indicated (in thousands):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Canada				
Accommodation revenues	$ 72,991	$ 60,018	$ 204,258	$ 169,885
Mobile facility rental revenues	135	579	9,283	1,381
Catering and other services revenues	3,627	3,037	11,082	9,126
Manufacturing revenues	—	198	2,038	1,614
Total Canada revenues	76,753	63,832	226,661	182,006
Australia				
Accommodation revenues	$ 30,679	$ 27,541	$ 88,343	$ 83,164
Catering and other services revenues	411	—	1,199	—
Total Australia revenues	31,090	27,541	89,542	83,164
United States				
Accommodation revenues	$ 5,010	$ 2,619	$ 13,353	$ 7,163
Mobile facility rental revenues	6,256	2,388	14,366	5,505
Manufacturing revenues	1,330	1,061	8,123	2,968
Catering and other services revenues	52	48	127	122
Total United States revenues	12,648	6,116	35,969	15,758
Total revenues	$ 120,491	$ 97,489	$ 352,172	$ 280,928

Because of control transferring over time, the majority of our revenue is recognized based on the extent of progress towards completion of the performance obligation. At contract inception, we assess the goods and services promised in our contracts with customers and identify a performance obligation for each promise to transfer our customers a good or service (or bundle of goods or services) that is distinct. Our customers typically contract for accommodation services under take-or-pay contracts with terms that most often range from several months to three years. Our contract terms generally provide for a rental rate for a reserved room and an occupied room rate that compensates us for services provided. We typically contract our facilities to our customers on a fee per day basis where the goods and services promised include lodging and meals. To identify the performance obligations, we consider all of the goods and services promised in the context of the contract and the pattern of transfer to our customers.

Our payment terms vary by the type and location of our customer and the products or services offered. The term between invoicing and when our performance obligations are satisfied is not significant. Payment terms are generally within 30 days. We do not have significant financing components or significant payment terms.

Revenues exclude taxes assessed based on revenues such as sales or value added taxes.

As of September 30, 2018, for contracts that are greater than one year, the table below discloses the estimated revenues related to performance obligations that are unsatisfied (or partially unsatisfied) and when we expect to recognize the revenue (in thousands):

	For the years ending December 31,				
	2018	**2019**	**2020**	**Thereafter**	**Total**
Revenue expected to be recognized as of September 30, 2018	$ 34,880	$ 89,755	$ 46,698	$ 1,802	$ 173,135

4. FAIR VALUE MEASUREMENTS

Our financial instruments consist of cash and cash equivalents, receivables, payables and debt instruments. We believe that the carrying values of these instruments on the accompanying consolidated balance sheets approximate their fair values.

As of September 30, 2018 and December 31, 2017, we believe the carrying value of our floating-rate debt outstanding under our term loans and revolving credit facilities approximates fair value because the terms include short-term interest rates and exclude penalties for prepayment. We estimated the fair value of our floating-rate term loan and revolving credit facilities using significant other observable inputs, representative of a Level 2 fair value measurement, including terms and credit spreads for these loans.

During the first quarter of 2018 and the third quarter of 2017, we wrote down certain long-lived assets to fair value. Our estimates of fair value required us to use significant unobservable inputs, representative of Level 3 fair value measurements, including numerous assumptions with respect to future circumstances that might directly impact each of the relevant asset groups' operations in the future and are therefore uncertain. These assumptions with respect to future circumstances included future oil, coal and natural gas prices, anticipated spending by our customers, the cost of capital, and industry and/or local market conditions. During the third quarter of 2017, our estimates of fair value of certain undeveloped land positions in British Columbia were based on appraisals from third parties. Please see Note 6 – Impairment Charges for further information.

During the first and second quarter of 2018, we acquired certain assets and businesses and recorded them at fair value. Determining the fair value of assets acquired and liabilities assumed requires the exercise of significant judgment, including the amount and timing of expected future cash flows, long-term growth rates and discount rates. The cash flows employed in the valuation are based on our best estimates of future sales, earnings and cash flows after considering factors such as general market conditions, expected future customer orders, contracts with suppliers, labor costs, changes in working capital, long term business plans and recent operating performance. Please see Note 7 – Acquisitions for further information.

5. DETAILS OF SELECTED BALANCE SHEET ACCOUNTS

Additional information regarding selected balance sheet accounts at September 30, 2018 and December 31, 2017 is presented below (in thousands):

	September 30, 2018	**December 31, 2017**
Accounts receivable, net:		
Trade	$ 57,560	$ 46,692
Unbilled revenue	28,896	20,555
Other	14	914
Total accounts receivable	86,470	68,161
Allowance for doubtful accounts	(1,232)	(1,338)
Total accounts receivable, net	$ 85,238	$ 66,823

	September 30, 2018	December 31, 2017
Inventories:		
Finished goods and purchased products	$ 2,930	$ 2,211
Work in process	2,618	4,096
Raw materials	995	939
Total inventories	$ 6,543	$ 7,246

	Estimated Useful Life (in years)	September 30, 2018	December 31, 2017
Property, plant and equipment, net:			
Land		$ 47,452	$ 40,567
Accommodations assets	3 — 15	1,723,641	1,658,867
Buildings and leasehold improvements	5 — 20	25,721	24,181
Machinery and equipment	4 — 15	10,422	8,848
Office furniture and equipment	3 — 7	54,826	53,688
Vehicles	3 — 5	14,513	13,869
Construction in progress		5,179	2,770
Total property, plant and equipment		1,881,754	1,802,790
Accumulated depreciation		(1,173,299)	(1,108,957)
Total property, plant and equipment, net		$ 708,455	$ 693,833

	September 30, 2018	December 31, 2017
Accrued liabilities:		
Accrued compensation	$ 17,753	$ 20,424
Accrued taxes, other than income taxes	2,027	1,224
Accrued interest	24	15
Other	253	545
Total accrued liabilities	$ 20,057	$ 22,208

6. IMPAIRMENT CHARGES

Quarter ended March 31, 2018. During the first quarter of 2018, we identified an indicator that certain assets used in the Canadian oil sands may be impaired due to market developments, including expected customer commitments, occurring in the first quarter of 2018. For purposes of our impairment assessment, we separated two lodges that were previously treated as a single asset group due to the lodges no longer being used together to generate joint cash flows. We assessed the carrying value of the asset group to determine if it continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying value was determined to not be fully recoverable, and we proceeded to compare the estimated fair value of the asset group to its respective carrying value. Accordingly, the value of a Canadian lodge was written down to its estimated fair value of zero. As a result of the analysis described above, we recorded an impairment expense of $28.7 million.

Quarter ended September 30, 2017. During the third quarter of 2017, we made the decision to vacate an open camp facility in Canada and relocated the assets to a newly awarded contract for a Canadian mobile camp. We assessed the carrying value of the remaining assets to determine if they continued to be recoverable based on their estimated future cash flows. Based on the assessment, the carrying values of certain leasehold improvements were determined to not be fully recoverable, and we proceeded to compare the estimated fair value of those assets to their respective carrying values. Accordingly, the value of the remaining leasehold improvements was written down to their fair value of zero. As a result of the analysis described above, we recorded an impairment expense of $3.2 million associated with our leased properties in Canada.

7. ACQUISITIONS

Noralta

Description of Transaction. On April 2, 2018, we acquired the equity of Noralta Lodge Ltd. (Noralta), located in Alberta, Canada (the Noralta Acquisition). The total consideration, which is subject to adjustment in accordance with the terms of the definitive agreement, included (i) C$207.7 million (or approximately US$161.2 million) in cash, of which C$43.5 million is held in escrow by Alliance Trust Company (the Escrow Agent) to cover purchase price adjustments related to any closing date working capital shortfall and to support the sellers' indemnification obligations under the definitive agreement and certain obligations of the sellers to compensate us for certain increased employee compensation costs that are expected to be incurred as a result of the recent union certification of certain classes of Noralta employees, (ii) 32.8 million of our common shares, of which (a) 13.5 million shares are held in escrow by the Escrow Agent and will be released based on certain conditions related to Noralta customer contracts remaining in place and (b) 2.4 million shares are held in escrow by the Escrow Agent and will be released based on the employee compensation cost increases described above, and (iii) 9,679 Class A Series 1 Preferred Shares (the Preferred Shares) with an initial liquidation preference of $96.8 million, of which 692 shares are held in escrow by the Escrow Agent and will be released based on the employee compensation cost increases described above. As a result of the Noralta Acquisition, we expanded our existing accommodations business in the Canadian oil sands market. We funded the cash consideration with cash on hand and borrowings under the Amended Credit Agreement (as defined in Note 11). During the third quarter 2018, $3.6 million in cash was released to us from escrow to cover purchase price adjustments related to a working capital shortfall at closing.

The Noralta Acquisition was accounted for in accordance with the acquisition method of accounting for business combinations and, accordingly, the results of operations of Noralta were reported in our financial statements as part of our Canadian reportable business segment beginning on April 2, 2018, the date of acquisition. During the three and nine months ended September 30, 2018, we recorded approximately $31.1 million and $63.1 million of revenue and $12.2 million and $25.6 million of gross margin, respectively, in the accompanying unaudited consolidated statements of operations related to the Noralta Acquisition.

Calculation of Purchase Consideration. The total purchase consideration received by the Noralta shareholders was based on the cash consideration and fair value of our common shares and Preferred Shares issued on April 2, 2018. The purchase consideration below reflects the fair value of common shares issued, which is based on the closing price on March 29, 2018 (the last business day prior to April 2, 2018) of our common shares of $3.77 per share and the estimated fair value of Preferred Shares issued, which are valued at 61% of the initial liquidation preference of the Preferred Shares of $96.79 million.

A portion of the consideration paid, $11.6 million cash, 2.4 million common shares and 692 Preferred Shares, is currently being held in escrow to support certain obligations of the sellers to compensate us for certain increased employee compensation costs that are expected to be incurred as a result of the recent union certification of certain classes of Noralta employees. As of April 2, 2018, we expected the escrowed amounts to be released to us within 12 months, and therefore, a receivable of $11.6 million related to the cash expected to be released has been established. Additionally, no fair value has been allocated to such common shares or Preferred Shares portion of the consideration.

The purchase consideration and estimated fair value of Noralta's net assets acquired as of April 2, 2018 is presented as follows:

(In thousands, except per share data)				
Common shares issued		32,791		
Common share price as of March 29, 2018	$	3.77		
Common share consideration			$	123,622
Cash consideration (1)				157,539
Preferred Share consideration				59,042
Total purchase consideration			$	340,203
Less: Common shares held in escrow, expected to be released to Civeo				(8,825)
Less: Cash held in escrow, expected to be released to Civeo				(11,607)
Less: Preferred Shares held in escrow, expected to be released to Civeo				(4,221)
Total purchase consideration			$	315,550

(1) Net of $3.6 million in cash released to us to cover purchase price adjustments related to a working capital shortfall at closing.

At the time the Preferred Shares were issued, we determined that a beneficial conversion feature existed because the fair value of the securities into which the Preferred Shares were convertible was greater than the effective conversion price on the issuance date. Accordingly, we recorded a beneficial conversion feature of $47.8 million. The beneficial conversion feature was recorded as an increase to additional paid-in capital with the offset recorded as a discount on the Preferred Shares. For further discussion of the Preferred Shares, including dividends on the Preferred Shares, please see Note 12 – Preferred Shares.

Purchase Price Allocation. The application of purchase accounting under ASC 805 requires that the total purchase price be allocated to the fair value of assets acquired and liabilities assumed based on their fair values at April 2, 2018, with amounts exceeding the fair values being recorded as goodwill. The allocation process requires an analysis of acquired fixed assets, contracts, and contingencies to identify and record the fair value of all assets acquired and liabilities assumed. Our allocation of the purchase price to specific assets and liabilities is based, in part, upon outside appraisals using customary valuation procedures and techniques. The purchase price allocation is preliminary, as we are finalizing our valuation of tangible and intangible assets acquired. We expect to complete our purchase price allocation by the end of 2018. However, the differences between the final and preliminary purchase price allocations, if any, are not expected to have a material effect on our financial position or results of operations. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at April 2, 2018 (in thousands):

Cash and cash equivalents	$	24
Accounts receivable (1)		21,456
Inventories		839
Other current assets		4,131
Property, plant and equipment		132,966
Goodwill		119,972
Intangible assets		114,383
Total assets acquired		393,771
Accounts payable and accrued liabilities		15,032
Income taxes payable		1,038
Other current liabilities		2,027
Deferred income taxes		53,066
Other noncurrent liabilities		7,058
Total liabilities assumed		78,221
Net assets acquired	$	315,550

(1) The aggregate fair value of the acquired accounts receivable approximated the aggregate gross contractual amount.

Goodwill has been recorded based on the amount by which the purchase price exceeded the fair value of the net assets acquired. The goodwill is primarily attributable to synergies expected to arise from the Noralta Acquisition. The goodwill is not expected to be deductible for tax purposes. The fair value of the assets acquired and liabilities assumed were determined using income, market and cost valuation methodologies. The fair value measurements were estimated using significant inputs that are not observable in the market and thus represent a Level 3 measurement. Fair values of property, plant and equipment, excluding land, were determined using the cost approach. The cost approach estimates value by determining the current cost of replacing an asset with another of equivalent economic utility. The cost to replace a given asset reflects the estimated reproduction or replacement cost for the asset, less an allowance for loss in value due to depreciation. Fair values of land were determined using the market approach. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets. The income approach was used to value the intangible assets, consisting primarily of customer contracts, trade name and favorable/unfavorable lease contracts. The income approach indicates value for an asset or liability based on present value of cash flows projected to be generated over the remaining economic life of the asset or liability being measured. Projected cash flows are discounted at a required market rate of return that reflects the relative risk of achieving the cash flows and the time value of money.

The purchase price allocation to the identifiable intangible assets and liabilities is as follows (in thousands):

	Fair Value at April 2, 2018
Amortizable Intangible Assets	
Trade name	$ 1,474
Contracts	110,413
Favorable lease contract	2,496
Total amortizable intangible assets	$ 114,383
Amortizable Intangible Liabilities	
Unfavorable lease contracts	$ 2,456
Total amortizable intangible liabilities	$ 2,456
Net intangible assets	$ 111,927

The contracts acquired consist of accommodations contracts with two major investment grade oil sands producers which are subject to amortization over an estimated useful life of 20 years at the time of acquisition. The trade name was assigned to Noralta's name recognition with an estimated useful life of 9 months at the time of acquisition. The favorable/unfavorable intangible contracts are related to leases that will be amortized over the remaining lease terms, which range from 3.8 years to 9.3 years at the time of acquisition. The unfavorable contracts are included in other noncurrent liabilities in the accompanying unaudited consolidated balance sheet.

Supplemental Pro Forma Financial Information. The following unaudited pro forma supplemental financial information presents the consolidated results of operations of the Company and Noralta as if the Noralta Acquisition had occurred on January 1, 2017. We have adjusted historical financial information to give effect to pro forma items that are directly attributable to the Noralta Acquisition and are expected to have a continuing impact on the consolidated results. These items include adjustments to record the incremental amortization and depreciation expense related to the increase in fair values of the acquired assets, interest expense related to borrowings under the Amended Credit Agreement to fund the Noralta Acquisition and to reclassify certain items to conform to our financial reporting presentation. However, pro forma results do not include any anticipated cost savings or other effects of the planned integration of Noralta. The unaudited pro forma results do not purport to be indicative of the results of operations had the transaction occurred on the date indicated or of future results for the combined entities (in thousands, except per share data):

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)	
	(Actual)	(Pro forma)	(Pro forma)	(Pro forma)
	2018	2017	2018	2017
Revenues	$ 120,491	$ 128,663	$ 386,755	$ 363,774
Net loss attributable to Civeo Corporation common shareholders	(14,250)	(17,893)	(116,096)	(45,096)
Basic net loss per share attributable to Civeo Corporation common shareholders	$ (0.09)	$ (0.11)	$ (0.75)	$ (0.28)
Diluted net loss per share attributable to Civeo Corporation common shareholders	$ (0.09)	$ (0.11)	$ (0.75)	$ (0.28)

Included in the pro forma results above are certain adjustments due to the following: (i) increases in depreciation and amortization expense due to acquired intangibles and the increased recorded value of property, plant and equipment, and (ii) increases in interest expense due to additional credit facility borrowings to fund the Noralta Acquisition, and (iii) decreases due to the exclusion of transaction costs.

Transaction Costs. During the three months ended September 30, 2018, we recognized $0.5 million of costs in connection with the Noralta Acquisition that are included in Service and other costs ($0.2 million) and Selling, general and administrative (SG&A) expenses ($0.3 million), respectively. During the nine months ended September 30, 2018, we recognized $7.0 million of costs in connection with the Noralta Acquisition that are included in Service and other costs ($0.3 million) and SG&A expenses ($6.7 million).

Acadian Acres

On February 28, 2018, we acquired the assets of Lakeland, L.L.C. (Lakeland), located near Lake Charles, Louisiana, for total consideration of $28.0 million, composed of $23.5 million in cash and $4.5 million of our common shares. The asset purchase agreement also includes potential future earn-out payments through December 2020 of up to 1.2 million Civeo common shares, based upon satisfaction of certain future revenue targets. The acquisition included a 400 room accommodations facility, 40 acres of land and related assets. We funded the cash consideration with cash on hand. Lakeland’s operations are reported as a new open camp location, Acadian Acres, in our U.S. reportable business segment.

Intangible assets acquired in the Acadian Acres acquisition totaled $8.2 million and consisted of a customer contract. The customer contract intangible is being amortized over the remaining contract term, which was 16 months at the time of acquisition.

This acquisition was accounted for as an asset acquisition based on the principles described in ASC 805, which provides a screen to determine when a set of transferred assets is not a business. The screen requires that when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similarly identifiable assets, the set of transferred assets is not a business. Accordingly, we allocated the excess consideration over the fair value of the assets acquired to the acquired assets, pro rata, on the basis of relative fair values to increase the related assets acquired.

8. ASSETS HELD FOR SALE

During the fourth quarter of 2017, we made the decision to dispose of our modular construction and manufacturing plant near Edmonton, Alberta, Canada due to changing geographic and market needs. Accordingly, the facility met the criteria of held for sale. Its estimated fair value less the cost to sell exceeded its carrying value. Additionally, we have discontinued depreciation of the facility. Depreciation expense related to the facility totaled approximately $0.1 million and $0.4 million during the three and nine months ended September 30, 2017, respectively. The facility is part of our Canadian reportable business segment.

Certain undeveloped land positions in the British Columbia LNG market in our Canadian segment previously met the criteria of held for sale. These assets were recorded at the estimated fair value less costs to sell of approximately $4.2 million.

In addition, as a result of the Noralta Acquisition, Noralta's corporate offices located in Nisku, Alberta, Canada were closed and are being held for sale. The related assets are recorded at the estimated fair value less costs to sell of approximately $3.3 million and was the same value used in the purchase price allocation.

The following table summarizes the carrying amount as of September 30, 2018 and December 31, 2017 of the major classes of assets from the modular construction and manufacturing plant, undeveloped land positions and Noralta's corporate offices we classified as held for sale (in thousands):

	September 30, 2018	December 31, 2017
Assets held for sale:		
Property, plant and equipment, net	$ 12,318	$ 9,418
Inventories	—	44
Total assets held for sale	$ 12,318	$ 9,462

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in the carrying amount of goodwill from December 31, 2017 to September 30, 2018 are as follows (in thousands):

	Canadian	Australian	U.S.	Total
Balance as of December 31, 2017	$ —	$ —	$ —	$ —
Noralta Acquisition (1)	119,972	—	—	119,972
Foreign currency translation	(528)	—	—	(528)
Balance as of September 30, 2018	$ 119,444	$ —	$ —	$ 119,444

(1) Please see Note 7 – Acquisitions for further information.

The following table presents the total amount of other intangible assets and the related accumulated amortization for major intangible asset classes as of September 30, 2018 and December 31, 2017 (in thousands):

	September 30, 2018		December 31, 2017	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortizable Intangible Assets				
Customer relationships	$ 42,606	$ (34,587)	$ 45,209	$ (33,997)
Trade name	1,468	(971)	—	—
Contracts / agreements	153,588	(33,983)	38,362	(26,853)
Favorable lease contract	2,485	(139)	—	—
Noncompete agreements	675	(675)	675	(675)
Total amortizable intangible assets	$ 200,822	$ (70,355)	$ 84,246	$ (61,525)
Indefinite-Lived Intangible Assets Not Subject to Amortization				
Licenses	30	—	32	—
Total indefinite-lived intangible assets	30	—	32	—
Total intangible assets	$ 200,852	$ (70,355)	$ 84,278	$ (61,525)

The weighted average remaining amortization period for all intangible assets, other than indefinite-lived intangibles, was 16.5 years as of September 30, 2018 and 3.1 years as of December 31, 2017. Please see Note 7 – Acquisitions for further information.

As of September 30, 2018, the estimated remaining amortization of our amortizable intangible assets was as follows (in thousands):

	Year Ending December 31,
2018 (remainder of the year)	$ 5,156
2019	15,676
2020	12,714
2021	5,948
2022	5,948
Thereafter	85,025
Total	$ 130,467

10. EARNINGS PER SHARE

The calculation of earnings per share attributable to Civeo is presented below for the periods indicated (in thousands, except per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Basic Loss per Share				
Net loss attributable to Civeo common shareholders	$ (14,250)	$ (22,331)	$ (118,028)	$ (58,134)
Less: undistributed net income to participating securities	—	—	—	—
Net loss attributable to Civeo common shareholders - basic	$ (14,250)	$ (22,331)	$ (118,028)	$ (58,134)
Weighted average common shares outstanding - basic	165,855	130,889	154,411	127,512
Basic loss per share	$ (0.09)	$ (0.17)	$ (0.76)	$ (0.46)
Diluted Loss per Share				
Net loss attributable to Civeo common shareholders - basic	$ (14,250)	$ (22,331)	$ (118,028)	$ (58,134)
Less: undistributed net income to participating securities	—	—	—	—
Net loss attributable to Civeo common shareholders - diluted	$ (14,250)	$ (22,331)	$ (118,028)	$ (58,134)
Weighted average common shares outstanding - basic	165,855	130,889	154,411	127,512
Effect of dilutive securities (1)	—	—	—	—
Weighted average common shares outstanding - diluted	165,855	130,889	154,411	127,512
Diluted loss per share	$ (0.09)	$ (0.17)	$ (0.76)	$ (0.46)

(1) When an entity has a net loss from continuing operations, it is prohibited from including potential common shares in the computation of diluted per share amounts. Accordingly, we have utilized the basic shares outstanding amount to calculate both basic and diluted loss per share for the three and nine months ended September 30, 2018 and 2017. In the three months ended September 30, 2018 and 2017, we excluded from the calculation 4.1 million and 2.2 million share based awards, respectively, since the effect would have been anti-dilutive. In the nine months ended September 30, 2018 and 2017, we excluded from the calculation 3.7 million and 2.1 million share based awards, respectively, since the effect would have been anti-dilutive. In the three and nine months ended September 30, 2018, we excluded from the calculation the impact of converting the Preferred Shares into 29.6 million common shares, since the effect would have been anti-dilutive.

11. DEBT

As of September 30, 2018 and December 31, 2017, long-term debt consisted of the following (in thousands):

	September 30, 2018	December 31, 2017
Canadian term loan, which matures on November 30, 2020; 2.50% of aggregate principal repayable per quarter; weighted average interest rate of 5.3% for the nine-month period ended September 30, 2018	$ 270,157	$ 297,623
U.S. revolving credit facility, which matures on November 30, 2020, weighted average interest rate of 7.0% for the nine-month period ended September 30, 2018	—	—
Canadian revolving credit facility, which matures on November 30, 2020, weighted average interest rate of 6.0% for the nine-month period ended September 30, 2018	135,574	—
Australian revolving credit facility, which matures on November 30, 2020, weighted average interest rate of 5.4% for the nine-month period ended September 30, 2018	17,347	—
	423,078	297,623
Less: Unamortized debt issuance costs	2,771	3,037
Total debt	420,307	294,586
Less: Current portion of long-term debt, including unamortized debt issuance costs, net	28,146	16,596
Long-term debt, less current maturities	$ 392,161	$ 277,990

We did not have any capitalized interest to net against interest expense for either of the three or nine months ended September 30, 2018 or 2017.

Amended Credit Agreement

As of December 31, 2017, our Credit Agreement, as then amended to date, provided for: (i) a $275.0 million revolving credit facility scheduled to mature on May 28, 2019, allocated as follows: (A) a $40.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (B) a $90.0 million senior secured revolving credit facility in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; (C) a $60.0 million senior secured revolving credit facility in favor of Civeo, as borrower; and (D) a $85.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower; and (ii) a $350.0 million term loan facility scheduled to mature on May 28, 2019 in favor of Civeo.

On April 2, 2018, the Amended and Restated Syndicated Facility Agreement (the Amended Credit Agreement) became effective, which, among other things:

- provided for the reduction by $35.5 million of the aggregate revolving loan commitments under the Amended Credit Agreement, to a maximum principal amount of $239.5 million, allocated as follows: (1) a $20.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (2) a $159.5 million senior secured revolving credit facility, after combining the commitments of the previously existing two tranches of the Canadian revolving credit facility into one tranche, in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (3) a $60.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower;

- extended the maturity date by 18 months, from May 30, 2019 to November 30, 2020;

- adjusted the maximum leverage ratio financial covenant, as follows:

Period Ended	**Maximum Leverage Ratio**		
September 30, 2018	4.25	:	1.00
December 31, 2018	3.75	:	1.00
March 31, 2019 & thereafter	3.50	:	1.00

; and

- provided for other technical changes and amendments to the Credit Agreement.

As a result of the Amended Credit Agreement, we recognized a loss during the second quarter of 2018 of approximately $0.7 million related to unamortized debt issuance costs, which is included in Loss on extinguishment of debt on the unaudited consolidated statements of operations.

On October 26, 2018, we amended the Amended Credit Agreement, which, among other things:

- increased amortization on the term loan facility from 10% per annum to 12.5% per annum beginning at December 31, 2018 through maturity;
- adjusted the maximum leverage ratio financial covenant, as follows:

Period Ended	**Maximum Leverage Ratio**		
December 31, 2018	4.50	:	1.00
March 31, 2019	4.75	:	1.00
June 30, 2019	4.50	:	1.00
September 30, 2019	4.00	:	1.00
December 31, 2019 & thereafter	3.50	:	1.00

; and

- provided for other technical changes and amendments to the Credit Agreement.

U.S. dollar amounts outstanding under the facilities provided by the Amended Credit Agreement bear interest at a variable rate equal to LIBOR plus a margin of 2.25% to 4.00%, or a base rate plus 1.25% to 3.00%, in each case based on a ratio of our total leverage to EBITDA (as defined in the Amended Credit Agreement). Canadian dollar amounts outstanding bear interest at a variable rate equal to the Canadian Dollar Offered Rate plus a margin of 2.25% to 4.00%, or a base rate plus a margin of 1.25% to 3.00%, in each case based on a ratio of our consolidated total leverage to EBITDA. Australian dollar amounts outstanding under the Amended Credit Agreement bear interest at a variable rate equal to the Bank Bill Swap Bid Rate plus a margin of 2.25% to 4.00%, based on a ratio of our consolidated total leverage to EBITDA.

The Amended Credit Agreement contains customary affirmative and negative covenants that, among other things, limit or restrict: (i) subsidiary indebtedness, liens and fundamental changes; (ii) asset sales; (iii) acquisitions of margin stock; (iv) specified acquisitions; (v) certain restrictive agreements; (vi) transactions with affiliates; and (vii) investments and other restricted payments, including dividends and other distributions. In addition, we must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA to consolidated interest expense, of at least 3.0 to 1.0 and our maximum leverage ratio, defined as the ratio of total debt to consolidated EBITDA, of no greater than 4.25 to 1.0 (as of September 30, 2018). As noted above, the permitted maximum leverage ratio changes over time. Each of the factors considered in the calculations of these ratios are defined in the Amended Credit Agreement. EBITDA and consolidated interest, as defined, exclude goodwill and asset impairments, debt discount amortization, amortization of intangibles and other non-cash charges. We were in compliance with our covenants as of September 30, 2018.

Borrowings under the Amended Credit Agreement are secured by a pledge of substantially all of our assets and the assets of our subsidiaries. The obligations under the Amended Credit Agreement are guaranteed by our significant subsidiaries. As of September 30, 2018, we have 9 lenders that are parties to the Credit Agreement, with commitments ranging from $24.9 million to $110.6 million.

12. PREFERRED SHARES

As further discussed in Note 7 – Acquisitions, on April 2, 2018, we issued 9,679 Preferred Shares as part of the Noralta Acquisition. The Preferred Shares have an initial liquidation preference of $10,000 per share. Holders of the Preferred Shares will be entitled to receive a 2% annual dividend on the liquidation preference, subject to increase to up to 3% in certain circumstances, paid quarterly in cash or, at our option, by increasing the Preferred Shares' liquidation preference or any combination thereof.

The Preferred Shares are convertible into our common shares at a conversion price of US$3.30 per Preferred Share, subject to certain anti-dilution adjustments (the Conversion Price). We have the right to elect to convert the Preferred Shares into our common shares if the 15-day volume weighted average price of our common shares is equal to or exceeds the Conversion Price. Holders of the Preferred Shares will have the right to convert the Preferred Shares into our common shares at any time after two years from the date of issuance, and the Preferred Shares mandatorily convert after five years from the date of issuance. The Preferred Shares also convert automatically into our common shares upon a change of control of Civeo. We may, at any time and from time to time, redeem any or all of the Preferred Shares for cash at the liquidation preference, plus accrued and unpaid dividends.

The Preferred Shares do not have voting rights, except as statutorily required.

During the three and nine months ended September 30, 2018, we recognized preferred dividends on the Preferred Shares as follows (in thousands):

	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2018
Deemed dividend on beneficial conversion feature at April 2, 2018	$ —	$ 47,849
In-kind dividend	486	970
Deemed dividend on beneficial conversion feature related to in-kind dividend	126	281
Total preferred dividends	$ 612	$ 49,100

As noted in Note 7 - Acquisitions, at the time the Preferred Shares were issued, we determined that a beneficial conversion feature existed as the fair value of the securities into which the Preferred Shares were convertible was greater than the effective conversion price on the issuance date. Accordingly, we recorded a beneficial conversion feature of $47.8 million. The beneficial conversion feature was recorded as an increase to additional paid-in capital with the offset recorded as a discount on the Preferred Shares. The increase to additional paid-in capital of the beneficial conversion feature is included in the $166.9 million increase due to issuance of shares for acquisitions on the unaudited consolidated statements of changes in shareholders' equity. Similarly, the discount to Preferred Shares of the beneficial conversion feature is netted in the $7.0 million increase due to issuance of shares for acquisitions on the unaudited consolidated statements of changes in shareholders' equity.

As the Preferred Shares do not have a stated redemption date, the discount is required to be recognized as a dividend over the minimum period from the date of issuance through the date of earliest conversion. Because the 15-day volume weighted average price of our common shares was greater than $3.30 on April 2, 2018, the earliest conversion date was determined to be April 2, 2018. Accordingly, we recorded a deemed dividend on April 2, 2018 totaling the discount of $47.8 million.

The Board of Directors elected to pay the dividend due on June 30, 2018 and September 30, 2018, which totaled $49.44 and $50.25 per Preferred Share, respectively, through an increase in the liquidation preference rather than in cash. The paid-in-kind dividend of $0.5 million and $1.0 million is included in Preferred dividends on the unaudited consolidated statement of operations for the three and nine months ended September 30, 2018, respectively.

In addition, at the time the dividend was deemed to be paid-in-kind, the fair value of the securities into which the Preferred Shares were convertible was greater than the effective conversion price on the deemed payment date. Accordingly, we recorded a beneficial conversion feature of $0.1 million and $0.3 million for the three and nine months ended September 30, 2018, respectively. The beneficial conversion feature was recorded as an increase to additional paid-in capital with the offset recorded as a discount on the Preferred Shares. As the Preferred Shares do not have a stated redemption date, the discount is required to be recognized as a dividend over the minimum period from the date of issuance through the date of earliest conversion. Because the 15-day volume weighted average price of our common shares was greater than $3.30 on September 30, 2018, the earliest conversion date was determined to be September 30, 2018. Accordingly, we recorded a deemed dividend on September 30, 2018 totaling the discount of $0.1 million.

13. INCOME TAXES

Our operations are conducted through various subsidiaries in a number of countries throughout the world. We have provided for income taxes based upon the tax laws and rates in the countries in which operations are conducted and income is earned.

We operate primarily in three jurisdictions, Canada, Australia and the U.S., where statutory tax rates range from 21% to 30%.
Our effective tax rate will vary from period to period based on changes in earnings mix between these different jurisdictions.

We compute our quarterly taxes under the effective tax rate method by applying an anticipated annual effective rate to our year-to-date income, except for significant unusual or extraordinary transactions. As of September 30, 2018, Australia and the U.S. are loss jurisdictions for tax accounting purposes, therefore Australia and the U.S. have been removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Income taxes for any significant and unusual or extraordinary transactions are computed and recorded in the period in which the specific transaction occurs.

As part of the acquisition of Noralta as described in Note 7 – Acquisitions, the purchase price allocation included $53 million of deferred tax liabilities in Canada. The addition of these deferred tax liabilities resulted in Canada no longer being considered a loss jurisdiction. Accordingly, a benefit of $4.9 million was recorded in the second quarter of 2018 to reverse a valuation allowance against the Canadian net deferred tax asset and Canadian pre-tax results have been included in the annual effective tax rate.

Our income tax benefit for the nine months ended September 30, 2018 totaled $29.4 million, or 30.0% of pretax loss, compared to a benefit of $9.9 million, or 14.6% of pretax loss, for the nine months ended September 30, 2017. Our effective tax rate for the nine months ended September 30, 2018 was reduced approximately 5% by the exclusion of Australia and the U.S. for purposes of computing the interim tax provision since they are considered loss jurisdictions for tax accounting purposes. This reduction was offset by an increase of approximately 5%, related to the valuation allowance release noted above. Our effective tax rate for the nine months ended September 30, 2017 was reduced approximately 13% by the exclusion of Australia and the U.S. for purposes of computing the interim tax provision since they are considered loss jurisdictions for tax accounting purposes.

Our income tax benefit for the three months ended September 30, 2018 totaled $5.3 million, or 28.2% of pretax loss, compared to a benefit of $4.0 million, or 15.3% of pretax loss, for the three months ended September 30, 2017. The difference between the effective rate in 2018 and 2017 is due to the change in the relative mix of losses between Canada, Australia and the U.S., as Australia and the U.S., for purposes of computing the interim tax provision, are considered loss jurisdictions for tax accounting purposes.

14. COMMITMENTS AND CONTINGENCIES

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including warranty and product liability claims as a result of our products or operations. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, management believes that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

15. ACCUMULATED OTHER COMPREHENSIVE LOSS

Our accumulated other comprehensive loss increased $25.6 million from $328.2 million at December 31, 2017 to $353.8 million at September 30, 2018, as a result of foreign currency exchange rate fluctuations. Changes in other comprehensive loss during the first nine months of 2018 were primarily driven by the Australian dollar and Canadian dollar decreasing in value compared to the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets totaled approximately C$0.3 billion and A$0.4 billion, respectively, at September 30, 2018.

16. SHARE BASED COMPENSATION

Our employees and non-employee directors participate in the Amended and Restated 2014 Equity Participation Plan of Civeo Corporation (the Civeo Plan). The Civeo Plan authorizes our Board of Directors and the Compensation Committee of our Board of Directors to approve grants of options, awards of restricted shares, performance awards and dividend equivalents, awards of deferred shares, and share payments to our employees and non-employee directors. No more than 18.7 million Civeo common shares may be awarded under the Civeo Plan.

Outstanding Awards

Options. Compensation expense associated with options recognized in the three months ended September 30, 2018 and 2017 totaled zero and less than $0.1 million, respectively. Compensation expense associated with options recognized in the nine months ended September 30, 2018 and 2017 totaled less than $0.1 million during both periods. At September 30, 2018, unrecognized compensation cost related to options was zero.

Restricted Share / Deferred Share Awards. On February 20, 2018, we granted 2,018,990 restricted share awards and deferred share awards under the Civeo Plan, which vest in three equal annual installments beginning on February 20, 2019. On May 10, 2018, we granted 265,153 restricted share awards to our outside directors, which vest in their entirety on May 10, 2019.

Compensation expense associated with restricted share awards and deferred share awards recognized in the three months ended September 30, 2018 and 2017 totaled $1.6 million and $0.9 million, respectively. Compensation expense associated with restricted share awards and deferred share awards recognized in the nine months ended September 30, 2018 and 2017 totaled $4.4 million and $3.2 million, respectively. The total fair value of restricted share awards and deferred share awards that vested during the three months ended September 30, 2018 and 2017 was de minimis. The total fair value of restricted share awards and deferred share awards that vested during the nine months ended September 30, 2018 and 2017 was $3.4 million and $2.4 million, respectively.

At September 30, 2018, unrecognized compensation cost related to restricted share awards and deferred share awards was $9.8 million, which is expected to be recognized over a weighted average period of 1.9 years.

Phantom Share Awards. During the three months ended September 30, 2018 and 2017, we recognized compensation expense associated with phantom shares totaling $2.1 million and $2.4 million, respectively. During the nine months ended September 30, 2018 and 2017, we recognized compensation expense associated with phantom shares totaling $8.2 million and $6.6 million, respectively. At September 30, 2018, unrecognized compensation cost related to phantom shares was $4.3 million, as remeasured at September 30, 2018, which is expected to be recognized over a weighted average period of 0.7 years.

Performance Awards. On February 20, 2018, we granted 848,830 performance awards under the Civeo Plan, which cliff vest in three years on February 20, 2021. These awards will be earned in amounts between 0% and 200% of the participant’s target performance share award, based on the payout percentage associated with Civeo’s relative total shareholder return rank among a peer group that includes 17 other companies.

During the three months ended September 30, 2018 and 2017, we recognized compensation expense associated with performance awards totaling $1.2 million and $0.8 million, respectively. During the nine months ended September 30, 2018 and 2017, we recognized compensation expense associated with performance awards totaling $3.4 million and $2.3 million, respectively. At September 30, 2018, unrecognized compensation cost related to performance shares was $6.2 million, which is expected to be recognized over a weighted average period of 1.8 years.

17. SEGMENT AND RELATED INFORMATION

In accordance with current accounting standards regarding disclosures about segments of an enterprise and related information, we have identified the following reportable segments: Canada, Australia and U.S., which represent our strategic focus on workforce accommodations.

Financial information by business segment for each of the three and nine months ended September 30, 2018 and 2017 is summarized in the following table (in thousands):

	Total Revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
Three months ended September 30, 2018					
Canada	$ 76,753	$ 19,198	$ (7,129)	$ 1,198	$ 870,701
Australia	31,090	8,842	472	958	301,340
United States	12,648	3,015	(1,349)	270	58,574
Corporate and eliminations	—	3,413	(4,889)	297	(131,979)
Total	$ 120,491	$ 34,468	$ (12,895)	$ 2,723	$ 1,098,636
Three months ended September 30, 2017					
Canada	$ 63,832	$ 18,402	$ (11,691)	$ 679	$ 579,593
Australia	27,541	11,561	(3,667)	756	391,520
United States	6,116	1,165	(3,941)	422	31,161
Corporate and eliminations	—	1,572	(2,045)	126	(72,524)
Total	$ 97,489	$ 32,700	$ (21,344)	$ 1,983	$ 929,750
Nine months ended September 30, 2018					
Canada	$ 226,661	$ 54,954	$ (53,777)	$ 3,679	$ 870,701
Australia	89,542	30,608	(3,793)	2,028	301,340
United States	35,969	7,482	(6,445)	2,168	58,574
Corporate and eliminations	—	6,458	(16,896)	791	(131,979)
Total	$ 352,172	$ 99,502	$ (80,911)	$ 8,666	$ 1,098,636
Nine months ended September 30, 2017					
Canada	$ 182,006	$ 54,374	$ (26,283)	$ 2,195	$ 579,593
Australia	83,164	34,614	(8,284)	2,211	391,520
United States	15,758	3,549	(10,347)	1,058	31,161
Corporate and eliminations	—	4,546	(7,529)	2,556	(72,524)
Total	$ 280,928	$ 97,083	$ (52,443)	$ 8,020	$ 929,750

18. SUBSEQUENT EVENT

On October 26, 2018, we amended our Amended Credit Agreement. Please see Note 11 - Debt for further information.

Cautionary Statement Regarding Forward-Looking Statements

This quarterly report on Form 10-Q contains certain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the Exchange Act). The Private Securities Litigation Reform Act of 1995 provides safe harbor provisions for forward-looking information. The forward-looking statements can be identified by the use of forward-looking terminology including “may,” “expect,” “anticipate,” “estimate,” “continue,” “believe” or other similar words. The forward-looking statements in this report include, but are not limited to, the statements in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” relating to our expectations about the macroeconomic environment and industry conditions, including factors expected to impact supply and demand, as well as our expectations about capital expenditures in 2018 and beliefs with respect to liquidity needs. Actual results could differ materially from those projected in the forward-looking statements as a result of a number of important factors. For a discussion of known material factors that could affect our results, please refer to “Risk Factors,” “Forward-Looking Statements,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our Annual Report on Form 10-K for the year ended December 31, 2017 and our subsequent SEC filings. Should one or more of these risks or uncertainties materialize, or should the assumptions prove incorrect, actual results may differ materially from those expected, estimated or projected. Our management believes these forward-looking statements are reasonable. However, you should not place undue reliance on these forward-looking statements, which are based only on our current expectations and are not guarantees of future performance. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the foregoing. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to publicly update or revise any of them in light of new information, future events or otherwise, except to the extent required by applicable law.

In addition, in certain places in this quarterly report, we refer to reports published by third parties that purport to describe trends or developments in the energy industry. We do so for the convenience of our shareholders and in an effort to provide information available in the market that will assist our investors in a better understanding of the market environment in which we operate. However, we specifically disclaim any responsibility for the accuracy and completeness of such information and undertake no obligation to update such information.

ITEM 2. *Management’s Discussion and Analysis of Financial Condition and Results of Operations*

You should read the following discussion and analysis together with our consolidated financial statements and the notes to those statements included elsewhere in this quarterly report on Form 10-Q.

Noralta Acquisition

On April 2, 2018, we completed our previously announced acquisition of Noralta Lodge Ltd. (Noralta). The consideration for the acquisition totaled (i) C$207.7 million (or approximately US$161.1 million) in cash, subject to customary post-closing adjustments for working capital, indebtedness and transaction expenses; (ii) 32.8 million of our common shares, and (iii) 9,679 shares of our Class A Series 1 Preferred Shares with an initial liquidation preference of US$96.79 million and initially convertible into 29.3 million of our common shares. We funded the cash consideration with cash on hand and borrowings under the Amended Credit Agreement. Please see Note 7 – Acquisitions to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further information.

Amended Credit Agreement

On April 2, 2018 and October 26, 2018, we amended our Amended Credit Agreement. Please see Note 11 – Debt to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further information.

Macroeconomic Environment

We provide workforce accommodations to the natural resource industry in Canada, Australia and the U.S. Demand for our services can be attributed to two phases of our customers’ projects: (1) the development or construction phase; and (2) the operations or production phase. Historically, initial demand for our services has been driven by our customers’ capital spending programs related to the construction and development of oil sands and coal mines and associated infrastructure as well as the exploration for oil and natural gas. Long-term demand for our services has been driven by continued development and expansion of natural resource production and operation of oil sands and mining facilities. In general, industry capital spending programs are based on the outlook for commodity prices, economic growth, global commodity supply/demand dynamics and estimates of resource production. As a result, demand for our products and services is largely sensitive to expected commodity prices, principally related to crude oil and metallurgical (met) coal.

In Canada, Western Canadian Select (WCS) crude is the benchmark price for our oil sands accommodations customers. Pricing for WCS is driven by several factors, including the underlying price for West Texas Intermediate (WTI) crude and the availability of transportation infrastructure. Historically, WCS has traded at a discount to WTI, creating a "WCS Differential," due to transportation costs and limited capacity to move Canadian heavy oil production to refineries, primarily along the U.S. Gulf Coast. The WCS Differential has varied depending on the extent of transportation capacity availability.

After beginning to drop in the second half of 2014, global oil prices dropped during the first quarter of 2016 to their lowest levels in over ten years due to concerns over global oil demand, global crude inventory levels, worldwide economic growth and price cutting by major oil producing countries, such as Saudi Arabia. Increasing global supply, including increased U.S. shale oil production, also negatively impacted pricing. With falling WTI oil prices, WCS also fell. Prices began to increase in March 2016, and after falling slightly in the second quarter of 2017, prices continued to increase through the first half of 2018. WCS prices in the third quarter of 2018 averaged $41.58 per barrel compared to a low of $20.26 in the first quarter of 2016 and a high of $83.78 in the second quarter of 2014. The WCS Differential increased from $26.00 per barrel at the end of the fourth quarter of 2017 to $34.90 per barrel at the end of the third quarter of 2018. As of October 22, 2018, the WTI price was $69.17 and the WCS price was $25.86, resulting in a WCS Differential of $43.31. The WCS Differential increased during the third quarter of 2018 due to lack of infrastructure, including pipeline and crude-to-rail capacity, to transport oil away from the Canadian oil sands. These bottlenecks have caused a significant build up in Canadian oil inventories, which reached record highs in August 2018, resulting in the widening WCS Differential. This widening WCS Differential has continued into the fourth quarter of 2018.

There remains a risk that prices for Canadian oil sands crude oil related products could deteriorate for an extended period of time, and the discount between WCS crude prices and WTI crude prices could continue to widen. The depressed price levels through the first quarter of 2016 negatively impacted exploration, development, maintenance and production spending and activity by Canadian operators and, therefore, demand for our services in late 2014 and throughout 2015 and 2016. Although we have seen an increase in oil prices since late 2016 and throughout 2017 and 2018, we are not expecting significant improvement in customer activity in the near-term, partially due to the widening WCS Differential discussed above. The current outlook for expansionary projects in Canada is primarily related to proposed pipeline and in-situ oil sands projects. However, continued uncertainty and commodity price volatility and regulatory complications could cause our Canadian oil sands and pipeline customers to delay expansionary and maintenance spending and defer additional investments in their oil sands assets.

From a macroeconomic standpoint, liquefied natural gas (LNG) net imports globally increased 11% in 2017, exceeding consensus estimates by 30%, reinforcing the need for the global LNG industry to expand access to natural gas. Evolving government energy policies around the world have amplified support for cleaner energy supply, creating more opportunities for natural gas and LNG. Accordingly, the current view is additional investment in LNG supply will be needed to meet the expected long-term LNG demand growth.

Our U.S. business is also primarily tied to oil prices, specifically oil shale drilling and completion activity, and therefore WTI oil prices, in the Bakken, Rockies and Permian Basins. With the recovery in oil prices since late 2016 and into 2018, coupled with ample capital availability for U.S. E&P companies, oil drilling and completion activity in the U.S. has significantly increased over the past year. The U.S. oil rig count has increased from its low of 316 rigs in May 2016 to over 800 rigs active in the third quarter of 2018. As of October 19, 2018, there were 873 active oil rigs in the U.S. (as measured by Bakerhughes.com). U.S. oil drilling and completion activity will continue to be dependent on sustained higher WTI oil prices, pipeline capacity and sufficient capital to support E&P drilling and completion plans.

In Australia, approximately 80% of our rooms are located in the Bowen Basin and primarily serve met coal mines in that region. Met coal pricing and production growth in the Bowen Basin region is predominantly influenced by the levels of global steel production, which increased by 4.7% during the first nine months of 2018 compared to the corresponding period in 2017. As of October 22, 2018, met coal spot prices were $226.95 per metric tonne. Current met coal pricing levels have not led our customers to approve any significant new projects. We expect that customers will look for a period of sustained higher prices before new projects are approved. Long-term demand for steel is expected to be driven by increased steel consumption per capita in developing economies, such as China and India, whose current consumption per capita is a fraction of developed countries. Our customers continue to actively implement cost, productivity and efficiency measures to further drive down their cost base.

Recent WTI crude, WCS crude and met coal pricing trends are as follows:

	Average Price (1)					
Quarter ended		WTI Crude (per bbl)		WCS Crude (per bbl)		Hard Coking Coal (Met Coal) (per tonne)
Fourth Quarter through 10/22/2018	$	72.55	$	27.67	$	196.00
9/30/2018		69.61		41.58		196.00
6/30/2018		67.97		49.93		196.00
3/31/2018		62.89		37.09		235.00
12/31/2017		55.28		38.65		192.00
9/30/2017		48.16		37.72		170.00
6/30/2017		48.11		38.20		193.50
3/31/2017		51.70		38.09		285.00
12/31/2016		49.16		34.34		200.00
9/30/2016		44.88		30.67		92.50
6/30/2016		45.53		32.84		84.00
3/31/2016		33.41		20.26		81.00
12/31/2015		42.02		27.82		89.00
9/30/2015		46.48		31.54		93.00

(1) Source: WTI crude prices are from U.S. Energy Information Administration (EIA), and WCS crude prices and Seaborne hard coking coal contract prices are from Bloomberg.

Overview

As noted above, demand for our services is primarily tied to the outlook for crude oil and met coal prices. Other factors that can affect our business and financial results include the general global economic environment and regulatory changes in Canada, Australia, the U.S. and other markets.

Our business is predominantly located in northern Alberta, Canada and Queensland, Australia, and we derive most of our business from resource companies who are developing and producing oil sands and met coal resources and, to a lesser extent, other hydrocarbon and mineral resources. More than 80% of our revenue is generated by our accommodation facilities. Where traditional accommodations and infrastructure are insufficient, inaccessible or cost ineffective, our lodge and village facilities provide comprehensive accommodations services similar to those found in an urban hotel. We typically contract our facilities to our customers on a fee-per-day basis that covers lodging and meals and is based on the duration of customer needs, which can range from several weeks to several years.

Generally, our customers are making multi-billion dollar investments to develop their prospects, which have estimated reserve lives ranging from ten years to in excess of 30 years. Consequently, these investments are dependent on those customers’ long-term views of commodity demand and prices.

In response to decreases in crude oil prices beginning in late 2014, many of our customers in Canada curtailed their operations and spending, and most major oil sands mining operators began reducing their costs and limiting capital spending, thereby limiting the demand for accommodations of the kind we provide.

In recent months, however, several catalysts have emerged that we believe could have favorable intermediate to long-term implications for our core end markets. Since the announcement by OPEC in late November 2016 to cut production quotas and the subsequent rise in spot oil prices and future oil price expectations, certain operators with steam-assisted gravity drainage operations in the Canadian oil sands increased capital spending in 2017. Despite construction at the Fort Hill Energy LP project ending in early 2018, Canadian oil sands capital spending in 2018 has been relatively flat, in the aggregate. Recent regulatory approvals of several major pipeline projects have the potential to both drive incremental demand for mobile accommodations assets and to improve take-away capacity for Canadian oil sands producers over the longer term. However, these projects have been delayed due to the lack of agreement between the Canadian federal government, which supports the pipeline projects, and the British Columbia provincial government. The Canadian federal government recently acquired Kinder Morgan’s Trans Mountain Pipeline, emphasizing their support for this particular project. Additionally, we believe that the

Keystone XL pipeline in the U.S., if constructed, would be a positive catalyst for Canadian oil sands producers, as it would bolster confidence in future take-away capacity from the region to U.S. Gulf Coast refineries.

In Australia, approximately 80% of our rooms are located in the Bowen Basin and primarily serve met coal mines in that region, where our customers continue to implement operational efficiency measures, in order to drive down their cost base. We believe prices are currently at a level that may contribute to increased activity over the long term if our customers view these price levels as sustainable.

While we believe that these macroeconomic developments are positive for our customers and for the underlying demand for our accommodations services, we do not expect an immediate improvement in our business. Accordingly, we plan to continue focusing on enhancing the quality of our operations, maintaining financial discipline, proactively managing our business as market conditions continue to evolve and integrating the recently acquired Noralta assets into our business.

We began expansion of our room count in Kitimat, British Columbia during the second half of 2015 to support potential LNG projects on the west coast of British Columbia. We were awarded a contract with LNG Canada (LNGC) for the provision of open lodge rooms and associated services that ran through October 2017. To support this contract, we developed a new accommodations facility, Sitka Lodge, which includes private washrooms, recreational facilities and other amenities. This lodge currently has 646 rooms, with the potential to expand to serve future accommodations demand in the region.

On October 1, 2018, LNGC's participants announced that a positive final investment decision (FID) had been reached on the proposed Kitimat liquefaction and export facility in Kitimat, British Columbia (Kitimat LNG Facility). With the project moving forward, British Columbia LNG activity and related pipeline projects could become a material driver of future activity for our Sitka Lodge, as well as for our mobile fleet assets, which are well suited for the related pipeline construction activity. We previously announced contract awards totaling C$100 million to supply accommodations for four locations along the Coastal GasLink (CGL) pipeline project in British Columbia, Canada. This pipeline would provide the natural gas for the Kitimat LNG Facility. We expect to deploy approximately C$10 million in capital, primarily in 2019, across all four locations. We expect to begin recognizing revenue from these contracts beginning in the first quarter of 2019. In addition, in October 2018, we were awarded room commitments from CGL and LNGC’s Engineering, Procurement and Construction firm to provide rooms and services from Sitka Lodge, contingent on Notice to Proceed, which is expected shortly. The award covers expected room needs over an initial 18 month time period with a minimum room commitment and options for extension of up to 36 months and we expect to begin recognizing revenue from this award beginning in November or December 2018. Expected revenues for the room commitments are estimated to be approximately C$55 million over the initial 18 months. We expect to spend approximately C$15 million in capital to expand the Sitka Lodge to 1,100 rooms. We were previously awarded a contract with LNGC to construct a 4,500 person workforce accommodation center (Cedar Valley Lodge) for the Kitimat LNG Facility.

Exchange rates between the U.S. dollar and each of the Canadian dollar and the Australian dollar influence our U.S. dollar reported financial results. Our business has historically derived the vast majority of its revenues and operating income in Canada and Australia. These revenues and profits are translated into U.S. dollars for U.S. Generally Accepted Accounting Principles (U.S. GAAP) financial reporting purposes. The Canadian dollar was valued at an average exchange rate of U.S. $0.77 for the third quarter of 2018, compared to U.S. $0.80 for the third quarter of 2017, a decrease of approximately 4%. The Canadian dollar was valued at an average exchange rate of U.S. $0.78 for the first nine months of 2018 compared to U.S. $0.77 for the first nine months of 2017, an increase of approximately 1%. The Canadian dollar was valued at an exchange rate of $0.77 on September 30, 2018 and $0.80 on December 31, 2017. The Australian dollar was valued at an average exchange rate of U.S. $0.73 for the third quarter of 2018, compared to U.S. $0.79 for the third quarter of 2017, a decrease of approximately 7%. The Australian dollar was valued at an average exchange rate of U.S. $0.76 for the first nine months of 2018 compared to U.S. $0.77 for the first nine months of 2017, a decrease of approximately 1%. The Australian dollar was valued at an exchange rate of $0.72 on September 30, 2018 and $0.78 on December 31, 2017. These fluctuations of the Canadian and Australian dollars have had and will continue to have an impact on the translation of earnings generated from our Canadian and Australian subsidiaries and, therefore, our financial results.

We continue to monitor the global economy, the demand for crude oil and met coal and the resultant impact on the capital spending plans of our customers in order to plan our business activities. We currently expect that our 2018 capital expenditures, exclusive of any business acquisitions, will total approximately $15 million to $20 million, including capital expenditures related to the recently acquired Noralta assets, compared to 2017 capital expenditures of $11.2 million. Please see “Liquidity and Capital Resources” below for further discussion of 2018 capital expenditures.

Results of Operations

Unless otherwise indicated, discussion of results for the three- and nine-month periods ended September 30, 2018, is based on a comparison to the corresponding periods of 2017.

Results of Operations – Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

	Three Months Ended September 30,		
	2018	2017	Change
	($ in thousands)		
Revenues			
Canada	$ 76,753	$ 63,832	$ 12,921
Australia	31,090	27,541	3,549
United States and other	12,648	6,116	6,532
Total revenues	120,491	97,489	23,002
Costs and expenses			
Cost of sales and services			
Canada	56,345	43,331	13,014
Australia	15,207	14,451	756
United States and other	10,201	7,745	2,456
Total cost of sales and services	81,753	65,527	16,226
Selling, general and administrative expenses	17,328	15,871	1,457
Depreciation and amortization expense	34,468	32,700	1,768
Impairment expense	—	4,360	(4,360)
Other operating expense (income)	(163)	375	(538)
Total costs and expenses	133,386	118,833	14,553
Operating loss	(12,895)	(21,344)	8,449
Interest expense and income, net	(6,388)	(5,392)	(996)
Other income	412	517	(105)
Loss before income taxes	(18,871)	(26,219)	7,348
Income tax benefit	5,330	4,011	1,319
Net loss	(13,541)	(22,208)	8,667
Less: Net income attributable to noncontrolling interest	97	123	(26)
Net loss attributable to Civeo Corporation	(13,638)	(22,331)	8,693
Dividends attributable to preferred shares	612	—	612
Net loss attributable to Civeo common shareholders	$ (14,250)	$ (22,331)	$ 8,081

We reported net loss attributable to Civeo for the quarter ended September 30, 2018 of $14.3 million, or $0.09 per diluted share. As further discussed below, net loss included costs totaling $0.5 million ($0.4 million after-tax, or $0.00 per diluted share) incurred in connection with the Noralta acquisition, primarily included in Selling, general and administrative (SG&A) expense below.

We reported net loss attributable to Civeo for the quarter ended September 30, 2017 of $22.3 million, or $0.17 per diluted share. As further discussed below, net loss included a $4.4 million pre-tax loss ($3.2 million after-tax, or $0.02 per diluted share) resulting from the impairment of fixed assets included in Impairment expense below.

Revenues. Consolidated revenues increased $23.0 million, or 24%, in the third quarter of 2018 compared to the third quarter of 2017. This increase was primarily due to increases in Canada due to the Noralta acquisition in the second quarter of 2018, as well as increased occupancy in Australia and higher activity levels in certain U.S. markets. This was partially offset by weaker Canadian and Australian dollars relative to the U.S. dollar in the third quarter of 2018 compared to the third quarter of 2017. Please see the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales increased $16.2 million, or 25%, in the third quarter of 2018 compared to the third quarter of 2017, primarily due to increases in Canada due to the Noralta acquisition in the second quarter of 2018 and increased occupancy in Australia and higher activity levels in certain U.S. markets. This was partially offset by weaker Canadian and Australian dollars relative to the U.S. dollar in the third quarter of 2018 compared to the third quarter of 2017. Please see the discussion of segment results of operations below for further description.

Selling, General and Administrative Expenses. SG&A expense increased $1.5 million, or 9%, in the third quarter of 2018 compared to the third quarter of 2017. This increase was primarily due to higher professional fees and higher share-based compensation expense, partially offset by lower incentive compensation costs.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $1.8 million, or 5%, in the third quarter of 2018 compared to the third quarter of 2017, primarily due to additional property, plant and equipment acquired through recent acquisitions as well as incremental intangible amortization expense related to our acquisitions, partially offset by reduced depreciation expense resulting from impairments recorded in 2017.

Impairment Expense. Impairment expense of $4.4 million in the third quarter of 2017 consisted of impairments to leasehold improvements and undeveloped land positions in our Canadian segment. Please see Note 6 - Impairment Charges to the notes to the unaudited consolidated financial statements of this quarterly report for further discussion.

Operating Loss. Consolidated operating loss decreased $8.4 million, or 40%, in the third quarter of 2018 compared to the third quarter of 2017, primarily due to lower impairment expense in the 2018 period and increased activity levels in certain U.S. markets, partially offset by higher SG&A and depreciation and amortization expense.

Interest Expense and Interest Income, net. Net interest expense increased by $1.0 million, or 18%, in the third quarter of 2018 compared to the third quarter of 2017, primarily related to higher revolving credit facility borrowings to fund the Noralta acquisition.

Income Tax Benefit. Our income tax benefit for the three months ended September 30, 2018 totaled $5.3 million, or 28.2% of pretax loss, compared to a benefit of $4.0 million, or 15.3% of pretax loss, for the three months ended September 30, 2017. The variance in the effective rate between 2018 and 2017 is due to the change in the relative mix of losses between Canada, Australia and the U.S., as Australia and the U.S., for purposes of computing the interim tax provision, are considered loss jurisdictions for tax accounting purposes.

Other Comprehensive Income (Loss). Other comprehensive loss increased $15.7 million in the third quarter of 2018 compared to the third quarter of 2017, primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar increased 2% in the third quarter of 2018 compared to a 4% increase in the third quarter of 2017. The Australian dollar exchange rate compared to the U.S. dollar decreased 2% in the third quarter of 2018 compared to a 2% increase in the third quarter of 2017.

Segment Results of Operations – Canadian Segment

	Three Months Ended September 30,		
	2018	2017	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 72,991	$ 60,018	$ 12,973
Mobile facility rental revenue (2)	135	579	(444)
Catering and other services revenue (3)	3,627	3,037	590
Manufacturing revenue (4)	—	198	(198)
Total revenues	$ 76,753	$ 63,832	$ 12,921
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 47,920	$ 36,386	$ 11,534
Mobile facility rental cost	834	378	456
Catering and other services cost	3,624	2,401	1,223
Manufacturing cost	229	1,469	(1,240)
Indirect other cost	3,738	2,697	1,041
Total cost of sales and services	$ 56,345	$ 43,331	$ 13,014
Gross margin as a % of revenues	26.6%	32.1%	(5.5)%
Average available lodge rooms (5)	22,707	14,720	7,987
Rentable rooms for lodges (6)	13,406	8,698	4,708
Average daily rate for lodges (7)	$ 89	$ 92	$ (3)
Occupancy in lodges (8)	66%	81%	(15)%
Billed rooms for lodges (9)	816,295	646,642	169,653
Average Canadian dollar to U.S. dollar	$ 0.765	$ 0.799	$ (0.034)

(1) Includes revenues related to lodge and open camp rooms for the periods presented.
(2) Includes revenues related to mobile camps for the periods presented.
(3) Includes revenues related to catering and food services, laundry and water and wastewater treatment services for the periods presented.
(4) Includes revenues related to modular construction and manufacturing services for the periods presented.
(5) Average available rooms include rooms that are utilized for our personnel.
(6) Rentable rooms exclude rooms that are utilized for our personnel and out-of-service rooms.
(7) Average daily rate is based on rentable rooms and lodge/village revenue.
(8) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out-of-service rooms.
(9) Billed rooms represents total billed days for the periods presented.

Our Canadian segment reported revenues in the third quarter of 2018 that were $12.9 million, or 20%, higher than the third quarter of 2017. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 4% in the third quarter of 2018 compared to the third quarter of 2017 resulted in a $3.4 million period-over-period decrease in revenues. Excluding the impact of the weaker Canadian exchange rates, the segment experienced a 27% increase in accommodation revenues. This increase was driven by the Noralta acquisition in the second quarter of 2018.

Our Canadian segment cost of sales and services increased $13.0 million, or 30%, in the third quarter of 2018 compared to the third quarter of 2017. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 4% in the third quarter of 2018 compared to the third quarter of 2017 resulted in a $2.5 million period-over-period decrease in cost of sales and services. Excluding the impact of the weaker Canadian exchange rates, the increased cost of sales and services was driven by the Noralta acquisition, partially offset by lower costs of sales and services related to reduced occupancy at certain lodges.

Our Canadian segment gross margin as a percentage of revenues decreased from 32% in the third quarter of 2017 to 27% in the third quarter of 2018. This decrease was primarily driven by lower lodge rates and reduced occupancy percentage in certain lodges, impacting operating efficiencies at these lower levels. The reduced occupancy in the third quarter of 2018 compared to the third quarter of 2017 is due to lower activity levels at certain lodges which benefited in the prior year from higher occupancy related to a customer construction project that was completed in early 2018.

Segment Results of Operations – Australian Segment

	Three Months Ended September 30,		
	2018	2017	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 30,679	$ 27,541	$ 3,138
Catering and other services revenue (2)	411	$ —	$ 411
Total revenues	$ 31,090	$ 27,541	$ 3,549
Cost of sales ($ in thousands)			
Accommodation cost	$ 14,199	$ 13,809	$ 390
Catering and other services cost	365	—	365
Indirect other cost	643	642	1
Total cost of sales and services	$ 15,207	$ 14,451	$ 756
Gross margin as a % of revenues	51.1%	47.5%	3.6%
Average available village rooms (3)	9,346	9,359	(13)
Rentable rooms for villages (4)	8,739	8,725	14
Average daily rate for villages (5)	$ 77	$ 81	$ (4)
Occupancy in Villages (6)	49%	42%	7%
Billed rooms for villages (7)	396,747	340,467	56,280
Australian dollar to U.S. dollar	$ 0.731	$ 0.790	$ (0.059)

(1) Includes revenues related to village rooms for the periods presented.
(2) Includes revenues related to catering and other services, including facilities management for the periods presented.
(3) Average available rooms include rooms that are utilized for our personnel.
(4) Rentable rooms exclude rooms that are utilized for our personnel and out-of-service rooms.
(5) Average daily rate is based on rentable rooms and lodge/village revenue.
(6) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out-of-service rooms.
(7) Billed rooms represents total billed days for the periods presented.

Our Australian segment reported revenues in the third quarter of 2018 that were $3.5 million, or 13%, higher than the third quarter of 2017. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 7% in the third quarter of 2018 compared to the third quarter of 2017 resulted in a $2.5 million period-over-period decrease in revenues. Excluding the impact of the weaker Australian exchange rates, the Australian segment experienced a 22% increase in revenues due to increased occupancy at our Bowen Basin villages and new business revenue related to accommodation, cleaning and maintenance activities for client owned villages in the Bowen Basin.

Our Australian segment cost of sales increased $0.8 million, or 5%, in the third quarter of 2018 compared to the third quarter of 2017. The increase was driven by increased occupancy at our Bowen Basin villages and additional costs to service accommodation, cleaning and maintenance activities for client owned villages in the Bowen Basin.

Our Australian segment gross margin as a percentage of revenues increased to 51% in the third quarter of 2018 from 48% in the third quarter of 2017. This was primarily driven by increased in-house occupancy at our Bowen Basin villages.

Segment Results of Operations – U.S.

	Three Months Ended September 30,		
	2018	2017	Change
Revenues ($ in thousands)	$ 12,648	$ 6,116	$ 6,532
Cost of sales ($ in thousands)	$ 10,201	$ 7,745	$ 2,456
Gross margin as a % of revenues	19.3%	(26.6)%	46.0%

Our U.S. segment reported revenues in the third quarter of 2018 that were $6.5 million, or 107%, higher than the third quarter of 2017. The increase was primarily due to greater U.S. drilling activity in the Bakken, Rockies and Texas markets benefiting our lodge and wellsite businesses, the Acadian Acres acquisition in February 2018 and higher revenues from our offshore business.

Our U.S. cost of sales increased $2.5 million, or 32%, in the third quarter of 2018 compared to the third quarter of 2017. The increase was driven by greater U.S. drilling activity in the Bakken, Rockies and Texas markets and greater activity in the offshore business.

Our U.S. segment gross margin as a percentage of revenues increased from (27)% in the third quarter of 2017 to 19% in the third quarter of 2018 primarily due to increased U.S. drilling activity in the Bakken, Rockies and Texas markets, as well as the offshore business and the Acadian Acres acquisition.

Results of Operations – Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

	Nine Months Ended September 30,		
	2018	2017	Change
	($ in thousands)		
Revenues			
Canada	$ 226,661	$ 182,006	$ 44,655
Australia	89,542	83,164	6,378
United States and other	35,969	15,758	20,211
Total revenues	352,172	280,928	71,244
Costs and expenses			
Cost of sales and services			
Canada	170,707	125,449	45,258
Australia	45,889	41,753	4,136
United States and other	31,222	19,481	11,741
Total cost of sales and services	247,818	186,683	61,135
Selling, general and administrative expenses	56,754	44,141	12,613
Depreciation and amortization expense	99,502	97,083	2,419
Impairment expense	28,661	4,360	24,301
Other operating expense	348	1,104	(756)
Total costs and expenses	433,083	333,371	99,712
Operating loss	(80,911)	(52,443)	(28,468)
Interest expense and income, net	(19,985)	(16,470)	(3,515)
Other income	2,923	1,247	1,676
Loss before income taxes	(97,973)	(67,666)	(30,307)
Income tax benefit	29,386	9,875	19,511
Net loss	(68,587)	(57,791)	(10,796)
Less: Net income attributable to noncontrolling interest	341	343	(2)
Net loss attributable to Civeo Corporation	(68,928)	(58,134)	(10,794)
Dividends attributable to preferred shares	49,100	—	49,100
Net loss attributable to Civeo common shareholders	$ (118,028)	$ (58,134)	$ (59,894)

We reported net loss attributable to Civeo for the nine months ended September 30, 2018 of $118.0 million, or $0.76 per diluted share. As further discussed below, net loss included (i) a $28.7 million pre-tax loss ($20.9 million after-tax, or $0.16 per diluted share) resulting from the impairment of fixed assets included in Impairment expense, (ii) costs totaling $7.0 million ($6.3 million after-tax, or $0.04 per diluted share) incurred in connection with the Noralta acquisition, primarily included in Selling, general and administrative (SG&A) expense below, and (iii) $49.1 million of dividends attributable to the preferred shares issued in the Noralta acquisition.

We reported net loss attributable to Civeo for the nine months ended September 30, 2017 of $58.1 million, or $0.46 per diluted share. As further discussed below, net loss included a $4.4 million pre-tax loss ($3.2 million after-tax, or $0.02 per diluted share) resulting from the impairment of fixed assets included in Impairment expense below.

Revenues. Consolidated revenues increased $71.2 million, or 25%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This increase was largely driven by increases in Canada due to the Noralta acquisition in the second quarter of 2018 and increased mobile facility rental revenue, as well as a stronger Canadian dollar relative to the U.S. dollar in 2018 compared to 2017. Additionally, higher activity levels in certain markets in Australia and the U.S. contributed to increased revenues. Please see the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales increased $61.1 million, or 33%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017, primarily due to increases in Canada due to the Noralta acquisition in the second quarter of 2018 and increased mobile facility rental activity, and in Australia due to higher occupancy levels in certain markets and the U.S. due to higher activity levels. Additionally, a stronger Canadian dollar relative to the U.S. dollar in 2018 compared to 2017 contributed to increased cost of sales and services. Please see the discussion of segment results of operations below for further information.

Selling, General and Administrative Expenses. SG&A expense increased $12.6 million, or 29%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. This increase was primarily due to $6.7 million in costs incurred in connection with the Noralta acquisition and $4.0 million in higher share-based compensation expense associated with phantom share awards. The increase in share-based compensation was due to the increase in our share price during the period, which is used to remeasure the phantom share awards at each reporting date.

Depreciation and Amortization Expense. Depreciation and amortization expense increased $2.4 million, or 2%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily due to additional property, plant and equipment acquired through recent acquisitions as well as incremental intangible amortization expense related to our acquisitions, partially offset by reduced depreciation expense resulting from impairments recorded in 2017 and certain assets becoming fully depreciated during 2017.

Impairment Expense. We recorded pre-tax impairment expense of $28.7 million in the nine months ended September 30, 2018 associated with long-lived assets in our Canadian segment. We recorded pre-tax impairment expense of $4.4 million in the nine months ended September 30, 2017 associated with leasehold improvements and undeveloped land positions in our Canadian segment.

Please see Note 6 - Impairment Charges to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Operating Loss. Consolidated operating loss increased $28.5 million, or 54%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily due to higher impairment expense and SG&A expense in the 2018 period, partially offset by increased activity levels in certain U.S. markets.

Interest Expense and Interest Income, net. Net interest expense increased by $3.5 million, or 21% in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily related to higher revolving credit facility borrowings to fund the Noralta acquisition.

Income Tax Benefit. Our income tax benefit for the nine months ended September 30, 2018 totaled $29.4 million, or 30.0% of pretax loss, compared to a benefit of $9.9 million, or 14.6% of pretax loss, for the nine months ended September 30, 2017. Our effective tax rate for the nine months ended September 30, 2018 was reduced approximately 5% by the exclusion of Australia and the U.S. for purposes of computing the interim tax provision since they are considered loss jurisdictions for tax accounting purposes. This reduction was offset by an increase of approximately 5% due to Canada no longer being considered a loss jurisdiction, and a resulting valuation allowance release of $4.9 million recorded in the three months ended June 30, 2018. Our effective tax rate for the nine months ended September 30, 2017 was reduced approximately 13% by the exclusion of Australia and the U.S. for purposes of computing the interim tax provision since they are considered loss jurisdictions for tax accounting purposes.

Dividends Attributable to Preferred Shares. We recorded dividends attributable to preferred shares of $49.1 million in the nine months ended September 30, 2018 primarily resulting from a beneficial conversion factor associated with the preferred shares issued as part of the Noralta acquisition. Please see Note 12 – Preferred Shares to the notes to the unaudited consolidated financial statements included in Item 1 of this quarterly report for further discussion.

Other Comprehensive Income (Loss). Other comprehensive loss increased $64.3 million in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 primarily as a result of foreign currency translation adjustments due to changes in the Canadian and Australian dollar exchange rates compared to the U.S. dollar. The Canadian dollar exchange rate compared to the U.S. dollar decreased 3% in the first nine months of 2018 compared to a 8% increase in the first nine months of 2017. The Australian dollar exchange rate compared to the U.S. dollar decreased 7% in the first nine months of 2018 compared to a 8% increase in the first nine months of 2017.

Segment Results of Operations – Canadian Segment

	Nine Months Ended September 30,		
	2018	2017	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 204,258	$ 169,885	$ 34,373
Mobile facility rental revenue (2)	9,283	1,381	7,902
Catering and other services revenue (3)	11,082	9,126	1,956
Manufacturing revenue (4)	2,038	1,614	424
Total revenues	$ 226,661	$ 182,006	$ 44,655
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 137,487	$ 105,597	$ 31,890
Mobile facility rental cost	9,737	1,058	8,679
Catering and other services cost	10,321	6,697	3,624
Manufacturing cost	2,373	3,659	(1,286)
Indirect other cost	10,789	8,438	2,351
Total cost of sales and services	$ 170,707	$ 125,449	$ 45,258
Gross margin as a % of revenues	24.7%	31.1%	(6.4)%
Average available lodge rooms (5)	19,975	14,720	5,255
Rentable rooms for lodges (6)	12,362	8,564	3,798
Average daily rate for lodges (7)	$ 88	$ 93	$ (5)
Occupancy in lodges (8)	69%	78%	(9)%
Billed rooms for lodges (9)	2,320,012	1,822,617	497,395
Average Canadian dollar to U.S. dollar	$ 0.777	$ 0.766	$ 0.011

(1) Includes revenues related to lodge and open camp rooms for the periods presented.
(2) Includes revenues related to mobile camps for the periods presented.
(3) Includes revenues related to catering and food services, laundry and water and wastewater treatment services for the periods presented.
(4) Includes revenues related to modular construction and manufacturing services for the periods presented.
(5) Average available rooms include rooms that are utilized for our personnel.
(6) Rentable rooms exclude rooms that are utilized for our personnel and out-of-service rooms.
(7) Average daily rate is based on rentable rooms and lodge/village revenue.
(8) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out-of-service rooms.
(9) Billed rooms represents total billed days for the periods presented.

Our Canadian segment reported revenues in the nine months ended September 30, 2018 that were $44.7 million, or 25%, higher than the nine months ended September 30, 2017. The strengthening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 1% in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 resulted in a $3.1 million year-over-year increase in revenues. In addition, excluding the impact of the stronger Canadian exchange rates, the segment experienced a 19% increase in accommodation revenues, primarily due to the Noralta acquisition in the second quarter of 2018. Additionally, increased mobile facility rental revenue was driven by increased pipeline related projects.

Our Canadian segment cost of sales and services increased $45.3 million, or 36%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The strengthening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 1% in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 resulted in a $2.4 million year-over-year increase in cost of sales and services. The remaining increase was primarily due to the Noralta acquisition in the second quarter of 2018 and increased mobile facility rental activity and related costs, partially offset by lower costs of sales and services related to reduced occupancy at certain lodges.

Our Canadian segment gross margin as a percentage of revenues decreased from 31% in the nine months ended September 30, 2017 to 25% in the nine months ended September 30, 2018 primarily due to lower lodge rates and reduced occupancy percentage in certain lodges, impacting operating efficiencies at these lower levels.

Segment Results of Operations – Australian Segment

	Nine Months Ended September 30,		
	2018	**2017**	**Change**
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 88,343	$ 83,164	$ 5,179
Catering and other services revenue (2)	1,199	—	1,199
Total revenues	$ 89,542	$ 83,164	$ 6,378
Cost of sales ($ in thousands)			
Accommodation cost	42,942	39,964	2,978
Catering and other services cost	1,025	—	1,025
Indirect other cost	1,922	1,789	133
Total cost of sales and services	$ 45,889	$ 41,753	$ 4,136
Gross margin as a % of revenues	48.8%	49.8%	(1.0)%
Average available village rooms (3)	9,346	9,377	(31)
Rentable rooms for villages (4)	8,731	8,753	(22)
Average daily rate for villages (5)	$ 79	$ 81	$ (2)
Occupancy in Villages (6)	47%	43%	4 %
Billed rooms for villages (7)	1,114,695	1,030,068	84,627
Australian dollar to U.S. dollar	$ 0.758	$ 0.766	$ (0.008)

(1) Includes revenues related to village rooms for the periods presented.
(2) Includes revenues related to catering and other services, including facilities management for the periods presented.
(3) Average available rooms include rooms that are utilized for our personnel.
(4) Rentable rooms exclude rooms that are utilized for our personnel and out-of-service rooms.
(5) Average daily rate is based on rentable rooms and lodge/village revenue.
(6) Occupancy represents total billed days divided by rentable days. Rentable days excludes staff rooms and out-of-service rooms.
(7) Billed rooms represents total billed days for the periods presented.

Our Australian segment reported revenues in the nine months ended September 30, 2018 that were $6.4 million, or 8%, higher than the nine months ended September 30, 2017. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 1% in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 resulted in a $1.3 million year-over-year decrease in revenues. Excluding the impact of the weaker Australian exchange rates, the segment experienced a 9% increase in revenues in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017 due to increased activity at our Bowen Basin villages offset by reduced take-or-pay revenues on expired contracts compared to 2017. In addition, revenues in the nine months ended September 30, 2018 include new business revenue related to accommodation, cleaning and maintenance activities for client owned villages in the Bowen Basin.

Our Australian segment cost of sales increased $4.1 million, or 10%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The increase was driven by higher occupancy levels at our villages in the Bowen Basin and additional costs to service accommodation, cleaning and maintenance activities for client owned villages in the Bowen Basin.

Our Australian segment gross margin as a percentage of revenues decreased to 49% in the nine months ended September 30, 2018 from 50% in the nine months ended September 30, 2017. This was primarily driven by reduced take-or-pay revenues on expired contracts compared to 2017 and lower margin new business activities related to client owned villages.

Segment Results of Operations – U.S. Segment

	Nine Months Ended September 30,		
	2018	2017	Change
Revenues ($ in thousands)	$ 35,969	$ 15,758	$ 20,211
Cost of sales ($ in thousands)	$ 31,222	$ 19,481	$ 11,741
Gross margin as a % of revenues	13.2%	(23.6)%	36.8%

Our U.S. segment reported revenues in the nine months ended September 30, 2018 that were $20.2 million, or 128%, higher than the nine months ended September 30, 2017. The increase was primarily due to greater U.S. drilling activity in the Bakken, Rockies and Texas markets benefiting our lodge and wellsite businesses, the Acadian Acres acquisition in February 2018 and higher revenues from our offshore business.

Our U.S. cost of sales increased $11.7 million, or 60%, in the nine months ended September 30, 2018 compared to the nine months ended September 30, 2017. The increase was driven by greater U.S. drilling activity in the Bakken, Rockies and Texas markets and greater activity in the offshore business.

Our U.S. segment gross margin as a percentage of revenues increased from (24)% in the nine months ended September 30, 2017 to 13% in the nine months ended September 30, 2018, primarily due to increased U.S. drilling activity in the Bakken, Rockies and Texas markets, as well as the offshore business and the Acadian Acres acquisition.

Liquidity and Capital Resources

Our primary liquidity needs are to fund capital expenditures, which in the past have included expanding and improving our accommodations, developing new lodges and villages, purchasing or leasing land under our land banking strategy, and for general working capital needs. In addition, capital has been used to repay debt, fund strategic business acquisitions and pay dividends. Historically, our primary sources of funds have been available cash, cash flow from operations, borrowings under the Amended Credit Agreement and proceeds from equity issuances. In the future, we may seek to access the debt and equity capital markets from time to time to raise additional capital, increase liquidity, fund acquisitions, refinance debt or retire preferred shares.

The following table summarizes our consolidated liquidity position as of September 30, 2018 and December 31, 2017:

	September 30, 2018	December 31, 2017
Lender commitments (1)	$ 239,500	$ 275,000
Reductions in availability (2)	(43,545)	(165,845)
Borrowings against revolving credit capacity	(152,921)	—
Outstanding letters of credit	(3,178)	(1,773)
Unused availability	39,856	107,382
Cash and cash equivalents	4,540	32,647
Total available liquidity	$ 44,396	$ 140,029

(1) We also have a A$2.0 million bank guarantee facility. We had bank guarantees of A$0.9 million and A$0.8 million under this facility outstanding as of September 30, 2018 and December 31, 2017, respectively.

(2) As of September 30, 2018, $43.5 million of our borrowing capacity under the Amended Credit Agreement could not be utilized in order to maintain compliance with the maximum leverage ratio financial covenant in the Amended Credit Agreement. As of December 31, 2017, $165.8 million of our borrowing capacity under the Credit Agreement could not be utilized in order to maintain compliance with the maximum leverage ratio financial covenant in the Credit Agreement.

Cash totaling $25.9 million was provided by operations during the nine months ended September 30, 2018, compared to $45.5 million provided by operations during the nine months ended September 30, 2017. Net cash used by changes in operating assets and liabilities was $14.1 million during the nine months ended September 30, 2018 compared to net cash provided by changes in operating assets and liabilities of $4.5 million during the nine months ended September 30, 2017. The decrease was primarily the result of a tax refund received in 2017 as well as a decrease in accounts payable in 2018.

Cash was used in investing activities during the nine months ended September 30, 2018 in the amount of $186.1 million, compared to cash used in investing activities during the nine months ended September 30, 2017 in the amount of $5.8 million. The increase in cash used in investing activities was primarily due to $157.8 million to fund the Noralta acquisition and $23.8 million to fund the Acadian Acres asset acquisition. Capital expenditures totaled $8.7 million and $8.0 million during the nine months ended September 30, 2018 and 2017, respectively. Capital expenditures in the nine months ended September 30, 2018 and 2017 consisted primarily of routine maintenance capital expenditures. In addition, capital expenditures in the nine months ended September 30, 2017 consisted of investments in an enterprise information system.

We expect our capital expenditures for 2018, exclusive of any business acquisitions, to be in the range of $15 million to $20 million, which excludes any unannounced and uncommitted projects, the spending for which is contingent on obtaining customer contracts. This range includes capital expenditures related to the assets we acquired in the Noralta acquisition. Whether planned expenditures will actually be spent in 2018 depends on industry conditions, project approvals and schedules, customer room commitments and project and construction timing. We expect to fund these capital expenditures with available cash, cash flow from operations and revolving credit borrowings under our Amended Credit Agreement. The foregoing capital expenditure forecast does not include any funds for strategic acquisitions, which we could pursue depending on the economic environment in our industry and the availability of transactions at prices deemed to be attractive to us.

Net cash of $133.9 million was provided by financing activities during the nine months ended September 30, 2018 primarily due to net borrowings under our revolving credit facilities of $155.4 million to primarily fund the Noralta acquisition, partially offset by repayments of term loan borrowings of $18.2 million and debt issuance costs of $2.7 million. Net cash of $10.6 million was provided in financing activities during the nine months ended September 30, 2017, primarily due to net proceeds from our February 2017 equity offering of $64.8 million, offset by net repayments under our revolving credit facilities of $39.9 million, repayments of term loan borrowings of $12.2 million and debt issuance costs of $1.9 million.

The following table summarizes the changes in debt outstanding during the nine months ended September 30, 2018 (in thousands):

	Canada	Australia	U.S.	Total
Balance at December 31, 2017	$ 297,623	$ —	$ —	$ 297,623
Borrowings under revolving credit facilities	253,892	35,558	—	289,450
Repayments of borrowings under revolving credit facilities	(117,665)	(16,375)	—	(134,040)
Repayments of term loans	(18,177)	—	—	(18,177)
Translation	(9,942)	(1,836)	—	(11,778)
Balance at September 30, 2018	$ 405,731	$ 17,347	$ —	$ 423,078

We funded the cash portion of the consideration for the Noralta acquisition with cash on hand and borrowings under the Amended Credit Agreement. Our Amended Credit Agreement allows us to include in our leverage ratio calculation the trailing twelve months of an acquired company's EBITDA on a pro forma combined basis. By including Noralta's EBITDA in our leverage ratio calculation, our borrowing capacity under the Amended Credit Agreement increased, thereby allowing us to borrow the necessary funds to pay the cash consideration portion of the acquisition.

We believe that cash on hand and cash flow from operations will be sufficient to meet our anticipated liquidity needs in the coming 12 months. If our plans or assumptions change, or are inaccurate, or if we make acquisitions, we may need to raise additional capital. Acquisitions have been, and our management believes acquisitions will continue to be, an element of our business strategy. The timing, size or success of any acquisition effort and the associated potential capital commitments are unpredictable and uncertain. We may seek to fund all or part of any such efforts with proceeds from debt and/or equity issuances or may issue equity directly to the sellers. Our ability to obtain capital for additional projects to implement our growth strategy over the longer term will depend on our future operating performance, financial condition and, more broadly, on the availability of equity and debt financing. Capital availability will be affected by prevailing conditions in our industry, the global economy, the global financial markets and other factors, many of which are beyond our control. In addition, any additional debt service requirements we take on could be based on higher interest rates and shorter maturities and could impose a significant burden on our results of operations and financial condition, and the issuance of additional equity securities could result in significant dilution to shareholders. In addition, in some cases, we may incur costs to acquire land and/or construct assets without securing a customer contract or prior to finalization of an accommodations contract with a customer. If the contract is not obtained or the underlying investment decision is delayed, the resulting impact could result in an impairment of the related investment.

Amended Credit Agreement

On April 2, 2018, the Amended Credit Agreement became effective, which:

- provided for the reduction by $35.5 million of the aggregate revolving loan commitments under the Amended Credit Agreement, to a maximum principal amount of $239.5 million, allocated as follows: (1) a $20.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (2) a $159.5 million senior secured revolving credit facility, after combining the commitments of the previously existing two tranches of the Canadian revolving credit facility into one tranche, in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (3) a $60.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower;

- extended the maturity date by 18 months, from May 30, 2019 to November 30, 2020;

- adjusted the maximum leverage ratio financial covenant, as follows:

Period Ended	Maximum Leverage Ratio
September 30, 2018	4.25 : 1.00
December 31, 2018	3.75 : 1.00
March 31, 2019 & thereafter	3.50 : 1.00

; and

- provided for other technical changes and amendments to the Credit Agreement.

On October 26, 2018, we amended the Amended Credit Agreement, which, among other things:

- increased amortization on the term loan facility from 10% per annum to 12.5% per annum beginning at December 31, 2018 through maturity;

- adjusted the maximum leverage ratio financial covenant, as follows:

Period Ended	Maximum Leverage Ratio
December 31, 2018	4.50 : 1.00
March 31, 2019	4.75 : 1.00
June 30, 2019	4.50 : 1.00
September 30, 2019	4.00 : 1.00
December 31, 2019 & thereafter	3.50 : 1.00

; and

- provided for other technical changes and amendments to the Credit Agreement.

U.S. dollar amounts outstanding under the facilities provided by the Amended Credit Agreement bear interest at a variable rate equal to LIBOR plus a margin of 2.25% to 4.00%, or a base rate plus 1.25% to 3.00%, in each case based on a ratio of our total leverage to EBITDA (as defined in the Amended Credit Agreement). Canadian dollar amounts outstanding bear interest at a variable rate equal to the Canadian Dollar Offered Rate plus a margin of 2.25% to 4.00%, or a base rate plus a margin of 1.25% to 3.00%, in each case based on a ratio of our consolidated total leverage to EBITDA. Australian dollar amounts outstanding under the Amended Credit Facility bear interest at a variable rate equal to the Bank Bill Swap Bid Rate plus a margin of 2.25% to 4.00%, based on a ratio of our consolidated total leverage to EBITDA.

The Amended Credit Agreement contains customary affirmative and negative covenants that, among other things, limit or restrict: (i) subsidiary indebtedness, liens and fundamental changes; (ii) asset sales; (iii) acquisitions of margin stock; (iv) specified acquisitions; (v) certain restrictive agreements; (vi) transactions with affiliates; and (vii) investments and other restricted payments, including dividends and other distributions. In addition, we must maintain an interest coverage ratio, defined as the ratio of consolidated EBITDA to consolidated interest expense, of at least 3.0 to 1.0 and our maximum leverage ratio, defined as the ratio of total debt to consolidated EBITDA, of no greater than 4.25 to 1.0 (as of September 30, 2018). As noted above, the permitted maximum leverage ratio changes over time. Each of the factors considered in the calculations of these ratios are defined in the Amended Credit Agreement. EBITDA and consolidated interest, as defined, exclude goodwill and asset impairments, debt discount amortization and other non-cash charges. We were in compliance with our covenants as of September 30, 2018.

Borrowings under the Amended Credit Agreement are secured by a pledge of substantially all of our assets and the assets of our subsidiaries. The obligations under the Amended Credit Agreement are guaranteed by our significant subsidiaries. As of September 30, 2018, we had nine lenders that are parties to the Credit Agreement, with commitments ranging from $24.9 million to $110.6 million.

Dividends

The declaration and amount of all potential future dividends will be at the discretion of our Board of Directors and will depend upon many factors, including our financial condition, results of operations, cash flows, prospects, industry conditions, capital requirements of our business, covenants associated with certain debt obligations, legal requirements, regulatory constraints, industry practice and other factors the Board of Directors deems relevant. In addition, our ability to pay cash dividends on common or preferred shares is limited by covenants in the Amended Credit Agreement. Future agreements may also limit our ability to pay dividends, and we may incur incremental taxes if we are required to repatriate foreign earnings to pay such dividends. If we elect to pay dividends in the future, the amount per share of our dividend payments may be changed, or dividends may again be suspended, without advance notice. The likelihood that dividends will be reduced or suspended is increased during periods of market weakness. There can be no assurance that we will pay a dividend in the future.

The preferred shares we issued in the Noralta acquisition are entitled to receive a 2% annual dividend on the liquidation preference (initially US$10,000 per share), subject to increase to up to 3% in certain circumstances, paid quarterly in cash or, at our option, by increasing the preferred shares' liquidation preference, or any combination thereof. Quarterly dividends were paid in-kind on June 30 and September 30, 2018, thereby increasing the liquidation preference to $10,100 per share as of September 30, 2018. We currently expect to pay dividends on the preferred shares for the foreseeable future through an increase in liquidation preference rather than cash. For further information, please see Note 12 – Preferred Shares.

Off-Balance Sheet Arrangements

As of September 30, 2018, we had no off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Contractual Obligations

For additional information about our contractual obligations, refer to "Liquidity and Capital Resources—Contractual Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2017. As of September 30, 2018, except for net borrowings under our revolving credit facilities, there were no material changes to this disclosures regarding our contractual obligations made in our Annual Report on Form 10-K for the year ended December 31, 2017.

Critical Accounting Policies

For a discussion of the critical accounting policies and estimates that we use in the preparation of our consolidated financial statements, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2017. These estimates require significant judgments, assumptions and estimates. We have discussed the development, selection and disclosure of these critical accounting policies and estimates with the audit committee of our Board of Directors. There have been no material changes to the judgments, assumptions and estimates upon which our critical accounting estimates are based.

ITEM 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Our principal market risks are our exposure to changes in interest rates and foreign currency exchange rates.

Interest Rate Risk

We have credit facilities that are subject to the risk of higher interest charges associated with increases in interest rates. As of September 30, 2018, we had $423.1 million of outstanding floating-rate obligations under our credit facilities. These floating-rate obligations expose us to the risk of increased interest expense in the event of increases in short-term interest rates. If floating interest rates increased by 100 basis points, our consolidated interest expense would increase by approximately $4.2 million annually, based on our floating-rate debt obligations and interest rates in effect as of September 30, 2018.

Foreign Currency Exchange Rate Risk

Our operations are conducted in various countries around the world, and we receive revenue and pay expenses from these operations in a number of different currencies. As such, our earnings are subject to movements in foreign currency exchange rates when transactions are denominated in (i) currencies other than the U.S. dollar, which is our functional currency, or (ii) the functional currency of our subsidiaries, which is not necessarily the U.S. dollar. Excluding intercompany balances, our Canadian dollar and Australian dollar functional currency net assets total approximately C$0.3 billion and A$0.4 billion, respectively, at September 30, 2018. We use a sensitivity analysis model to measure the impact of a 10% adverse movement of foreign currency exchange rates against the United States dollar. A hypothetical 10% adverse change in the value of the Canadian dollar and Australian dollar relative to the U.S. dollar as of September 30, 2018 would result in translation adjustments of approximately $31 million and $37 million, respectively, recorded in other comprehensive loss. Although we do not currently have any foreign exchange agreements outstanding, in order to reduce our exposure to fluctuations in currency exchange rates, we may enter into foreign exchange agreements with financial institutions in the future.

ITEM 4. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2018, at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2018, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II -- OTHER INFORMATION

ITEM 1. *Legal Proceedings*

We are a party to various pending or threatened claims, lawsuits and administrative proceedings seeking damages or other remedies concerning our commercial operations, products, employees and other matters, including occasional claims by individuals alleging exposure to hazardous materials as a result of our products or operations. Some of these claims relate to matters occurring prior to our acquisition of businesses, and some relate to businesses we have sold. In certain cases, we are entitled to indemnification from the sellers of businesses, and in other cases, we have indemnified the buyers of businesses from us. Although we can give no assurance about the outcome of pending legal and administrative proceedings and the effect such outcomes may have on us, we believe that any ultimate liability resulting from the outcome of such proceedings, to the extent not otherwise provided for or covered by indemnity or insurance, will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

ITEM 1A. *Risk Factors*

For additional information about our risk factors, please read the section entitled “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2017.

ITEM 6. ***Exhibits***

(a)INDEX OF EXHIBITS

Exhibit No.		Description
31.1*	—	Certification of Chief Executive Officer of Civeo Corporation pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	—	Certification of Chief Financial Officer of Civeo Corporation pursuant to Rules 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934.
32.1**	—	Certification of Chief Executive Officer of Civeo Corporation pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934.
32.2**	—	Certification of Chief Financial Officer of Civeo Corporation pursuant to Rules 13a-14(b) or 15d-14(b) under the Securities Exchange Act of 1934.
101.INS*	—	XBRL Instance Document
101.SCH*	—	XBRL Taxonomy Extension Schema Document
101.CAL*	—	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	—	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	—	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	—	XBRL Taxonomy Extension Presentation Linkbase Document

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* Filed herewith.

** Furnished herewith.

PLEASE NOTE: Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed or incorporated by reference the agreements referenced above as exhibits to this Quarterly Report on Form 10-Q. The agreements have been filed to provide investors with information regarding their respective terms. The agreements are not intended to provide any other factual information about Civeo or its business or operations. In particular, the assertions embodied in any representations, warranties and covenants contained in the agreements may be subject to qualifications with respect to knowledge and materiality different from those applicable to investors and may be qualified by information in confidential disclosure schedules not included with the exhibits. These disclosure schedules may contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the agreements. Moreover, certain representations, warranties and covenants in the agreements may have been used for the purpose of allocating risk between the parties, rather than establishing matters as facts. In addition, information concerning the subject matter of the representations, warranties and covenants may have changed after the date of the respective agreement, which subsequent information may or may not be fully reflected in our public disclosures. Accordingly, investors should not rely on the representations, warranties and covenants in the agreements as characterizations of the actual state of facts about Civeo or its business or operations on the date hereof.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CIVEO CORPORATION

Date: October 31, 2018

By /s/ Frank C. Steininger

Frank C. Steininger

Executive Vice President, Chief Financial Officer and Treasurer (Duly Authorized Officer and Principal Financial Officer)

EXHIBIT 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934

I, Bradley J. Dodson, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

a all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 31, 2018

/s/ Bradley J. Dodson

Bradley J. Dodson
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO RULE 13a–14(a) UNDER THE
SECURITIES EXCHANGE ACT OF 1934

I, Frank C. Steininger, certify that:

1 I have reviewed this Quarterly Report on Form 10-Q of Civeo Corporation (Registrant);

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

a designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent functions):

a all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

b any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: October 31, 2018

/s/ Frank C. Steininger

Frank C. Steininger

Executive Vice President, Chief Financial Officer and Treasurer

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Civeo Corporation (the "Company") for the quarterly period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Bradley J. Dodson, President and Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bradley J. Dodson

Name: Bradley J. Dodson
Date: October 31, 2018

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER
OF CIVEO CORPORATION
PURSUANT TO 18 U.S.C. § 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Civeo Corporation (the "Company") for the quarterly period ended September 30, 2018, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank C. Steininger, Executive Vice President, Chief Financial Officer and Treasurer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Frank C. Steininger

Name: Frank C. Steininger
Date: October 31, 2018