



CATHEDRAL
NEWS RELEASE

June 29, 2020
Calgary, Alberta

CATHEDRAL ENERGY SERVICES CONFIRMS CREDIT FACILITY AMENDMENTS

Cathedral Energy Services Ltd. (TSX:CET) ("Cathedral" or the "Company") confirms the previously announced proposed credit facility amendments are effective as June 29, 2020. The credit facility amendments include the following changes:

- Reduction in facility to \$12 million;
- Consolidated funded debt to consolidated Credit Agreement EBITDA ratio is waived from 2020 Q2 through 2021 Q1 (the "covenant relief period");
- Consolidated interest coverage ratio is waived during the covenant relief period if funded debt is no more than \$6 million;
- New funded debt to tangible net worth ("TNW") ratio is in place during the covenant relief period. This ratio is to be no more than 10% for 2020 Q2 and Q3 and no more than 15% in 2020 Q4 and 2021 Q1. TNW is defined as shareholders' equity plus subordinated debt less investments in or amounts owed by any related party which does not constitute subordinated debt;
- During the covenant relief period advances under the credit facility are limited to \$10 million;
- During the covenant relief period aggregate capital expenditures (excluding non-cash utilization of existing inventory) for the fiscal year ended December 31, 2020, are not to exceed \$2 million;
- During the covenant relief period interest increases to bear interest at the financial institution's prime rate plus 1.75% to 3.25% or bankers' acceptance rate plus 3.00% to 4.25% with interest payable monthly;
- The Borrower has a one-time option to exit the covenant relief period; and
- Maturity is extended to June 30, 2022.

Under the revised credit facility, Alberta Treasury Branches will be the sole lender.

NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

Requests for further information should be directed to:

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Cathedral Energy Services Ltd. (the "Company" or "Cathedral"), 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.