



2009 Q2 INTERIM REPORT

FINANCIAL HIGHLIGHTS

\$ in '000's except per Trust Unit amounts

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Revenues	\$ 12,913	\$ 29,483	\$ 44,281	\$ 75,736
Gross margin % ⁽¹⁾	36%	41%	42%	46%
EBITDAS ⁽¹⁾	\$ (1,721)	\$ 4,632	\$ 5,064	\$ 20,207
Diluted per Trust Unit	\$ (0.05)	\$ 0.14	\$ 0.15	\$ 0.62
Income (loss) before taxes	\$ (4,057)	\$ 797	\$ (2,302)	\$ 12,486
Net income (loss)	\$ (1,484)	\$ 189	\$ (80)	\$ 10,106
Basic per Trust Unit	\$ (0.04)	\$ 0.01	\$ -	\$ 0.32
Diluted per Trust Unit	\$ (0.04)	\$ 0.01	\$ -	\$ 0.31
Cash distributions declared per Trust Unit	\$ 0.12	\$ 0.21	\$ 0.27	\$ 0.42
Distributable cash ⁽¹⁾ , including one-time 2009 Q1 current tax provision of \$4,168 (refer to MD&A)	\$ (2,525)	\$ 2,038	\$ (178)	\$ 15,152
Adjusted distributable cash ⁽¹⁾ , excluding one-time 2009 Q1 current tax provision of \$4,168 (refer to MD&A)	\$ (2,525)	\$ 2,038	\$ 3,990	\$ 15,152
Cash distributions declared ⁽²⁾	\$ 4,199	\$ 6,770	\$ 9,086	\$ 13,439
Payout ratio ⁽¹⁾ , net of one-time 2009 Q1 current tax provision of \$4,168	nm	332%	nm	89%
Adjusted payout ratio ⁽¹⁾ , net of one-time 2009 Q1 current tax provision of \$4,168	nm	332%	228%	89%
Property and equipment additions	\$ 1,839	\$ 7,475	\$ 5,976	\$ 11,435
Weighted average Trust Units outstanding:				
Basic ('000)	34,290	32,178	33,441	31,943
Diluted ('000)	34,290	32,849	33,441	32,464
			June 30 2009	December 31 2008
Working capital			\$ 13,729	\$ 17,435
Long-term excluding current portion			\$ 36,622	\$ 40,233
Unitholders' equity			\$ 93,293	\$ 91,859

(1) Refer to MD&A; see "NON-GAAP MEASUREMENTS"

(2) Excludes foreign taxes paid that have been allocated to Unitholders

nm Calculation not meaningful for current operations

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion & Analysis ("MD&A") for the three and six months ended June 30, 2009 should be read in conjunction with the annual audited consolidated financial statements and notes thereto for the year ended December 31, 2008, as well as the MD&A in the Trust's 2008 Annual Report, and with the unaudited interim consolidated financial statements and notes thereto for the three and six months ended June 30, 2009. This MD&A has been prepared as of August 5, 2009. Dollar amounts are in '000's except for day rates and per Trust Unit amounts.

FORWARD-LOOKING INFORMATION

Certain statements in this MD&A including (i) statements that may contain words such as “anticipate”, “could”, “expect”, “seek”, “may” “intend”, “will”, “believe”, “should”, “project”, “forecast”, “plan” and similar expressions, including the negatives thereof, (ii) statements that are based on current expectations and estimates about the markets in which the Trust/Cathedral operates and (iii) statements of belief, intentions and expectations about developments, results and events that will or may occur in the future, constitute “forward-looking statements” and are based on certain assumptions and analysis made by the Trust/Cathedral. Forward-looking statements in this MD&A specifically include, but are not limited to, statements with respect to future capital expenditures, including the amount, nature and timing thereof; oil and natural gas prices and demand; other development trends within the oil and natural gas industry; business strategy; expansion and growth of the Trust/Cathedral’s business and operations including the Trust/Cathedral’s market share and position in the oilfield service market; and other such matters.

The forward-looking statements contained in this MD&A reflect several material factors, expectations and assumptions including, without limitation: (i) oil and natural gas production levels; (ii) commodity prices and interest rates; (iii) capital expenditure programs and other expenditures by the Trust/Cathedral and its customers; (iv) supply and demand for oil and natural gas; (v) expectations regarding the Trust’s/Cathedral’s ability to raise capital, generate cash flow and to increase its equipment fleets through acquisitions and manufacture; (vi) schedules and timing of certain projects and the Trust’s/Cathedral’s strategy for growth; (vii) the Trust’s/Cathedral’s future operating and financial results; (viii) the Trust’s/Cathedral’s ability to retain and hire qualified personnel; and (ix) treatment under governmental regulatory regimes and tax, environmental and other laws.

Financial outlook information contained in this MD&A about prospective results of operations, financial position or cash flows is based on assumptions about future events, including economic conditions and proposed courses of action, based on management’s assessment of the relevant information currently available. Readers are cautioned that such financial outlook information contained in this MD&A and certain documents incorporated by reference into this MD&A should not be used for purposes other than for which it is disclosed herein.

Such forward-looking statements are subject to important risks and uncertainties, which are difficult to predict and that may affect the Trust/Cathedral’s operations, including, but not limited to: the impact of general economic conditions in Canada, the United States and Internationally; industry conditions, including the adoption of new environmental, safety and other laws and regulations and changes in how they are interpreted and enforced; volatility of oil and natural gas prices; oil and natural gas product supply and demand; risks inherent in the Trust/Cathedral’s ability to generate sufficient cash flow from operations to meet its current and future obligations; increased competition; the lack of availability of qualified personnel or labour unrest; fluctuation in foreign exchange or interest rates; foreign currency controls; stock market volatility; opportunities available to or pursued by the Trust/Cathedral and other factors, many of which are beyond the control of the Trust/Cathedral. The Trust’s/Cathedral’s actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do transpire or occur, what benefits the Trust/Cathedral will derive therefrom. Subject to applicable law, the Trust/Cathedral disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

All forward-looking statements contained in this document are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements is available in the Trust/Cathedral’s current Annual Information Form which has been filed with the applicable Canadian provincial securities commissions and is available on www.sedar.com.

NON-GAAP MEASUREMENTS

This MD&A refers to certain financial measurements that do not have any standardized meaning within Canadian Generally Accepted Accounting Principles (“GAAP”) and therefore may not be comparable to similar measures provided by other companies and/or trusts.

The specific measures being referred to include the following:

- i) “Gross margin” - calculated as revenues less operating expenses is considered a primary indicator of operating performance (see tabular calculation under Results of Operations);
- ii) “Gross margin %” - calculated as gross margin divided by revenues is considered a primary indicator of operating performance (see tabular calculation under Results of Operations);
- iii) “EBITDAS” - defined as earnings before interest on long-term debt, taxes, depreciation, amortization, unit-based compensation expense and foreign currency gain/loss on intercompany debt; this measure is considered an indicator of the Trust’s ability to generate funds flow from operations prior to consideration of how activities are financed, how the results are taxed and measured and non-cash expenses (see tabular calculation under EBITDAS);
- iv) “Distributable cash” - defined as cash flow from operating activities before changes in non-cash operating working capital less required principal repayments on long-term debt and maintenance capital expenditures; distributable cash is a key performance measurement used by management, analysts and investors to evaluate the financial performance of the Trust (see tabular calculation under Distributions);
- v) “Maintenance capital expenditures” – refers to capital expenditures required to maintain existing levels of service but excludes replacement cost of lost-in-hole equipment to the extent the replacement equipment is financed from the proceeds on disposal of the equipment lost-in-hole;
- vi) “Payout ratio” - calculated as cash distributions declared divided by distributable cash, is an indicator of the Trust’s ability to fund its distributions from the Trust’s ongoing operations excluding changes in non-cash working capital (see tabular calculation under Distributions) (see distributable cash definition above); and
- vii) “Funds from operations” - calculated as cash flow from operating activities before changes in non-cash working capital is considered an indicator of the Trust’s ability to generate funds flow from operations but excluding changes in non-cash working capital which is financed using the Trust’s bank indebtedness/line of credit facility.

OVERVIEW

The second quarter is traditionally the weakest period of the year, but in the current year the overall decline in drilling in both Canada and the United States has had a more significant impact on operations. In the Western Canadian Sedimentary Basin ("WCSB"), the number of wells drilled in 2009 Q2 is down approximately 45% compared to 2008 Q2 and on a year-to-date basis down 42%. In the U.S., drilling activity is down significantly and in particular in the Rocky Mountain region of the U.S., which was the Trust's main area of focus.

The Trust completed the second quarter of 2009 with quarterly revenues of \$12,913 and year-to-date revenues of \$44,281 compared to 2008 Q2 at \$29,483 and 2008 year-to-date revenues of \$75,736. The 2009 Q2 revenues were led by the Trust's directional drilling division which represented 67% (2008 Q2 - 82%) of 2009 total revenues. The decline in drilling in the oil and gas sector due to low commodity prices and the overall decline in the economy have resulted in a significant decline in revenues as compared to 2008 Q2. The Trust's production testing and wireline divisions continue to be negatively affected by the decline in natural gas drilling in western Canada. In mid-June 2009, the Trust re-organized its wireline operations to focus its Canadian operations on providing slickline services and to concentrate its electric line ("E-Line") services in the U.S. As such, the Trust has ceased providing E-Line services in Canada.

2009 year-to-date EBITDAS was \$5,064 (\$0.15 per diluted Trust Unit) which represents a \$15,143 or 75% decrease from \$20,207 (\$0.62 per diluted Trust Unit) in 2008. On a 2009 Q2 year-to-date basis, the Trust's net loss was \$80 (\$- per diluted Trust Unit) which compares to net income of \$10,106 (\$0.31 per diluted Trust Unit) in 2008.

RESULTS OF OPERATIONS - THREE MONTHS ENDED JUNE 30, 2009

Revenues and operating expenses

	2009 Q2	2008 Q2	Change	%
Revenues	\$ 12,913	\$ 29,483	\$ (16,570)	(56)
Operating expenses	(8,301)	(17,466)	(9,165)	(52)
Gross margin - \$	\$ 4,612	\$ 12,017	\$ (7,405)	(62)
Gross margin - %	36%	41%	(5)%	

	Three months ended June 30, 2009				Three months ended June 30, 2008			
	Directional drilling	Wireline	Production testing	Total	Directional drilling	Wireline	Production testing	Total
Canada	\$ 3,372	\$ 940	\$ 310	\$ 4,622	\$ 9,832	\$ 2,803	\$ 1,037	\$ 13,672
United States	5,294	1,319	1,678	8,291	14,515	1,296	-	15,811
	\$ 8,666	\$ 2,259	\$ 1,988	\$ 12,913	\$ 24,347	\$ 4,099	\$ 1,037	\$ 29,483

2009 Q2 revenues were \$12,913 which represented a decrease of \$16,570 or 56% from 2008 Q2 revenues of \$29,483. The decline is primarily attributed to the decline in oil and natural gas activity in 2009 which has been caused by low commodity prices and the global recession.

The directional drilling division revenues have decreased from \$24,347 in 2008 to \$8,666 in 2009. This decrease is the net result of: i) the 70% decrease in activity days from 2,777 in 2008 to 833 in 2009; and ii) the increase in the average day rate from \$8,591 in 2008 to \$10,181 in 2009, which was due in large part to the increase in U.S. rates due to the decline in the Canadian dollar compared with 2008 Q2. Canadian activity days decreased from 1,044 to 354 and the U.S. activity days decreased from 1,733 to 479.

Expansion to the U.S. resulted in increased revenues for the Trust's production testing division. The Trust's production testing division contributed \$1,988 in revenues during 2009 Q2 which is a 92% increase over 2008 revenues of \$1,037. The wireline division has been affected significantly by the decline in oil and natural gas activity. The wireline division generated revenues of \$2,259 for 2009 Q2 which compares to \$4,099 for 2008 which represents a 45% decrease. In mid-June 2009, the Trust re-organized its wireline operations to focus its Canadian operations on providing slickline services and to concentrate its electric line ("E-Line") services in the U.S. As such, the Trust has ceased providing E-Line services in Canada.

The gross margin for 2009 Q2 was 36% compared to 41% in 2008 Q2. The decrease is attributed to a number of factors including: i) the fixed nature of a portion of labour costs within operating expense; ii) inclusion of annual equipment repairs and maintenance costs (spread over less revenue); iii) an overall change in revenue mix as wireline and production testing revenues now make up a greater percentage of total revenues and these divisions have a lower gross margin; and iv) included in 2009 Q2 operating expenses are \$307 of costs associated with the restructuring of the Trust's wireline operations.

General and administrative expenses General and administrative expenses were \$6,214 in 2009 Q2, a decrease of \$1,377 compared with \$7,591 in 2008. The decrease was primarily related to the elimination of the accrual for annual bonus in 2009. As a percentage of revenues, general and administrative expenses were 48% in 2009 Q2 and 26% in 2008 Q2. Recognizing the expected lower activity levels, the Trust has taken several initiatives to improve operating results and further strengthen its balance sheet. The Trust's operating entities have undertaken a detailed review of all operating costs and general and administrative expenditures and have initiated cost reductions to enhance profitability including layoff of staff and wage rollbacks ranging from 4 - 12%. Included in the 2009 Q2 general and administrative expenses are \$146 related to restructuring of the Trust's wireline operations.

Depreciation and amortization Depreciation for 2009 Q2 was \$3,970 which compares to \$3,019 in 2008 Q2. This increase is due to the expansion of the equipment fleet since 2008 Q2. As a percentage of revenues, depreciation amounted to 31% for 2009 and 10% for 2008.

Interest expense Interest expense related to long-term debt increased from \$243 in 2008 Q2 to \$304 in 2009 Q2 due to the combined net effect of: i) an increase in the average level of debt outstanding; and ii) a decrease in the effective interest rate on the related debt. Other interest expense decreased from \$76 in 2008 Q2 to \$48 in 2009 Q2, this relates mainly to interest charges on use by the Trust of its bank indebtedness/line of credit facility which was repaid in full in 2009 Q2.

Foreign exchange gain/loss The Trust's foreign exchange gain/loss has changed from a \$32 loss in 2008 Q2 to a gain of \$2,073 in 2009 Q2 due to the fluctuations in the Canadian dollar in comparison to the U.S. dollar. The Trust's U.S. operations are considered to be self-sustaining and therefore gains and losses due to fluctuations in the foreign currency exchange rates are recorded in other comprehensive income ("OCI") on the balance sheet as a component of equity. However, gains and losses in the Canadian entity on U.S. denominated intercompany balances continue to be recognized in the statement of operations. Included in the 2009 Q2 foreign currency gain are unrealized gains of \$2,201 related to intercompany balances.

Unit-based compensation expense For 2009 Q2 the Trust had unit-based compensation expense of \$263 which compares to \$573 for 2008 Q2. The value of the options is being amortized against income over the three-year vesting period.

Gain on disposal of property and equipment During 2009 Q2 the Trust had a gain on disposal of property and equipment of \$57, which compares to \$314 in 2008 Q2. The Trust's gains are mainly due to recoveries of lost-in-hole equipment costs including previously expensed depreciation on the related assets. The timing of lost-in-hole recoveries is not in the control of the Trust and therefore can fluctuate significantly from quarter-to-quarter.

Taxes For 2009 Q2, the Trust had a tax recovery of \$2,573 as compared to tax expense of \$608 in 2008 Q2.

RESULTS OF OPERATIONS – SIX MONTHS ENDED JUNE 30, 2009

Revenues and operating expenses

	2009 Q2 YTD	2008 Q2 YTD	Change	%
Revenues	\$ 44,281	\$ 75,736	\$ (31,455)	(42)
Operating expenses	(25,633)	(41,053)	(15,420)	(38)
Gross margin - \$	\$ 18,648	\$ 34,683	\$ (16,035)	(46)
Gross margin - %	42%	46%	(4)%	

Revenues	Six months ended June 30, 2009				Six months ended June 30, 2008			
	Directional drilling	Wireline	Production testing	Total	Directional drilling	Wireline	Production testing	Total
Canada	\$ 14,165	\$ 4,909	\$ 4,035	\$ 23,109	\$ 32,343	\$ 9,020	\$ 5,187	\$ 46,550
United States	14,850	2,189	4,133	21,172	26,527	2,659	-	29,186
	\$ 29,015	\$ 7,098	\$ 8,168	\$ 44,281	\$ 58,870	\$ 11,679	\$ 5,187	\$ 75,736

2009 revenues were \$44,281 which represented a decrease of \$31,455 or 42% from 2008 revenues of \$75,736. The decline is primarily attributed to the decline in oil and natural gas activity in 2009 which has been caused by low commodity prices and the global recession.

The directional drilling division revenues have decreased from \$58,870 in 2008 to \$29,015 in 2009; a 51% decrease. This decrease is the net result of: i) the 59% decrease in activity days from 6,782 in 2008 to 2,762 in 2009; and ii) the increase in the average day rate from \$8,489 in 2008 to \$10,251 in 2009, which was due in large part to the increase in U.S. rates due to the decline in the Canadian dollar compared with 2008. Canadian activity days decreased from 3,544 to 1,483 and the U.S. activity days decreased from 3,238 to 1,279.

Expansion to the U.S. resulted in increased revenues for the Trust's production testing division. The Trust's production testing division contributed \$8,168 in revenues during 2009 which is a 57% increase over 2008 revenues of \$5,187. The wireline division generated revenues of \$7,098 for 2009 which compares to \$11,679 for 2008 which represents a 39% decrease. In mid-June 2009, the Trust re-organized its wireline operations to focus its Canadian operations on providing slickline services and to concentrate its electric line ("E-Line") services in the U.S. As such, the Trust has ceased providing E-Line services in Canada.

The gross margin for 2009 was 42% compared to 46% in 2008. The decrease is attributed to a number of factors including: i) the fixed nature of a portion of labour costs within operating expense; ii) inclusion of annual equipment repairs and maintenance costs (spread over less revenue); iii) an overall change in revenue mix as wireline and production testing revenues now make up a greater percentage of total revenues and these divisions have a lower gross margin; and iv) included in 2009 Q2 operating expenses are \$307 of costs associated with the restructuring of the Trust's wireline operations.

General and administrative expenses General and administrative expenses were \$13,979 in 2009; a decrease of \$1,043 compared with \$15,022 in 2008. The decrease was primarily related to the elimination of the accrual for annual bonus in 2009 as well as reductions in travel and promotion expenses. As a percentage of revenues, general and administrative expenses were 32% in 2009 and 20% in 2008. Recognizing the expected lower activity levels, the Trust has taken several initiatives to improve operating results and further strengthen its balance sheet. The Trust's operating entities have undertaken a detailed review of all operating costs and general and administrative expenditures and have initiated cost reductions to enhance profitability including layoff of staff and wage rollbacks ranging from 4 – 12%. Included in the 2009 Q2 general and administrative expenses are \$146 related to restructuring of the Trust's wireline operations.

Depreciation and amortization Depreciation for 2009 was \$7,803 which compares to \$5,870 in 2008. This increase is due to the expansion of the equipment fleet since 2008 Q2. As a percentage of revenues, depreciation amounted to 18% for 2009 and 8% for 2008.

Interest expense Interest expense related to long-term debt increased from \$519 in 2008 to \$676 in 2009 due to the combined net effect of: i) an increase in the average level of debt outstanding; and ii) a decrease in the effective interest rate on the related debt. Other interest expense decreased from \$175 in 2008 to \$163 in 2009, relates mainly to interest charges on use by the Trust of its bank indebtedness/line of credit facility which was repaid in full in 2009 Q2.

Foreign exchange gain/loss The Trust's foreign exchange gain has increased from \$1 in 2008 to \$1,434 in 2009 due to the fluctuations in the Canadian dollar in comparison to the U.S. dollar. The Trust's U.S. operations are considered to be self-sustaining and therefore gains and losses due to fluctuations in the foreign currency exchange rates are recorded in other comprehensive income ("OCI") on the balance sheet as a component of equity. However, gains and losses in the Canadian entity on US denominated intercompany balances continue to be recognized in the statement of operations. Included in the 2009 foreign currency gain are unrealized gains of \$1,653 related to intercompany balances.

Unit-based compensation expense For 2009, the Trust had unit-based compensation expense of \$540 which compares to \$1,152 for 2008. The value of the options is being amortized against income over the three-year vesting period.

Gain on disposal of property and equipment During 2009 the Trust had a gain on disposal of property and equipment of \$777, which compares to \$540 in 2008. The Trust's gains are mainly due to recoveries of lost-in-hole equipment costs including previously expensed depreciation on the related assets. The timing of lost-in-hole recoveries is not in the control of the Trust and therefore can fluctuate significantly from quarter-to-quarter.

Taxes For 2009, the Trust had a tax recovery of \$2,222 as compared to tax expense of \$2,380 in 2008. At the beginning of 2009 Q1 the Trust's U.S. subsidiary sold the majority of its operating assets to the Trust's Canadian operating entity, Cathedral Energy Services Limited Partnership, as part of an internal reorganization related to ownership of operating assets within the Trust. This transaction created a one-time current tax expense in the amount of \$4,168 (current taxable income was created mainly due to U.S. recaptured tax depreciation) and a recovery of future taxes in the amount of \$3,210; for a net tax cost of \$958. Subsequent to this transaction, the Trust's U.S. subsidiary leases the majority of its operating equipment from Cathedral Energy Services Limited Partnership. Excluding the one-time tax effect of this inter-company sale of assets the Trust had a tax recovery of \$3,180.

LIQUIDITY AND CAPITAL RESOURCES

The Trust's primary source of liquidity is cash generated from operations. The Trust also has the ability to fund liquidity requirements through its credit facility and the issuance of debt and/or equity. Effective June 30, 2009 the Trust renewed its credit facility with a major Canadian bank and the new maturity date is June 30, 2010. At June 30, 2009, the Trust had a demand operating line of credit with a major Canadian bank in the amount of \$20,000 (December 31, 2008 - \$20,000) of which \$Nil (December 31, 2008 - \$15,406) was drawn. In addition, the Trust has a non-reducing revolving term loan facility in the amount of \$45,000 (December 31, 2008 - \$45,000) of which \$36,500 (December 31, 2008 - \$40,000) was drawn as at June 30, 2009. In addition, at June 30, 2009, the Trust had other long-term debt of \$334 (December 31, 2008 - \$440).

Operating activities Cash flow from operating activities for the three and six months ended June 30, 2009 was \$9,170 and \$21,474 which compares to \$17,596 and \$24,478 in the same periods in 2008. Funds from operations (see Non-GAAP Measurements) for 2009 were \$(2,358) and \$185 which compares to \$2,621 and \$15,920 in 2008. This decrease was caused mainly by a reduction in earnings due to reduced activity levels. The Trust has a working capital position at June 30, 2009 at \$13,729 which compares to \$17,435 at December 31, 2008.

Investing activities Cash used in investing activities for the three and six months ended June 30, 2009 amounted to \$2,903 and \$8,238 which compares to \$7,754 and \$11,264 for the same periods in 2008. During 2009 Q2 the Trust invested an additional \$1,839 (2008 - \$7,475) in property and equipment with the main additions being for progress payments on 5 production testing units. The revised 2009 capital expenditure program is \$8,400 including approximately \$540 of maintenance capital. Management currently expects that property and equipment additions for 2009 (on an annualized basis) will be financed from a combination of cash flow from operations, equity issuance proceeds and its debt facility. At June 30, 2009, the Trust's operating entities had 96 MWD systems, 33 production testing units and 28 wireline units.

Financing activities Cash used in financing activities for the three and six months ended June 30, 2009 amounted to \$4,109 and \$15,495 which compares to \$8,165 and \$10,370 for the same periods in 2008. During 2009 Q2 the Trust issued 3,615,600 trust units at \$4.15 for proceeds net of issuance costs of \$13,820. These proceeds were added to working capital and used to repay \$5,000 of long-term debt and to fully repay the Trust's outstanding operating line of credit. In 2008 Q2 the trust received \$2,995 on the exercise of Trust Unit options. There were no options exercised in 2009 Q2.

As at June 30, 2009, the Trust was in compliance with all covenants under its credit facility. At August 5, 2009, the Trust had 36,197,622 Trust Units and 2,768,763 Trust Unit options outstanding.

Distributions paid to Unitholders for 2009 Q2 totaled to \$4,438 (2008 - \$6,741). The quarter-over-quarter decrease is mainly the result of reducing the Trust's "regular" monthly distribution from \$0.07 per Trust Unit where it had been since September 2006 to \$0.04 per Trust Unit commencing in February 2009. Cash distributions paid have been financed from cash flow from operations and bank indebtedness. Management currently expects cash distributions for 2009 (on an annualized basis) will be financed from cash flow from operations.

Contractual obligations In the normal course of business, the Trust incurs contractual obligations and those obligations are disclosed in the Trust's MD&A for the year ended December 31, 2008. As at June 30, 2009, the Trust has a commitment to purchase approximately \$649 of property and equipment.

CONTROLS AND PROCEDURES

Management is responsible for establishing and maintaining adequate disclosure controls and internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external reporting purposes in accordance with GAAP. Internal control over financial reporting may not prevent or detect fraud or misstatements because of limitations inherent in any system of internal control. There were no significant changes in the design or effectiveness of the Trust's disclosure controls or internal controls over financial reporting in the second quarter of 2009.

NEW ACCOUNTING POLICIES

Effective January 1, 2009, the Trust adopted the Canadian Institute of Chartered Accountants ("CICA") section 3064, Goodwill and Intangible Assets and amendments to Section 1000, Financial Statement Concepts. These standards have been adopted prospectively. For the six months ended June 30, 2009, the adoption of these standards did not have an effect on the Trust's results, financial position or cash flows.

BUSINESS RISKS

The MD&A for the year ended December 31, 2008, which is included in the Trust's 2008 Annual Report, includes an overview on business risks associated with the Trust and its operating entities. Those business risks remain in effect as at June 30, 2009.

EBITDAS

EBITDAS (refer to Non-GAAP Measurements) is calculated as follows:

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Net income (loss) for the period	\$ (1,484)	\$ 189	\$ (80)	\$ 10,106
Add (deduct):				
- depreciation and amortization	3,970	3,019	7,803	5,870
- interest – long-term debt	304	243	676	519
- unit-based compensation expense	263	573	540	1,152
- unrealized foreign currency gain on inter-company debt	(2,201)	-	(1,653)	-
- provision for taxes	(2,573)	608	(2,222)	2,380
EBITDAS	\$ (1,721)	\$ 4,632	\$ 5,064	\$ 20,027

DISTRIBUTIONS

The Administrator of the Trust reviews the level and nature of distributions (cash, in-kind or a combination of cash and in-kind) on an on-going basis giving consideration to current performance, historical and future trends in the business, the expected sustainability of those trends and enacted tax legislation which will affect future taxes payable as well as required long-term debt repayments, maintenance capital expenditures required to sustain performance and future growth capital expenditures. Despite the seasonality of the Trust's business, it is the Trust's policy to pay consistent distributions throughout the year. The Trust's operations in western Canada are subject to seasonality as activity levels in the oilfield services industry are generally lower during "spring breakup" which normally commences in late March and continues through to May (mainly in the Q2 of the fiscal year). The net result of the Trust's policy to pay consistent distributions throughout the year despite the seasonality of its operations is that in Q2 cash distributions declared may exceed net income, cash flow from operating activities and/or distributable cash for the quarter.

Distributable cash is a supplemental non-GAAP measurement that management considers a key measure in demonstrating the Trust's ability to generate the cash necessary to pay distributions, fund future capital investments and the repayment of long-term debt. Distributable cash as presented is not intended to represent operating profit for the period nor should it be viewed as an alternative to operating profit, net income or other measures of financial performance calculated in accordance with Canadian GAAP. Distributable cash does not have any standardized meaning within Canadian GAAP and therefore may not be comparable to similar measures presented by other trusts (refer to Non-GAAP Measurements).

The Trust currently intends to pay cash distributions to Unitholders but the payment of cash distributions cannot be guaranteed.

The following is a comparison of cash distributions declared and certain defined amounts:

	2009 Q2	2009 Q2 YTD	Fiscal year	
			2008	2007
Cash flow from operating activities	\$ 9,170	\$ 21,474	\$ 36,143	\$ 39,729
Net income (loss) for the period	\$ (1,484)	\$ (80)	\$ 30,139	\$ 24,863
Distributable cash	\$ (2,525)	\$ (178)	\$ 39,791	\$ 38,993
Cash distributions declared	\$ 4,199	\$ 9,086	\$ 27,094	\$ 26,405
Excess (shortfall) of cash flow from operating activities over cash distributions declared	\$ 4,971	\$ 12,388	\$ 9,049	\$ 13,324
Excess (short-fall) of net income over cash distributions declared	\$ (5,683)	\$ (9,166)	\$ 3,045	\$ (1,542)
Excess (short-fall) of distributable cash over cash distributions declared	\$ (6,724)	\$ (9,264)	\$ 12,697	\$ 12,588

Net income includes significant non-cash items which for the three and six months ended June 30, 2009 were (\$874) and \$265 and for the years ended December 31, 2008 and 2007 were \$12,823 and \$16,607, respectively, which do not impact cash flow. Included in these non-cash charges is a provision for depreciation that is not a reasonable proxy for the cost of maintaining existing levels of service (i.e. maintenance capital expenditures). Therefore, in certain periods cash distributions declared may exceed net income. Management does not consider the excess of cash distributions declared over net income for the year ended December 31, 2007 or the three and six months ended June 30, 2009 to be an economic return of capital. Instead the excess is considered a function of the timing of cash flows versus accounting income.

With respect to the short-fall of distributable cash over cash distributions declared for 2009 Q2 year-to-date, if the calculation of distributable cash is adjusted for the one-time current tax provision (\$4,168 as discussed under the Results of Operations, six months ended June 30, 2009 – Taxes section of this MD&A and as follows with respect to comments on Distributable Cash) there would be a short-fall of distributable cash over cash distributions declared in the amount of \$5,096. Management considers the exclusion of this one-time current tax provision to be reasonable in comparing distributable cash to cash distributions declared as this current tax provision is being incurred for the long-term benefit of Trust as opposed to being limited to 2009 Q1 when the taxes were incurred. On an annualized basis, management expects the adjusted distributable cash to exceed cash distributions declared and, therefore, short-falls during the year are a reflection on timing of cash flows. In addition, it is not management's intent to distribute 100% of distributable cash.

Distributable cash (refer to Non-GAAP Measurements) is calculated as follows:

	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Cash flow from operating activities	\$ 9,170	\$ 17,596	\$ 21,474	\$ 24,478
Add (Less):				
- changes in non-cash operating working capital ⁽¹⁾	(11,528)	(14,975)	(21,289)	(8,558)
- required principal repayments on long-term debt	(51)	(79)	(106)	(154)
- maintenance capital expenditures	(116)	(504)	(257)	(614)
Distributable cash	\$ (2,525)	\$ 2,038	\$ (178)	\$ 15,152
Add: one-time 2009 Q1 current tax provision (see comments below)	-	-	4,168	-
Adjusted distributable cash	\$ (2,525)	\$ 2,038	\$ 3,990	\$ 15,152
Cash distributions declared ⁽²⁾	\$ 4,199	\$ 6,770	\$ 9,086	\$ 13,439
Payout ratio, net of one-time 2009 Q1 current tax provision of \$4,168	nm	332%	nm	89%
Adjusted payout ratio, excluding one-time 2009 Q1 current tax provision of \$4,168	nm	332%	228%	89%

(1) Changes in non-cash operating working capital have been added back (deducted) as such changes are financed using the Trust's bank indebtedness/line of credit facility. In addition, if changes in non-cash operating working capital were not excluded from the calculation of distributable cash it would introduce cash flow variability and affect underlying cash flow from operating activities.

(2) Excludes foreign taxes paid that have been allocated to Unitholders

nm Calculation not meaningful at/for current operations

At the beginning of 2009 Q1 the Trust's U.S. subsidiary sold the majority of its operating assets to the Trust's Canadian operating entity, Cathedral Energy Services Limited Partnership, as part of an internal reorganization related to ownership of operating assets within the Trust. This transaction created a one-time current tax expense in the amount of \$4,168 (this taxable income was created mainly due to recaptured U.S. tax depreciation).

SUMMARY OF QUARTERLY RESULTS

Three month period ended	Jun 2009	Mar 2009	Dec 2008	Sep 2008	Jun 2008	Mar 2008	Dec 2007	Sep 2007
Revenues	\$12,913	\$31,368	\$50,506	\$52,686	\$29,483	\$46,253	\$39,054	\$38,355
EBITDAS	(1,721)	6,237	13,932	16,914	4,632	15,395	13,707	13,775
Net income (loss)	(1,484)	1,404	9,737	10,296	189	9,917	10,365	7,126
Net income (loss) per Trust Unit – basic	(0.04)	0.04	0.30	0.32	0.01	0.31	0.33	0.23
Net Income (loss) per Trust Unit – diluted	(0.04)	0.04	0.30	0.32	0.01	0.31	0.33	0.22
Cash distributions declared per Trust Unit	0.12	0.15	0.21	0.21	0.21	0.21	0.21	0.21

OUTLOOK

After coming out of a breakup period that was significantly more protracted than normal, the post breakup seasonal recovery has been muted. The global recession and natural gas commodity prices continue to put a drag on oilfield service activity levels, equipment utilization and prices for services. Drilling activity in both Canada and the U.S. are down significantly and drilling activity is the most significant driver for the Trust's revenues. A meaningful rebound in drilling activity is only expected if there is a significant increase in the natural gas commodity prices. In the current operating environment, oil and natural gas producers are being cautious and this has resulted in a lack of visibility for the oilfield services sector.

The strength in oil prices has directed more drilling to oil prospects and the Trust is benefiting from this; in particular with drilling activity in southeast Saskatchewan. Our G3 EM/MWD system operates effectively in this market, which is considered not to be an "EM" friendly environment, and continues to demonstrate significant cost savings to operators in comparison to the use of the traditional mud pulse MWD systems. The Trust's marketing activities around its G3 EM/MWD system to current and prospective customers to highlight this competitive advantage has been successful in adding additional work from existing customers and work from new customers. The increased signal detection capabilities provided by the G3 EM/MWD system has allowed the Trust to utilize this system in a competitive advantage in areas such as the Montney.

The Trust is expanding its operating areas to include various North American shale plays (that continue to be active including Montney, Horn River, Quebec, Marcellus and Fayetteville). To facilitate the expansion into the Marcellus basin in eastern U.S. the Trust expects to establish a new operations facility in Pennsylvania in 2009 Q3. The Trust's management considers the long-term fundamentals for the supply and demand for energy to be positive for the oilfield services sector.

The Trust's Venezuela directional drilling business is now ready to commence operations with a 3-4 job capability. The Trust's operations base in Maturin, Venezuela is fully operational and we expect to commence our first directional drilling job in 2009.

CONSOLIDATED BALANCE SHEETS

Dollars in 000's
(unaudited)

June 30
2009

December 31
2008

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,293	\$ 7,551
Accounts receivable	12,372	43,629
Taxes recoverable	-	688
Inventory	6,660	8,963
Prepaid expenses and deposits	1,861	1,538

26,186 62,369

Property and equipment

98,523 101,287

Intangibles

367 441

Goodwill

19,775 19,775

\$ 144,851 \$ 183,872

LIABILITIES AND UNITHOLDERS' EQUITY

Current liabilities:

Bank indebtedness (note 5)	\$ -	\$ 15,406
Accounts payable and accrued liabilities	10,727	27,040
Distribution payable to Unitholders	1,448	2,281
Taxes payable	70	-
Current portion of long-term debt (note 6)	212	207

12,457 44,934

Long-term debt (note 6)

36,622 40,233

Future income taxes

1,218 6,846

Unitholders' equity (note 7):

Unitholders' capital	68,131	54,311
Contributed surplus	3,203	2,663
Retained earnings	22,010	31,559
Accumulated other comprehensive loss	1,210	3,326

94,554 91,859

\$ 144,851 \$ 183,872

Commitments (note 9)

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

Dollars in 000's except per Trust Unit amounts
(unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Revenues	\$ 12,913	\$ 29,483	\$ 44,281	\$ 75,736
Expenses:				
Operating	8,301	17,466	25,633	41,053
General and administrative	6,214	7,591	13,979	15,022
Depreciation and amortization	3,970	3,019	7,803	5,870
Interest – long-term debt	304	243	676	519
Interest – other	48	76	163	175
Foreign exchange (gain) loss	(2,073)	32	(1,434)	(1)
Unit-based compensation expense	263	573	540	1,152
	17,027	29,000	47,360	63,790
	(4,114)	483	(3,079)	11,946
Gain on disposal of property and equipment	57	314	777	540
Income (loss) before taxes	(4,057)	797	(2,302)	12,486
Taxes:				
Current	276	1,467	3,426	3,009
Future recovery	(2,849)	(859)	(5,648)	(629)
	(2,573)	608	(2,222)	2,380
Net income (loss) for the period	(1,484)	189	(80)	10,106
Retained earnings, beginning of period	28,076	32,100	31,559	28,852
Less: distributions	(4,582)	(6,770)	(9,469)	(13,439)
Retained earnings, end of period	\$ 22,010	\$ 25,519	\$ 22,010	\$ 25,519
Net income per Trust Unit:				
Basic	\$ (0.04)	\$ 0.01	\$ -	\$ 0.32
Diluted	\$ (0.04)	\$ 0.01	\$ -	\$ 0.31

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) AND ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

Dollars in 000's
(unaudited)

	Three months ended		Six months ended	
	June 30		June 30	
	2009	2008	2009	2008
Net income (loss) for the period	\$ (1,484)	\$ 189	\$ (80)	\$ 10,106
Other comprehensive income:				
Unrealized foreign exchange gain (loss) on translation of self-sustaining foreign operations	2,670	(157)	(2,116)	434
Comprehensive income (loss) for the period	\$ 1,186	\$ 32	\$ (2,196)	\$ 10,540
Accumulated other comprehensive income (loss), beginning of period	\$ (1,460)	\$ (1,303)	\$ 3,326	\$ -
Adjustment for change in foreign currency translation method	-	-	-	(1,894)
Other comprehensive income (loss)	2,670	(157)	(2,116)	434
Accumulated other comprehensive income (loss), end of period	\$ 1,210	\$ (1,460)	\$ 1,210	\$ (1,460)

CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in 000's
(unaudited)

	Three months ended		Six months ended	
	2009	June 30 2008	2009	June 30 2008
Cash provided by (used in):				
Operating activities:				
Net income (loss) for the period	\$ (1,484)	\$ 189	\$ (80)	\$10,106
Items not involving cash:				
Depreciation and amortization	3,970	3,019	7,803	5,870
Future taxes recovery	(2,849)	(859)	(5,648)	(629)
Unrealized foreign exchange (gain) loss	(2,201)	13	(1,653)	(39)
Unit-based compensation expense	263	573	540	1,152
Gain on disposal of property and equipment	(57)	(314)	(777)	(540)
	(2,358)	2,621	185	15,920
Changes in non-cash operating working capital	11,528	14,975	21,289	8,558
	9,170	17,596	21,474	24,478
Investing activities:				
Property and equipment additions	(1,839)	(7,475)	(5,976)	(11,435)
Proceeds on disposal of property and equipment	548	341	1,626	802
Changes in non-cash investing working capital	(1,612)	(620)	(3,888)	(631)
	(2,903)	(7,754)	(8,238)	(11,264)
Financing activities:				
Proceeds on Trust Units issued for cash, net of issuance costs	13,820	-	13,820	-
Distributions paid to Unitholders	(4,438)	(6,741)	(10,303)	(13,391)
Repayment of long-term debt	(5,051)	(79)	(5,106)	(154)
Advances under long-term debt	-	-	1,500	47
Proceeds on exercise of Trust Unit options	-	2,995	-	4,128
Change in bank indebtedness	(8,440)	(4,340)	(15,406)	(1,000)
	(4,109)	(8,165)	(15,495)	(10,370)
Effect of exchange rate on changes in cash and cash equivalents	(183)	-	1	-
Change in cash and cash equivalents	1,975	1,677	(2,258)	2,844
Cash and cash equivalents, beginning of period	3,318	2,473	7,551	1,306
Cash and cash equivalents, end of period	\$ 5,293	\$ 4,150	\$ 5,293	\$ 4,150

SELECTED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three and six months ended June 30, 2009 and 2008

(Dollars in 000's except per Trust Unit amounts)
(unaudited)

1. Significant accounting policies:

These unaudited interim consolidated financial statements for the period ended June 30, 2009 do not include all disclosures required in the annual financial statements and should be read in conjunction with the annual consolidated financial statements and notes thereto for the year ended December 31, 2008 included in the Trust's 2008 Annual Report and other public disclosure documents of the Trust. These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and using the same accounting policies as outlined in note 2 of the annual consolidated financial statements for the year ended December 31, 2008, except for the new accounting policies described in note 2.

2. New accounting policies:

Effective January 1, 2009, The Trust adopted the following sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook and they have been adopted prospectively. For the six months ended June 30, 2009, the adoption of these sections did not have an effect on the Trust's results, financial position or cash flows.

The CICA issued section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets, and Section 3450, Research and Development Costs. New Section 3064 addresses when an internally developed intangible asset meets the criteria for recognition as an asset. The CICA also issued amendments to Section 1000, Financial Statement Concepts.

3. Future accounting policies:

In January 2009, the CICA issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements for the acquisition method for business combinations and related disclosures. This statement applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. The Trust is currently evaluating the effects of adopting these changes.

In January 2009, the CICA issued Sections 1601, Consolidated Financial Statements, and Section 1602, Non-controlling Interests, which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier application permitted. The Trust is currently evaluating the effects of adopting these changes.

In February, 2008, the CICA confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in Canada for publicly accountable profit oriented enterprises for fiscal years beginning on or after January 1, 2011. The Trust will be required to report using IFRS beginning January 1, 2011. In light of these requirements, the Trust has begun to develop an IFRS transition project plan.

The Trust's IFRS project plan has four phases: education, analysis, design and implementation and testing. The Trust has begun process of education for all levels of the organization and has commenced the analysis phase. The Trust is in the process of identifying specific significant differences between Canadian GAAP and IFRS. In 2009, the Trust will complete the detailed analysis phase and will commence the design phase in which it will establish specific project plans for those areas affected by IFRS with the goal of being able to prepare the opening IFRS balance sheet as at January 1, 2010 which will be presented in 2011.

As the Trust continues to evaluate the impact of adoption of its processes and accounting policies it will provide updated disclosures.

4. Seasonality of operations:

A significant portion of the Trust's operations are carried on in western Canada where activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities in western Canada are generally lower during "spring breakup" which normally commences in late March and continues through to May. Canadian operating activities generally increase in the fall and peak in the winter months from December till late March.

5. Bank indebtedness:

The Trust has a \$20,000 demand operating line of credit with a major Canadian bank that bears interest, at the Trust's option, at the bank's prime rate plus 0.50 % to 1.50% or bankers' acceptance rate plus 2.00% to 3.00% with interest payable monthly and is secured as described in note 6. Interest rates spreads for the renewed credit facility will depend on the level of funded debt to EBITDA (earnings before interest on long-term debt, taxes, depreciation, amortization and non-cash compensation expense – as defined in the credit agreement).

6. Long-term debt:

	June 30 2009	December 31 2008
Bank revolving term loan with a major Canadian bank at an authorized amount of \$45,000, bearing interest at the bank's prime rate plus 1.00 % to 2.00% or bankers' acceptance rate plus 2.25% to 3.25%, without repayment terms, maturing June 30, 2010 subject to an annual extension upon agreement between the borrower and the bank for a further one-year period. Interest rates spreads for the renewed credit facility will depend on the level of funded debt to EBITDA (earnings before interest on long-term debt, taxes, depreciation, amortization and non-cash compensation expense – as defined in the credit agreement). Prior to maturity the borrower may convert its revolving term loan to a non-revolving term loan repayable monthly over 36 months with interest only for the first 12 months.	\$ 36,500	\$ 40,000
Non-interest bearing loans secured by the related automotive equipment with various maturity dates up to 2010	165	218
Capital lease obligations	169	222
	36,834	40,440
Less: current portion of long-term debt	(212)	(207)
	\$ 36,622	\$ 40,233

The credit facility with a major Canadian bank is secured by a general security agreement over all present and future personal property with a first charge over certain real estate assets and is subject to certain covenants regarding the payment of dividends, cash distributions and the maintenance of certain financial ratios.

7. Unitholders' equity:

(a) Issued Unitholders capital:

	Three months ended June 30, 2009		Six months ended June 30, 2009	
	Number of Trust Units	Amount	Number of Trust Units	Amount
Balance, beginning of period	32,582,022	\$ 54,311	32,582,022	\$ 54,311
Issued on May 19, 2009	3,615,600	15,005	3,615,600	15,005
Less: issuance costs		(1,185)		(1,185)
Balance, end of period	36,197,622	\$ 68,131	36,197,622	\$ 68,131

(b) Contributed surplus:

	Three months ended June 30, 2009	Six months ended June 30, 2009
Balance, beginning of period	\$ 2,940	\$ 2,663
Unit-based compensation expense related to Trust Unit option plan	263	540
Balance, end of period	\$ 3,203	\$ 3,203

(c) Trust Unit options:

	Three months ended June 30, 2009	Six months ended June 30, 2009
Outstanding, beginning of period	2,940,763	3,053,430
Forfeited	(126,000)	(238,667)
Outstanding, end of period	2,814,763	2,814,763

8. Segmented information:

The Trust, through its directly and indirectly wholly-owned entities, Cathedral Energy Services Ltd. and Cathedral Energy Services Limited Partnership, is engaged in the business of providing oilfield services to oil and natural gas exploration entities in western Canada, selected basins in the United States and Venezuela and is viewed as a single operating segment by the chief operating decision maker of Cathedral Energy Services Ltd. for the purpose of resource allocation and assessing performance.

Oilfield services are currently provided in both Canada and the United States and are expected to occur in Venezuela in 2009. The amounts related to each segment are as follows:

Revenues	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Canada	\$ 4,622	\$ 13,672	\$ 23,109	\$ 46,550
United States	8,291	15,811	21,172	29,186
	\$ 12,913	\$ 29,483	\$ 44,281	\$ 75,736

Revenues by operating division	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
Directional drilling	\$ 8,666	\$ 24,347	\$ 29,015	\$ 58,870
Wireline	2,259	4,099	7,098	11,679
Production testing	1,988	1,037	8,168	5,187
	\$ 12,913	\$ 29,483	\$ 44,281	\$ 75,736

Property and equipment, goodwill and intangibles	June 30	December 31
	2009	2008
Canada	\$ 97,998	\$ 100,508
United States	13,313	14,282
International	7,354	6,713
	\$ 118,665	\$ 121,503

During the three months and six months ended June 30, 2009, one customer accounted for 43% (2008 – 39%) and 36% (2008 – 28%) of consolidated revenues, respectively.

9. Commitments:

In the normal course of business, the Trust incurs contractual obligations and those obligations are disclosed in the Trust's annual financial statements for the year ended December 31, 2008. As at June 30, 2009, the Trust's commitment to purchase property and equipment approximately \$649.

10. Re-organization costs:

In mid-June 2009, the Trust re-organized its wireline operations to focus its Canadian operations on providing slickline services and to concentrate its electric line ("E-Line") services in the U.S. As such, the Trust has ceased providing E-Line services in Canada. In 2009 Q2, there were \$307 included in operating expenses and \$146 in general and administrative expenses related to this restructuring.

11. Reclassification:

Certain comparative financial statement items have been reclassified to conform to the presentation adopted in 2009.

Cathedral Energy Services Income Trust (the "Trust"/"Cathedral") is a limited purpose trust that is engaged, through its operating entities, in providing selected oilfield drilling and completion services to oil and natural gas industry in western Canada and selected basins in the United States. Cathedral is in the process of initiating operations in Venezuela for providing directional drilling services through its wholly owned subsidiaries Directional Plus International Ltd. and Directional Plus de Venezuela, C.A. The Trust's operating activities are divided into three business units: directional drilling, production testing and wireline. Cathedral strives to provide its clients with value added technologies and solutions to meet their drilling and completion requirements. Its mandate is to supply "Best in Class, Best in Service" equipment and personnel to its clients. The Trust's units trade on the TSX under the symbol: CET.UN. For more information, visit www.cathedralenergyservices.com