

## Cathedral Energy Services

News release re Compass Directional June 22 2022

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### CATHEDRAL ENERGY SERVICES ACQUIRES COMPASS DIRECTIONAL AND FURTHER ADVANCES ITS INDUSTRY CONSOLIDATION STRATEGY

CALGARY, AB, CANADA – June 22, 2022 – Cathedral Energy Services Ltd. (TSX:CET) (“**Cathedral**” or the “**Company**”) today announced the acquisition of the operating assets of Compass Directional Services Ltd. (“**Compass**”) for \$9.5 million, (the “**Transaction**”). Compass is a privately-owned, Canadian directional drilling business operating in the Western Canadian Sedimentary Basin, with a focus on the high-activity Montney and Deep Basin plays.

“Compass’ services and technology tucks in well with our Canadian operations, adding skilled people, high-quality assets, and significantly expanding our exposure to the key Montney and Deep Basin plays,” said Tom Connors, Cathedral’s President and CEO. “Importantly, the Compass acquisition strengthens our competitive position by adding a complementary customer base in both operating areas. Going forward, industry conditions remain attractive for further consolidation opportunities in North America.”

Compass has been operating since 1998 and has a strong track record of safe, high-performing operations, with a Canadian market share of approximately 5%. In a time of tight global supply chains for key equipment, Compass adds an immediate 15-job capacity to Cathedral and anticipates operating at peak capacity in the third quarter this year. Cathedral expects the cash flow generated from the Transaction to pay back the Company’s initial investment in approximately 2.5 years, which is in line with other recent acquisitions.

Furthermore, looking to the back half of 2022, Cathedral had already planned to deploy Rotary Steerable System (RSS) tools in Canada. The addition of Compass’ well-established customer base in the Montney and Deep Basin - areas of high demand for RSS tools - will provide Cathedral with a valuable platform for the expansion of the service in Canada and will help accelerate growth in RSS market share over time.

As part of the Transaction, Cathedral has retained key Compass personnel under employment contracts to ensure a seamless customer service experience, successful integration and long-term alignment with Cathedral’s strategy.

The Transaction was funded by: (i) \$4.0 million in cash; and (ii) the issuance of 7,643,139 common shares of Cathedral to Compass with a deemed price of \$0.72 per common share (the “Acquisition Shares”). Approximately 82% of the issued shares will be subject to contractual restrictions with portions vesting at various periods over two years. Approximately 18% of the issued shares are subject to contractual restrictions over a longer period lasting four years.

## 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. Cathedral 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](http://www.cathedralenergyservices.com)

## FORWARD-LOOKING INFORMATION

This press release contains statements and information that may constitute “forward-looking information” within the meaning of applicable securities legislation, including statements identified by the use of words such as “will”, “expects”, “positions”, “believe”, “potential” and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical facts. Forward-looking information in this news release includes, but is not limited to, statements regarding: industry conditions in North American energy markets; anticipated benefits of the Transaction, including complementary technology and regional opportunities and demand for such services, Cathedral’s ability to meet such demand; anticipated successful integration of the Compass assets and personnel; and Cathedral’s business plans and strategies for growth. Such forward-looking information is based on various assumptions that may prove to be incorrect, including, but not limited to, assumptions with respect to: the benefits from the Transaction; anticipated market share and job capacity of Compass; the integration of the Compass business into Cathedral’s business; conditions in North American oil and gas markets generally; the ability of the Company to successfully implement its

strategic plans and initiatives and whether such strategic plans and initiatives will yield the expected benefits. Although the Company believes that such assumptions are reasonable, the Company can give no assurance that such forward-looking statements will prove to be correct or that any of the events anticipated by such forward-looking statements will occur, or if any of them do so, what benefits the Company will derive there from. Actual results could differ materially due to a number of factors and risks including, but not limited to: the risk that Cathedral will not be able to integrate the Compass business as anticipated or at all; the risk that the integrated business will not yield operational or financial benefits as anticipated or at all; the risk that demand for Cathedral's services, including for new technologies, will not be as anticipated; conditions in the oil and gas and financial markets in Canada and the United States; the risk that Cathedral will not be able to identify and/or close on additional consolidation opportunities in Canada and/or the U.S.; the ability of management to execute and fund its business strategy; and the impact of general economic conditions in Canada and the United States. Additional information regarding risks and uncertainties of the Company's business are contained under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2021 and the Company's other public filings which are available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com). The forward-looking information included in this news release is made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, future events or otherwise, except as required by applicable law.

This press release also contains financial outlook information ("FOFI") about prospective results of operations and cash flows, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this press release was made as of the date of this press release to provide information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for any other purpose. Cathedral disclaims any intention or obligation to update or revise any FOFI contained in this press release, whether as a result of new information, future events or otherwise, except as required by applicable law.

**Requests for further information should be directed to:**

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