Press Release

Pason Reports Fourth Quarter and Year End 2013 Results

FOR IMMEDIATE RELEASE

CALGARY, Alberta (February 27, 2014) – Pason Systems Inc. (PSI.TO) announced today its 2013 fourth quarter and year end results.

Performance Data

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(CDN 000s, except per share data)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue	**108,947**	94,006	16	**403,088**	386,514	4
Income (loss)	**24,288**	(13,703)	—	**23,655**	39,884	(41)
Per share – basic	**0.30**	(0.17)	—	**0.29**	0.49	(41)
Per share – diluted	**0.29**	(0.16)	—	**0.29**	0.48	(40)
EBITDA (1)	**55,231**	8,286	567	**136,647**	151,753	(10)
As a % of revenue	**50.7**	8.8	475	**33.9**	39.3	(14)
Per share – basic	**0.67**	0.10	566	**1.66**	1.85	(10)
Per share – diluted	**0.66**	0.10	565	**1.66**	1.84	(9)
Funds flow from operations	**44,981**	36,948	22	**123,075**	158,948	(23)
Per share – basic	**0.55**	0.45	22	**1.50**	1.94	(23)
Per share – diluted	**0.54**	0.44	21	**1.49**	1.92	(23)
Cash (used in) from operating activities	**(75,220)**	34,215	—	**62,047**	169,178	(63)
Per share – basic	**(0.92)**	0.42	—	**0.76**	2.06	(63)
Per share – diluted	**(0.90)**	0.41	—	**0.75**	2.05	(63)
Free cash flow (1)	**(95,347)**	20,199	—	**(8,617)**	97,754	—
Per share – basic	**(1.16)**	0.25	—	**(0.10)**	1.19	—
Per share – diluted	**(1.15)**	0.24	—	**(0.10)**	1.18	—
Capital expenditures	**20,127**	14,016	44	**70,664**	71,424	(1)
Working capital	**127,933**	163,371	(22)	**127,933**	163,371	(22)
Total Assets	**445,876**	488,378	(9)	**445,876**	488,378	(9)
Total long-term debt	**—**	—	—	**—**	—	—
Cash dividends declared (2)	**0.14**	0.24	(42)	**0.53**	0.46	15
Shares outstanding end of period (#)	**82,158**	82,049	—	**82,158**	82,049	—

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

(2) The Company changed its dividend policy whereby, effective for 2013, the Company adopted a quarterly dividend to replace the semi-annual dividend. The $0.24 dividend declared in the fourth quarter of 2012 represents the second semi-annual dividend of 2012.

President’s Message

Pason demonstrated robust operational performance during the fourth quarter, despite continued declines in drilling activity in the United States. Drilling industry days in the United States were 4% lower in the fourth quarter of 2013 than in the fourth quarter of the previous year. In Canada, drilling days were up 5% for the period. As in previous periods, activity in international markets was higher than a year ago, but the picture beyond North America continued to vary widely between regions and countries.

Total revenue increased 16% to $108.9 million, a record for the fourth quarter. All of Pason’s major product categories generated revenue growth above drilling industry activity, with the exception of the Hazardous Gas Alarm. The major segments which demonstrated the highest year-over-year growth rate were Communications at 61% followed by Gas Analyzer at 24%.

EBITDA for the fourth quarter was $55.2 million or 51% of revenue, while funds flow from operations was $45.0 million, up 22% from the fourth quarter of 2012.

The Company recorded a net income of $24.3 million, or $0.30 per share, compared to a net loss of $13.7 million, or $0.17 per share, in the fourth quarter of 2012. The net loss in the previous year was due to an accrual of $32.5 million for the liability related to the patent litigation, a non-cash impairment loss of $4.7 million against its Torque and Tension Sub product, and an additional $0.6 million against the US water treatment business.

Capital expenditures for the fourth quarter were $20.1 million, up from $14.0 million the previous year, as deployment of new hardware, including Pason Rig Display and components of the EDR evolution, ramped up.

On December 31, 2013, our cash position stood at $89.5 million, which includes $11.5 million cash held in trust for the January 2014 payment of the dividend declared in the fourth quarter of 2013. The payment of USD$112.0 million, announced on August 2, required to resolve all claims against Pason regarding the infringement lawsuits relating to our AutoDriller, was made on November 12, 2013. There is no debt on the balance sheet.

The results for the full year 2013 include record revenue of $403.1 million, EBITDA of $136.7 million and a net income of $23.7 million. EBITDA and net income for the year were affected by a number of one-time items, most notably the resolution of the infringement lawsuits relating to our AutoDriller.

We are increasing our quarterly dividend by 7% to $0.15 per share.

United States

The US segment, our largest business unit, includes our US rental business and 3PS Inc., our Austin-based equipment manufacturer.

The downward trend in United States drilling activity slowed down. The number of industry days in the fourth quarter of 2013 was essentially unchanged from the third quarter of 2013. Year-over-year, industry days were down 4% in the fourth quarter of 2013 compared to fourth quarter of 2012, while revenue increased 18% to $61.3 million. On average, 961 US land rigs were operating Pason equipment during the fourth quarter of 2013, compared to 936 in the same period of 2012. Revenue growth above industry day growth was achieved through an increase in market share, higher product penetration and a change to the Communications pricing model.

Average daily revenue per rig increased by 6%, from US$574 in the fourth quarter of 2012 to US$611 in 2013. Communications and Gas Analyzer showed above average growth rates during the period. EDR market share for the fourth quarter of 2013 was 57% essentially unchanged from the previous quarter and up 3% from the same period in 2012.

Operating costs in the US segment increased by 7% due to the purchase of additional satellite bandwidth (which is treated as an operating expense), and depreciation and amortization increased by 3%. As a result, our US business unit was able to generate an operating profit of $30.9 million in the fourth quarter, an increase of 33% over 2012.

Canada

Drilling activity in Canada was slightly higher in the fourth quarter of 2013 than in the previous year, with industry days up 5%. EDR market share in the fourth quarter of 2013 was 94% compared to 92% the previous year and 93% the previous quarter. Revenue for the fourth quarter increased 9% to $34.9 million. On average, 333 Canadian land rigs were operating Pason equipment compared to 308 the year before.

Average daily revenue per rig increased by 0.4% from $1,116 in the fourth quarter of 2012 to $1,121 in 2013. EDR (including Workstations and Sidekicks), Software, and Gas Analyzer showed above average growth rates during the period.

Operating costs increased by 15% due to the purchase of additional satellite bandwidth, and depreciation and amortization increased by 24%. The increase in depreciation and amortization was primarily due to the Company recording a non-cash write-off of $1.1 million in previously capitalized R&D costs because we discontinued funding certain projects. As a result, our Canadian business unit was able to generate an operating profit of $16.9 million for the fourth quarter of 2013, unchanged from the same period in 2012.

International

Our International business unit, which includes our businesses in Latin America, Australia, and offshore & frontier regions, had a good quarter. Revenue increased by 29% to $12.8 million for the fourth quarter of 2013 compared to the fourth quarter of 2012. Revenue was up 11% from the previous quarter.

Strong revenue growth in Australia, Argentina and Offshore & Frontier was partially offset by continued industry weakness in Brazil and Mexico.

Operating costs increased 9% and depreciation and amortization decreased 39%. The increase in operating costs was again driven by higher importation costs as we delivered additional equipment to certain markets. As a result, the International business unit was able to generate a quarterly operating profit of $4.6 million, an increase of 257% over the previous year and up 84% from the previous quarter.

The international business unit generated 12% of total revenue and 9% of operating profit for the Company in the quarter.

Outlook

Analyst's outlooks for drilling industry activity in North America are flat to modestly positive for 2014, with a potential activity increase towards the end of the year and into 2015 driven by LNG-related gas drilling activity.

We anticipate that some of the new products and product enhancements, both on the hardware and software sides, will start gaining traction in the North American market in 2014. For example, the new Pason Rig Display (a ruggedized 19 inch touch screen computer) is already deployed on over 300 drilling rigs in the United States and Canada. We also expect continued growth in the Offshore & Frontier segment where Pason equipment is already active on over 50 drilling rigs. And we plan to roll out some products and services that have been developed in collaboration with third parties.

We plan for an increase in our R&D, IT and Corporate Services cost as we make important investments in our technical infrastructure and systems, as well as in our business development capabilities.

Our capital expenditure budget for the next 12 months is up to $96.1 million, $64.3 million of which is directed towards new hardware that can generate incremental revenue or save operating costs, $17.2 million for maintenance capital, and $14.6 million for capitalized R&D.

Our cash-generating capacity and our cash position are more than sufficient to cover new business development, planned equipment upgrades and the dividend.

Marcel Kessler
President and Chief Executive Officer
February 27, 2014

Management's Discussion and Analysis

The following discussion and analysis has been prepared by management as of February 27, 2014, and is a review of the financial condition and results of operations of Pason Systems Inc. (Pason or the Company) based on International Financial Reporting Standards (IFRS) and should be read in conjunction with the consolidated financial statements and accompanying notes.

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

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

Overview of the 2013 Fourth Quarter

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	2011	**2013**	2012	2011
(000s, except per share data)	($)	($)	($)	($)	($)	($)
Revenue	**108,947**	94,006	100,933	**403,088**	386,514	346,158
Income (loss)	**24,288**	(13,703)	31,702	**23,655**	39,884	86,223
Per share – basic	**0.30**	(0.17)	0.39	**0.29**	0.49	1.05
Per share – diluted	**0.29**	(0.16)	0.39	**0.29**	0.48	1.04
EBITDA (1)	**55,231**	8,286	47,920	**136,647**	151,753	171,661
As a % of revenue	**50.7**	8.8	47.5	**33.9**	39.3	49.6
Per share – basic	**0.67**	0.10	0.59	**1.66**	1.85	2.10
Per share – diluted	**0.66**	0.10	0.58	**1.66**	1.84	2.08
Funds flow from operations	**44,981**	36,948	42,089	**123,075**	158,948	145,358
Per share – basic	**0.55**	0.45	0.51	**1.50**	1.94	1.78
Per share – diluted	**0.54**	0.44	0.51	**1.49**	1.92	1.76
Cash (used in) from operating activities	**(75,220)**	34,215	36,451	**62,047**	169,178	126,329
Per share – basic	**(0.92)**	0.42	0.45	**0.76**	2.06	1.54
Per share – diluted	**(0.90)**	0.41	0.44	**0.75**	2.05	1.53
Free cash flow (1)	**(95,347)**	20,199	14,340	**(8,617)**	97,754	47,788
Per share – basic	**(1.16)**	0.25	0.18	**(0.10)**	1.19	0.58
Per share – diluted	**(1.15)**	0.24	0.17	**(0.10)**	1.18	0.58
Cash dividends declared (2)	**0.14**	0.24	0.20	**0.53**	0.46	0.38

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

(2) The Company changed its dividend policy whereby, effective for 2013, the Company adopted a quarterly dividend to replace the semi-annual dividend. The $0.24 dividend declared in the fourth quarter of 2012 and the $0.20 dividend declared in the fourth quarter of 2011 represents the second semi-annual dividend in the respective year.

Additional IFRS Measures

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

Funds flow from operations

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

Cash from operating activities

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

Funds flow from operations and cash from operating activities were impacted by the Company's accounting for the litigation provision. Before 2013, the Company recorded it as a non-cash add back to arrive at funds flow from operations. In 2013, the provision and settlement was treated as a change in working capital to calculate cash from operating activities.

Non-IFRS Financial Measures

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

EBITDA

EBITDA is defined as net income before interest expense, income taxes, stock-based compensation expense, and depreciation and amortization expense.

Free cash flow

Free cash flow is defined as cash from operating activities less capital expenditures and deferred development costs.

Overall Performance

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(000s)	($)	($)	(%)	**($)**	($)	(%)
Revenue						
Electronic Drilling Recorder [(1)]	**46,551**	40,601	15	**175,120**	168,951	4
Pit Volume Totalizer	**15,931**	14,100	13	**60,589**	59,220	2
Communications [(1)]	**7,844**	4,875	61	**28,597**	20,850	37
Software	**7,295**	6,694	9	**27,651**	26,950	3
AutoDriller	**9,896**	9,410	5	**37,445**	40,399	(7)
Gas Analyzer/Total Gas System	**8,585**	6,898	24	**31,501**	27,304	15
Hazardous Gas Alarm System	**1,218**	1,932	(37)	**5,152**	7,345	(30)
Mobilization	**2,897**	3,098	(6)	**11,292**	12,265	(8)
Sales [(2)]	**4,870**	2,949	65	**13,195**	9,575	38
Other	**3,860**	3,449	12	**12,546**	13,655	(8)
Total revenue	**108,947**	94,006	16	**403,088**	386,514	4

(1) A portion of the Company's USA communications revenue was reclassified to EDR revenue to better reflect the nature of such revenue. All comparative figures have been restated accordingly. This change had no impact on reported key metrics, EBITDA, cash flow from operating activities, or net income (Q4 2012 - $2,153, YTD 2012 - $9,344, YTD Q3 2013 - $6,711).

(2) Sales and rental services expense for 2012 have been reclassified to conform with 2013 presentation.

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

Canada

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
			(%)			(%)
EDR rental days (#)	**30,600**	28,300	8	**113,600**	115,700	(2)
PVT rental days (#)	**29,700**	27,900	6	**111,100**	114,200	(3)

United States

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
			(%)			(%)
EDR rental days (#)	**88,500**	86,100	3	**351,300**	378,800	(7)
PVT rental days (#)	**66,700**	62,100	7	**263,700**	267,800	(2)

Electronic Drilling Recorder

The Pason EDR remains the Company's primary product. The EDR provides a complete system of drilling data acquisition, data networking, and drilling management tools and reports at both the wellsite and customer offices. The EDR is the base product from which all other wellsite instrumentation products are linked. By linking these products, a number of otherwise redundant elements such as data processing, display, storage, and networking are eliminated. This ensures greater reliability and a more robust system of instrumentation for the customer. Revenue generated from the EDR increased 15% for the fourth quarter of 2013 compared to the same period in 2012 and on an annual basis revenue was up 4%. This increase is attributable to continued growth in demand for EDR peripheral devices in all of the Company's major markets, an increase in US market share over the fourth quarter of 2012 (57% versus 54%), a similar increase in the Canadian market share (94% versus 92%), a strengthening US dollar relative to the Canadian dollar, and new revenue in frontier markets. These factors were offset by a drop in rig activity in the US market (4% for the fourth quarter and 9% year to date) while fourth quarter Canadian rig activity was up 5% over 2012 levels, but decreased 4% on an annual basis. Canadian EDR days increased 8% in the three months ended December 31, 2013, while US EDR days increased by 3%. On an annual basis, EDR days dropped 2% in Canada and 7% in the US, both of which compared favorably to the decline in rig activity.

During the year ended December 31,2013, the Pason EDR was installed on 95% of all active land rigs in Canada and 57% of the land rigs in the US.

In addition, the Company continues to gain new customers in its International business unit.

Pit Volume Totalizer

The PVT is Pason's proprietary solution for the detection and early warning of “kicks” that are caused by hydrocarbons entering the wellbore under high pressure and expanding as they migrate to the surface. PVT revenue for the quarter was impacted by an increase in product penetration in the US market and the foreign exchange fluctuation, offset by the change in rig activity previously described above. During the year ended 2013, the PVT was installed on 98% of rigs with a Pason EDR in Canada and 75% in the US, compared to 99% and 71%, respectively, in 2012.

Communications

Pason's Communications rental revenue is derived from the Company's automatic aiming satellite system. This system provides high-speed wellsite communications for email and web application management tools. Pason displays all data in standard forms on its DataHub web application, although if customers require greater analysis or desire to have the information transferred to another supplier's database, data is available for export from the Pason DataHub using WITSML (a specification for transferring data among oilfield service companies, drilling contractors, and operators). The Company continues to complement its satellite equipment with High Speed Packet Access (HSPA), a high-speed wireless ground system that requires lower capital cost, less service, and lower cost per Internet kilobyte, benefiting Company margins. In Canada, HSPA has been installed on all rigs, and the majority of the rigs running will benefit from the investment in HSPA given the growth in cellular coverage. In the US, field coverage tests for HSPA are continuing with positive results. In addition, the US business unit increased its revenue as a result of a shift in the pricing model for communication services.

Software

The Pason DataHub is the Company's data management system that collects, stores, and displays drilling data, reports, and real-time information from drilling operations. The DataHub provides access to data through a number of innovative applications or services including:

- Live Rig View (LRV), which provides advanced data viewing, directional drilling, and 3D visualization of drilling data in real time via a web browser.

- Mobile Viewer, which allow users to access their data on mobile devices including iPhone, iPad, BlackBerry, and Android.

- WITSML, which provides seamless data sharing with third-party applications enhancing the value of data hosted by Pason.

- Additional specialized software, including remote directional.

During the year ended 2013, 97% of the Company's Canadian customers and 90% of customers in the US were using all or a portion of the functionality of the DataHub, compared to 98% and 87%, respectively, in 2012.

AutoDriller

Pason's AutoDriller is used to maintain constant weight on the drill bit while a well is being drilled. During the year ended December 31, 2013, the AutoDriller was installed on 73% of Canadian and 45% of US land rigs operating with a Pason EDR system, compared to 78% and 49%, respectively, in 2012. Pason's market share for this particular product has declined from previous levels due to the introduction and advancement of integrated drilling rigs.

Gas Analyzer and Total Gas System

The Pason Gas Analyzer, which has replaced the Total Gas System (TGAS) in the Canadian and US markets, measures the total hydrocarbon gases (C1 through C4) exiting the wellbore, and then calculates the lag time to show the formation depth where the gases were produced. The Gas Analyzer increases the functionality that was found in the TGAS product to include the actual composition of the gas and further calculates geologic ratios from the gas composition to assist in indicating the type of gas, natural gas liquid, or oil in the formation. The Company continues to realize increased product penetration for this product. For 2013, the Gas Analyzer was installed on 57% of Canadian and 23% of US land rigs operating with a Pason EDR system. The penetration in Canada is an increase of approximately 5% in market share over 2012 levels while the US has seen an increase of 4%. The roll out of the Gas Analyzer in the International markets continues with anticipated completion in most of the major markets in 2014.

Hazardous Gas Alarm System

The Pason Hazardous Gas Alarm System (HGAS) monitors lower explosive limit (LEL) gases and H_2S gases and displays the readings on the EDR. If a hazardous rig atmosphere is detected, the system reacts immediately, sounding an alarm and flashing a strobe light. Early in 2013, the Company identified a sensor on the H_2S product, a part of the HGAS system, that was not performing to the manufacturer's standards. As a result, the Company suspended the functionality of this portion of the HGAS while it investigates a solution to the problem. The Company initiated field trials with a new technology in the third quarter of 2013 and while results showed improvements in performance the Company continues to research alternatives. The Company is still able to rent this equipment out in its International operations as the issues identified tend to be related to the operation of the sensors in cold climates.

Mobilization

Mobilization revenue is comprised of all services provided to our customers for which they are invoiced, and includes service calls, equipment installations, mileage, satellite transportation, and replacement parts.

Sales

Sales represent sensors and other systems sold by 3PS, Inc. and spare parts sold by Pason Offshore.

Other

Other is comprised mostly of service rig recorder rentals in Latin America and electronic choke actuator rentals.

Discussion of Operations

United States Operations

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Electronic Drilling Recorder [(1)]	**27,883**	24,705	13	**108,021**	107,160	1
Pit Volume Totalizer	**8,755**	7,685	14	**33,959**	33,459	1
Communications [(1)]	**3,417**	901	279	**11,997**	4,789	151
Software	**4,548**	4,134	10	**17,586**	16,976	4
AutoDriller	**5,124**	5,073	1	**20,467**	23,222	(12)
Gas Analyzer/Total Gas System	**3,461**	2,667	30	**13,285**	11,312	17
Hazardous Gas Alarm System	**534**	800	(33)	**2,200**	3,169	(31)
Mobilization	**2,164**	2,299	(6)	**8,551**	9,233	(7)
Sales [(2)]	**4,381**	2,547	72	**11,998**	7,790	54
Other	**1,024**	1,209	(15)	**3,896**	5,944	(34)
Total revenue	**61,291**	52,020	18	**231,960**	223,054	4
Operating costs [(2)]	**22,502**	21,084	7	**88,697**	85,811	3
Depreciation and amortization	**7,909**	7,713	3	**29,366**	32,381	(9)
Segment operating profit	**30,880**	23,223	33	**113,897**	104,862	9

(1) A portion of the Company's USA communications revenue was reclassified to EDR revenue to better reflect the nature of such revenue. All comparative figures have been restated accordingly. This change had no impact on reported key metrics, EBITDA, cash flow from operating activities, or net income (Q4 2012 - $2,153, YTD 2012 - $9,344, YTD Q3 2013 - $6,711).

(2) Sales and rental services expense for 2012 have been reclassified to conform with 2013 presentation.

US segment revenue increased by 18% in the fourth quarter of 2013 over the 2012 comparable period (11% increase when measured in USD), while revenue from the rental of instrumentation equipment increased 16% for the quarter (USD 9%).

For the year ended 2013, US segment revenue increased by 4% (USD 1%) over the previous year, and revenue from the rental of instrumentation equipment increased by 3% (USD 0%).

As expected, the number of US drilling days decreased approximately 4% in the fourth quarter of 2013 versus the fourth quarter of 2012. However, revenue from the rental of instrumentation compared favorably to the drop in activity, with an increase of 16% (USD 9%) over 2012 levels.

Annual drilling days decreased 9% over 2012 levels while rental revenue continued to hold up well against the decline in activity with an increase of 3% (USD 0%).

Revenue was impacted by the following factors:

- More products on each rig, new product adoption, and a favorable exchange rate. Revenue increased as a result of a change in the pricing model for communications service, additional product penetration, primarily with gains in EDR peripheral devices (mostly due to Workstations), increased PVT market share, customer acceptance of the Company's Live Rig View (LRV) real-time data software, and an increase in the adoption of the Gas Analyzer. These factors combined resulted in an increase in revenue per EDR day in the fourth quarter of 2013 over 2012 levels of $73 (USD $37). On a year-to-date basis revenue per EDR increased by $62 (USD $43) over 2012.

- An increase in EDR rental days of 3% for the three months ended December 31, 2013, over the same time period in 2012, and a decrease of 7% for the year ended 2013 over 2012 levels.

- A reduction in Hazardous Gas Alarm revenue due to the Company removing the H2S sensor from the rig site due to the issues surrounding the functionality described above and a reduction in product adoption of the AutoDriller.

The factors explained above resulted in the US segment being able to realize revenue per EDR day during the fourth quarter of 2013 of $641 (USD $611) compared to $568 (USD $574) during the same time period in 2012. For the year ended December 31, 2013, revenue per EDR day increased by $62 (USD $43) to $623 (USD $605) over 2012 amounts.

Revenue per industry day for the fourth quarter of the year was $367 (USD $350) compared to $305 (USD $308) in 2012. On a year-to-date basis this metric increased by $42 (USD $31) to $356 (USD $345).

US market share was 57% during the year ended December 31, 2013, a slight increase from the corresponding period in 2012.

The majority of the increase in Sales revenue relates to the increase in sales of sensors and systems by 3PS to third parties.

Segment profit, as a percentage of revenue, was 50% for the fourth quarter of 2013 compared to 45% for the corresponding period in 2012, an increase of $7.6 million. Year-to-date operating profit increased $9.0 million. The US business unit was able to increase its operating margin by leveraging its fixed cost structure and controlling variable costs, including repair costs, which are down $0.3 million for the quarter and $1.4 million for the full year, as a result of the drop in active rig count, which allows the business unit to use idle equipment in its fleet to satisfy customer demand, and a drop in average repair costs on some products.

The 2013 fourth quarter and full year segment profit percentage was impacted by the following factors (all amounts in $CDN):

- An increase in communication-related expenses of $0.5 million for the fourth quarter and $2.4 million for the full year due to the US business unit implementing a more robust level of service to its customers. The business unit revised its pricing structure to reflect this increased level of performance.

- An increase in 3PS sales, with a corresponding increase in costs of goods sold, which is included in operating costs.

- Most other rental service costs were relatively flat over the corresponding period in 2012 when measured in USD. However, because of the weakening Canadian dollar, rental service costs, when measured in CDN, increased by $0.9 million for the fourth quarter and $0.7 million year to date.

- Fourth quarter 2013 depreciation and amortization expense was relatively flat compared to the fourth quarter of 2012. Year-to-date depreciation was down $3.0 million for the following reasons:

  - The Company began to accelerate the depreciation on its TGAS system in 2012 to recognize the fact that it was being replaced by the Gas Analyzer. The TGAS systems are now fully depreciated, resulting in a reduction in depreciation expense of $2.4 million.

  - In the first quarter of 2012, the Company began to accelerate the depreciation on a portion of its base EDR system, which will become obsolete as a result of new product initiatives. Later in 2012, the Company re-evaluated this assumption and reduced the amount of accelerated depreciation being recorded. This led to a reduction in depreciation of $2.7 million.

  - The above reductions were offset by an increase in depreciation on the Gas Analyzer system and upgrades to its communication infrastructure to accommodate increased functionality. Both of these added approximately $2.0 million in depreciation expense.

Canadian Operations

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Electronic Drilling Recorder	**13,621**	11,864	15	**48,943**	46,632	5
Pit Volume Totalizer	**5,343**	4,929	8	**19,706**	19,921	(1)
Communications	**4,034**	3,861	4	**15,077**	15,524	(3)
Software	**2,620**	2,385	10	**9,631**	9,461	2
AutoDriller	**3,475**	3,368	3	**12,522**	13,500	(7)
Gas Analyzer/Total Gas System	**3,913**	3,357	17	**13,618**	12,303	11
Hazardous Gas Alarm System	**339**	609	(44)	**1,482**	2,443	(39)
Mobilization	**141**	178	(21)	**496**	638	(22)
Sales	**—**	—	—	**—**	—	—
Other	**1,367**	1,488	(8)	**5,147**	5,316	(3)
Total revenue	**34,853**	32,039	9	**126,622**	125,738	1
Operating costs	**10,228**	8,858	15	**37,116**	36,291	2
Depreciation and amortization	**7,757**	6,246	24	**26,088**	26,964	(3)
Segment operating profit	**16,868**	16,935	—	**63,418**	62,483	1

Canadian segment revenue grew by 9% for the three months ended December 31, 2013, compared to the same period in 2012. This positive growth is a result of a 5% increase in the number of drilling industry days from 2012 levels, combined with more product penetration in a number of different products, and an increase in market share to 94% versus 92% in 2012.

On a year-to-date basis, revenue increased by 1%, compared to the year ended 2012. The number of drilling days was down by 4%, but similar to the fourth quarter, revenue increased due to product penetration and growth in market share.

EDR rental days increased 8% in the fourth quarter of 2013 over 2012 levels. The decrease in EDR rental days for the year ended 2013 was 2%, which was a positive result compared to the decrease in industry days of 4%.

Canadian market share was 95% during the year ended December 31, 2013, compared to 93% in the corresponding period in 2012.

The Canadian business unit was able to increase its revenue over and above the change in industry activity in the fourth quarter mostly through increased product adoption, notably EDR peripherals including SideKicks and Workstations, and increases in software revenue. In addition, the business unit continued to gain market acceptance of the Gas Analyzer. These factors combined to lessen the impact of the drop in revenue from the AutoDriller and the Hazardous Gas Alarm System as a result of the issues described previously.

The factors above combined to result in:

- An increase in revenue per EDR day during the fourth quarter of 2013 compared to 2012 of $5 to $1,121. For the year ended December 31, 2013, revenue per EDR increased by $29 to $1,101.

- Fourth quarter revenue per industry day of $1,055 in 2013 compared to $1,022 in 2012. This metric for the year ended December 31, 2013, was $1,041, an increase of 5% over the similar period in 2012.

The segment profit for the fourth quarter of 2013 of $16.9 million is a decrease of $0.1 million over the 2012 amount. Factors impacting the fourth quarter results include:

- Fourth quarter activity levels in Canada were modestly stronger year-over-year.

- Fourth quarter operating expenses include an increase in satellite bandwidth costs of $0.8 million as an additional segment was added to improve the customer experience at the rig. These costs should remain at current levels going forward.

- A slight increase of $0.6 million in field-related costs and repairs due to the increase in industry activity.

- An increase in depreciation and amortization expense due to a non-cash write-off of $1.1 million of previously capitalized R&D costs as a result of the decision to discontinue funding such projects.

The increase in satellite costs and depreciation and amortization expense resulted in segment profit, as a percent of revenue, dropping to 48% in the fourth quarter of 2013, compared to 53% in the fourth quarter of 2012.

Factors impacting the year-to-date results include weakness in drilling activity in the first three quarters of 2013, which led to a decrease in industry days of 4,400 (4%) for the 2013 year, with a corresponding decrease in EDR rental days of 2,100 or 2%. Other factors impacting the year-to-date results include:

- An increase in satellite bandwidth costs of $1.6 million.

- A slight decrease in field-related costs, including repairs, due in most part to the drop in rig activity for the full year.

- Decrease in depreciation and amortization expense of $0.8 million comprised of:

    - A decrease in depreciation due to the TGAS being fully depreciated. This, combined with a drop in the acceleration of depreciation on a portion of its base EDR systems, led to a decline in expense of $2.7 million.

    - A non-cash write-off of $1.0 million of previously capitalized R&D costs as a result of the decision to discontinue funding such projects, combined with an increase in amortization of R&D costs of $1.0 million as a result of the deployment of new software applications.

International Operations

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Revenue						
Electronic Drilling Recorder	**5,047**	4,032	25	**18,156**	15,159	20
Pit Volume Totalizer	**1,833**	1,486	23	**6,924**	5,840	19
Communications	**393**	113	248	**1,523**	537	184
Software	**127**	175	(27)	**434**	513	(15)
AutoDriller	**1,297**	969	34	**4,456**	3,677	21
Gas Analyzer/Total Gas System	**1,211**	874	39	**4,598**	3,689	25
Hazardous Gas Alarm System	**345**	523	(34)	**1,470**	1,733	(15)
Mobilization	**592**	621	(5)	**2,245**	2,394	(6)
Sales	**489**	402	22	**1,197**	1,785	(33)
Other	**1,469**	752	95	**3,503**	2,395	46
Total revenue	**12,803**	9,947	29	**44,506**	37,722	18
Operating costs	**6,715**	6,152	9	**27,702**	23,073	20
Depreciation and amortization	**1,534**	2,518	(39)	**6,717**	8,868	(24)
Segment operating profit	**4,554**	1,277	257	**10,087**	5,781	74

Revenue in the International operations increased 29% in the fourth quarter of 2013 compared to the same time period in 2012. Year-to-date revenue increased 18%.

Operating profit increased by $3.3 million for the fourth quarter of 2013 over 2012 results. Operating profit for the year ended December 31, 2013, increased 74% over the similar period in 2012.

A number of factors influenced these results:

- In Latin America, increased activity in Argentina and the Andean region offset continued market weakness in Brazil and Mexico. Revenue was up 14% for the fourth quarter of 2013 versus the comparative period in 2012. On a year to date basis revenue increased 7%.
- Australia revenue increased 30% for the fourth quarter of 2013 and 46% for the full year from 2012 levels as drilling activity continues to increase across the region, combined with a slight up tick in market share. This revenue increase translated into an increase in operating profit of approximately 70% over 2012 for the three and twelve months ended December 31,2013.
- The Company continues to increase its customer base in areas the Company has identified as "frontier markets", including the Middle East and North Africa (MENA) regions. These new markets, combined with increases in market share in the Gulf of Mexico, resulted in an increase in year-to-date revenue of 32% over 2012 levels.
- Operating costs increased due to importation-related expenses in getting additional equipment into certain markets and increases in field-related costs in the markets which saw an increase in industry activity.
- Depreciation and amortization decreased because intangible assets that were being amortized are now fully amortized and increased asset utilization has reduced the need for new additional equipment.
- The Company's Argentinian subsidiary recorded a foreign exchange loss in the fourth quarter of 2013 of $0.5 million as a result of the devaluation of the Argentinian peso.

Corporate Expenses

	Three Months Ended December 31,			Years Ended December 31,		
	2013	2012	Change	**2013**	2012	Change
(000s)	**($)**	($)	(%)	**($)**	($)	(%)
Other expenses						
Research and development	**6,820**	7,033	(3)	**27,252**	22,467	21
Corporate services	**4,319**	4,326	—	**17,373**	15,723	10
Stock-based compensation	**6,144**	7,237	(15)	**32,511**	23,792	37
Other						
Litigation provision	**—**	32,500	(100)	**61,614**	37,913	63
Foreign exchange loss	**2,797**	10	27,870	**2,175**	4,573	(52)
Earn-out provision	**—**	—	—	**3,071**	—	—
Impairment loss	**—**	5,282	(100)	**—**	7,918	(100)
Other	**335**	475	(29)	**1,441**	992	45
	20,415	56,863	(64)	**145,437**	113,378	28

Consolidated Results

The Company recorded net income of $23.7 million or $0.29 per share for the 2013 year compared to net income of $39.9 million or $0.49 per share in 2012.

The 2013 results, when compared to the 2012 numbers, were impacted by the following corporate related items:

- Research and development costs were higher in 2013 versus 2012 as the Company in 2012 completed the hiring of additional staff to support the product development initiatives.

- An increase in stock-based compensation expense of 37% due to the 34% increase in the value of the stock price during 2013.

- An additional provision of $61.6 million booked in 2013 relating to the litigation, which was settled in August, 2013.

- Part of the 2009 purchase of Petron was an earn-out clause that was conditional on the successful commercialization of a revenue stream generated from a product designed by Petron. In the third quarter of 2013, the Company and the previous shareholders of Petron agreed to an amount of $3.1 million and a provision for this amount was recorded.

- In 2012 the Company recorded additional non-cash write-downs relating to its investment in the US water treatment business and its Torque and Tension sub product.

- The effective tax rate for 2013 is significantly higher than the 2012 rate due to the following factors:

    - The significant non-deductible, non-cash expense provision for the expensing of common share options under the Black-Scholes pricing model.

    - The Petron earn-out provision.

Q4 2013 versus Q4 2012

The active rig count in the US decreased by 4% over the fourth quarter of 2012, and Canadian activity increased by 5%, while both business units saw an increase in their market share. The International market saw a modest increase in total drilling days, with pockets of significant growth (Offshore, Australia, Argentina) combined with continued weakness in other markets (Brazil, Mexico).

The Company recorded a net profit of $24.3 million or $0.30 per share in the fourth quarter of 2013 compared to a net loss of $13.7 million or $0.17 per share in the fourth quarter of 2012. The fourth quarter consolidated results, when compared to 2012 figures, were impacted by the following significant items:

- Stock-based compensation expense decreased compared to the fourth quarter of 2012 due to a smaller increase in the Company's stock price in the fourth quarter of the current year versus 2012.

- In the fourth quarter of 2012, the Company recorded an additional accrual of $32.5 million for the liability related to the patent litigation. This litigation was settled in August of 2013.

- An increase in the foreign exchange loss of $2.7 million due to:
  - the weakening Canadian dollar versus the US dollar which resulted in a loss on the revaluation of the litigation provision into Canadian dollars until the payment date in November of 2013.
  - a foreign exchange loss in Argentina as a result of the devaluation of the Argentinian peso.

- During the fourth quarter of 2012, the Company recorded a non-cash impairment loss of $4.7 million against its Torque and Tension Sub product, and an additional $0.6 million against the US water treatment business.

Q4 2013 versus Q3 2013

The Company's fourth quarter is usually its second strongest quarter. The Canadian business unit realized a profit of $16.9 million for the three months ended December 31, 2013, compared to a $15.9 million profit in the third quarter of 2013. The US business unit realized a profit of $30.9 million for the three months ended December 31, 2013, compared to a $30.5 million profit in the third quarter of 2013. International operating profit was up $2.0 million from the prior quarter.

The following items also impacted the comparison to the third quarter 2013 results:

- A decrease in stock-based compensation expense of $9.6 million compared to the third quarter of the current year due to an increase in the Company's stock price of 19% during the third quarter compared to an increase in the stock price of 2% in the current quarter.

- Increase in depreciation and amortization expense of $1.1 million due to the Company recording in the fourth quarter a non-cash write-off of previously capitalized R&D costs.

- An increase in the foreign exchange loss of $2.1 million due to the factors described in the section above.

- Part of the 2009 purchase of Petron was an earn-out clause that was conditional on the successful commercialization of a revenue stream generated from a product designed by Petron. In the third quarter of 2013, the Company and the previous shareholders of Petron agreed to an amount of $3.1 million and a provision for this amount was recorded in the third quarter.

Fourth Quarter & Year End Conference Call

Pason will be conducting a conference call for interested analysts, brokers, investors and media representatives to review its fourth quarter and full-year results at 9:00 a.m. (Calgary time) on Friday, February 28, 2014. The conference call dial-in number is 1-888-231-8191 or 1-647-427-7450. You can access the seven-day replay by dialing 1-855-859-2056 or 1-416-849-0833, using password 19438722.

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

Additional information, including the Company's Annual Report and Annual Information Form for the year ended December 31, 2013, is available on SEDAR at www.sedar.com or on the Company's website at www.pason.com.

Shareholders are also invited to attend the Company's Annual and Special Meeting on Wednesday, May 7, 2014, at 3:30 pm at the offices of Pason Systems Inc., 6120 Third Street SE, Calgary, Alberta.

Consolidated Balance Sheets

As at	December 31, 2013	December 31, 2012
(CDN 000s) (unaudited)	($)	($)
Assets		
Current		
Cash and cash equivalents	**78,018**	138,253
Cash held in trust	**11,502**	19,691
Trade and other receivables	**87,469**	84,506
Prepaid expenses	**3,121**	2,920
Income taxes recoverable	**15,752**	—
Total current assets	**195,862**	245,370
Non-current		
Property, plant and equipment	**183,601**	174,651
Intangible assets	**65,261**	59,593
Deferred tax assets	**1,152**	8,764
Total non-current assets	**250,014**	243,008
Total assets	**445,876**	488,378
Liabilities and equity		
Current		
Trade payables and accruals	**30,485**	25,674
Litigation provision	**—**	19,533
Income taxes payable	**—**	3,313
Stock-based compensation liability	**25,942**	13,788
Dividend payable	**11,502**	19,691
Total current liabilities	**67,929**	81,999
Non-current		
Stock-based compensation liability	**3,905**	2,583
Deferred tax liabilities	**7,573**	2,600
Litigation provision	**—**	32,500
Total non-current liabilities	**11,478**	37,683
Equity		
Share capital	**80,725**	79,393
Share-based benefits reserve	**12,927**	12,927
Foreign currency translation reserve	**7,958**	(8,348)
Retained earnings	**264,859**	284,724
Total equity	**366,469**	368,696
Total liabilities and equity	**445,876**	488,378

Change in accounting classification

In 2013, the Company changed how it discloses cash held in trust. Previously, this amount was included in "Cash and cash equivalents" on the Consolidated Balance Sheets. Effective for 2013, cash held in trust, representing cash held for the payment of the dividend, is separately identified as a current asset. The 2012 comparative financial statements have been adjusted to reflect this change in the accounting policy. The change results in the consolidated financial statements providing reliable and more relevant information.

Consolidated Statements of Operations

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	**2013**	2012
(CDN 000s, except per share data) (unaudited)	**($)**	($)	**($)**	($)
Revenue				
Equipment rentals and sales	**108,947**	94,006	**403,088**	386,514
Operating expenses				
Rental services	**34,209**	31,663	**134,874**	125,269
Local administration	**5,236**	4,431	**18,641**	19,906
Depreciation and amortization	**17,200**	16,477	**62,171**	68,213
	56,645	52,571	**215,686**	213,388
Operating profit	**52,302**	41,435	**187,402**	173,126
Other expenses				
Research and development	**6,820**	7,033	**27,252**	22,467
Corporate services	**4,319**	4,326	**17,373**	15,723
Stock-based compensation	**6,144**	7,237	**32,511**	23,792
Other expenses	**3,132**	38,267	**68,301**	51,396
	20,415	56,863	**145,437**	113,378
Income (loss) before income taxes	**31,887**	(15,428)	**41,965**	59,748
Income taxes (recovery)	**7,599**	(1,725)	**18,310**	19,864
Net income (loss)	**24,288**	(13,703)	**23,655**	39,884
Income (loss) per share				
Basic	**0.30**	(0.17)	**0.29**	0.49
Diluted	**0.29**	(0.16)	**0.29**	0.48

Consolidated Statements of Other Comprehensive Income

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	**2013**	2012
(CDN 000s) (unaudited)	**($)**	($)	**($)**	($)
Net income (loss)	**24,288**	(13,703)	**23,655**	39,884
Items that may be reclassified subsequently to net income:				
Foreign currency translation adjustment	**9,421**	2,681	**16,306**	(2,513)
Total comprehensive income (loss)	**33,709**	(11,022)	**39,961**	37,371

Consolidated Statements of Changes in Equity

(CDN 000s) (unaudited)	Share Capital	Share-Based Benefits Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
	($)	($)	($)	($)	($)
Balance at January 1, 2012	77,613	12,927	(5,835)	282,564	367,269
Net income	—	—	—	53,587	53,587
Dividends	—	—	—	(18,033)	(18,033)
Other comprehensive loss	—	—	(5,194)	—	(5,194)
Exercise of stock options	1,222	—	—	—	1,222
Balance at September 30, 2012	78,835	12,927	(11,029)	318,118	398,851
Net loss	—	—	—	(13,703)	(13,703)
Dividends	—	—	—	(19,691)	(19,691)
Other comprehensive loss	—	—	2,681	—	2,681
Exercise of stock options	558	—	—	—	558
Balance at December 31, 2012	79,393	12,927	(8,348)	284,724	368,696
Net loss	—	—	—	(633)	(633)
Dividends	—	—	—	(32,018)	(32,018)
Other comprehensive income	—	—	6,885	—	6,885
Exercise of stock options	1,020	—	—	—	1,020
Balance at September 30, 2013	80,413	12,927	(1,463)	252,073	343,950
Net income	**—**	**—**	**—**	**24,288**	**24,288**
Dividends	**—**	**—**	**—**	**(11,502)**	**(11,502)**
Other comprehensive income	**—**	**—**	**9,421**	**—**	**9,421**
Exercise of stock options	**312**	**—**	**—**	**—**	**312**
Balance at December 31, 2013	**80,725**	**12,927**	**7,958**	**264,859**	**366,469**

Consolidated Statements of Cash Flows

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	**2013**	2012
(CDN 000s, except per share data) (unaudited)	**($)**	($)	**($)**	($)
Cash from operating activities				
Net income (loss)	**24,288**	(13,703)	**23,655**	39,884
Adjustment for non-cash items:				
Depreciation and amortization	**17,200**	16,477	**62,171**	68,213
Litigation provision	**—**	32,500	**—**	32,500
Impairment loss	**—**	5,282	**—**	7,918
Stock-based compensation	**3,668**	5,541	**20,656**	16,067
Deferred income taxes	**(2,358)**	(8,223)	**12,899**	(6,019)
Unrealized foreign exchange loss (gain)	**2,183**	(926)	**3,694**	385
Funds flow from operations	**44,981**	36,948	**123,075**	158,948
Movements in non-cash working capital items:				
Decrease (increase) in trade and other receivables	**2,712**	7,391	**(999)**	16,376
Decrease (increase) in prepaid expenses	**463**	1,853	**(125)**	(994)
Increase (decrease) in income taxes	**6,243**	3,513	**(8,019)**	18,072
Decrease in litigation provision	**(115,785)**	—	**(52,033)**	—
(Decrease) increase in trade payables and accruals	**(9,101)**	(10,746)	**5,376**	(7,101)
(Decrease) increase in stock-based compensation liability	**(6,179)**	(3,564)	**2,973**	2,312
Effects of exchange rate changes	**2,231**	2,808	**3,100**	1,778
Cash (used in) generated from operating activities	**(74,435)**	38,203	**73,348**	189,391
Income tax paid	**(785)**	(3,988)	**(11,301)**	(20,213)
Net cash (used in) from operating activities	**(75,220)**	34,215	**62,047**	169,178
Cash flows from (used in) financing activities				
Proceeds from issuance of common shares	**312**	558	**1,332**	1,780
Purchase of stock options	**(3,643)**	(3,532)	**(10,153)**	(8,772)
Payment of dividends	**(10,677)**	—	**(51,709)**	(34,413)
Net cash used in financing activities	**(14,008)**	(2,974)	**(60,530)**	(41,405)
Cash flows (used in) from investing activities				
Additions to property, plant and equipment	**(17,265)**	(10,587)	**(56,171)**	(60,284)
Deferred development costs	**(2,862)**	(3,429)	**(14,493)**	(11,140)
Proceeds on disposal of property, plant and equipment	**257**	586	**582**	586
Changes in non-cash working capital	**(482)**	(35)	**(989)**	(2,646)
Net cash used in investing activities	**(20,352)**	(13,465)	**(71,071)**	(73,484)
Effect of exchange rate on cash and cash equivalents	**951**	356	**1,130**	(1,338)
Net (decrease) increase in cash and cash equivalents	**(108,629)**	18,132	**(68,424)**	52,951
Cash and cash equivalents, beginning of period	**198,149**	139,812	**157,944**	104,993
Cash and cash equivalents, end of period	**89,520**	157,944	**89,520**	157,944

Cash and cash equivalents consists of:				
Cash and cash equivalents	**78,018**	138,253	**78,018**	138,253
Cash held in trust	**11,502**	19,691	**11,502**	19,691
Cash and cash equivalents, end of period	**89,520**	157,944	**89,520**	157,944

Operating Segments

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

Three Months Ended December 31, 2013	**Canada**	**United States**	**International**	**Total**
(unaudited)	**($)**	**($)**	**($)**	**($)**
Revenue	**34,853**	**61,291**	**12,803**	**108,947**
Operating costs	**10,228**	**22,502**	**6,715**	**39,445**
Depreciation and amortization	**7,757**	**7,909**	**1,534**	**17,200**
Segment operating profit	**16,868**	**30,880**	**4,554**	**52,302**
Research and development				**6,820**
Corporate services				**4,319**
Stock-based compensation				**6,144**
Other expenses				**3,132**
Income taxes				**7,599**
Net income				**24,288**
Capital expenditures	**10,118**	**7,885**	**2,124**	**20,127**
Goodwill	**—**	**19,685**	**2,600**	**22,285**
Intangible assets	**32,343**	**7,773**	**2,860**	**42,976**
Segment assets	**173,947**	**210,764**	**61,165**	**445,876**
Segment liabilities	**46,495**	**23,621**	**9,291**	**79,407**
Three Months Ended December 31, 2012				
Revenue	32,039	52,020	9,947	94,006
Operating costs	8,858	21,084	6,152	36,094
Depreciation and amortization	6,246	7,713	2,518	16,477
Segment operating profit	16,935	23,223	1,277	41,435
Research and development				7,033
Corporate services				4,326
Stock-based compensation				7,237
Other expenses				38,267
Income taxes				(1,725)
Net loss				(13,703)
Capital expenditures	5,407	5,939	2,670	14,016
Goodwill	—	18,414	2,600	21,014
Intangible assets	25,583	9,711	3,285	38,579
Segment assets	182,458	241,391	64,529	488,378
Segment liabilities	96,780	13,120	9,782	119,682

Year Ended December 31, 2013	Canada	United States	International	Total
	($)	($)	($)	($)
Revenue	**126,622**	**231,960**	**44,506**	**403,088**
Operating costs	**37,116**	**88,697**	**27,702**	**153,515**
Depreciation and amortization	**26,088**	**29,366**	**6,717**	**62,171**
Segment operating profit	**63,418**	**113,897**	**10,087**	**187,402**
Research and development				**27,252**
Corporate services				**17,373**
Stock-based compensation				**32,511**
Other expenses				**68,301**
Income taxes				**18,310**
Net income				**23,655**
Capital expenditures	**37,709**	**26,101**	**6,854**	**70,664**
Goodwill	**—**	**19,685**	**2,600**	**22,285**
Intangible assets	**32,343**	**7,773**	**2,860**	**42,976**
Segment assets	**173,947**	**210,764**	**61,165**	**445,876**
Segment liabilities	**46,495**	**23,621**	**9,291**	**79,407**

Year Ended December 31, 2012				
Revenue	125,738	223,054	37,722	386,514
Operating costs	36,291	85,811	23,073	145,175
Depreciation and amortization	26,964	32,381	8,868	68,213
Segment operating profit	62,483	104,862	5,781	173,126
Research and development				22,467
Corporate services				15,723
Stock-based compensation				23,792
Other expenses				51,396
Income taxes				19,864
Net income				39,884
Capital expenditures	25,682	37,850	7,892	71,424
Goodwill	—	18,414	2,600	21,014
Intangible assets	25,583	9,711	3,285	38,579
Segment assets	182,458	241,391	64,529	488,378
Segment liabilities	96,780	13,120	9,782	119,682

Other Expenses

	Three Months Ended December 31,		Years Ended December 31,	
	2013	2012	**2013**	2012
	($)	($)	**($)**	($)
Litigation provision	**—**	32,500	**61,614**	37,913
Foreign exchange loss	**2,797**	10	**2,175**	4,573
Earn-out provision	**—**	—	**3,071**	—
Impairment loss	**—**	5,282	**—**	7,918
Other	**335**	475	**1,441**	992
Other expenses	**3,132**	38,267	**68,301**	51,396

During the quarter ended December 31, 2012, the Company accrued an additional $32.5 million provision for the patent litigation, which was settled in August, 2013.

During the fourth quarter of 2012, the Company recorded a non-cash impairment loss of $4.7 million against its Torque and Tension Sub product, and an additional $0.6 million against the US water treatment business.

Pason Systems Inc.

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

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

Marcel Kessler	**Jon Faber** (1)	**David Elliott** (1)
President and CEO	Chief Financial Officer	Vice President, Finance
403-301-3400	403-301-3400	403-301-3400
marcel.kessler@pason.com	jon.faber@pason.com	david.elliott@pason.com

(1) Jon Faber has been appointed to the role of Chief Financial Officer effective March 1, 2014. David Elliott retains the role of Vice President, Finance.

Certain information regarding the Company contained herein may constitute forward-looking information under applicable securities law. The words “anticipate”, “expect”, “believe”, “may”, “should”, “will”, “estimate”, “project”, “outlook”, “forecast” or other similar words are used to identify such forward-looking information and statements. Forward-looking statements in this document may include statements, express or implied regarding the anticipated business prospects and financial performance of Pason; expectations or projections about future strategies and goals for growth and expansion; expected and future cash flows and revenues; and expected impact of future commitments. These forward-looking statements are based upon various underlying factors and assumptions, including the state of the economy and the oil and gas exploration and production business, in particular; the Company's business prospects and opportunities; and estimates of the financial and operational performance of Pason.

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

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

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