

June 23, 2021
Calgary, Alberta

CATHEDRAL ENERGY SERVICES ANNOUNCES CREDIT FACILITY EXTENSION AND AMENDMENT WITH A FURTHER INCREASE IN LIQUIDITY

NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

Cathedral Energy Services Ltd. (TSX:CET) ("Cathedral" or the "Company") is pleased to announce that it has agreed to a series of amendments to its existing credit facility ("the Extended Facility") with its sole lender ATB Financial ("ATB"). In addition, Cathedral has secured a further \$1 million of liquidity through the Highly Affected Sectors Credit Availability Program ("HASCAP") that sees Business Development Bank of Canada ("BDC") guarantee a fixed interest rate loan made available to the Company by ATB (the "HASCAP Loan").

The Extended Facility includes the following amendments:

- Maturity is extended to June 30, 2023
- The facility is no longer capped and the Company now has access to the full \$12 million revolving credit line;
- The limit on aggregate capital expenditures for the fiscal year ended December 31, 2021 has been increased to \$6 million (from \$2 million);
- Consolidated Funded Debt to Tangible Net Worth Ratio, which shall not exceed 15% for the fiscal quarter ending June 30, 2021 ("2021 Q2"), will no longer be tested after 2021 Q2;
- Consolidated EBITDA for the next three quarters ("Consolidated EBITDA Annualization Period") will be calculated as follows:
 - For the fiscal quarter ending September 30, 2021 ("2021 Q3"): 2021 Q3 Consolidated EBITDA X 4
 - For the fiscal quarter ending December 31, 2021 ("2021 Q4"): (2021 Q3 Consolidated EBITDA + 2021 Q4 Consolidated EBITDA) X 2
 - For the fiscal quarter ending March 31, 2022 ("2022 Q1"): (2021 Q3 Consolidated EBITDA + 2021 Q4 Consolidated EBITDA + 2022 Q1 Consolidated EBITDA) X 4/3;
- Thereafter, Consolidated EBITDA will be calculated using the most recent previous four quarters of EBITDA;
- Consolidated Funded Debt to Consolidated EBITDA will not exceed 3.00 : 1.00 and will be tested starting 2021 Q3;
- Consolidated Interest to Consolidated EBITDA will not be less than 2.50 : 1.00 and will be tested starting 2021 Q3;
- The Company has a one-time option to exit the Consolidated EBITDA Annualization Period;
- Interest accrues at ATB's prime rate plus 1.75% to 3.25% or bankers' acceptance rate plus 3.00% to 4.25% with interest payable monthly. During the Consolidated EBITDA Annualization Period, interest will accrue at the maximum of these ranges; and
- Cathedral will pay customary fees and expenses at prevailing market rates to ATB as a condition of these amendments.

Terms noted above are defined in the related credit agreements filed on SEDAR.com.

The details of the HASCAP Loan are:

- The incremental \$1 million non-revolving loan is fully drawn and further augments Cathedral's liquidity to \$13 million in combination with the Company's ability to access the full \$12 million Extended Facility;
- The demand loan has an interest rate of 4% and is amortized over a ten-year period. Repayment terms are interest only for the first year, and principal plus interest for the remaining nine years, payable on a monthly basis; and
- The HASCAP Loan is secured by a general security interest over all present and after acquired personal property of the Company granted in favour of ATB.

ABOUT CATHEDRAL

Cathedral Energy Services Ltd., based in Calgary, Alberta is incorporated under the Business Corporations Act (Alberta) and operates in the U.S. under Cathedral Energy Services Inc. The Company is publicly traded on the Toronto Stock Exchange under the symbol "CET". Cathedral is a trusted partner to North American energy companies requiring high performance directional drilling services. We work in partnership with our customers to tailor our equipment and expertise to meet their specific geographical and technical needs. Our experience, technologies and responsive personnel enable our customers to achieve higher efficiencies and lower project costs. For more information, visit www.cathedralenergyservices.com.

Requests for further information should be directed to:

Tom Connors, President & Chief Executive Officer

Ian Graham, Chief Financial Officer

Cathedral Energy Services Ltd.

6030 3 Street S.E.

Calgary, Alberta T2H 1K2

Telephone: 403.265.2560, Fax: 403.262.4682

www.cathedralenergyservices.com