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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2020

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

(713) 510-2400

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
Common Shares, no par value	CVEO	New York Stock Exchange

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 ☒ 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 ☒ 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.

Large Accelerated Filer	☐	Accelerated Filer	☒	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	☒

The Registrant had 170,578,068 common shares outstanding as of July 24, 2020.

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues:				
Service and other	$ 110,006	$ 112,719	$ 239,405	$ 212,798
Rental	3,865	7,625	10,044	14,115
Product	831	1,809	4,045	3,790
	114,702	122,153	253,494	230,703
Costs and expenses:				
Service and other costs	78,860	77,659	174,904	150,303
Rental costs	3,615	6,357	8,428	11,507
Product costs	658	1,224	3,114	3,060
Selling, general and administrative expenses	11,490	12,530	25,427	28,626
Depreciation and amortization expense	22,205	30,996	47,707	61,778
Impairment expense	—	5,546	144,120	5,546
Other operating expense (income)	(285)	(103)	704	(168)
	116,543	134,209	404,404	260,652
Operating loss	(1,841)	(12,056)	(150,910)	(29,949)
Interest expense	(3,854)	(6,720)	(9,449)	(13,355)
Interest income	4	22	20	49
Other income	12,642	1,055	12,667	4,033
Income (loss) before income taxes	6,951	(17,699)	(147,672)	(39,222)
Income tax (expense) benefit	(122)	2,850	8,689	7,334
Net income (loss)	6,829	(14,849)	(138,983)	(31,888)
Less: Net income attributable to noncontrolling interest	222	—	480	—
Net income (loss) attributable to Civeo Corporation	6,607	(14,849)	(139,463)	(31,888)
Less: Dividends attributable to Class A preferred shares	471	461	939	920
Net income (loss) attributable to Civeo common shareholders	$ 6,136	$ (15,310)	$ (140,402)	$ (32,808)
Per Share Data (see Note 8)				
Basic net income (loss) per share attributable to Civeo Corporation common shareholders	$ 0.03	$ (0.09)	$ (0.83)	$ (0.20)
Diluted net income (loss) per share attributable to Civeo Corporation common shareholders	$ 0.03	$ (0.09)	$ (0.83)	$ (0.20)
Weighted average number of common shares outstanding:				
Basic	169,812	167,532	169,165	166,437
Diluted	169,990	167,532	169,165	166,437

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 June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss)	$ 6,829	$ (14,849)	$ (138,983)	$ (31,888)
Other comprehensive income (loss), net of taxes:				
Foreign currency translation adjustment, net of zero taxes	29,385	1,084	(19,156)	6,463
Total other comprehensive income (loss), net of taxes	29,385	1,084	(19,156)	6,463
Comprehensive income (loss)	36,214	(13,765)	(158,139)	(25,425)
Less: Comprehensive income attributable to noncontrolling interest	303	—	466	—
Comprehensive income (loss) attributable to Civeo Corporation	$ 35,911	$ (13,765)	$ (158,605)	$ (25,425)

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

CIVEO CORPORATION

CONSOLIDATED BALANCE SHEETS
(In Thousands, Excluding Share Amounts)

	June 30, 2020	December 31, 2019
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,311	$ 3,331
Accounts receivable, net	85,553	99,493
Inventories	7,683	5,877
Prepaid expenses	7,482	7,247
Other current assets	9,910	7,904
Assets held for sale	—	7,589
Total current assets	117,939	131,441
Property, plant and equipment, net	486,815	590,309
Goodwill	7,778	110,173
Other intangible assets, net	100,423	111,837
Operating lease right-of-use assets	21,065	24,876
Other noncurrent assets	563	1,276
Total assets	$ 734,583	$ 969,912
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 35,168	$ 36,971
Accrued liabilities	16,910	21,755
Income taxes	571	328
Current portion of long-term debt	33,510	35,080
Deferred revenue	7,853	7,165
Other current liabilities	5,484	8,741
Total current liabilities	99,496	110,040
Long-term debt, less current maturities	264,522	321,792
Deferred income taxes	—	9,452
Operating lease liabilities	18,541	21,231
Other noncurrent liabilities	17,781	16,592
Total liabilities	400,340	479,107
Commitments and contingencies (Note 11)		
Shareholders' Equity:		
Preferred shares (Class A Series 1, no par value; 50,000,000 shares authorized, 9,042, shares issued and outstanding, respectively; aggregate liquidation preference of $94,566 and $93,627 as of June 30, 2020 and December 31, 2019)	59,068	58,129
Common shares (no par value; 550,000,000 shares authorized, 173,742,579 shares and 171,656,039 shares issued, respectively, and 170,578,068 shares and 169,556,403 shares outstanding, respectively)	—	—
Additional paid-in capital	1,575,788	1,572,249
Accumulated deficit	(911,992)	(771,590)
Common shares held in treasury at cost, 3,164,511 and 2,099,636 shares, respectively	(6,930)	(5,472)
Accumulated other comprehensive loss	(382,315)	(363,173)
Total Civeo Corporation shareholders' equity	333,619	490,143
Noncontrolling interest	624	662
Total shareholders' equity	334,243	490,805
Total liabilities and shareholders' equity	$ 734,583	$ 969,912

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, March 31, 2019	**$ 56,739**	**$ —**	**$ 1,564,667**	**$ (728,748)**	**$ (5,471)**	**$ (365,870)**	**$ —**	**$ 521,317**
Net income (loss)	—	—	—	(14,849)	—	—	—	(14,849)
Currency translation adjustment	—	—	—	—	—	1,084	—	1,084
Dividends paid	—	—	—	—	—	—	—	—
Issuance of shares for acquisitions	—	—	—	—	—	—	—	—
Dividends attributable to Class A preferred shares	461	—	—	(461)	—	—	—	—
Share-based compensation	—	—	2,495	—	(1)	—	—	2,494
Balance, June 30, 2019	**$ 57,200**	**$ —**	**$ 1,567,162**	**$ (744,058)**	**$ (5,472)**	**$ (364,786)**	**$ —**	**$ 510,046**
Balance, March 31, 2020	**$ 58,597**	**$ —**	**$ 1,574,457**	**$ (918,128)**	**$ (6,914)**	**$ (411,619)**	**$ 552**	**$ 296,945**
Net income (loss)	—	—	—	6,607	—	—	222	6,829
Currency translation adjustment	—	—	—	—	—	29,304	81	29,385
Dividends paid	—	—	—	—	—	—	(231)	(231)
Dividends attributable to Class A preferred shares	471	—	—	(471)	—	—	—	—
Share-based compensation	—	—	1,331	—	(16)	—	—	1,315
Balance, June 30, 2020	**$ 59,068**	**$ —**	**$ 1,575,788**	**$ (911,992)**	**$ (6,930)**	**$ (382,315)**	**$ 624**	**$ 334,243**
Balance, December 31, 2018	**$ 56,280**	**$ —**	**$ 1,562,133**	**$ (710,551)**	**$ (1,189)**	**$ (371,249)**	**$ —**	**$ 535,424**
Net income (loss)	—	—	—	(31,888)	—	—	—	(31,888)
Currency translation adjustment	—	—	—	—	—	6,463	—	6,463
Dividends paid	—	—	—	—	—	—	—	—
Cumulative effect of implementation of ASU 2014-09	—	—	—	(699)	—	—	—	(699)
Dividends attributable to Class A preferred shares	920	—	—	(920)	—	—	—	—
Share-based compensation	—	—	5,029	—	(4,283)	—	—	746
Balance, June 30, 2019	**$ 57,200**	**$ —**	**$ 1,567,162**	**$ (744,058)**	**$ (5,472)**	**$ (364,786)**	**$ —**	**$ 510,046**
Balance, December 31, 2019	**$ 58,129**	**$ —**	**$ 1,572,249**	**$ (771,590)**	**$ (5,472)**	**$ (363,173)**	**$ 662**	**$ 490,805**
Net income (loss)	—	—	—	(139,463)	—	—	480	(138,983)
Currency translation adjustment	—	—	—	—	—	(19,142)	(14)	(19,156)
Dividends paid	—	—	—	—	—	—	(504)	(504)
Dividends attributable to Class A preferred shares	939	—	—	(939)	—	—	—	—
Share-based compensation	—	—	3,539	—	(1,458)	—	—	2,081
Balance, June 30, 2020	**$ 59,068**	**$ —**	**$ 1,575,788**	**$ (911,992)**	**$ (6,930)**	**$ (382,315)**	**$ 624**	**$ 334,243**

	Preferred Shares (in thousands)	Common Shares (in thousands)
Balance, December 31, 2019	**9,042**	**169,556**
Stock-based compensation	—	1,022
Balance, June 30, 2020	**9,042**	**170,578**

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

CIVEO CORPORATION

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	Six Months Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Net loss	$ (138,983)	$ (31,888)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	47,707	61,778
Impairment charges	144,120	5,546
Deferred income tax benefit	(8,941)	(7,855)
Non-cash compensation charge	3,539	5,029
Gains on disposals of assets	(1,819)	(1,371)
Provision (benefit) for loss on receivables, net of recoveries	25	(56)
Other, net	(3,240)	1,444
Changes in operating assets and liabilities:		
Accounts receivable	10,231	(18,616)
Inventories	(1,895)	(3)
Accounts payable and accrued liabilities	(4,583)	135
Taxes payable	251	244
Other current and noncurrent assets and liabilities, net	(1,094)	(4,427)
Net cash flows provided by operating activities	45,318	9,960
Cash flows from investing activities:		
Capital expenditures	(3,847)	(21,208)
Proceeds from disposition of property, plant and equipment	1,897	4,448
Other, net	4,619	1,762
Net cash flows provided by (used in) investing activities	2,669	(14,998)
Cash flows from financing activities:		
Revolving credit borrowings	122,320	135,862
Revolving credit repayments	(147,950)	(108,108)
Term loan repayments	(16,551)	(17,398)
Taxes paid on vested shares	(1,458)	(4,283)
Net cash flows provided by (used in) financing activities	(43,639)	6,073
Effect of exchange rate changes on cash	(368)	52
Net change in cash and cash equivalents	3,980	1,087
Cash and cash equivalents, beginning of period	3,331	12,372
Cash and cash equivalents, end of period	$ 7,311	$ 13,459
Non-cash financing activities:		
Preferred dividends paid-in-kind	$ 939	$ 920

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

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of the Business

We are a hospitality company servicing the natural resources industry in Canada, Australia and the U.S. We provide a full suite of hospitality services for our guests, including lodging, food service, housekeeping and maintenance at accommodation facilities that we or our customers own. In many cases, we provide services that support the day-to-day operations of accommodation facilities, such as laundry, facility management and maintenance, water and wastewater treatment, power generation, communication systems, security and logistics. We also offer development activities for workforce accommodation facilities, including site selection, permitting, engineering and design, manufacturing management and site construction, along with providing hospitality services once the facility is constructed. We primarily operate in some of the world's most active oil, metallurgical (met) coal and iron ore producing regions, and our customers include major and independent oil and gas companies, mining companies, engineering companies and oilfield and mining service companies. We operate in three principal reportable business segments – Canada, Australia and the 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, 2019.

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 June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses" (ASU 2016-13). This new standard changes how companies 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 adopted ASU 2016-13 as of January 1, 2020. The adoption of this new standard did not have a material impact on our consolidated financial statements.

3. REVENUE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Canada				
Accommodation revenues	$ 40,204	$ 66,183	$ 106,270	$ 123,835
Mobile facility rental revenues	6,072	1,819	8,580	2,600
Food service and other services revenues	6,710	9,086	17,484	17,423
Manufacturing revenues	—	1,014	—	1,014
Total Canada revenues	52,986	78,102	132,334	144,872
Australia				
Accommodation revenues	$ 34,933	$ 30,996	$ 67,518	$ 59,417
Food service and other services revenues	22,138	—	38,666	—
Total Australia revenues	57,071	30,996	106,184	59,417
U.S.				
Accommodation revenues	$ 242	$ 4,775	$ 1,498	$ 9,699
Mobile facility rental revenues	3,870	7,626	10,057	14,223
Manufacturing revenues	524	607	3,387	2,402
Food service and other services revenues	9	47	34	90
Total U.S. revenues	4,645	13,055	14,976	26,414
Total revenues	$ 114,702	$ 122,153	$ 253,494	$ 230,703

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.

As of June 30, 2020, 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,				
	2020	2021	2022	Thereafter	Total
Revenue expected to be recognized as of June 30, 2020	$ 65,883	$ 60,430	$ 29,470	$ 11,762	$ 167,545

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 June 30, 2020 and December 31, 2019, 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 our first quarter of 2020 and the second and fourth quarter of 2019, we wrote down certain long-lived assets to fair value. We also recorded goodwill impairment charges related to one of our reporting units during the first quarter of 2020 and one of our reporting units during the fourth quarter of 2019. 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. We estimated the fair value when conducting the goodwill impairment and long-lived asset impairment tests primarily using an income approach. The discount rates used to value our reporting units for the interim goodwill impairment test, as well as the Canadian and U.S. segments long-lived asset impairment analysis ranged between 10.5% and 14.0%. These assumptions with respect to future circumstances included future cash flows, oil, met coal and natural gas prices, anticipated spending by our customers, the cost of capital, and industry and/or local market conditions. During the fourth quarter of 2019, our estimate of fair value of corporate office space in Canada and during the second quarter of 2019, our estimate of fair value of land in Australia, were based on appraisals from third parties. See Note 6 – Impairment Charges for further information.

During the third quarter of 2019, we acquired Action Industrial Catering (Action) and recorded the assets acquired and liabilities assumed at fair value. Determining the fair value of these assets and liabilities required 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. See Note 7 – Acquisitions for further information.

5. DETAILS OF SELECTED BALANCE SHEET ACCOUNTS

Additional information regarding selected balance sheet accounts at June 30, 2020 and December 31, 2019 is presented below (in thousands):

	June 30, 2020	December 31, 2019
Accounts receivable, net:		
Trade	$ 62,603	$ 76,370
Unbilled revenue	18,761	23,041
Other (1)	4,432	335
Total accounts receivable	85,796	99,746
Allowance for credit losses	(243)	(253)
Total accounts receivable, net	$ 85,553	$ 99,493

(1) As of June 30, 2020, Other accounts receivable includes a $4.4 million receivable related to the Canada Emergency Wage Subsidy (CEWS), a subsidy implemented by the Canadian government in response to the COVID-19 pandemic. Other income in the second quarter of 2020 includes $6.2 million of income related to the CEWS.

	June 30, 2020	December 31, 2019
Inventories:		
Finished goods and purchased products	$ 4,487	$ 3,982
Work in process	2,019	813
Raw materials	1,177	1,082
Total inventories	$ 7,683	$ 5,877

	Estimated Useful Life (in years)			June 30, 2020		December 31, 2019
Property, plant and equipment, net:						
Land				$ 45,816		$ 43,147
Accommodations assets	3	—	15	1,617,979		1,696,425
Buildings and leasehold improvements	7	—	20	32,884		26,108
Machinery and equipment	4	—	15	11,905		12,060
Office furniture and equipment	3	—	7	57,489		58,005
Vehicles	3	—	5	14,448		14,604
Construction in progress				4,841		4,286
Total property, plant and equipment				1,785,362		1,854,635
Accumulated depreciation				(1,298,547)		(1,264,326)
Total property, plant and equipment, net				$ 486,815		$ 590,309

During the second quarter of 2020 we reclassified $6.6 million of assets held for sale back into property, plant and equipment due to no longer meeting the accounting requirements.

	June 30, 2020	December 31, 2019
Accrued liabilities:		
Accrued compensation	$ 12,838	$ 17,169
Accrued taxes, other than income taxes	2,876	3,152
Other	1,196	1,434
Total accrued liabilities	$ 16,910	$ 21,755

5. IMPAIRMENT CHARGES

Quarter ended March 31, 2020. During the first quarter of 2020, we recorded impairment expense related to goodwill and long-lived assets.

The spread of the COVID-19 coronavirus (COVID-19) and the response thereto during the first quarter of 2020 negatively impacted the global economy. The resulting unprecedented decline in oil demand, coupled with disagreements between Saudi Arabia and Russia about production limits, resulted in a collapse of global oil prices in March 2020, thereby creating unprecedented downward pressure on stock prices in the energy industry, particularly small-cap companies with operations in the U.S. and Canada, such as Civeo. As a result, we experienced a sustained reduction of our share price during the first quarter of 2020. Our market capitalization implied an enterprise value which was significantly less than the sum of the estimated fair values of our reporting units, and we determined that an indicator of a goodwill impairment was present as of March 31, 2020. Accordingly, we performed an interim goodwill impairment test as of March 31, 2020, and the carrying amount of our Canadian reporting unit exceeded the reporting unit's fair value. Based on the results of the impairment test, we reduced the value of our goodwill in our Canadian reporting unit to zero and recognized impairment expense in the first quarter of 2020 of $93.6 million.

Furthermore, as a result of the decline in global oil prices and forecasts for a potentially protracted period of lower prices, as well as the goodwill impairment in our Canadian segment, we determined all asset groups within this segment had experienced a trigger that indicated that the carrying values might not be recoverable. Accordingly, we assessed the carrying value of each asset group to determine if it continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying values of certain asset groups were determined to not be fully recoverable, and we proceeded to compare the estimated fair value of these asset groups to their respective carrying values. As a result, certain asset groups were written down to their estimated fair values of $43.5 million and we recorded impairment expense of $38.1 million related to long-lived assets in our Canadian segment.

Also, as a result of the decline in global oil prices and forecasts for a potentially protracted period of lower prices, we reviewed all asset groups in our U.S. segment to determine if an indicator of impairment had occurred that would indicate that the carrying values of the asset groups in the segment might not be recoverable. We determined that certain asset groups within the segment had experienced an indicator of impairment, and thus we assessed the carrying values of our long-lived assets in the U.S. to determine if they continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying values of certain of our U.S. asset groups were determined to not be recoverable, and we proceeded to compare the estimated fair values of the asset groups to their respective carrying values. Accordingly, these assets were written down to their estimated fair values of $12.5 million. We recorded impairment expense of $12.4 million during the first quarter of 2020 related to our U.S. segment.

Quarter ended June 30, 2019. During the second quarter of 2019, we identified indicators that certain long-lived assets in Australia may be impaired due to market developments, including the non-renewal of certain land development approval agreements. We assessed the carrying values of the related assets to determine if they continued to be recoverable based on estimated future cash flows. Based on the assessment, the carrying values were determined to not be fully recoverable, and we proceeded to compare the estimated fair value of the assets to their respective carrying values. Accordingly, the assets were written down to their estimated fair values of $0.5 million. As a result of the analysis described above, we recorded an impairment expense of $4.5 million.

Additionally, during the second quarter of 2019, we identified a liability related to an asset retirement obligation (ARO) at one of our villages in Australia that should have been recorded in 2011. We determined that the error was not material to our previously issued financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018, and therefore, corrected the error in the second quarter of 2019. Specifically, we recorded the following amounts in our second quarter 2019 unaudited consolidated statement of operations related to prior periods: (1) additional accretion expense related to the ARO of $0.9 million, (2) additional depreciation and amortization expense of $0.5 million related to amortization of the related asset retirement cost and (3) additional impairment expense related to the impairment of the asset retirement cost of $1.0 million offset by recognition of an ARO liability totaling $2.3 million as of June 30, 2019.

7. ACQUISITIONS

Action

On July 1, 2019, we acquired Action, a provider of catering and managed services to the mining industry in Western Australia. We funded the purchase price of $16.9 million in cash through a combination of cash on hand and borrowings under our revolving credit facility. Action's operations are reported as part of our Australia reporting business segment beginning on July 1, 2019, the date of acquisition.

This acquisition was accounted for in accordance with the acquisition method of accounting for business combinations, which required us to record the assets acquired and the liabilities assumed at their fair values at July 1, 2019. Our estimates of the fair value for such assets and liabilities required significant assumptions and judgment. Based on the final purchase price allocation, intangible assets acquired totaled $8.4 million and consisted primarily of customer contracts and a trade name. In addition, we recognized goodwill of $7.9 million.

Noralta

On April 2, 2018, we acquired Noralta Lodge Ltd. (Noralta). During the second quarter of 2020, $5.0 million in cash was released to us from escrow to cover certain agreed upon indemnification claims. As a result of this settlement, we recorded $4.7 million in Other income in the accompanying unaudited consolidated statements of operations for the three and six months ended June 30, 2020.

8. EARNINGS PER SHARE

We calculate basic and diluted earnings per share by applying the two-class method because we have participating securities in the form of Class A preferred shares. Participating securities are allocated a proportional share of net income determined by dividing total weighted average participating securities by the sum of total weighted average common shares and participating securities. We also apply the treasury stock method with respect to certain share-based awards in the calculation of diluted earnings per share, if dilutive.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Numerator:				
Net income (loss) attributable to Civeo common shareholders	$ 6,136	$ (15,310)	$ (140,402)	$ (32,808)
Less: income allocated to participating securities	(886)	—	—	—
Basic net income (loss) attributable to Civeo Corporation common shareholders	$ 5,250	$ (15,310)	$ (140,402)	$ (32,808)
Add: undistributed income attributable to participating securities	886	—	—	—
Less: undistributed income reallocated to participating securities	(885)	—	—	—
Diluted net income (loss) attributable to Civeo Corporation common shareholders	$ 5,251	$ (15,310)	$ (140,402)	$ (32,808)
Denominator:				
Weighted average shares outstanding - basic	169,812	167,532	169,165	166,437
Dilutive shares - share-based awards	178	—	—	—
Weighted average shares outstanding - diluted	169,990	167,532	169,165	166,437
Basic net income (loss) per share attributable to Civeo Corporation common shareholders (1)	$ 0.03	$ (0.09)	$ (0.83)	$ (0.20)
Diluted net income (loss) per share attributable to Civeo Corporation common shareholders (1)	$ 0.03	$ (0.09)	$ (0.83)	$ (0.20)

(1) Computations may reflect rounding adjustments.

For the three months ended June 30, 2020, we excluded 3.7 million share based awards from the computation of diluted earnings per share because their effect was anti-dilutive. 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. For the three months ended June 30, 2019 and the six months ended June 30, 2020 and 2019, we excluded from the computation of diluted loss per share 6.6 million, 5.0 million and 7.5 million share-based awards, respectively, since the effect would have been anti-dilutive. Additionally, for the three and six months ended June 30, 2020 and 2019, we excluded from the computation the impact of converting the Preferred Shares into 28.7 million and 28.1 million common shares, since the effect would have been anti-dilutive.

9. DEBT

As of June 30, 2020 and December 31, 2019, long-term debt consisted of the following (in thousands):

	June 30, 2020	December 31, 2019
Canadian term loan, which matures on November 30, 2021; 3.125% of aggregate principal repayable per quarter; weighted average interest rate of 4.4% for the six-month period ended June 30, 2020 (1)	$ 197,532	$ 224,963
U.S. revolving credit facility, which matures on November 30, 2021), weighted average interest rate of 7.0% for the six-month period ended June 30, 2020 (1)	—	—
Canadian revolving credit facility, which matures on November 30, 2021, weighted average interest rate of 4.5% for the six-month period ended June 30, 2020 (1)	101,998	134,117
Australian revolving credit facility, which matures on November 30, 2021, weighted average interest rate of 4.2% for the six-month period ended June 30, 2020 (1)	—	—
	299,530	359,080
Less: Unamortized debt issuance costs	1,498	2,208
Total debt	298,032	356,872
Less: Current portion of long-term debt, including unamortized debt issuance costs, net	33,510	35,080
Long-term debt, less current maturities	$ 264,522	$ 321,792

(1) As of June 30, 2020, one lender had an outstanding Canadian term loan of $5.9 million and an outstanding Canadian revolver loan of $8.7 million that matures on November 30, 2020. Another lender had an outstanding Canadian revolver loan of $12.5 million that matures on November 30, 2020.

Maturities in 2020 are not classified as current as of June 30, 2020 and December 31, 2019, since we are able, and have the intent, to repay the outstanding 2020 maturities by borrowing amounts equal to such maturities under our existing revolving credit facility, which matures on November 30, 2021. We did not have any capitalized interest to net against interest expense for the three and six months ended June 30, 2020 or 2019.

Credit Agreement

As of June 30, 2020, our Credit Agreement (as then amended to date, the Credit Agreement), provided for: (i) a $263.5 million revolving credit facility scheduled to mature on November 30, 2021 for certain lenders, allocated as follows: (A) a $20.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (B) a $183.5 million senior secured revolving credit facility in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (C) a $60.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower; and (ii) a $285.4 million term loan facility scheduled to mature on November 30, 2021 for certain lenders in favor of Civeo.

We are required to maintain, if a qualified offering of indebtedness with gross proceeds in excess of $150 million has been consummated, a maximum leverage ratio of 4.00 to 1.00 and, if such qualified offering has not been consummated, a maximum leverage ratio not to exceed the ratios set forth in the following table:

Period Ended	Maximum Leverage Ratio
June 30, 2020 & September 30, 2020	3.75 : 1.00
December 31, 2020 and thereafter	3.50 : 1.00

U.S. dollar amounts outstanding under the facilities provided by the Credit Agreement bear interest at a variable rate equal to the London Inter-Bank Offered Rate (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 debt to consolidated EBITDA (as defined in the Credit Agreement). Canadian dollar amounts outstanding bear interest at a variable rate equal to a B/A Discount Rate (as defined in the Credit Agreement) based on the Canadian Dollar Offered Rate (CDOR) plus a margin of 2.25% to 4.00%, or a Canadian Prime rate plus a margin of 1.25% to 3.00%, in each case based on a ratio of our total debt to consolidated EBITDA. Australian dollar amounts outstanding under the 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 total debt to consolidated EBITDA. The future transitions from LIBOR and CDOR as interest rate benchmarks is addressed in the Credit Agreement and at such time the transition from LIBOR or CDOR takes place, we will endeavor with the administrative agent to establish an alternate rate of interest to LIBOR or CDOR that gives due consideration to (1) the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time for the replacement of LIBOR and (2) any evolving or then existing convention for similar Canadian Dollar denominated syndicated credit facilities for the replacement of CDOR.

The Credit Agreement contains customary affirmative and negative covenants that, among other things, limit or restrict: (i) 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 3.75 to 1.0 (as of June 30, 2020). As noted above, the permitted maximum leverage ratio changes over time. Following a qualified offering of indebtedness with gross proceeds in excess of $150 million, we will be required to maintain a maximum senior secured ratio less than 2.50 to 1.0. Each of the factors considered in the calculations of these ratios are defined in the 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 June 30, 2020.

Borrowings under the Credit Agreement are secured by a pledge of substantially all of our assets and the assets of our subsidiaries. The obligations under the Credit Agreement are guaranteed by our significant subsidiaries. As of June 30, 2020, we had ten lenders that were parties to the Credit Agreement, with total commitments (including both revolving commitments and term commitments) ranging from $24.9 million to $85.4 million. As of June 30, 2020, we had outstanding letters of credit of $0.3 million under the U.S. facility, $0.5 million under the Australian facility and $1.8 million under the Canadian facility.

10. 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. Income taxes for any significant and unusual or extraordinary transactions are computed and recorded in the period in which the specific transaction occurs. As of June 30, 2020, Canada and the U.S. were considered loss jurisdictions for tax accounting purposes and were removed from the annual effective tax rate computation for purposes of computing the interim tax provision. As of June 30, 2019, Australia and the U.S. were considered loss jurisdictions for tax accounting purposes and were removed from the annual effective tax rate computation for purposes of computing the interim tax provision.

Our income tax expense for the three months ended June 30, 2020 totaled $0.1 million, or 1.8% of pretax loss, compared to a benefit of $2.9 million, or 16.1% of pretax loss, for the three months ended June 30, 2019. For the three months ended June 30, 2020, we recorded a tax expense of $0.1 million related to foreign withholding taxes. Under ASC 740-270, "Accounting for Income Taxes," the quarterly tax provision is based on our current estimate of the annual effective tax rate less the prior quarter's year-to-date provision.

Our income tax benefit for the six months ended June 30, 2020 totaled $8.7 million, or 5.9% of pretax loss, compared to a benefit of $7.3 million, or 18.7% of pretax loss, for the six months ended June 30, 2019. For the six months ended June 30, 2020, we recorded a deferred tax benefit of $9.6 million offset by a valuation allowance of $0.7 million against the Canadian net deferred tax assets. Our effective tax rate for the six months ended June 30, 2020 was impacted by considering Canada and the U.S. loss jurisdictions. Although Australia is not considered a loss jurisdiction for the six months ended June 30, 2020, our effective tax rate is impacted by utilization of deferred tax assets and a release of the corresponding valuation allowance in

Australia, resulting in no income tax expense for that jurisdiction. For the six months ended June 30, 2019, Australia and the U.S. were considered loss jurisdictions.

11. 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.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

Our accumulated other comprehensive loss increased $19.1 million from $363.2 million at December 31, 2019 to $382.3 million at June 30, 2020, as a result of foreign currency exchange rate fluctuations. Changes in other comprehensive loss during the first six months of 2020 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$0.1 billion and A$0.3 billion, respectively, at June 30, 2020.

13. GOODWILL

Changes in the carrying amount of goodwill from December 31, 2019 to June 30, 2020 are as follows (in thousands):

	Canada	Australia	U.S.	Total
Goodwill, net of $19.9 million accumulated impairment loss as of December 31, 2019	$ 102,238	$ 7,935	$ —	$ 110,173
Foreign currency translation	(8,632)	(157)	—	(8,789)
Goodwill impairment (1)	(93,606)	—	—	(93,606)
Goodwill, net of $113.5 million accumulated impairment loss as of June 30, 2020	$ —	$ 7,778	$ —	$ 7,778

(1) See Note 6 – Impairment Charges for further information.

14. SHARE-BASED COMPENSATION

Certain key 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, phantom share awards and dividend equivalents, awards of deferred shares, and share payments to our employees and non-employee directors. No more than 28.7 million Civeo common shares may be issued under the Civeo Plan.

Outstanding Awards

Restricted Share Awards / Restricted Share Units / Deferred Share Awards. Compensation expense associated with restricted share awards, restricted share units and deferred share awards recognized in the three months ended June 30, 2020 and 2019 totaled $0.8 million and $1.4 million, respectively. Compensation expense associated with restricted share awards, restricted share units and deferred share awards recognized in the six months ended June 30, 2020 and 2019 totaled $2.0 million and $2.8 million, respectively. The total fair value of restricted share awards, restricted share units and deferred share awards that vested during the three months ended June 30, 2020 and 2019 was $0.2 million and $0.4 million, respectively. The total fair value of restricted share awards, restricted share units and deferred share awards that vested during the six months ended June 30, 2020 and 2019 was $2.6 million and $3.9 million, respectively.

At June 30, 2020, unrecognized compensation cost related to restricted share awards, restricted share units and deferred share awards was $2.8 million, which is expected to be recognized over a weighted average period of 1.2 years.

Phantom Share Awards. On February 25, 2020, we granted 3,741,094 phantom share awards under the Civeo Plan, which vest in three equal annual installments beginning on February 25, 2021. We also granted 1,221,725 phantom share awards under the Canadian Long-Term Incentive Plan, which vest in three equal annual installments beginning on February 25, 2021.

During the three months ended June 30, 2020 and 2019, we recognized compensation expense associated with phantom shares totaling $0.4 million and $0.3 million, respectively. During the six months ended June 30, 2020 and 2019, we recognized compensation expense associated with phantom shares totaling $0.7 million and $3.4 million, respectively. At June 30, 2020, unrecognized compensation cost related to phantom shares was $3.0 million, as remeasured at June 30, 2020, which is expected to be recognized over a weighted average period of 2.5 years.

Performance Awards. During the three months ended June 30, 2020 and 2019, we recognized compensation expense associated with performance awards totaling $0.6 million and $1.1 million, respectively. During the six months ended June 30, 2020 and 2019, we recognized compensation expense associated with performance awards totaling $1.5 million and $2.2 million, respectively. The total fair value of performance share awards that vested during the three months ended June 30, 2020 and 2019 was zero. The total fair value of performance share awards that vested during the six months ended June 30, 2020 and 2019 was $1.9 million and $10.1 million, respectively.

At June 30, 2020, unrecognized compensation cost related to performance shares was $2.8 million, which is expected to be recognized over a weighted average period of 1.4 years.

15. 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 hospitality services and workforce accommodations.

Financial information by business segment for each of the three and six months ended June 30, 2020 and 2019 is summarized in the following table (in thousands):

	Total revenues	Depreciation and amortization	Operating income (loss)	Capital expenditures	Total assets
Three months ended June 30, 2020					
Canada	$ 52,986	$ 12,177	$ (6,719)	$ 231	$ 662,926
Australia	57,071	9,733	8,191	748	261,188
U.S.	4,645	195	(2,623)	12	30,503
Corporate and eliminations	—	100	(690)	205	(220,034)
Total	$ 114,702	$ 22,205	$ (1,841)	$ 1,196	$ 734,583
Three months ended June 30, 2019					
Canada	$ 78,102	$ 16,127	$ (5,761)	$ 9,379	$ 842,551
Australia	30,996	10,068	(5,579)	898	276,525
U.S.	13,055	3,036	(1,356)	774	57,570
Corporate and eliminations	—	1,765	640	478	(156,241)
Total	$ 122,153	$ 30,996	$ (12,056)	$ 11,529	$ 1,020,405
Six months ended June 30, 2020					
Canada	$ 132,334	$ 26,546	$ (143,350)	$ 841	$ 662,926
Australia	106,184	19,028	14,355	1,211	261,188
United States	14,976	1,778	(16,757)	1,384	30,503
Corporate and eliminations	—	355	(5,158)	411	(220,034)
Total	$ 253,494	$ 47,707	$ (150,910)	$ 3,847	$ 734,583
Six months ended June 30, 2019					
Canada	$ 144,872	$ 32,355	$ (17,356)	$ 16,443	$ 842,551
Australia	59,417	19,825	(5,964)	1,833	276,525
United States	26,414	6,102	(2,317)	2,294	57,570
Corporate and eliminations	—	3,496	(4,312)	638	(156,241)
Total	$ 230,703	$ 61,778	$ (29,949)	$ 21,208	$ 1,020,405

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 the impact of COVID-19 and the response thereto and the decline in the price of and demand for oil, as well as our expectations about capital expenditures in 2020 and beliefs with respect to liquidity needs, including our ability to remain in compliance with our financial covenants. 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" included in Part II, Item 1A of this report, "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, 2019 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.

Overview and Macroeconomic Environment

We provide hospitality services to the natural resources 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. The majority of the demand for our services in our Canadian lodges and Australian villages is driven by on-going operations and maintenance of oil sands and mining facilities. In general, industry operating and maintenance 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 hospitality services is largely sensitive to expected commodity prices, principally related to crude oil, metallurgical (met) coal, liquefied natural gas (LNG) and iron ore. 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, including governmental measures introduced to help slow the spread or mitigate the impact of COVID-19.

Our business is predominantly located in northern Alberta, Canada, British Columbia, Canada, Queensland, Australia and Western Australia. We derive most of our business from natural resource companies who are developing and producing oil sands and met coal resources and, to a lesser extent, other hydrocarbon and mineral resources. Approximately 70% of our revenue is generated by our lodges and villages. Where traditional accommodations and infrastructure are insufficient, inaccessible or cost ineffective, our lodge and village facilities provide comprehensive hospitality 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 core oil sands and Australian mining 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.

The spread of COVID-19 and the response thereto during the first half of 2020 has negatively impacted the global economy. The actions taken to mitigate the spread of COVID-19 and the risk of infection have altered, and are expected to continue to alter, governmental and private-sector policies and behaviors in ways that have had a significant negative effect on oil consumption, such as government-imposed or voluntary social distancing and quarantining, reduced travel and remote work policies. Additionally, global oil prices dropped to historically low levels in March and April 2020 due to severely reduced global oil demand, high global crude inventory levels, uncertainty around timing and slope of worldwide economic recovery after COVID-19 related economic shut-downs and effectiveness of production cuts by major oil producing countries, such as Saudi Arabia, Russia and the U.S. While in mid-April 2020, OPEC+ (the combination of historical OPEC members and other significant oil producers, such as Russia) announced potential production cuts of up to approximately 10 million barrels per day, these cuts are not expected to be sufficient to avoid a historic glut in the second and third quarters of 2020. As a result, oil prices are expected to remain at low levels for the remainder of 2020.

The economic disruption in 2020 caused by the decline in the price of and demand for oil has impacted the activity in the Canadian oil sands and we have seen a decrease in occupancy by our oil sands customers. A reduction in the occupancy at our Canadian oil sands lodges negatively impacted our business in the quarter ended June 30, 2020 and could continue to negatively impact our business if oil prices remain at the current lower levels. Due to lower oil prices and the economic disruption caused by COVID-19, we implemented certain cost containment initiatives, including salary and total compensation reductions of between 10% to 20% for the Board, executive leadership team and other senior management, headcount reduction in North America of approximately 25% in March through June 2020, and cutting expected 2020 capital spending by approximately 25%.

We continue to closely monitor the COVID-19 situation and have taken measures to help ensure the health and well-being of our employees, guests and contractors, including screening for individuals that enter our facilities, social distancing practices, enhanced cleaning and deep sanitization, the suspension of nonessential employee travel and work-from-home policies, where applicable.

Alberta, Canada. In Canada, Western Canadian Select (WCS) crude is the benchmark price for our oil sands customers. Pricing for WCS is driven by several factors, including the underlying price for West Texas Intermediate (WTI) crude, the availability of transportation infrastructure (consisting of pipelines and crude by railcar) and recent actions by the Alberta provincial government to limit oil production from the province. 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.

Certain expansionary oil 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. While these pipeline projects, including Kinder Morgan's Trans Mountain Pipeline and the Keystone XL Pipeline (KXL), have recently received incremental regulatory approvals, it is still not certain if any of the proposed pipeline projects will ultimately be constructed. 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, approved the expansion of the project and is currently working through the construction timeline. It was recently announced that the Alberta provincial government will financially support the construction of the KXL pipeline and construction of this pipeline expansion could begin later in 2020. Additionally, the U.S. Supreme Court refused to renew a water permit for the KXL pipeline in July 2020. Construction of the KXL pipeline in the U.S. is currently suspended, which may delay connection of the pipeline with Canadian oil sands producers.

While WCS prices in the second quarter of 2020 averaged \$19.73 per barrel, by June 30, 2020 the WCS price had increased to \$29.14 per barrel. The WCS Differential decreased from \$15.40 per barrel at the end of the first quarter of 2020 to \$10.13 per barrel at the end of the second quarter of 2020. As of July 24, 2020, the WTI price was \$41.14 and the WCS price was \$31.62, resulting in a WCS Differential of \$9.52.

The depressed price levels of both WTI and WCS are expected to materially impact exploration, development, maintenance and production spending and activity by Canadian operators and, therefore, demand for our hospitality services. For example, on March 23, 2020, the Fort Hills Energy LP project announced a reduction of activity from two trains to one train. Many of the publicly traded oil and gas companies have announced significant reductions in their spending forecasts for 2020, reductions in the range of 30-40%. Continued uncertainty, including about the impact of COVID-19, and commodity price volatility and regulatory complications are expected to cause our Canadian oil sands and pipeline customers to delay expansionary and maintenance spending and defer additional investments in their oil sands assets. Additionally, if oil prices do not improve, the resulting impact could continue to negatively affect the value of our long-lived assets.

British Columbia, Canada. Our Sitka Lodge supports the British Columbia LNG market and related pipeline projects. From a macroeconomic standpoint, global LNG imports continued to significantly increase in 2019, rising by 40 million tonnes and 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.

While Western Canada does not currently have any operational LNG export facilities, LNG Canada (LNGC), a joint venture between Shell Canada Energy, an affiliate of Royal Dutch Shell plc (40 percent), and affiliates of PETRONAS, through its wholly-owned entity, North Montney LNG Limited Partnership (25 percent), PetroChina (15 percent), Mitsubishi Corporation (15 percent) and Korea Gas Corporation (5 percent), is currently constructing a liquefaction and export facility in Kitimat, British Columbia (Kitimat LNG Facility). As a result, British Columbia LNG activity and related pipeline projects have become a material driver of activity for our Sitka Lodge, as well as for our mobile fleet assets, which are contracted to serve several portions of the related pipeline construction activity. The actual timing of when revenue is realized from the CGL pipeline and Sitka Lodge contracts could be impacted by any delays in the construction of the Kitimat LNG Facility or the pipeline, including recent blockades that aim to delay construction. In late March 2020, LNGC announced steps being taken to reduce the spread of COVID-19, including reduction of the workforce at the project site to essential personnel only. This resulted in a reduction in occupancy at our Sitka Lodge during the second quarter of 2020. Occupancy at the Sitka Lodge has returned to expected levels during July 2020.

Australia. In Australia, 82% 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 decreased by 6% during the first half of 2020 compared to the first half of 2019. As of July 24, 2020, met coal spot prices were $112 per metric tonne. 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. The outlook for steel consumption is currently uncertain from both a supply and demand perspective with some large iron ore and met coal producing jurisdictions curtailing or ceasing production during the COVID-19 pandemic, affecting supply. The impact on the demand for steel with the closure or curtailment of manufacturing in economies affected by COVID-19, which will only return to normal levels of consumption once jurisdictions lift quarantine requirements and manufacturing facilities are reopened, is also uncertain. There is a high likelihood that many countries will use infrastructure spend as part of their economic recovery plan, which would have a positive impact on the demand for met coal and the spot price. To date, we have not seen a decline in occupancy at our Australian villages resulting from COVID-19.

Activity in Western Australia is driven primarily by iron ore production, which is a key steel-making ingredient. As of July 24, 2020, iron ore spot prices were $106.27 per metric tonne.

On July 1, 2019, we acquired Action Industrial Catering (Action), a provider of catering and managed services to the mining industry in Western Australia. Accordingly, we also have contracts in place for customer-owned villages in Western Australia which service primarily iron ore mines in addition to gold, lithium and nickel mines. 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.

Met coal and iron ore prices to date have remained at levels that should support the current levels of occupancy in our Australia villages and the customer locations that we manage under Action. 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 Action into our business.

U.S. Our U.S. business supports oil shale drilling and completion activity and is primarily tied to WTI oil prices in the U.S. shale formations in the Permian Basin, the Mid-Continent, the Bakken and the Rockies. The U.S. oil rig count and associated completion activity has been negatively impacted in the first half of 2020 due to the global oil price decline discussed above. Currently, only 188 oil rigs were active at the end of the second quarter of 2020. The Permian Basin remains the most active U.S. unconventional play, representing 70% of the oil rigs in the U.S. market at the end of the second quarter of 2020. As of July 24, 2020, there were 181 active oil rigs in the U.S. (as measured by Bakerhughes.com). With the recent reduction in oil prices and resulting reduction in spending by exploration and production companies, we will be exiting the

Bakken and Rockies markets for our mobile well site units. Those assets will either be sold or transported to our Texas and Oklahoma district locations. U.S. oil shale 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.

Recent Commodity Prices. 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)
Third Quarter through 7/24/2020	$ 40.74	$ 32.27	$ 114.16
6/30/2020	27.95	19.73	120.27
3/31/2020	45.38	27.92	156.17
12/30/2019	56.85	37.94	141.39
9/30/2019	56.40	43.88	160.25
6/30/2019	59.89	47.39	204.78
3/31/2019	54.87	44.49	203.30
12/31/2018	59.32	25.66	223.02
9/30/2018	69.61	41.58	188.46
6/30/2018	67.97	49.93	189.41
3/31/2018	62.89	37.09	228.82
12/31/2017	55.28	38.65	202.33
9/30/2017	48.16	37.72	187.89
6/30/2017	48.11	38.20	193.27

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

Foreign Currency Exchange Rates. 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/losses are translated into U.S. dollars for U.S. GAAP financial reporting purposes. The following tables summarize the fluctuations in the exchange rates between the U.S. dollar and each of the Canadian dollar and the Australian dollar:

	Three Months Ended June 30,				Six Months Ended June 30,			
	2020	**2019**	**Change**	**Percentage**	**2020**	**2019**	**Change**	**Percentage**
Average Canadian dollar to U.S. dollar	$0.72	$0.75	(0.03)	(3.5)%	$0.73	$0.75	($0.02)	(2.2)%
Average Australian dollar to U.S. dollar	$0.66	$0.70	(0.04)	(6.1)%	$0.66	$0.71	($0.05)	(6.8)%

	As of			
	June 30, 2020	**December 31, 2019**	**Change**	**Percentage**
Canadian dollar to U.S. dollar	$0.73	$0.77	(0.04)	(4.7)%
Australian dollar to U.S. dollar	$0.69	$0.70	(0.01)	(1.7)%

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.

Capital Expenditures. We continue to monitor the COVID-19 global pandemic and the responses thereto, the global economy, the price of and demand for crude oil, met coal and iron ore and the resultant impact on the capital spending plans of our customers in order to plan our business activities. In April 2020, we revised downward our 2020 capital expenditure plans and we currently expect that our 2020 capital expenditures, exclusive of any expansionary spending, which is contingent on obtaining customer contracts, will total approximately $15 million, compared to 2019 capital expenditures of $29.8 million. We may adjust our capital expenditure plans in the future as we continue to monitor the impact of COVID-19. See "Liquidity and Capital Resources" below for further discussion of 2020 capital expenditures.

Results of Operations

Unless otherwise indicated, discussion of results for the three and six months ended June 30, 2020, is based on a comparison to the corresponding period of 2019.

Results of Operations – Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

	Three Months Ended June 30,		
	2020	**2019**	**Change**
		($ in thousands)	
Revenues			
Canada	$ 52,986	$ 78,102	$ (25,116)
Australia	57,071	30,996	26,075
U.S. and other	4,645	13,055	(8,410)
Total revenues	114,702	122,153	(7,451)
Costs and expenses			
Cost of sales and services			
Canada	42,465	59,276	(16,811)
Australia	34,913	16,055	18,858
U.S. and other	5,755	9,909	(4,154)
Total cost of sales and services	83,133	85,240	(2,107)
Selling, general and administrative expenses	11,490	12,530	(1,040)
Depreciation and amortization expense	22,205	30,996	(8,791)
Impairment expense	—	5,546	(5,546)
Other operating income	(285)	(103)	(182)
Total costs and expenses	116,543	134,209	(17,666)
Operating loss	(1,841)	(12,056)	10,215
Interest expense and income, net	(3,850)	(6,698)	2,848
Other income	12,642	1,055	11,587
Income (loss) before income taxes	6,951	(17,699)	24,650
Income tax (expense) benefit	(122)	2,850	(2,972)
Net income (loss)	6,829	(14,849)	21,678
Less: Net income attributable to noncontrolling interest	222	—	222
Net income (loss) attributable to Civeo Corporation	6,607	(14,849)	21,456
Dividends attributable to preferred shares	471	461	10
Net income (loss) attributable to Civeo common shareholders	$ 6,136	$ (15,310)	$ 21,446

We reported net income attributable to Civeo for the quarter ended June 30, 2020 of $6.1 million, or $0.03 per diluted share. As further discussed below, net income included $4.7 million ($4.7 million after-tax, or $0.03 per diluted share) of income associated with the settlement of a representations and warranties claim related to the Noralta acquisition included in Other income.

We reported net loss attributable to Civeo for the quarter ended June 30, 2019 of $15.3 million, or $0.09 per diluted share. As further discussed below, net loss included a $5.5 million pre-tax loss ($5.5 million after-tax, or $0.03 per diluted share) resulting from the impairment of fixed assets included in Impairment expense.

Revenues. Consolidated revenues decreased $7.5 million, or 6%, in the second quarter of 2020 compared to the second quarter of 2019. This decrease was primarily due to lower revenue in Canada resulting from lower occupancy at oil sands lodges and reduced food services activity, both related to the COVID-19 pandemic and lower oil prices. Additionally, lower activity levels in certain markets in the U.S. and weaker Canadian and Australian dollars relative to the U.S. dollar in the second quarter of 2020 compared to the second quarter of 2019 contributed to decreased revenues. These items were partially offset by higher revenues in Australia due to the Action acquisition completed on July 1, 2019, increased occupancy at our Bowen Basin villages and increased mobile camp activity from a pipeline project in Canada. See the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales and services decreased $2.1 million, or 2%, in the second quarter of 2020 compared to the second quarter of 2019. This decrease was primarily due to lower cost of sales in Canada resulting from lower occupancy at oil sands lodges and reduced food services activity, both related to the COVID-19 pandemic and lower oil prices. Additionally, lower activity levels in certain markets in the U.S. and weaker Canadian and Australian dollars relative to the U.S. dollar in the second quarter of 2020 compared to the second quarter of 2019 contributed to decreased cost of sales and services. This was partially offset by the Action acquisition, increased occupancy at our Bowen Basin villages in Australia and higher cost of sales and services due to increased mobile camp activity from a pipeline project in Canada. See the discussion of segment results of operations below for further information.

Selling, General and Administrative Expenses. SG&A expense decreased $1.0 million, or 8%, in the second quarter of 2020 compared to the second quarter of 2019. This decrease was primarily due to lower share-based compensation expense, lower professional fees and lower travel and entertainment expenses, partially offset by higher incentive compensation costs. The decrease in share-based compensation was due to a reduction in the amount of restricted share and performance share awards outstanding and the reduction in our stock price associated with phantom share awards during the second quarter of 2020 compared to the second quarter of 2019.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $8.8 million, or 28%, in the second quarter of 2020 compared to the second quarter of 2019. The decrease was primarily due to (1) certain assets and intangibles becoming fully depreciated during 2019, (2) the extension of the remaining life of certain long-lived accommodation assets in Canada during the fourth quarter of 2019, (3) the impairment of certain long-lived assets in Canada and the U.S. during the first quarter of 2020 and (4) weaker Canadian and Australian dollars relative to the U.S. dollar in the second quarter of 2020 compared to the second quarter of 2019. These items were partially offset by additional depreciation and intangible amortization expense related to our Action acquisition in 2019.

Impairment Expense. We recorded pre-tax impairment expense of $5.5 million in second quarter of 2019 associated with long-lived assets in our Australian reporting unit. 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 Income (Loss). Consolidated operating loss decreased $10.2 million, or 85%, in the second quarter of 2020 compared to the second quarter of 2019, primarily due to lower depreciation and amortization expense, lower impairment expense and increased activity levels in Australia, partially offset by decreased activity levels in Canada and U.S. markets.

Interest Expense and Income, net. Net interest expense decreased by $2.8 million, or 43%, in the second quarter of 2020 compared to the second quarter of 2019, primarily related to lower average debt levels and lower interest rates on term loan and revolving credit facility borrowings during 2020 compared to 2019.

Other Income. Consolidated other income increased $11.6 million, or 1098%, in the second quarter of 2020 compared to the second quarter of 2019, primarily due to $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition, $6.2 million of other income related to proceeds from the Canada Emergency Wage Subsidy (CEWS) and a higher gain on sale of assets compared to the second quarter of 2019. The second quarter of 2019 included $1.1 million of other income related to proceeds from an insurance claim associated with the closure of a lodge in 2018 for maintenance-related operational issues.

Income Tax Benefit. Our income tax benefit for the three months ended June 30, 2020 totaled $0.1 million, or 1.8% of pretax loss, compared to a benefit of $2.9 million, or 16.1% of pretax loss, for the three months ended June 30, 2019. Under ASC 740-270, "Accounting for Income Taxes," the quarterly tax provision is based on our current estimate of the annual effective tax rate less the prior quarter's year-to-date provision.

Other Comprehensive Income (Loss). Other comprehensive income increased $28.3 million in the second quarter of 2020 compared to the second quarter of 2019, 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 4% in the second quarter of 2020 compared to a 2% increase in the second quarter of 2019. The

Australian dollar exchange rate compared to the U.S. dollar decreased 2% in the second quarter of 2020 compared to a 1% decrease in the second quarter of 2019.

Segment Results of Operations – Canadian Segment

	Three Months Ended June 30,		
	2020	2019	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 40,204	$ 66,183	$ (25,979)
Mobile facility rental revenue (2)	6,072	1,819	4,253
Food service and other services revenue (3)	6,710	9,086	(2,376)
Manufacturing revenue (4)	—	1,014	(1,014)
Total revenues	$ 52,986	$ 78,102	$ (25,116)
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 28,598	$ 45,145	$ (16,547)
Mobile facility rental cost	5,285	2,027	3,258
Food service and other services cost	6,163	8,466	(2,303)
Manufacturing cost	141	668	(527)
Indirect other costs	2,278	2,970	(692)
Total cost of sales and services	$ 42,465	$ 59,276	$ (16,811)
Gross margin as a % of revenues	19.9 %	24.1 %	(4.2) %
Average daily rate for lodges (5)	$ 96	$ 89	$ 7
Total billed rooms for lodges (6)	409,897	739,627	(329,730)
Average Canadian dollar to U.S. dollar	$ 0.72	$ 0.75	$ (0.03)

(1) Includes revenues related to lodge rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to mobile camps for the periods presented.
(3) Includes revenues related to 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 daily rate is based on billed rooms and accommodation revenue.
(6) Billed rooms represent total billed days for the periods presented.

Our Canadian segment reported revenues in the second quarter of 2020 that were $25.1 million, or 32%, lower than the second quarter of 2019. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 4% in the second quarter of 2020 compared to the second quarter of 2019 resulted in a $1.9 million period-over-period decrease in revenues. Excluding the impact of the weaker Canadian exchange rates, the segment experienced a 30% decrease in revenues. This decrease was driven by lower occupancy at oil sands lodges, where billed rooms were down 45% year-over-year, and reduced food services activity. These decreases were both related to the COVID-19 pandemic and lower oil prices. Additionally, revenue was negatively impacted by reduced manufacturing activity as 2019 included two projects that did not recur in 2020. Partially offsetting these items was increased mobile camp activity from a pipeline project.

Our Canadian segment cost of sales and services decreased $16.8 million, or 28%, in the second quarter of 2020 compared to the second quarter of 2019. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 4% in the second quarter of 2020 compared to the second quarter of 2019 resulted in a $1.5 million period-over-period decrease in cost of sales and services. Excluding the impact of the weaker Canadian exchange rates, the decreased cost of sales and services was driven by lower occupancy at our oil sands lodges and reduced food services activity. These decreases were both related to the COVID-19 pandemic and lower oil prices. Additionally, lower costs resulted from reduced indirect other costs due to a continued focus on cost containment and operational efficiencies, partially offset by increased costs related to enhanced measures during the COVID-19 pandemic and increased mobile camp activity.

Our Canadian segment gross margin as a percentage of revenues decreased from 24.1% in the second quarter of 2019 to 19.9% in the second quarter of 2020. This was primarily driven by increased costs related to enhanced measures during the COVID-19 pandemic, as well as reduced operating efficiencies due to lower occupancy.

Segment Results of Operations – Australian Segment

	Three Months Ended June 30,		
	2020	2019	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 34,933	$ 30,996	$ 3,937
Food service and other services revenue (2)	22,138	$ —	$ 22,138
Total revenues	$ 57,071	$ 30,996	$ 26,075
Cost of sales ($ in thousands)			
Accommodation cost	$ 15,269	$ 15,465	$ (196)
Food service and other services cost	18,759	—	18,759
Indirect other cost	885	590	295
Total cost of sales and services	$ 34,913	$ 16,055	$ 18,858
Gross margin as a % of revenues	38.8 %	48.2 %	(9.4) %
Average daily rate for villages (3)	$ 70	$ 74	$ (4)
Total billed rooms for villages (4)	502,392	416,416	85,976
Australian dollar to U.S. dollar	$ 0.66	$ 0.70	$ (0.04)

(1) Includes revenues related to village rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to food services and other services, including facilities management for the periods presented.
(3) Average daily rate is based on billed rooms and accommodation revenue.
(4) Billed rooms represent total billed days for the periods presented.

Our Australian segment reported revenues in the second quarter of 2020 that were $26.1 million, or 84%, higher than the second quarter of 2019. Action contributed $22.1 million in revenues in the second quarter of 2020. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 6% in the second quarter of 2020 compared to the second quarter of 2019 resulted in a $2.2 million period-over-period decrease in revenues and a $5 reduction in the average daily rate. Excluding the impact of the weaker Australian exchange rates, the Australian segment experienced an 96% increase in revenues largely due to the Action acquisition and increased occupancy of our Bowen Basin villages, partially offset by decreased activity at our Western Australia villages.

Our Australian segment cost of sales increased $18.9 million, or 117%, in the second quarter of 2020 compared to the second quarter of 2019. The increase was largely driven by the Action acquisition. Increases also related to increased occupancy at our Bowen Basin villages which were entirely offset by decreased activity at our Western Australia villages, additional accretion expense in 2019 related to an asset retirement obligation at one of our Australia villages and the weakening of the Australian dollar.

Our Australian segment gross margin as a percentage of revenues decreased to 38.8% in the second quarter of 2020 from 48.2% in the second quarter of 2019. This was primarily driven by Action, which has a service-only business model and therefore results in lower overall gross margins than the accommodation business, partially offset by improved margins at our Bowen Basin villages as a result of increased occupancy.

Segment Results of Operations – U.S. Segment

	Three Months Ended June 30,		
	2020	2019	Change
Revenues ($ in thousands)	$ 4,645	$ 13,055	$ (8,410)
Cost of sales ($ in thousands)	$ 5,755	$ 9,909	$ (4,154)
Gross margin as a % of revenues	(23.9) %	24.1 %	(48.0) %

Our U.S. segment reported revenues in the second quarter of 2020 that were $8.4 million, or 64%, lower than the second quarter of 2019. This was primarily due to reduced occupancy at our West Permian, Killdeer and Acadian Acres lodges, reduced U.S. drilling activity affecting our wellsite business and reduced activity in our offshore rental business, all resulting from the COVID-19 pandemic and lower oil prices.

Our U.S. segment cost of sales decreased $4.2 million, or 42%, in the second quarter of 2020 compared to the second quarter of 2019. The decrease was driven by reduced occupancy at our West Permian and Killdeer lodges, reduced U.S. drilling activity affecting our wellsite business and reduced activity in our offshore rental business.

Our U.S. segment gross margin as a percentage of revenues decreased from 24.1% in the second quarter of 2019 to (23.9)% in the second quarter of 2020 primarily due to reduced activity in all areas of the business and reduced operating efficiencies at lower activity levels.

Results of Operations – Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

	Six Months Ended June 30,		
	2020	2019	Change
	($ in thousands)		
Revenues			
Canada	$ 132,334	$ 144,872	$ (12,538)
Australia	106,184	59,417	46,767
U.S. and other	14,976	26,414	(11,438)
Total revenues	253,494	230,703	22,791
Costs and expenses			
Cost of sales and services			
Canada	106,737	113,923	(7,186)
Australia	64,466	31,054	33,412
U.S. and other	15,243	19,893	(4,650)
Total cost of sales and services	186,446	164,870	21,576
Selling, general and administrative expenses	25,427	28,626	(3,199)
Depreciation and amortization expense	47,707	61,778	(14,071)
Impairment expense	144,120	5,546	138,574
Other operating expense (income)	704	(168)	872
Total costs and expenses	404,404	260,652	143,752
Operating loss	(150,910)	(29,949)	(120,961)
Interest expense and income, net	(9,429)	(13,306)	3,877
Other income	12,667	4,033	8,634
Loss before income taxes	(147,672)	(39,222)	(108,450)
Income tax benefit	8,689	7,334	1,355
Net loss	(138,983)	(31,888)	(107,095)
Less: Net income attributable to noncontrolling interest	480	—	480
Net loss attributable to Civeo Corporation	(139,463)	(31,888)	(107,575)
Dividends attributable to preferred shares	939	920	19
Net loss attributable to Civeo common shareholders	$ (140,402)	$ (32,808)	$ (107,594)

We reported net loss attributable to Civeo for the six months ended June 30, 2020 of $140.4 million, or $0.83 per diluted share. As further discussed below, net loss included (i) a $93.6 million pre-tax loss ($93.6 million after-tax, or $0.55 per diluted share) resulting from the impairment of goodwill in our Canadian reporting unit included in Impairment expense, (ii) a $38.1 million pre-tax loss ($38.1 million after-tax, or $0.23 per diluted share) resulting from the impairment of long-lived assets in our Canadian reporting unit included in Impairment expense and (iii) a $12.4 million pre-tax loss ($12.4 million after-tax, or $0.07 per diluted share) resulting from the impairment of long-lived assets in our U.S. reporting unit included in Impairment expense. Net loss was partially offset by $4.7 million ($4.7 million after-tax, or $0.03 per diluted share) of income associated with the settlement of a representations and warranties claim related to the Noralta acquisition included in Other income.

We reported net loss attributable to Civeo for the six months ended June 30, 2019 of $32.8 million, or $(0.20) per diluted share. As further discussed below, net loss included a $5.5 million pre-tax loss ($5.5 million after-tax, or $0.03 per diluted share) resulting from the impairment of fixed assets included in Impairment expense.

Revenues. Consolidated revenues increased $22.8 million, or 10%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. This increase was primarily due to higher revenues in Australia due to the Action acquisition completed on July 1, 2019, increased occupancy at our Bowen Basin villages and at our Sitka Lodge, as well as higher mobile camp revenues in Canada related to a pipeline project. These items were partially offset by lower revenue from reduced occupancy at our north oil sands lodges in Canada resulting from the COVID-19 pandemic and lower oil prices. Additionally, lower activity levels in certain markets in the U.S. and weaker Canadian and Australian dollars relative to the U.S. dollar in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 also offset the increased revenues. See the discussion of segment results of operations below for further information.

Cost of Sales and Services. Our consolidated cost of sales and services increased $21.6 million, or 13%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to the Action acquisition and increased occupancy at our Bowen Basin villages in Australia and at our Sitka Lodge as well as higher cost of sales and services in Canada due to increased mobile camp activity from a pipeline project. These items were partially offset by decreased cost of sales and services due to reduced occupancy at our north oil sands lodges in Canada resulting from the COVID-19 pandemic and lower oil prices. Additionally, lower activity levels in certain markets in the U.S. and weaker Canadian and Australian dollars relative to the U.S. dollar in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 offset the increased cost of sales and services. See the discussion of segment results of operations below for further information.

Selling, General and Administrative Expenses. SG&A expense decreased $3.2 million, or 11%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. This decrease was primarily due to lower share-based compensation expense, partially offset by higher incentive compensation costs and professional fees. The decrease in share-based compensation was due to a reduction in the amount of phantom share awards outstanding and the reduction in our stock price during the six months ended June 30, 2020 compared to the six months ended June 30, 2019.

Depreciation and Amortization Expense. Depreciation and amortization expense decreased $14.1 million, or 23%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease was primarily due to (1) certain assets and intangibles becoming fully depreciated during 2019, (2) the extension of the remaining life of certain long-lived accommodation assets in Canada during the fourth quarter of 2019, (3) the impairment of certain long-lived assets in Canada and the U.S. during the first quarter of 2020 and (4) weaker Canadian and Australian dollars relative to the U.S. dollar in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. These items were partially offset by additional depreciation and intangible amortization expense related to our acquisition in 2019.

Impairment Expense. Impairment expense of $144.1 million in the six months ended June 30, 2020 included the following items:

- Pre-tax impairment expense of $93.6 million related to the impairment of goodwill in our Canadian reporting unit.
- Pre-tax impairment expense of $38.1 million associated with long-lived assets in our Canadian reporting unit.
- Pre-tax impairment expense of $12.4 million associated with long-lived assets in our U.S. reporting unit.

Impairment expense of $5.5 million in the six months ended June 30, 2019 was associated with long-lived assets in our Australian segment.

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 Income (Loss). Consolidated operating loss increased $121.0 million, or 404%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 primarily due to impairments of goodwill and long-lived assets, partially offset by increased activity levels in Australia, as well as lower depreciation and amortization expense.

Interest Expense and Income, net. Net interest expense decreased by $3.9 million, or 29%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 primarily related to lower average debt levels and lower interest rates on term loan and revolving credit facility borrowings during 2020 compared to 2019.

Other Income. Consolidated other income increased $8.6 million, or 214%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019, primarily due to $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition, $6.2 million of other income related to proceeds from the CEWS and a higher gain on sale of assets compared to the first half of 2019. The first half of 2019 included $2.6 million of other income related to proceeds from an insurance claim associated with the closure of a lodge in 2018 for maintenance-related operational issues.

Income Tax Benefit. Our income tax benefit for the six months ended June 30, 2020 totaled $8.7 million, or 5.9% of pretax loss, compared to a benefit of $7.3 million, or 18.7% of pretax loss, for the six months ended June 30, 2019. Our effective tax rate for the six months ended June 30, 2020 was impacted by a deferred tax benefit of $9.6 million offset by an increase of $0.7 million in the valuation allowance in Canada. For the six months ended June 30, 2020, Canada and the U.S. were considered loss jurisdictions for tax accounting purposes and were removed from the annual effective tax rate computation for purposes of computing the interim tax provision. Although Australia is not considered a loss jurisdiction for the six months ended June 30, 2020, our effective tax rate is impacted by utilization of deferred tax assets and a release of the corresponding valuation allowance in Australia, resulting in no income tax expense for that jurisdiction. For the six months ended June 30, 2019, Australia and the U.S. were considered loss jurisdictions for tax accounting purposes and were removed from the annual effective tax rate computation for purposes of computing the interim tax provision.

Other Comprehensive Income (Loss). Other comprehensive income decreased $25.6 million in the six months ended June 30, 2020 compared to the six months ended June 30, 2019, 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 5% in the six months ended June 30, 2020 compared to a 4% increase in the six months ended June 30, 2019. The Australian dollar exchange rate compared to the U.S. dollar decreased 2% in the six months ended June 30, 2020 compared to a 1% decrease in the six months ended June 30, 2019.

Segment Results of Operations – Canadian Segment

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 106,270	$ 123,835	$ (17,565)
Mobile facility rental revenue (2)	8,580	2,600	5,980
Food service and other services revenue (3)	17,484	17,423	61
Manufacturing revenue (4)	—	1,014	(1,014)
Total revenues	$ 132,334	$ 144,872	$ (12,538)
Cost of sales and services ($ in thousands)			
Accommodation cost	$ 76,653	$ 87,763	$ (11,110)
Mobile facility rental cost	8,542	2,676	5,866
Food service and other services cost	16,178	16,301	(123)
Manufacturing cost	297	857	(560)
Indirect other cost	5,067	6,326	(1,259)
Total cost of sales and services	$ 106,737	$ 113,923	$ (7,186)
Gross margin as a % of revenues	19.3 %	21.4 %	(2.0) %
Average daily rate for lodges (5)	$ 94	$ 91	$ 3
Total billed rooms for lodges (6)	1,118,220	1,365,619	(247,399)
Average Canadian dollar to U.S. dollar	$ 0.73	$ 0.75	$ (0.02)

(1) Includes revenues related to lodge rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to mobile camps for the periods presented.
(3) Includes revenues related to 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 daily rate is based on billed rooms and accommodation revenue.
(6) Billed rooms represent total billed days for the periods presented.

Our Canadian segment reported revenues in the six months ended June 30, 2020 that were $12.5 million, or 9%, lower than the six months ended June 30, 2019. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 2% in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 resulted in a $2.6 million period-over-period decrease in revenues. Excluding the impact of the weaker Canadian exchange rates, the segment experienced a 7% decrease in revenues. This decrease was driven by reduced occupancy at our lodges in the north oil sands region related to lower oil prices and the COVID-19 pandemic. Additionally, revenue was negatively impacted by reduced manufacturing revenue as 2019 included two projects that did not recur in 2020. Partially offsetting these items, revenue was favorably impacted by higher occupancy at our Sitka Lodge related to an LNG project and increased mobile camp activity from a pipeline project.

Our Canadian segment cost of sales and services decreased $7.2 million, or 6%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The weakening of the average exchange rates for the Canadian dollar relative to the U.S. dollar by 2% in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 resulted in a $2.2 million period-over-period decrease in cost of sales and services. Excluding the impact of the weaker Canadian exchange rates, the decreased cost of sales and services was driven by reduced occupancy at our lodges in the north oil sands region and reduced indirect other costs from a continued focus on cost containment and operational efficiencies. These decreases were partially offset by higher occupancy at our Sitka Lodge, as well as increased mobile camp activity from a pipeline project and increased costs related to enhanced measures during the COVID-19 pandemic.

Our Canadian segment gross margin as a percentage of revenues decreased from 21.4% in the six months ended June 30, 2019 to 19.3% in the six months ended June 30, 2020. This was primarily driven by increased costs related to enhanced measures during the COVID-19 pandemic, as well as reduced operating efficiencies due to lower occupancy.

Segment Results of Operations – Australian Segment

	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change
Revenues ($ in thousands)			
Accommodation revenue (1)	$ 67,518	$ 59,417	$ 8,101
Food service and other services revenue (2)	38,666	—	38,666
Total revenues	$ 106,184	$ 59,417	$ 46,767
Cost of sales ($ in thousands)			
Accommodation cost	$ 30,264	$ 29,862	$ 402
Food service and other services cost	32,466	—	32,466
Indirect other cost	1,736	1,192	544
Total cost of sales and services	$ 64,466	$ 31,054	$ 33,412
Gross margin as a % of revenues	39.3 %	47.7 %	(8.4) %
Average daily rate for villages (3)	$ 69	$ 74	$ (5)
Total billed rooms for villages (4)	974,232	798,997	175,235
Australian dollar to U.S. dollar	$ 0.66	$ 0.71	$ (0.05)

(1) Includes revenues related to village rooms and hospitality services for owned rooms for the periods presented.
(2) Includes revenues related to food services and other services, including facilities management for the periods presented.
(3) Average daily rate is based on billed rooms and accommodation revenue.
(4) Billed rooms represent total billed days for the periods presented.

Our Australian segment reported revenues in the six months ended June 30, 2020 that were $46.8 million, or 79%, higher than the six months ended June 30, 2019. Action contributed $38.7 million in revenues in the six months ended June 30, 2020. The weakening of the average exchange rates for Australian dollars relative to the U.S. dollar by 7% in the six months ended June 30, 2020 compared to the six months ended June 30, 2019 resulted in a $5.0 million period-over-period decrease in revenues and a $5 reduction in the average daily rate. Excluding the impact of the weaker Australian exchange rates, the Australian segment experienced an 92% increase in revenues primarily due to the Action acquisition. In addition, increased activity at our Bowen Basin villages was partially offset by decreased activity at our Western Australia villages.

Our Australian segment cost of sales increased $33.4 million, or 108%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The increase was primarily driven by the Action acquisition. Increases related to increased activity at our Bowen Basin villages were almost entirely offset by decreased activity at our Western Australia villages and the weakening of the Australian dollar.

Our Australian segment gross margin as a percentage of revenues decreased to 39.3% in the six months ended June 30, 2020 from 47.7% in the six months ended June 30, 2019. This was primarily driven by Action, which has a service-only business model and therefore results in lower overall gross margins than the accommodation business, partially offset by improved margins at our Bowen Basin villages as a result of increased occupancy.

Segment Results of Operations – U.S. Segment

	Six Months Ended June 30,		
	2020	2019	Change
Revenues ($ in thousands)	$ 14,976	$ 26,414	$ (11,438)
Cost of sales ($ in thousands)	$ 15,243	$ 19,893	$ (4,650)
Gross margin as a % of revenues	(1.8) %	24.7 %	(26.5) %

Our U.S. segment reported revenues in the six months ended June 30, 2020 that were $11.4 million, or 43%, lower than the six months ended June 30, 2019. This was primarily due to reduced occupancy at our West Permian, Killdeer and Acadian Acres lodges, reduced U.S. drilling activity in the Bakken, Rockies and the Mid-Continent market affecting our wellsite business, partially offset by increased activity in the West Permian market positively affecting our wellsite business.

Our U.S. segment cost of sales decreased $4.7 million, or 23%, in the six months ended June 30, 2020 compared to the six months ended June 30, 2019. The decrease was driven by reduced occupancy at our West Permian and Killdeer lodges, reduced U.S. drilling activity in the Bakken, Rockies and the Mid-Continent markets affecting our wellsite business, partially offset by increased activity in West Permian market positively affecting our wellsite business.

Our U.S. segment gross margin as a percentage of revenues decreased from 24.7% in the six months ended June 30, 2019 to (1.8)% in the six months ended June 30, 2020 primarily due to reduced activity at our lodges and certain wellsite markets and reduced operating efficiencies at lower activity levels.

Liquidity and Capital Resources

Our primary liquidity needs are to fund capital expenditures, which in the past have included expanding and improving our hospitality services, developing new lodges and villages, purchasing or leasing land, 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 our 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 June 30, 2020 and December 31, 2019 (in thousands):

	June 30, 2020	December 31, 2019
Lender commitments (1)	$ 263,500	$ 263,500
Reductions in availability (2)	—	(6,591)
Borrowings against revolving credit capacity	(101,998)	(134,117)
Outstanding letters of credit	(2,623)	(2,031)
Unused availability	158,879	120,761
Cash and cash equivalents	7,311	3,331
Total available liquidity	$ 166,190	$ 124,092

(1) We also have a A$2.0 million bank guarantee facility. We had bank guarantees of A$0.7 million under this facility outstanding as of both June 30, 2020 and December 31, 2019, respectively.

(2) As of June 30, 2020, there were no reductions in our availability under the Credit Agreement. As of December 31, 2019, $6.6 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 $45.3 million was provided by operations during the six months ended June 30, 2020, compared to $10.0 million provided by operations during the six months ended June 30, 2019. During the six months ended June 30, 2020 and 2019, $2.9 million was provided by working capital and $22.7 million was used in working capital, respectively. The increase in cash provided by working capital in 2020 compared to 2019 is largely due to decreased accounts receivable balances in Canada.

Cash was provided by investing activities during the six months ended June 30, 2020 in the amount of $2.7 million, compared to cash used in investing activities during the six months ended June 30, 2019 in the amount of $15.0 million. The decrease in cash used in investing activities was primarily due to lower capital expenditures and $4.7 million of other income associated with the settlement of a representations and warranties claim related to the Noralta acquisition in the six months ended June 30, 2020, partially offset by higher proceeds from the disposition of property, plant and equipment in the six months ended June 30, 2019. Capital expenditures totaled $3.8 million and $21.2 million during the six months ended June 30, 2020 and 2019, respectively. The decrease in capital expenditures from 2019 to 2020 was related primarily to the completion of the Sitka Lodge expansion, which occurred during 2019.

We expect our capital expenditures for 2020, exclusive of any expansionary spending, to be approximately $15 million, which excludes any expansionary projects, the spending for which is contingent on obtaining customer contracts. Whether planned expenditures will actually be spent in 2020 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 Credit Agreement. The foregoing capital expenditure forecast does not include any funds for strategic acquisitions, which we could pursue should the economic environment in our industry improve and the transaction economics are deemed to be attractive to us. We continue to monitor the COVID-19 global pandemic and the responses thereto, the global economy, the prices of and demand for crude oil, met coal and iron ore and the resultant impact on the capital spending plans of our customers in order to plan our business activities, and we may adjust our capital expenditure plans in the future as we continue to monitor the impact of COVID-19.

Net cash of $43.6 million was used in financing activities during the six months ended June 30, 2020 primarily due to net repayments under our revolving credit facilities of $25.6 million, repayments of term loan borrowings of $16.5 million and $1.5 million used to settle tax obligations on vested shares under our share-based compensation plans. Net cash of $6.1 million was provided by financing activities during the six months ended June 30, 2019 primarily due to net borrowings under our revolving credit facilities of $27.8 million, partially offset by repayments of term loan borrowings of $17.4 million and $4.3 million used to settle tax obligations on vested shares under our share-based compensation plans.

The following table summarizes the changes in debt outstanding during the six months ended June 30, 2020 (in thousands):

Balance at December 31, 2019	$	359,080
Borrowings under revolving credit facilities		122,320
Repayments of borrowings under revolving credit facilities		(147,950)
Repayments of term loans		(16,551)
Translation		(17,369)
Balance at June 30, 2020	$	299,530

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, including as a result of the impact of COVID-19 or the historic decline in the price of and demand for oil, 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 long-term 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.

Credit Agreement

As of June 30, 2020, our Credit Agreement (as then amended to date, the Credit Agreement), provided for: (i) a $263.5 million revolving credit facility scheduled to mature on November 30, 2021 for certain lenders, allocated as follows: (A) a $20.0 million senior secured revolving credit facility in favor of certain of our U.S. subsidiaries, as borrowers; (B) a $183.5 million senior secured revolving credit facility in favor of Civeo and certain of our Canadian subsidiaries, as borrowers; and (C) a $60.0 million senior secured revolving credit facility in favor of one of our Australian subsidiaries, as borrower; and (ii) a $285.4 million term loan facility scheduled to mature on November 30, 2021 for certain lenders in favor of Civeo.

As of June 30, 2020, one lender had an outstanding Canadian term loan of $5.9 million and an outstanding Canadian revolver loan of $8.7 million that matures on November 30, 2020. One other lender had an outstanding Canadian revolver loan of $12.5 million that matures on November 30, 2020. Maturities in 2020 are not classified as current as of June 30, 2020 and December 31, 2019, since we are able, and have the intent, to repay the outstanding 2020 maturities by borrowing amounts equal to such maturities under our existing revolving credit facility, which matures on November 30, 2021.

We are required to maintain, if a qualified offering of indebtedness with gross proceeds in excess of $150 million has been consummated, a maximum leverage ratio of 4.00 to 1.00 and, if such qualified offering has not been consummated, a maximum leverage ratio not to exceed the ratios set forth in the following table:

Period Ended	**Maximum Leverage Ratio**
June 30, 2020 & September 30, 2020	3.75 : 1.00
December 31, 2020 & thereafter	3.50 : 1.00

U.S. dollar amounts outstanding under the facilities provided by the Credit Agreement bear interest at a variable rate equal to the London Inter-Bank Offered Rate (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 debt to consolidated EBITDA (as defined in the Credit Agreement). Canadian dollar amounts outstanding bear interest at a variable rate equal to a B/A Discount Rate (as defined in the Credit Agreement) based on the Canadian Dollar Offered Rate (CDOR) plus a margin of 2.25% to 4.00%, or a Canadian Prime rate plus a margin of 1.25% to 3.00%, in each case based on a ratio of our total debt to consolidated EBITDA. Australian dollar amounts outstanding under the 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 total debt to consolidated EBITDA. The future transitions from LIBOR and CDOR as interest rate benchmarks is addressed in the Credit Agreement and at such time the transition from LIBOR or CDOR takes place, we will endeavor with the administrative agent to establish an alternate rate of interest to LIBOR or CDOR that gives due consideration to (1) the then prevailing market convention for determining a rate of interest for syndicated loans in the United States at such time for the replacement of LIBOR and (2) any evolving or then existing convention for similar Canadian Dollar denominated syndicated credit facilities for the replacement of CDOR.

The Credit Agreement contains customary affirmative and negative covenants that, among other things, limit or restrict: (i) 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 3.75 to 1.0 (as of June 30, 2020). As noted above, the permitted maximum leverage ratio changes over time. Following a qualified offering of indebtedness with gross proceeds in excess of $150 million, we will be required to maintain a maximum senior secured ratio less than 2.50 to 1.0. Each of the factors considered in the calculations of these ratios are defined in the 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 June 30, 2020.

Borrowings under the Credit Agreement are secured by a pledge of substantially all of our assets and the assets of our subsidiaries. The obligations under the Credit Agreement are guaranteed by our significant subsidiaries. As of June 30, 2020, we had ten lenders that were parties to the Credit Agreement, with total commitments (including both revolving commitments and term commitments) ranging from $24.9 million to $85.4 million. As of June 30, 2020, we had outstanding letters of credit of $0.3 million under the U.S. facility, $0.5 million under the Australian facility and $1.8 million under the Canadian facility.

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 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 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 $10,000 per share), 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, 2020, thereby increasing the liquidation preference to $10,459 per share as of June 30, 2020. We currently expect to pay dividends on the preferred shares for the foreseeable future through an increase in liquidation preference rather than cash.

Off-Balance Sheet Arrangements

As of June 30, 2020, 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, 2019. As of June 30, 2020, except for net repayments under our revolving credit facilities, there were no material changes to the disclosure regarding our contractual obligations made in our Annual Report on Form 10-K for the year ended December 31, 2019.

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, 2019. 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 June 30, 2020, we had $299.5 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 $3.0 million annually, based on our floating-rate debt obligations and interest rates in effect as of June 30, 2020.

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 reporting 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$0.1 billion and A$0.3 billion, respectively, at June 30, 2020. 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 June 30, 2020 would result in translation adjustments of approximately $10 million and $35 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 June 30, 2020, at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

During the three months ended June 30, 2020, 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***

There are numerous factors that affect our business and results of operations, many of which are beyond our control. In addition to information set forth in this quarterly report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, you should carefully read and consider “Risk Factors” and “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, 2019 and "Risk Factors" in our Form 10-Q for the quarter ended March 31, 2020, which contain descriptions of significant factors that may cause our future operating results to differ materially from those currently expected.

ITEM 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

The following table provides information about purchases of our common shares during the three months ended June 30, 2020.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total number of shares purchased as part of publicly announced plans or programs (3)	Maximum number of shares that may yet be purchased under the plans or programs (3)
April 1, 2020 - April 30, 2020	44,247 (1)	0.37 (2)	—	—
May 1, 2020 - May 31, 2020	—	—	—	—
June 1, 2020 - June 30, 2020	—	—	—	—
Total	44,247	$0.37	—	—

(1) Consists of shares surrendered to us by participants in our 2014 Equity Participation Plan to settle the participants' personal tax liabilities that resulted from the lapsing of restrictions on shares awarded to the participants under the plan.
(2) The price paid per share was based on the closing price of our common shares on April 3, 2020, the date as of which the restrictions lapsed on such shares.
(3) We did not have at any time during the quarter ended June 30, 2020, and currently do not have, a share repurchase program in place.

ITEM 6. ***Exhibits***

(a) INDEX OF EXHIBITS

Exhibit No.		Description
10.1†	—	Amended and Restated 2014 Equity Participation Plan of Civeo Corporation, as amended by Amendment No. 1, Amendment No. 2 and Amendment No. 3.
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
104	—	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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* Filed herewith.

** Furnished herewith.

† Management contracts and compensatory plans and arrangements.

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: July 29, 2020

By /s/ Carolyn J. Stone

Carolyn J. Stone

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

2014 Equity Participation Plan
of
Civeo Corporation

(Amended and Restated as of May 12, 2016)

Civeo Corporation, a Delaware corporation ("**Civeo US**"), adopted the 2014 Equity Participation Plan of Civeo Corporation (the "**Plan**"), effective May 30, 2014 (the "**Effective Date**"). In connection with a corporate reorganization, the Plan was amended and restated on July 17, 2015 to reflect that Civeo Corporation, a limited company organized under the laws of British Columbia, Canada, and formerly known as Civeo Canadian Holdings ULC (the "**Company**"), assumed all the responsibilities of Civeo US under the Plan and will make all future grants of Awards under the Plan. The Plan was amended and restated effective May 12, 2016 to make certain design changes and to increase the number of shares reserved under the Plan.

The purposes of the Plan are as follows:

(1) To provide an additional incentive for Employees, Directors and consultants to further the growth, development and financial success of the Company by personally benefiting through the ownership of Company shares and/or rights which recognize such growth, development and financial success.

(2) To enable the Company to obtain and retain the services of Employees, Directors and consultants considered essential to the long range success of the Company by offering them an opportunity to own shares in the Company and/or rights which will reflect the growth, development and financial success of the Company.

Article 1.

DEFINITIONS

Wherever the following terms are used in the Plan they shall have the meaning specified below, unless the context clearly indicates otherwise.

a. <u>Affiliate</u>
. "**Affiliate**" shall mean any entity that, directly or through one or more intermediaries, is controlled by the Company or controls the Company as determined by the Committee, provided that, in respect of any Option granted to a Canadian Grantee, an Affiliate shall only include a corporation that deals at non-arm's length, within the meaning of the ITA, with the Company.

b. <u>Award</u>
. "**Award**" shall mean, as the context requires, any or all of: Deferred Shares, Dividend Equivalents, Options, SARs, Performance Awards, Restricted Shares, or Share Payments.

c. <u>Board</u>

. “**Board**” shall mean the Board of Directors of the Company.

d. Canadian Grantee
. “**Canadian Grantee**” shall mean a Grantee, Optionee, or Restricted Shareholder, as the case may be, who is a resident of Canada for the purposes of the ITA, or who is granted an Award in respect of services performed in Canada for the Company or any of its Affiliates.

e. Change of Control
. “**Change of Control**” shall mean any of the following:

(i)any “person” (as such term is used in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”)), (other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any affiliate or any corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of shares of the Company), acquires “beneficial ownership” (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company representing 35% or more of the combined voting power of the Company’s then outstanding securities; provided, however, that if the Company engages in a merger or consolidation in which the Company or surviving entity in such merger or consolidation becomes a subsidiary of another entity, then references to the Company’s then outstanding securities shall be deemed to refer to the outstanding securities of such parent entity;

(ii)a change in the composition of the Board, as a result of which fewer than a majority of the directors are Incumbent Directors. “**Incumbent Directors**” shall mean directors who either (i) are directors of the Company as of the Effective Date, or (ii) are elected, or nominated for election, to the Board with the affirmative votes of at least two-thirds of the Incumbent Directors at the time of such election or nomination, but Incumbent Director shall not include an individual whose election or nomination occurs as a result of either (1) an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or (2) an actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board;

(iii)the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (or if the surviving entity is or shall become a subsidiary of another entity, then such parent entity)) more than 50% of the combined voting power of the voting securities of the Company (or such surviving entity or parent entity, as the case may be) outstanding immediately after such merger or consolidation;

(iv)the shareholders of the Company approve a plan of complete liquidation of the Company; or (v)the sale or disposition (other than a pledge or similar encumbrance) by the Company of all or substantially all of the assets of the Company other than to a subsidiary or subsidiaries of the Company.

f. Code

. “**Code**” shall mean the Internal Revenue Code of 1986, as amended.

g. Committee

. “**Committee**” shall mean the Board or a subcommittee of the Board appointed as provided in Section 8.1.

h. Common Shares

. “**Common Shares**” shall mean the common shares of the Company.

i. Company

. “**Company**” shall mean Civeo Corporation, a limited company organized under the laws of British Columbia, Canada, and formerly known as Civeo Canadian Holdings ULC, formerly an unlimited liability company organized under the laws of British Columbia, Canada.

j. Deferred Share

. “**Deferred Share**” means a contractual promise to distribute to a Grantee one Common Share or cash equal to the Fair Market Value of one Common Share, which shall be delivered to the Grantee upon satisfaction of the vesting and any other requirements set forth in the related award agreement, as awarded under Article VII of the Plan. For the avoidance of doubt, Deferred Shares may also be referred to as a Restricted Share Units for purposes of this Plan.

k. Director

. “**Director**” shall mean a member of the Board who is not otherwise also an Employee.

l. Dividend Equivalent

. “**Dividend Equivalent**” shall mean a right to receive the equivalent value (in cash or Common Shares) of dividends paid on Common Shares, awarded under Article VII of the Plan. Dividend Equivalents shall not be permitted on Options or SARs under the Plan.

m. Employee

. “**Employee**” shall mean any officer or other employee (as defined in accordance with Section 3401(c) of the Code) of the Company or of any Affiliate or Subsidiary, and, for the purposes of a Canadian Grantee, as defined in the definitions of “employee” and “employment” in subsection 248(1) of the ITA.

n. Exchange Act

. “**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended.

o. Fair Market Value

. “**Fair Market Value**” of a Common Share as of a given date shall be (i) the closing price of a Common Share on the principal exchange on which Common Shares are then trading, if any (as reported in any reporting service approved by the Committee), on the trading day previous to such date, or if shares were not traded on the trading day previous to such date, then on the next preceding date on which a trade occurred, or (ii) if Common Shares are not traded on an exchange but are quoted on Nasdaq or a successor quotation system, the mean between the closing representative bid and asked prices for the Common Shares on the trading day previous to such date as reported by Nasdaq or such successor quotation system; or (iii) if Common Shares are not publicly traded on an exchange and not quoted on Nasdaq or a successor quotation system, the Fair Market Value of a Common Share as established by the Committee acting in good faith. Notwithstanding the foregoing, the Fair Market Value of a Common Share on the date of an initial public offering of Common Shares shall be the offering price under such initial public offering.

p. Grantee

. “**Grantee**” shall mean an Employee, Director or consultant granted a Performance Award, Dividend Equivalent, SAR or Share Payment, or an award of Deferred Shares, under the Plan.

q. Incentive Option

. “**Incentive Option**” shall mean an Option which is intended to qualify as an “incentive stock option” within the meaning of Section 422 of the Code.

r. ITA

. “**ITA**” shall mean the *Income Tax Act* (Canada) and any regulations thereunder, as amended from time to time.

s. Non-Qualified Option

. “**Non-Qualified Option**” shall mean an Option which is not designated as an Incentive Option by the Committee.

t. Option

. “**Option**” shall mean a share option granted under Article III of the Plan. An Option granted under the Plan shall, as determined by the Committee, be either a Non-Qualified Option or an Incentive Option; provided, however, that Options granted to Employees, Directors and consultants of an Affiliate that is not a Subsidiary shall be Non-Qualified Options.

u. Optionee

. “**Optionee**” shall mean an Employee, Director or consultant granted an Option under the Plan.

v. Performance Award

. “Performance Award” shall mean a performance or incentive award, other than an Option, SAR, Restricted Share, Deferred Share or Share Payments, that is paid in cash, Common Shares or a combination of both, awarded under Article VII of the Plan.

w. Performance Objectives

. “Performance Objectives” means the objectives, if any, established by the Committee that are to be achieved with respect to an award granted under the Plan, which may be described in terms of Company-wide objectives, in terms of objectives that are related to performance of a division, subsidiary, department or function within the Company or an Affiliate in which the Grantee receiving the award is employed or in individual or other terms, and which will relate to the period of time determined by the Committee. The Performance Objectives intended to qualify under Section 162(m) of the Code shall be with respect to one or more of the following: (i) net income; (ii) pre-tax income; (iii) operating income; (iv) cash flow; (v) earnings per share; (vi) earnings before any one or more of the following items: interest, taxes, depreciation or amortization; (vii) return on equity; (viii) return on invested capital or assets; (ix) cost reductions or savings; (x) funds from operations and (xi) appreciation in the fair market value of the Common Shares. Which objectives to use with respect to an award, the weighting of the objectives if more than one is used, and whether the objective is to be measured against a Company-established budget or target, an index or a peer group of companies, shall be determined by the Committee in its discretion at the time of grant of the award. A Performance Objective need not be based on an increase or a positive result and may include, for example, maintaining the status quo or limiting economic losses.

x. Plan
. “**Plan**” shall mean the 2014 Equity Participation Plan of Civeo Corporation, as amended and restated as of May 12, 2016.

y. QDRO
. “**QDRO**” shall mean a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder.

z. Restricted Share
. “**Restricted Share**” shall mean Common Shares awarded under Article VI of the Plan.

aa. Restricted Shareholder
. “**Restricted Shareholder**” shall mean an Employee, Director or consultant granted an award of Restricted Shares under Article VI of the Plan.

ab. Rule 16b-3
. “**Rule 16b-3**” shall mean that certain Rule 16b-3 under the Exchange Act, as such Rule may be amended from time to time.

ac. Share Appreciation Right
. “**Share Appreciation Right**” or “**SAR**” shall mean the right to receive a payment, in cash or Common Shares, equal to the excess of the Fair Market Value or other specified valuation of a number of Common Shares on the date the share appreciation right is exercised over a specific strike price, in each case as determined by the Committee.

ad. Share Payment

. “**Share Payment**” shall mean (i) a payment in the form of Common Shares, or (ii) an option or other right to purchase Common Shares, as part of a deferred compensation arrangement, made in lieu of all or any portion of the compensation, including without limitation, salary, bonuses and commissions, that would otherwise become payable to an Employee, Director or consultant in cash, awarded under Article VII of the Plan.

ae. Subsidiary
. “**Subsidiary**” shall mean any corporation in an unbroken chain of corporations beginning with the Company if each of the corporations other than the last corporation in the unbroken chain then owns shares possessing 50 percent or more of the total combined voting power of all classes of shares in one of the other corporations in such chain.

Article 2.

SHARES SUBJECT TO PLAN

a. Shares Subject to Plan
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(i)The shares subject to Options, SARs, Restricted Shares, Performance Awards, Dividend Equivalents, Deferred Shares, or Share Payments shall be Common Shares. The aggregate number of such Common Shares which may be issued upon exercise of such options or rights or upon any such awards under the Plan shall not exceed 14,000,000, all of which shall be available for Incentive Options. Common Shares issuable upon exercise of such options or rights or upon any such awards may be either previously authorized but unissued shares or treasury shares.

(ii)The maximum number of shares which may be subject to Options or SARs granted under the Plan to any individual in any calendar year shall not exceed 3,000,000. The maximum number of shares which may be subject to Restricted Shares, Deferred Shares or Share Payments granted under the Plan to any individual in any calendar year shall not exceed 3,000,000. The maximum value of Performance Awards denominated in cash granted under the Plan to any individual in any calendar year shall not exceed $5,000,000. The maximum value (determined based on grant date fair value in accordance with generally accepted accounting principles) of Awards granted under the Plan to any Director in any calendar year shall not exceed $500,000. For the avoidance of doubt, each grant under the Plan will be subject to only one of the foregoing limits.

b. Add-back Restricted Share Performance Awards, Dividend Equivalents, Awards of Deferred Shares or Share Payments
. If any Restricted Share Performance Awards, Dividend Equivalents, Awards of Deferred Shares or Share Payments, or other right to acquire Common Shares under any other award under the Plan, expires or is forfeited and canceled without having been fully vested, the number of shares subject to such Restricted Share Performance Awards, Dividend Equivalents, Awards of Deferred Shares or Share Payments or other right but as to which such Restricted Share Performance Awards, Dividend Equivalents, Awards of Deferred Shares or Share

Payments or other right was not vested prior to its expiration or cancellation may again be optioned, granted or awarded hereunder, subject to the limitations of Section 2.1. Notwithstanding the foregoing, Common Shares subject to an award under the Plan shall not again be made available for issuance as awards under the Plan if such shares are (a) tendered in payment for an award, (b) delivered or withheld for payment of taxes, (c) not issued or delivered as a result of a net settlement process, (d) repurchased on the open market with the proceeds of the payment of the exercise price of an Option or (e) reserved for issuance upon grant of an SAR, to the extent the number of reserved Common Shares exceeds the number of Common Shares actually issued upon exercise or settlement of such SAR.

Article 3.

GRANTING OF OPTIONS AND SHARE APPRECIATION RIGHTS

a. Eligibility

. Any Employee, Director or consultant selected by the Committee pursuant to Section 3.4(a)(i) shall be eligible to be granted an Option.

b. Disqualification for Share Ownership

. No person may be granted an Incentive Option under the Plan if such person, at the time the Incentive Option is granted, owns shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any then existing Subsidiary unless such Incentive Option conforms to the applicable provisions of Section 422 of the Code.

c. Qualification of Incentive Options

. No Incentive Option shall be granted unless such Option, when granted, qualifies as an “incentive stock option” under Section 422 of the Code. No Incentive Option shall be granted to any person who is not an employee of the Company or a Subsidiary.

d. Granting of Options

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(i)The Committee shall from time to time, in its absolute discretion, and subject to applicable limitations of the Plan:

(1) Select from among the Employees, Directors or consultants (including Employees, Directors or consultants who have previously received Options or other awards under the Plan) such of them as in its opinion should be granted Options;

(2) Subject to the Section 2.1(b), determine the number of shares to be subject to such Options granted to the selected Employees, Directors or consultants;

(3) Determine whether such Options are to be Incentive Options or Non-Qualified Options; and

(4) Determine the terms and conditions of such Options, consistent with the Plan.

(ii)Upon the selection of an Employee, Director or consultant to be granted an Option, the Committee shall instruct the Secretary of the Company to issue the Option and may impose such conditions on the grant of the Option as it deems appropriate.

(iii)Any Incentive Option granted under the Plan may be modified by the Committee to disqualify such option from treatment as an “incentive stock option” under Section 422 of the Code.

(iv)Any Option granted to a Canadian Grantee who is an Employee shall have such terms and conditions as are necessary to be governed by section 7 of the ITA.

e. Share Appreciation Rights

. Any Employee, Director or consultant selected by the Committee may be granted SARs. The holder of a tandem SAR may elect to exercise either the option or the SAR, but not both. The exercise period for an SAR shall extend no more than 10 years after the date of grant. SARs may not include provisions that “reload” the SAR upon exercise. Subject to the foregoing provisions, the terms, conditions and limitations applicable to any SARs awarded to Grantees pursuant to this Plan, including the exercise price, the term of any SARs and the date or dates upon which they become exercisable, shall be determined by the Committee.

f. Minimum Vesting

. Subject to Section 9.3 hereof, other than in the event of an earlier death, disability or termination without cause, all Awards of SARs or Options shall have a minimum vesting period of one year from the date of its grant.

Article 4.

TERMS OF OPTIONS

a. Option Agreement

. Each Option shall be evidenced by an Option Agreement, which shall be executed by the Optionee and an authorized officer of the Company and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan.

b. Option Price

. The price per share of the shares subject to each Option shall be set by the Committee; provided, however, that, except as provided in Section 8.1 with respect to assumed options, such price shall not be less than 100% of the Fair Market Value of a Common Share on the date the Option is granted.

c. Option Term

. The term of an Option shall be set by the Committee in its discretion; provided, however, that, the term shall not be more than ten (10) years from the date the Option is granted, or five (5) years from such date in the case of an Incentive Option granted to an individual then owning (within the meaning of Section 424(d) of the Code) more than 10% of the total combined voting power of all classes of shares of the Company or any Subsidiary.

d. Option Vesting
.

(i)Subject to Section 3.6, the period during which the right to exercise an Option in whole or in part vests in the Optionee shall be set by the Committee and the Committee may determine that an Option may not be exercised in whole or in part for a specified period after it is granted. At any time after grant of an Option, the Committee may, in its sole and absolute discretion and subject Section 3.6 and to whatever terms and conditions it selects, accelerate the period during which an Option vests.

(ii)To the extent that the aggregate Fair Market Value of shares with respect to which “incentive stock options” (within the meaning of Section 422 of the Code, but without regard to Section 422(d) of the Code) are exercisable for the first time by an Optionee during any calendar year (under the Plan and all other incentive stock option plans of the Company and any parent or Subsidiary) exceeds $100,000, such Options shall be treated as Non-Qualified Options to the extent required by Section 422 of the Code. The rule set forth in the preceding sentence shall be applied by taking Options into account in the order in which they were granted. For purposes of this Section 4.4(b), the Fair Market Value of shares shall be determined as of the time the Option with respect to such share is granted.

e. Restrictions on Repricing of Options
. Except as provided in Section 9.3, the Committee may not, without approval of the Company’s shareholders, (i) amend any outstanding Option Agreement to lower the Option price of an underwater Option, (ii) cancel an outstanding underwater Option in exchange for cash, another award or an Option having a lower price, (iii) permit repurchase from Optionees, whether for cash or any other consideration, of any outstanding Options that have an Option Price greater than the then current Fair Market Value of a share, or (iv) permit the grant of any Option that contains a so-called “reload” feature under which additional Options or other Awards are granted automatically to the Optionee upon exercise of the original Option.

Article 5.

EXERCISE OF OPTIONS

a. Partial Exercise
. An exercisable Option may be exercised in whole or in part; however, an Option shall not be exercisable with respect to fractional shares and the Committee may require that, by the terms of the Option, a partial exercise be with respect to a minimum number of shares.

b. Manner of Exercise
. All or a portion of an exercisable Option shall be deemed exercised upon delivery of all of the following to the Secretary of the Company or his office:

(i)A written notice complying with the applicable rules established by the Committee stating that the Option, or a portion thereof, is exercised. The notice shall be signed by the Optionee or other person then entitled to exercise the Option or such portion;

(ii)Such representations and documents as the Committee, in its absolute discretion, deems necessary or advisable to effect compliance with all applicable provisions of the Securities Act of 1933, as amended, and any other federal or state securities laws or regulations. The Committee or Board may, in its absolute discretion, also take whatever additional actions it deems appropriate to effect such compliance including, without limitation, placing legends on share certificates and issuing stop-transfer notices to agents and registrars;

(iii)In the event that the Option shall be exercised pursuant to Section 9.1 by any person or persons other than the Optionee, appropriate proof of the right of such person or persons to exercise the Option; and

(iv)Full cash payment to the Secretary of the Company for the shares with respect to which the Option, or portion thereof, is exercised, plus any applicable withholding taxes. However, the Committee may in its discretion or provide in the grant agreement (i) that payment may be made, in whole or in part, through the delivery of Common Shares owned by the Optionee, duly endorsed for transfer to the Company, with a Fair Market Value on the date of delivery not in excess of the aggregate exercise price of the Option or exercised portion thereof and subject to such other limitations as the Committee may impose thereon, provided that such shares may not be shares previously acquired by a Canadian Grantee on the exercise of any Option, (ii) allow payment, in whole or in part, through the surrender of Common Shares then issuable upon exercise of the Option having a Fair Market Value on the date of Option exercise equal to the aggregate exercise price of the Option or exercised portion thereof, (iii) allow payment, in whole or in part, through the delivery of property of any kind which constitutes good and valuable consideration; (iv) allow payment through a cashless-broker procedure approved by the Company, or (v) allow payment through any combination of the consideration provided above.

c. <u>Conditions to Issuance of Share Certificates</u>
. The Company shall not be required to issue or deliver any certificate or certificates for shares purchased upon the exercise of any Option or portion thereof prior to fulfillment of all of the following conditions:

(i)The admission of such shares to listing on all stock exchanges on which such class of shares is then listed;

(ii)The completion of any registration or other qualification of such shares under any state or federal law, or under the rulings or regulations of the Securities and Exchange Commission or any other governmental regulatory body which the Committee shall, in its absolute discretion, deem necessary or advisable;

(iii)The obtaining of any approval or other clearance from any state or federal governmental agency which the Committee shall, in its absolute discretion, determine to be necessary or advisable;

(iv)The lapse of such reasonable period of time following the exercise of the Option as the Committee may establish from time to time for reasons of administrative convenience; and

(v)The receipt by the Company of full payment for such shares, including payment of any applicable withholding tax.

d. Settlement on Exercise of Options

. On the exercise of any Option by a Canadian Grantee, settlement of such Option shall in all events be made by the issuance of Common Shares from treasury or the transfer of previously issued Shares then held by the Company.

e. Rights as Shareholders

. The holders of Options shall not be, nor have any of the rights or privileges of, shareholders of the Company in respect of any shares purchasable upon the exercise of any part of an Option unless and until certificates representing such shares have been issued by the Company to such holders.

f. Ownership and Transfer Restrictions

. The Committee, in its absolute discretion, may impose such restrictions on the ownership and transferability of the shares purchasable upon the exercise of an Option as it deems appropriate or as may be required by applicable securities legislation. Any such restriction shall be set forth in the respective Option Agreement and may be referred to on the certificates evidencing such shares. The Committee may require the Optionee to give the Company prompt notice of any disposition of Common Shares acquired by exercise of an Incentive Option within (i) two years from the date of granting such Option to such Optionee or (ii) one year after the transfer of such shares to such Optionee. The Committee may direct that the certificates evidencing shares acquired by exercise of an Option refer to such requirement to give prompt notice of disposition or otherwise be marked with any required restrictive legend in respect of any applicable transfer restriction.

Article 6.

AWARD OF RESTRICTED SHARES

a. Award of Restricted Shares

.

(i)The Committee shall from time to time, in its absolute discretion:

(1) Select from among the Employees, Directors or consultants (including Employees, Directors or consultants who have previously received other

awards under the Plan) such of them as in its opinion should be awarded Restricted Shares; and

(2) Determine the terms and conditions applicable to such Restricted Shares, consistent with the Plan, which may include the achievement of Performance Objectives.

(ii)Upon the selection of an Employee, Director or consultant to be awarded Restricted Shares, the Committee shall instruct the Secretary of the Company to issue such Restricted Shares and may impose such conditions on the issuance of such Restricted Shares as it deems appropriate or as may be required by applicable securities legislation.

b. <u>Restricted Share Agreement</u>

. Restricted Shares shall be issued only pursuant to a Restricted Share Agreement, which shall be executed by the selected Employee, Director or consultant and an authorized officer of the Company and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan.

c. <u>Rights as Shareholders</u>

. Upon the issuance of Restricted Shares, the Restricted Shareholder shall have, unless otherwise provided by the Committee, all the rights of a shareholder with respect to said shares, subject to the restrictions in his Restricted Share Agreement, including the right to receive all dividends and other distributions paid or made with respect to the shares; provided, however, that in the discretion of the Committee, any extraordinary distributions with respect to the Common Shares shall be subject to the restrictions set forth in Section 6.4.

d. <u>Restriction</u>

. All Restricted Shares issued under the Plan (including any shares received by holders thereof with respect to Restricted Shares as a result of share dividends, share splits or any other form of recapitalization) shall, in the terms of each individual Restricted Share Agreement, be subject to such restrictions as the Committee shall provide, which restrictions may include, without limitation, restrictions concerning voting rights and transferability and restrictions based on duration of employment with the Company, Company performance and individual performance; provided, however, that, by action taken after the Restricted Shares are issued, the Committee may, on such terms and conditions as it may determine to be appropriate, remove any or all of the restrictions imposed by the terms of the Restricted Share Agreement. Restricted Shares may not be sold or encumbered until all restrictions are terminated or expire.

e. <u>Escrow</u>

. Where physical share certificates of Restricted Shares are issued, the Secretary of the Company or such other escrow holder as the Committee may appoint shall retain physical custody of each certificate representing Restricted Shares until all of the restrictions imposed under the Restricted Share Agreement with respect to the shares evidenced by such certificate expire or shall have been removed.

f. <u>Legend</u>

. Where physical share certificates of Restricted Shares are issued, in order to enforce the restrictions imposed upon Restricted Shares hereunder, the Committee shall cause a legend or legends to be placed on certificates representing all Restricted Shares that are still subject to restrictions under Restricted Share Agreements or pursuant to applicable securities legislation, which legend or legends shall make appropriate reference to the conditions imposed thereby.

g. Form of Issuance

. Restricted Shares issued under the Plan may, in the discretion of the Committee, be by means of an electronic, book-entry statement, rather than by issuing physical share certificates.

Article 7.

PERFORMANCE AWARDS, DIVIDEND EQUIVALENTS, DEFERRED SHARES, SHARE PAYMENTS

a. Performance Awards

. Any Employee, Director or consultant selected by the Committee may be granted one or more Performance Awards. The value of such Performance Awards may be linked to the achievement of such specific Performance Objectives determined appropriate by the Committee over any period or periods determined by the Committee. In making such determinations, the Committee shall consider (among such other factors as it deems relevant in light of the specific type of award) the contributions, responsibilities and other compensation of the particular Employee, Director or consultant, and where a Performance Award is granted to a Canadian Grantee, the Committee shall ensure that the terms and conditions of such Performance Award is such so as to the exempted from the definition of “salary deferral arrangement” in the ITA.

b. Dividend Equivalents

. Any Employee, Director or consultant selected by the Committee may be granted Dividend Equivalents based on the dividends declared on Common Shares, to be credited as of dividend payment dates, during the period between the date, Deferred Shares or Performance Award is granted, and the date such Deferred Shares or Performance Award vests or expires, as determined by the Committee. Such Dividend Equivalents shall be converted to cash or additional Common Shares by such formula and at such time and subject to such limitations as may be determined by the Committee. Dividend Equivalents shall not be paid out prior to the time the underlying Deferred Shares or Performance Award vests. Dividend Equivalents granted to Canadian Grantees shall have terms and conditions so as to ensure such Awards are exempted from the definition of “salary deferral arrangement” in the ITA.

c. Share Payments

. Any Employee, Director or consultant selected by the Committee may receive Share Payments in the manner determined from time to time by the Committee. The number of shares shall be determined by the Committee and may be based upon the Fair Market Value, book value, net profits or other measure of the value of Common Shares or other specific performance criteria determined appropriate by the Committee, determined on the date such Share Payment is made or on any date thereafter.

d. Deferred Shares

. Any Employee, Director or consultant selected by the Committee may be granted an award of Deferred Shares in the manner determined from time to time by the Committee. The number of Deferred Shares shall be determined by the Committee and may be linked to the achievement of such specific Performance Objectives determined to be appropriate by the Committee over any period or periods determined by the Committee. Common Shares underlying Deferred Shares will not be issued until the Deferred Shares have vested, pursuant to a vesting schedule or Performance Objectives set by the Committee, as the case may be. Unless otherwise provided by the Committee, a Grantee of Deferred Shares shall have no rights as a Company shareholder with respect to such Deferred Shares until such time as the award has vested and the Common Shares underlying the award has been issued. Any Award of Deferred Shares granted to a Canadian Grantee will have terms and conditions so as to ensure it is at all times governed by section 7 of the ITA.

e. Performance Award Agreement, Dividend Equivalent Agreement, Deferred Share Agreement, Share Payment Agreement

. Each Performance Award, Dividend Equivalent, award of Deferred Shares and/or Share Payment shall be evidenced by an agreement, which shall be executed by the Grantee and an authorized Officer of the Company and which shall contain such terms and conditions as the Committee shall determine, consistent with the Plan.

f. Term

. The term of a Performance Award, Dividend Equivalent, award of Deferred Shares and/or Share Payment shall be set by the Committee in its discretion, subject to the terms of the Plan.

g. Payment Upon Termination of Employment

. A Performance Award, Dividend Equivalent, award of Deferred Shares and/or Share Payment is payable only while the Grantee is an Employee, Director or consultant; provided that the Committee may determine that the Performance Award, Dividend Equivalent, award of Deferred Shares and/or Share Payment may be paid subsequent to termination of employment or termination of directorship or consultancy without cause, or following a Change of Control of the Company, or because of the Grantee’s retirement, death or disability, or otherwise.

h. Payment

. Payment of the amount determined under Section 7.1 or 7.2 above shall be in cash, in Common Shares or a combination of both, as determined by the Committee, subject to the provisions of the Plan. To the extent any payment under this Article VII is effected in Common Shares, it shall be made subject to satisfaction of all provisions of Sections 5.3 and 5.4.

Article 8.

ADMINISTRATION

a. Committee

. The Committee members shall be appointed by and hold office at the pleasure of the Board. Appointment of Committee members shall be effective upon acceptance of appointment.

Committee members may resign at any time by delivering written notice to the Board. Vacancies in the Committee may be filled by the Board.

b. Duties and Powers of Committee

. It shall be the duty of the Committee to conduct the general administration of the Plan in accordance with its provisions. The Committee shall have the power to interpret the Plan and the agreements pursuant to which Options, awards of Restricted Shares or Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments are granted or awarded, and to adopt such rules for the administration, interpretation, and application of the Plan as are consistent therewith and to interpret, amend or revoke any such rules. Any such grant or award under the Plan need not be the same with respect to each Optionee, Grantee or Restricted Shareholder. Any such interpretations and rules with respect to Incentive Options shall be consistent with the provisions of Section 422 of the Code. In its absolute discretion, the Board may at any time and from time to time exercise any and all rights and duties of the Committee under the Plan except with respect to matters which under Rule 16b-3 or Section 162(m) of the Code, or any regulations or rules issued thereunder are required to be determined in the sole discretion of the Committee.

c. Majority Rule; Unanimous Written Consent

. The Committee shall act by a majority of its members in attendance at a meeting at which a quorum is present or by a memorandum or other written instrument signed by all members of the Committee.

d. Compensation; Professional Assistance, Good Faith Actions

. Members of the Committee shall receive such compensation for their services as members as may be determined by the Board. All expenses and liabilities which members of the Committee incur in connection with the administration of the Plan shall be borne by the Company. The Committee may employ attorneys, consultants, accountants, appraisers, brokers, or other persons. The Committee, the Company and the Company's officers and Directors shall be entitled to rely upon the advice, opinions or valuations of any such persons. All actions taken and all interpretations and determinations made by the Committee or the Board in good faith shall be final and binding upon all Optionees, Grantees, Restricted Shareholders, the Company and all other interested persons. No members of the Committee or Board shall be personally liable for any action, determination or interpretation made in good faith with respect to the Plan, Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments, and all members of the Committee and the Board shall be fully protected by the Company in respect of any such action, determination or interpretation.

e. Delegation of Authority by the Committee

. Notwithstanding the preceding provisions of this Article VIII or any other provision of the Plan to the contrary, subject to the constraints of applicable law, the Committee may from time to time, in its sole discretion, delegate to the Chief Executive Officer of the Company the right to grant Awards under the Plan, insofar as such power to grant Awards relates to any person who is not then subject to section 16 of the Exchange Act (including any successor section to the same or similar effect). Any such delegation may be effective only so long as the Chief

Executive Officer of the Company is a member of the Board, and the Committee may revoke such delegation at any time. The Committee may put any conditions and restrictions on the powers that may be exercised by the Chief Executive Officer of the Company upon such delegation as the Committee determines in its sole discretion.

Article 9.

MISCELLANEOUS PROVISIONS

a. Not Transferable

. Except as provided below, Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments under the Plan may not be sold, pledged, assigned, or transferred in any manner other than by will or the laws of descent and distribution or pursuant to a QDRO, unless and until such rights or awards have been exercised, or the shares underlying such rights or awards have been issued, and all restrictions applicable to such shares have lapsed. No Option, SAR, Restricted Share, Deferred Share, Performance Award, Dividend Equivalent or Share Payment or interest or right therein shall be liable for the debts, contracts or engagements of the Optionee, Grantee or Restricted Shareholder or his successors in interest or shall be subject to disposition by transfer, alienation, anticipation, pledge, encumbrance, assignment or any other means whether such disposition be voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy), and any attempted disposition thereof shall be null and void and of no effect, except to the extent that such disposition is permitted by the preceding sentence. An Optionee may, with the consent of the Committee, transfer a Non-Qualified Option to such family members and persons as may be permitted by this Committee, subject to such restrictions and limitations, if any, that the Committee, in its discretion, may impose on such transfer.

During the lifetime of the Optionee or Grantee, only he may exercise an Option or other right or award (or any portion thereof) granted to him under the Plan unless it has been disposed of pursuant to a QDRO. After the death of the Optionee or Grantee, any exercisable portion of an Option or other right or award may, prior to the time when such portion becomes unexercisable under the Plan or the applicable Option Agreement or other agreement, be exercised by his personal representative or by any person empowered to do so under the deceased Optionee's or Grantee's will or under the then applicable laws of descent and distribution.

b. Amendment, Suspension or Termination of the Plan

. This Plan may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Board or the Committee. However, without approval of the Company's shareholders given within twelve months before or after the action by the Committee, no action of the Committee may, except as provided in Section 9.3, increase the limits imposed in Section 2.1 on the maximum number of shares which may be issued under the Plan or reduce the exercise price of an Option or SAR, and no action of the Committee may be taken that would otherwise require shareholder approval as a matter of applicable law, regulation or rule. No amendment, suspension or termination of the Plan shall, without the consent of the holder of Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments, materially alter or impair any rights or obligations under any Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments theretofore granted or awarded, unless the award itself otherwise expressly so provides. No Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments may be granted or awarded during any period of suspension or after termination of the Plan, and in no event may any Incentive Option be granted under the Plan after the first to occur of the following events:

(i)The expiration of ten years from the date the Plan was adopted by the Board of Directors of Civeo US; or

(ii)The expiration of ten years from the date the Plan was approved by the shareholder of Civeo US under Section 9.4.

c. <u>Changes in Common Shares or Assets of the Company; Acquisition or Liquidation of the Company and Other Corporate Events</u>
.

(i)Subject to Section 9.3(e), in the event that the Committee determines that any dividend or other distribution (whether in the form of cash, Common Shares, other securities, or other property), recapitalization, reclassification, share split, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, liquidation, dissolution, or sale, transfer, exchange or other disposition of all or substantially all of the assets of the Company, or exchange of Common Shares or other securities of the Company, issuance of warrants or other rights to purchase Common Shares or other securities of the Company, or other similar corporate transaction or event, in the Committee's sole discretion, affects the Common Shares such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to an Option, SAR, Restricted Share, Performance Award, Dividend Equivalent, Deferred Share or Share Payment, then the Committee shall, in such manner as it may deem equitable, adjust any or all of:

(1) the number and kind of Common Shares (or other securities or property) with respect to which Options, SARs, Performance Awards, Dividend Equivalents or Share Payments may be granted under the Plan, or which may be granted as Restricted Shares or Deferred Shares (including, but not limited to, adjustments of the limitations in Section 2.1 on the maximum number and kind of shares which may be issued and adjustments of the award limits described in Section 2.1(b)),

(2) the number and kind of Common Shares (or other securities or property) subject to outstanding Options, SARs, Performance Awards, Dividend Equivalents, or Share Payments, and in the number and kind of shares of outstanding Restricted Shares or Deferred Shares, and

(3) the grant or exercise price with respect to any Option, SAR, Performance Award, Dividend Equivalent or Share Payment.

Notwithstanding the foregoing, with respect to a transaction or event that constitutes an “equity restructuring” that would be subject to a compensation expense pursuant to Accounting Standards Codification Topic 718, *Compensation—Stock Compensation*, or any successor accounting standard, such adjustment by the Committee shall be required.

(ii)Subject to Section 9.3(e), in the event of any corporate transaction or other event described in Section 9.3(a) which results in Common Shares being exchanged for or converted into cash, securities (including securities of another corporation) or other property, the Committee will have the right to terminate the Plan as of the date of the event or transaction, in which case all options, rights and other awards shall be deemed to have been surrendered by the holder in consideration of the receipt of such cash, securities or other property, net of any applicable exercise price.

(iii)Subject to Section 9.3(e), in the event of any corporate transaction or other event described in Section 9.3(a) or any unusual or nonrecurring transactions or events affecting the Company, any affiliate of the Company, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations, or accounting principles, the Committee in its discretion is hereby authorized to take any one or more of the following actions whenever the Committee determines that such action is appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan or with respect to any option, right or other award under the Plan, to facilitate such transactions or events or to give effect to such changes in laws, regulations or principles:

(1) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either automatically or upon the Optionee’s request, for either the purchase of any such Option, SAR, Performance Award, Dividend Equivalent, or Share Payment, or any Restricted Shares or Deferred Shares for an amount of cash equal to the amount that could have been attained upon the exercise of such option, right or award or realization of the Optionee’s or Grantee’s rights had such option, right or award been currently exercisable or payable or the replacement of such option, right or award with other rights or property selected by the Committee in its sole discretion;

(2) In its sole and absolute discretion, the Committee may provide, either by the terms of such Option, SAR, Performance Award, Dividend Equivalent, or Share Payment, or Restricted Shares or Deferred Shares or by action taken prior to the occurrence of such transaction or event that it cannot be exercised after such event;

(3) In its sole and absolute discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of such Option, SAR, Performance Award, Dividend Equivalent, or Share Payment, or Restricted Shares or Deferred Shares or by action taken prior to the occurrence of such transaction or event, that, for a specified period of time prior to such transaction or event,

such option, right or award shall be exercisable as to all shares covered thereby, notwithstanding anything to the contrary in (1) Section 4.4 or (2) the provisions of such Option, SAR, Performance Award, Dividend Equivalent, or Share Payment, or Restricted Shares or Deferred Shares;

(4) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide, either by the terms of such Option, SAR, Performance Award, Dividend Equivalent, or Share Payment, or Restricted Shares or Deferred Shares or by action taken prior to the occurrence of such transaction or event, that upon such event, such option, right or award be assumed by the successor corporation, or a parent or subsidiary thereof, or shall be substituted for by similar options, rights or awards covering the stock of the successor corporation, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kind of shares and prices;

(5) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may make adjustments in the number and type of Common Shares (or other securities or property) subject to outstanding Options, SARs, Performance Awards, Dividend Equivalents, or Share Payments, and in the number and kind of outstanding Restricted Shares or Deferred Shares and/or in the terms and conditions of (including the grant or exercise price), and the criteria included in, outstanding options, rights and awards and options, rights and awards which may be granted in the future;

(6) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may provide either by the terms of an award of Restricted Shares or Deferred Shares or by action taken prior to the occurrence of such event that, for a specified period of time prior to such event, the restrictions imposed under a Restricted Share Agreement or a Deferred Share Agreement upon some or all Restricted Shares or Deferred Shares may be terminated; and

(7) In its discretion, and on such terms and conditions as it deems appropriate, the Committee may make adjustments to the Performance Objectives of any outstanding award.

(iv)Notwithstanding anything in Sections 9.3(a), 9.3(c) or 9.3(e) to the contrary, except to the extent an award agreement expressly provides to the contrary, in the event of a Change of Control of the Company all outstanding awards that are not assumed by the surviving entity in connection with such Change of Control automatically shall become fully vested immediately prior to such Change of Control (or such earlier time as set by the Committee), all restrictions, if any, with respect to such awards shall lapse, Performance Awards shall vest based on actual results through the date of such Change of Control. If provision is made for the assumption of awards by the surviving entity in connection with the Change of Control, no automatic acceleration shall occur in connection with such Change of Control.

(v)With respect to an award intended to qualify as performance-based compensation under Section 162(m), no adjustment or action described in this Section 9.3, other than as provided in Section 9.3(d), shall be taken by the Committee to the extent that such adjustment or action would cause such award to fail to so qualify under Section 162(m) or any successor provisions thereto. With respect of an Award intended to be governed by section 7 of the ITA or intended to be exempt from the definition of "salary deferral arrangement" in the ITA, no adjustment or action described in this Section 9.3 shall be taken by the Committee to the extent that such adjustment or action would cause such award to fail to so qualify under ITA section 7 or the applicable exemption of the definition of "salary deferral arrangement" any successor provisions thereto.

d. Approval of Plan by Shareholders

. The Plan was approved by Oil States International, Inc., the sole shareholder of Civeo US, a predecessor of the Company, on May 5, 2014, and its amendment and restatement was approved by the shareholders of the Company at its annual meeting of shareholders on May 12, 2016.

e. Tax Withholding

. The Company and any of its Affiliates shall be entitled to require payment in cash or deduction from other compensation payable to each Optionee, Grantee or Restricted Shareholder of any sums required by applicable tax law to be withheld with respect to the issuance, vesting or exercise of any Option, SAR, Restricted Share, Deferred Share, Performance Award, Dividend Equivalent or Share Payment. Subject to the timing requirements of Section 5.3, the Committee may, in its discretion and in satisfaction of the foregoing requirement, allow such Optionee, Grantee or Restricted Shareholder to elect to have the Company withhold Common Shares otherwise issuable under such Option or afterward (or allow the return of Common Shares) having a Fair Market Value equal to the minimum tax sums required to be withheld by the Company. Notwithstanding the foregoing, any such person who is subject to Section 16b with respect to Common Shares may direct that the Company's tax withholding obligation be satisfied by withholding the appropriate number of shares from such award and/or the "constructive" tender of already-owned Common Shares.

f. Limitations Applicable to Section 16 Persons and Performance-Based Compensation

. Notwithstanding any other provision of the Plan, the Plan and any Option, SAR, Performance Award, Dividend Equivalent or Share Payment granted, or Restricted Share or Deferred Share awarded, to any individual who is then subject to Section 16 of the Exchange Act, shall be subject to any limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by applicable law, the Plan, Options, SARs, Performance Awards, Dividend Equivalents, Share Payments, Restricted Shares and Deferred Shares granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule. Furthermore, notwithstanding any other provision of the Plan, any award intended to qualify as performance-based compensation as described in Section 162(m) (4)(C) of the Code shall be subject to any additional limitations set forth in Section 162(m) of the Code (including any amendment to Section 162(m) of the Code) or any regulations or rulings issued thereunder that are requirements for qualification as performance-based compensation as described in Section 162(m)(4)(C) of the Code.

g. Clawback Policy
. Notwithstanding any other provisions in this Plan, any Award shall be subject to recovery or clawback by the Company under any clawback policy adopted by the Company in accordance with SEC regulations or other applicable law, as amended or superseded from time to time.

h. Section 409A
.

(i)Awards made under this Plan are intended to comply with or be exempt from Section 409A of the Code, and ambiguous provisions hereof, if any, shall be construed and interpreted in a manner consistent with such intent. No payment, benefit or consideration shall be substituted for an Award if such action would result in the imposition of taxes under Section 409A of the Code. Notwithstanding anything in this Plan to the contrary, if any Plan provision or Award under this Plan would result in the imposition of an additional tax under Section 409A of the Code, that Plan provision or Award shall be reformed, to the extent permissible under Section 409A of the Code, to avoid imposition of the additional tax, and no such action shall be deemed to adversely affect the Optionee's or Grantee's rights to an Award.

(ii)Unless the Committee provides otherwise, each award of Deferred Shares (including an award of Deferred Shares that is a Performance Award) shall be settled no later than the 15th day of the third month after the end of the first calendar year in which the Award (or such portion thereof) is no longer subject to a "substantial risk of forfeiture" within the meaning of Section 409A of the Code. If the Committee determines that an award of Deferred Shares (including an award of Deferred Shares that is a Performance Award) is intended to be subject to Section 409A of the Code, the applicable award agreement shall include terms that are designed to satisfy the requirements of Section 409A of the Code.

(iii)If the Optionee or Grantee is identified by the Company as a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code on the date on which the Optionee or Grantee has a "separation from service" (other than due to death) within the meaning of Treasury Regulation § 1.409A-1(h), any Award payable or settled on account of a separation from service that is deferred compensation subject to Section 409A of the Code shall be paid or settled on the earliest of (1) the first business day following the expiration of six months from the Optionee's or Grantee's separation from service, (2) the date of the Optionee's or Grantee's death, or (3) such earlier date as complies with the requirements of Section 409A of the Code.

i. Effect of Plan Upon Options and Compensation Plans
. The Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary. Nothing in the Plan shall be construed to limit the right of the Company (1) to establish any other forms of incentives or compensation for Employees,

Directors or consultants of the Company or any Subsidiary or (ii) to grant or assume options or other rights otherwise than under the Plan in connection with any proper corporate purpose including but not by way of limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, stock or assets of any corporation, partnership, entity or association.

j. Compliance with Laws. This Plan, the granting and vesting of Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments under the Plan and the issuance and delivery of Common Shares and the payment of money under the Plan or under Options, SARs, Performance Awards, Dividend Equivalents or Share Payments granted or Restricted Shares or Deferred Shares awarded hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under the Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements. To the extent permitted by applicable law, the Plan, Options, SARs, Restricted Shares, Deferred Shares, Performance Awards, Dividend Equivalents or Share Payments granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such laws, rules and regulations.

k. Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of the Plan.

l. Governing Law. This Plan and any agreements hereunder shall be administered, interpreted and enforced under the internal laws of the State of Texas without regard to conflicts of laws thereof.

AMENDMENT TO

CIVEO CORPORATION 2014 EQUITY PARTICIPATION PLAN

WHEREAS, CIVEO CORPORATION (the "**Company**") has heretofore adopted and restated the **CIVEO CORPORATION 2014 EQUITY PARTICIPATION PLAN** (effective May 20, 2014 and as thereafter amended and restated as of May 12, 2016) (the "**Plan**") for the benefit of certain employees, directors and consultants of the Company and its subsidiaries; and

WHEREAS, the Company desires to amend the Plan in certain respects;

NOW, THEREFORE, the Plan is amended as follows, effective as of January 1, 2017:

1. Section 9.5 of the Plan shall be replaced in its entirety with the following:

> "9.5 Tax Withholding. The Company and any of its Affiliates shall be entitled to require payment in cash or deduction from other compensation payable to each Optionee, Grantee or Restricted Shareholder of any sums required by applicable tax law to be withheld with respect to the issuance, vesting or exercise of any Option, SAR, Restricted Share, Deferred Share, Performance Award, Dividend Equivalent or Share Payment. Subject to the timing requirements of Section 5.3, the Committee may, in its discretion and in satisfaction of the foregoing requirement, allow such Optionee, Grantee or Restricted Stockholder to elect to have the Company withhold Common Shares otherwise issuable under such or afterward (or allow the return of Common Shares) having a Fair Market Value not to exceed the maximum individual statutory tax rate in the applicable jurisdiction. The preceding sentence shall control over and supersede any conflicting provisions respecting (i) tax withholding to meet minimum objectives in award agreements for Options and Performance Awards and (ii) tax withholding in general as to all other awards agreements granted under the Plan, regardless of when granted."

2. As amended hereby, the Plan is specifically ratified and reaffirmed.

AMENDMENT NO. 2 TO THE
2014 EQUITY PARTICIPATION PLAN
OF CIVEO CORPORATION
(as Amended and Restated as of May 12, 2016)

WHEREAS, Civeo Corporation, a limited company organized under the laws of British Columbia, Canada (the "**Company**") maintains the 2014 Equity Participation Plan of Civeo Corporation, as most recently amended and restated as of May 12, 2016 (the "**Plan**"); and

WHEREAS, the Company has determined that, subject to and effective upon shareholder approval of the same, the Plan should be amended to increase the aggregate number of common shares of the Company, no par value, which may be issued pursuant to awards granted thereunder by 4,700,000 shares.

NOW, THEREFORE, subject to and effective upon shareholder approval of the same, the Plan is hereby amended as follows:

1. Section 2.1(a) of the Plan is deleted in its entirety and replaced with the following:

The shares subject to Options, SARs, Restricted Shares, Performance Awards, Dividend Equivalents, Deferred Shares, or Share Payments shall be Common Shares. The aggregate number of such Common Shares which may be issued upon exercise of such options or rights or upon any such awards under the Plan shall not exceed 18,700,000, all of which shall be available for Incentive Options. Common Shares issuable upon exercise of such options or rights or upon any such awards may be either previously authorized but unissued shares or treasury shares.

Amendment No. 3 to the
2014 Equity Participation Plan
of Civeo Corporation
(as Amended and Restated as of May 12, 2016)

WHEREAS, Civeo Corporation, a limited company organized under the laws of British Columbia, Canada (the "**Company**"), maintains the 2014 Equity Participation Plan of Civeo Corporation, as most recently amended and restated as of May 12, 2016 (the "**Plan**"); and

WHEREAS, the Company has determined that, subject to and effective upon shareholder approval of the same, the Plan should be amended to increase the aggregate number of common shares of the Company, no par value, which may be issued pursuant to awards granted thereunder by 10,000,000 shares.

NOW, THEREFORE, subject to and effective upon shareholder approval of the same, the Plan is hereby amended as follows:

1. Section 2.1(a) of the Plan is deleted in its entirety and replaced with the following:

> The shares subject to Options, SARs, Restricted Shares, Performance Awards, Dividend Equivalents, Deferred Shares, or Share Payments shall be Common Shares. The aggregate number of such Common Shares which may be issued upon exercise of such options or rights or upon any such awards under the Plan shall not exceed 28,700,000, all of which shall be available for Incentive Options. Common Shares issuable upon exercise of such options or rights or upon any such awards may be either previously authorized but unissued shares or treasury shares.

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: July 29, 2020

/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, Carolyn J. Stone, 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: July 29, 2020

/s/ Carolyn J. Stone

Carolyn J. Stone
Senior 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 June 30, 2020, 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: July 29, 2020

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 June 30, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Carolyn J. Stone, Senior 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/ Carolyn J. Stone

Name:	Carolyn J. Stone
Date:	July 29, 2020