

## OBJECTIVE AND SCOPE

The objective of this Disclosure Policy is to ensure that communications to investors, analysts, media representatives and the public (the "Investment Community") by Cathedral Energy Services Ltd. (the "Company") are:

- Timely, factual and accurate
- Broadly disseminated in accordance with all applicable legal and regulatory requirements
- Fair, transparent, balanced and consistent

This Disclosure Policy, which was approved by the Company's Board of Directors on January 19, 2006 and amendments thereto were approved on August 6, 2008, March 2, 2011 and March 6, 2012, extends to all Board of Directors, officers and employees of the Company and other individuals who are engaged in providing professional and business services to the Company (the contractors), its Board of Directors and those authorized to speak on its behalf.

The policy covers disclosures in documents filed with the securities regulators and written statements made in the Company's annual and quarterly reports, news releases, letters to shareholders, presentations by senior management and information contained in the Company's website and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

This Disclosure Policy extends to all employees of the Company and other individuals who are engaged in providing professional and business services to the Company (the contractors), its Board of Directors and those authorized to speak on its behalf. New directors, officers, employees and contractors shall be provided with a copy of the Disclosure Policy and shall be educated about its importance. This Disclosure Policy shall be circulated to all employees on an annual basis and whenever changes are made. A copy of this Disclosure Policy shall be posted on the Company's website.

## DISCLOSURE COMMITTEE

The Board of Director's has established a Disclosure Committee responsible for, among other things, overseeing the Company's disclosure policies and practices. The committee includes the following members:

- President and Chief Executive Officer (Chair)
- Chief Financial Officer (Vice-Chair)
- Executive Vice President and Chief Operating Officer
- Controller

All Disclosure Committee members are knowledgeable about the business and affairs of the Company and are involved in the day-to-day management of the Company.

Determinations respecting the materiality of information and other actions required under this Disclosure Policy will generally need to be made or undertaken within tight time constraints (having regard to the requirements of applicable securities legislation and stock exchange rules) and, often, it will not be practicable or possible to defer consideration of disclosure matters that may arise in the conduct of the Company's business to a scheduled meeting of the Board of Directors or attempt to convene a meeting of the Directors to consider such matters.

The Disclosure Committee has the responsibility for the review and implementation, on an ongoing basis, of the Company's Disclosure Policy to ensure that it addresses the Company's principal business risks and changes in operations or structure, and facilitates compliance with applicable legislative and regulatory reporting requirements. The Disclosure Committee shall have the responsibility for ensuring that this Disclosure Policy is properly communicated across the Company, that the Company's directors, officers, employees and contractors are educated with respect to this Policy and the related controls and procedures, that the Company's Disclosure Policy remains effective in design and in operation, and that any violation of the policy is properly addressed and remedial action is taken as appropriate.

The Disclosure Committee shall direct and supervise an annual evaluation of the effectiveness of the Company's Disclosure Controls and Procedures, as defined below, to ensure that they provide reasonable assurance that the Company Disclosure Policy is effectively implemented across all locations and functions; and information of a material nature is accumulated and communicated to the CEO and CFO, to allow timely decisions on required disclosures.

The Disclosure Committee shall review prior to issuance or submission to the Audit Committee or Board of Directors:

- Annual and interim reports to the shareholders and management information circulars
- All documents filed with securities regulators
- News releases containing financial information, earnings guidance, information about material acquisitions or dispositions, or other information material to the investment community
- Presentations and reports containing financial information broadly disseminated to the investment community including financial information displayed on the Company's website
- All material estimates included in the financial statements
- All forward looking information and earnings guidance included in public disclosures
- All material business risks to ensure that have been thoroughly identified and analyzed for disclosure purposes

It is the responsibility of all members of senior management to notify and keep the Disclosure Committee fully apprised of all transactions or events which they believe will have a material effect on the Company's financial results or financial position. The Disclosure Committee shall meet in person or by phone within 24 hours of such notification to discuss whether such transactions or events justify public disclosure and shall determine what information shall be disclosed. The Disclosure Committee shall consult legal counsel as appropriate.

The Disclosure Committee shall establish procedures to ensure that it is kept fully apprised of all pending Company developments that are material or that are considered potentially material in order to evaluate and discuss those transactions or events and to determine the appropriateness of and timing for public release of information. If it is deemed that the information is material but should remain confidential, the Disclosure Committee shall determine how that inside information will be controlled until the information is publicly released. The Disclosure Committee shall identify employees and third parties who have had or will have access to such information and shall issue directives to such individuals to refrain from trading in The Company's securities and to comply with the Company's Insider Information Policy and Blackout Policy.

In discharging its duties, the Disclosure Committee shall have access to all books, records, facilities and personnel – including the opportunity to consult with the external auditor and the Audit Committee. When necessary, the Disclosure Committee shall also have the ability to obtain advice of outside legal and financial advisors in order to fulfill its responsibilities.

The Disclosure Committee shall meet as required from time to time with, as appropriate legal counsel.

The Disclosure Committee shall report to the Audit Committee on a quarterly basis, with respect to the Disclosure Committee's activities during the quarter, the effectiveness of The Company's Disclosure Policy in design and in operation and the results of the evaluation of the Company Disclosure Controls and Procedures, which shall be performed on an annual basis.

## **DEFINITION OF DISCLOSURE CONTROLS AND PROCEDURES**

"Disclosure controls and procedures means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in the securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is accumulated and communicated to the issuer's management, including its chief executive officer and chief financial officer (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure".

## PRINCIPLES OF DISCLOSURE OF MATERIAL INFORMATION

“Material Information” is any information relating to the business and affairs of the Company where there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell a security. Any information that could reasonably be expected to affect the price of The Company’s securities is material. Whether particular information is material is a question of judgment. If a director, officer, consultant or employee of the Company needs to know whether particular information is considered “material”, he or she should consult with a member of the Disclosure Committee, who in turn can discuss with legal counsel if necessary. Listed below are some developments that may give rise to Material Information. This list is not intended to be all inclusive:

- A significant acquisition, disposition or merger;
- A new issue of securities or a significant change in capital structure;
- A change in dividend policy;
- A significant change in financing arrangements;
- A significant change in expected earnings;
- Major operational events or incidents;
- A significant change in management personnel.

In complying with the requirement to disclose forthwith all Material Information under applicable laws and stock exchange rules, the Company shall adhere to the following basic disclosure principles:

1. Material Information shall be publicly disclosed immediately via news release.
2. In certain circumstances, the Disclosure Committee may, upon advice of legal counsel, determine that such disclosure would be unduly detrimental to the Company (for example if release of the information would prejudice negotiations in a corporate transaction), in which case the information will be kept confidential until the Disclosure Committee determines it is appropriate to publicly disclose. In such circumstances, the Disclosure Committee shall cause the appropriate confidential filings to be made with the applicable securities regulators, and shall periodically (at least every 10 days) review its decision to keep the information confidential and advise the applicable securities regulators of the decision.
3. Disclosure shall include any information the omission of which would make the rest of the disclosure misleading.
4. Unfavorable Material Information shall be disclosed as promptly and completely as favorable Material Information.

5. Previously undisclosed Material Information must not be disclosed to selected individuals (for example, in an interview with an analyst or in a telephone conversation with an investor). Should a material statement inadvertently be made in a selective forum, the Company shall immediately, after due consultation with external legal counsel, issue a news release in order to fully disclose that information and if possible the Company shall advise the recipients of that information that such information should be kept confidential until publicly disclosed.
6. Disclosure on the Company's website alone does not constitute adequate disclosure of Material Information set forth in presentations by senior officers.
7. Disclosure must be corrected immediately if the Company subsequently learns that earlier disclosure by the Company contained a material error at the time it was given.
8. As soon as practicable following the issuance of a news release to the newswire service, the news release shall be filed on SEDAR.

## MAINTAINING CONFIDENTIALITY

Any director, officer, employee or contractor privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business, and from trading on such Material Information. Efforts shall be made to limit access to such confidential information to only those who need to know the information and such persons shall be advised that the information is to be kept confidential.

Outside parties privy to undisclosed Material Information concerning the Company shall be told that they must not divulge such information to anyone else, other than in the necessary course of business and that they may not trade in the Company's securities until the information is publicly disclosed. Such outside parties shall confirm their commitment to non-disclosure and prohibition on trading in the form of a written confidentiality and stand still agreement.

In order to prevent the misuse or inadvertent disclosure of Material Information, the procedures set forth below should be observed at all times.

1. Documents and files containing confidential information should be kept in a safe place to which access is restricted to individuals who "need to know" that information in the necessary course of business and code names should be used if necessary.
2. Confidential matters should not be discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis.
3. Confidential documents should not be read or displayed in public places and should not be discarded where others can retrieve them and wherever possible should be shredded.
4. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office.

5. Unnecessary copying of confidential documents should be avoided and documents containing confidential information should be promptly removed from conference rooms and work areas after meetings have concluded. Extra copies of confidential documents should be shredded or otherwise destroyed.

6. Access to confidential electronic data should be restricted to authorized personnel only, and this data should be stored on a corporate server where they are protected.

7. Reasonable precautions should be taken to protect the confidentiality of Material Information.

If, at any time or in any circumstances, confidential Material Information is inadvertently divulged in a way that results in selective disclosure to any member of the investment community, the Disclosure Committee shall initiate a process to ensure full public disclosure and dissemination.

## TRADING RESTRICTIONS AND BLACKOUT PERIODS

It is illegal for anyone to purchase or sell securities of any public entity with knowledge of Material Information affecting that entity that has not been publicly disclosed. Except in the necessary course of business, it is also illegal for anyone to inform any other person of material non-public information. Therefore, directors, officers, employees and contractors with knowledge of confidential or undisclosed Material Information about the Company or counter parties in negotiations of material potential transactions, are prohibited from trading securities (e.g. shares or debt instruments) in the Company or any such counter-party until the information to be widely disseminated.

The Company establishes trading blackout periods pursuant to its Blackout Policy, which apply to those directors, officers, employees and contractors with access to material undisclosed information during periods when financial statements are being prepared but results have not yet been publicly disclosed. Blackout periods may also be prescribed from time to time by the Disclosure Committee as a result of special circumstances relating to the Company, pursuant to which insiders of the Company would be precluded from trading in securities of the Company. For further details, reference should be made to the Company's Insider Information Policy and Blackout Policy.

## DESIGNATED SPOKESPERSONS

The Disclosure Committee shall designate a limited number of spokespersons responsible for communication with the members of the Investment Community. The following are currently the official spokespersons for the Company.

- President and Chief Executive Officer
- Chief Financial Officer
- Vice President, Operations

- Vice President

The Disclosure Committee may, from time to time, designate in writing others within the Company to speak on behalf of the Company as back-ups or to respond to specific inquiries.

Employees and contractors who are not authorized spokespersons must not respond under any circumstances to inquiries from the Investment Community, unless specifically asked to do so by the Disclosure Committee. All such inquiries should be referred to one of the designated spokespersons.

## NEWS RELEASES

Once the Disclosure Committee determines that a development is material, it shall authorize the issuance of a news release, unless the Disclosure Committee determines that such development must remain confidential for the time being, then appropriate confidential filings shall be made and control of that inside information is instituted.

If appropriate and based on legal advice, prior notice of a news release announcing Material Information may be provided to the market surveillance department to enable a trading halt or other appropriate action, if any, if deemed necessary by the stock exchange(s).

Annual and interim financial results shall be publicly released following Board approval of the financial statements.

News releases shall be disseminated through an approved news wire service that provides simultaneous national distribution. Arrangements shall be made to ensure that news releases are transmitted to all stock exchange members, relevant regulatory bodies, major business wires and Canadian financial media.

News releases shall be posted on the Company's website immediately after release over the news wire.

## CONFERENCE CALLS

Conference calls may be held for quarterly earnings and major corporate developments, whereby discussion of key aspects is accessible simultaneously to all interested parties, some as participants by telephone and others in a listen-only mode by telephone or via a webcast over the Internet. The call shall be preceded by a news release containing all relevant Material Information and a meeting of the Disclosure Committee to discuss the nature and extent of information to be provided during the conference call and where practical, statements and responses to anticipated questions should be scripted in advance and reviewed by the Disclosure Committee. At the beginning of the call, a the Company spokesperson shall provide appropriate cautionary language with respect to any forward-looking information and direct participants to publicly available documents containing the assumptions, sensitivities and a full discussion of the risks and uncertainties.

The Company shall provide advance notice of the conference call and webcast by issuing a news release announcing the date and time and providing information on how interested parties may access the call and webcast. In addition, the Company may send invitations to analysts, institutional investors, the media and others to participate. Any non-material supplemental information provided to participants shall also be posted to the website for others to view. A tape recording of the conference call and/or an archived audio webcast on the Internet shall be made available following the call for a minimum of seven days, for anyone interested in listening to a replay.

The Disclosure Committee shall hold a debriefing meeting immediately after the conference call and if such debriefing uncovers selective disclosure of previously undisclosed Material Information, the Company shall immediately disclose such information broadly via news release.

## **RUMOURS**

The Company shall not comment, affirmatively or negatively, on rumours. This also applies to rumours on the Internet. The Company's spokespersons shall respond consistently to those rumours, saying, "It is our policy not to comment on market rumours or speculation." Should the stock exchange request that the Company make a definitive statement in response to a market rumour that is causing significant volatility in the Company's securities, the Disclosure Committee shall consider the matter and decide whether to make a policy exception. If the rumour is true in whole or in part, the Company shall immediately issue, after due consultation with external legal counsel, an appropriate news release.

## **COMMUNICATION WITH THE INVESTMENT COMMUNITY**

Disclosure in individual or group meetings does not constitute adequate disclosure of information that is considered material non-public information. If the Company intends to announce Material Information at an analyst or shareholder meeting or a press conference or conference call, the announcement must be preceded by a news release.

The Company recognizes that meetings with analysts and significant investors are an important element of the Company's investor relations program. The Company will meet with analysts and investors on an individual or small group basis as needed and will initiate contacts or respond to analyst and investor calls in a timely, consistent and accurate fashion in accordance with this Disclosure Policy.

The Company shall provide only non-Material Information through individual and group meetings, in addition to regular publicly disclosed information, recognizing that an analyst or investor may construct this information into a mosaic that could result in Material Information. The Company shall not alter the materiality of information by breaking down the information into smaller, non-material components.

After each non-public meeting with a financial analyst or investor, the spokesperson(s) present shall ascertain whether any new Material Information was disclosed during the discussion. If it has been determined selective disclosure occurred or previously undisclosed Material Information was part of this meeting, the Company shall immediately disclose, after due consultation with external legal counsel, such information broadly via news release.

## REVIEWING ANALYST DRAFT REPORTS AND MODELS

It is the Company's policy to review, upon request, analysts' draft research reports or models. The Company will review the report or model for the purpose of pointing out errors in fact based on publicly disclosed information. It is the Company's policy, when an analyst inquires with respect to his/her estimates, to question an analyst's assumptions if the estimate is a significant deviation among the range of estimates and/or the Company's published earnings guidance. The Company shall limit its comments in responding to such inquiries to non-Material Information. The Company shall not confirm and not attempt to influence, an analyst's opinions or conclusions and shall not express comfort with the analyst's model and earnings estimates.

In order to avoid appearing to "endorse" an analyst's report or model, the Company shall provide its comments orally or shall such attach a disclaimer to written comments to indicate the report was reviewed only as to factual accuracy.

## DISTRIBUTING ANALYST REPORTS

Analyst reports are proprietary products of the analyst's firm. Re-circulating a report by an analyst may be viewed as an endorsement by the Company of the report. For these reasons, the Company shall not provide analyst reports through any means to persons outside of the Company or to employees of the Company, including posting such on its website. The Company may post on its website a complete list, regardless of the recommendation, of all the investment firms and analysts who provide research coverage on the Company. If provided, such list shall not include links to the analysts' or any other third party website or publications. The Company may distribute analyst reports to senior management to monitor the communications of the Company and to assist them in understanding how the market values the Company and how corporate developments affect the analysis of such analysts.

## FORWARD-LOOKING INFORMATION

Should the Company elect to disclose forward-looking information (FLI) in continuous disclosure documents, speeches, conference calls, etc. The following guidelines will be observed:

1. The information, if deemed material, shall be broadly disseminated via news release, in accordance with this Disclosure Policy.
2. The information shall be clearly identified as forward looking.

3. The Company shall identify all material assumptions used in the preparation of the forward-looking information.
4. The information shall be accompanied by a statement that identifies, in very specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement, including, as appropriate, a sensitivity analysis to indicate the extent to which different business conditions from the underlying assumptions may affect the actual outcome.
5. The information shall be accompanied by a statement that disclaims the Company's intention or obligation to update or revise the FLI, whether as a result of new information, future events or otherwise. Notwithstanding this disclaimer, should subsequent events prove past statements about current trends to be materially off target, the Company may choose to issue a news release explaining the reasons for the difference. In this case, the Company will update its guidance on the anticipated impact on revenue and earnings (or other key metrics).

## EARNINGS GUIDANCE AND MANAGING EXPECTATIONS

As a general practice, the Company's management does not provide specific guidance on earnings. Guidance shall be limited to discussing key drivers, market and industry trends and their expected impact on the Company's business. This guidance is typically included in the "Outlook" section of the Company's quarterly and annual MD&A filing which are available to the public on SEDAR.

Earnings guidance, if provided, shall be broadly disseminated via news release. Spokespersons may elaborate on this information in conference calls with analysts, which are accessible to the Investment Community. Any other guidance shall only be based on information which the Company has previously publicly disseminated. To the extent possible, The Board of Directors or the Audit Committee of the Company should approve financial guidance proposed to be publicly announced by the Company.

The Company will try to ensure, through its regular public dissemination of quantitative and qualitative information that analysts' assumptions are in line with the Company's own expectations. The Company shall not confirm, nor attempt to influence, an analyst's opinions or conclusions and shall not express comfort with analysts' models and earnings estimates.

If the Company has determined that it will be reporting results materially below or above publicly held expectations, it shall disclose this information in a news release in order to enable discussion without risk of selective disclosure.

## QUIET PERIODS

In order to avoid the potential for selective disclosure or even the perception or appearance of selective disclosure, the Company shall observe a quarterly quiet period, during which the Company

shall not initiate any meetings or telephone contacts with analysts, investors, or other market professionals and no earnings guidance will be provided, other than responding to unsolicited inquiries concerning factual, publicly available or non-material matters. The quiet period commences on the first day following the end of a quarter and ends with the issuance of a news release disclosing quarterly results, or as determined, from time to time, by the Disclosure Committee.

If the Company is invited to participate in investment meetings or conferences organized by others during a quiet period, the Disclosure Committee will determine, on a case-by-case basis, if it is advisable to accept these invitations.

## **DISCLOSURE RECORD**

The Company shall maintain a five year file containing all public information about the Company, including continuous disclosure documents, news releases, analysts' reports, transcripts or tape recordings of conference calls, debriefing notes and newspaper articles. The Disclosure Committee shall maintain a five year file of the minutes of its meetings and deliberations, the results of its annual evaluations of this Disclosure Policy and the Disclosure Controls and procedures and all of the reports or directives issued by the Disclosure Committee over the course of the year.

## **RESPONSIBILITY FOR ELECTRONIC COMMUNICATIONS**

This Disclosure Policy also applies to electronic communications. Accordingly, officers and personnel responsible for written and oral public disclosures shall also be responsible for electronic communications.

The Chief Financial Officer is responsible for updating the investor relations section of the Company's website and is responsible for monitoring all information placed on the website to ensure that it is accurate, complete, up-to-date and in compliance with relevant securities laws. All timely disclosure and Material Information documents shall be posted on the Company's website via a link to SEDAR.

The Disclosure Committee must approve all links from the Company website to a third party website. Any such links shall include a notice that advises the reader that he or she is leaving the Company's website and that the Company is not responsible for the contents of the other site.

Investor relations material shall be contained within a separate section of the Company's website and shall include a notice that advises the reader that the information posted was accurate at the time of posting, but may be superseded by subsequent disclosures. All data posted to the website, including text and audiovisual material, shall show the date such material was issued. Any material changes in information must be updated immediately. The Chief Financial Officer will maintain a log indicating the date that Material Information is posted and/or removed from the investor relations section of the Company's website. The minimum retention period for material corporate information on the website shall be two years.

Disclosure on the Company's website alone does not constitute adequate disclosure of information that is considered material non-public information. Any disclosure of Material Information on the Company's website shall be preceded by the issuance of a news release.

The Chief Financial Officer shall also be responsible for responses to electronic inquiries. Only public information or information which could otherwise be disclosed in accordance with this Disclosure Policy shall be utilized in responding to electronic inquiries.

In order to ensure that no material undisclosed information is inadvertently disclosed, employees are prohibited from participating in Internet chat rooms or newsgroup discussions on matters pertaining to the Company's activities or its securities. Employees who encounter a discussion pertaining to the Company should advise the Chief Executive Officer immediately.

## **COMMUNICATION AND ENFORCEMENT**

This Disclosure Policy extends to all employees of the Company and other individuals who are engaged in providing professional and business services to the Company (the contractors), its Board of Directors and those authorized to speak on its behalf. New directors, officers, employees and contractors shall be provided with a copy of the Disclosure Policy and shall be educated about its importance. This Disclosure Policy shall be circulated to all employees on an annual basis and whenever changes are made. A copy of this Disclosure Policy shall be posted on the Company's website.

Any employee who violates this Disclosure Policy may face disciplinary action up to and including termination of his or her employment with the Company without notice. The violation of this Disclosure Policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, the Company may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

Anyone who becomes aware of a possible violation of this Disclosure Policy is obligated to report this to a member of the Disclosure Committee. Similarly, anyone who has any concerns respecting the Company's compliance with its disclosure obligations may address such concerns with a member of the Disclosure Committee.

Any questions or concerns with respect to this Disclosure Policy should be referred to the Chief Financial Officer.