

NEWS RELEASE

## **CATHEDRAL ENERGY SERVICES ANNOUNCES CLOSING OF ACQUISITION OF ALTITUDE ENERGY PARTNERS FOR \$100MM USD**

CALGARY, AB, CANADA – July 14, 2022 – Cathedral Energy Services Ltd. (TSX:CET) ("**Cathedral**" or the "**Company**") is pleased to announce that the Company has closed its previously announced acquisition (the "**Acquisition**") of Altitude Energy Partners, LLC ("**Altitude**") for a total purchase price of approximately USD \$100,000,000 (the "**Purchase Price**"). The Purchase Price was satisfied through the issuance of 67,031,032 common shares in the capital of Cathedral ("**Common Shares**") and a cash amount of USD \$62,675,000.

Following the completion of the Acquisition, the Company plans to continue to use the Altitude name and brand in the US. Further, the Altitude management team and its people will lead and operate Cathedral's existing US directional drilling business. Mr. Lee Harns, the current President and CEO of Altitude, will remain as President of the business unit. Joining Mr. Harns will be Tyler Clark, the current COO, and Alex Bougaieff, the current CFO, along with several other key long-standing employees and the entire Altitude operational team. In addition, Mr. J.R. Boyles, a director and founder of Altitude, will be appointed to Cathedral's board of directors. For further details about the Acquisition, please see the press release of the Company dated July 4, 2022.

### **Key Corporate Takeaways of the Last 12 Months**

- *With the completion of six acquisitions in 12 months, Cathedral has established itself as one of the top directional drilling companies in North America by market share*
- *After the Q2/22 Compass acquisition, Cathedral now has a more substantial presence in the Montney, and Deep Basin, which are key focus areas for Canada's LNG market*
- *The acquisition of Altitude positions Cathedral as one of the leading independent directional drilling companies in the US, with key exposure in the Permian, Haynesville, Bakken, DJ and Powder River basins*
- *Cathedral's US platform will enable a wider distribution of the Company's leading MWD technology*
- *With the rising prevalence of Rotary Steerable ("RSS") technology in the North American land drilling market, Cathedral now has distinct RSS offerings in both countries*
- *The acquisition of Lexa Drilling Technologies further enhances and strengthens the Company's technology offering going forward*
- *Larger size and scale significantly improve Cathedral's capacity to generate higher levels of free cash flow and positive net earnings*

- ***New and expanded management depth, capacity, and experience with the addition of proven, high-performing individuals focused on delivering value to the Company and its customers***

## **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)

## **Certain U.S. Legal Matters**

This news release does not constitute an offer to sell or a solicitation of an offer to sell any of securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") or any state securities laws and may not be offered or sold within the United States or to, for the account or benefit of, U.S. Persons (as such term is defined in Regulation S under the U.S. Securities Act) unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

## **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: anticipated successful integration of the Altitude assets and personnel; anticipated increase in U.S. and Canada market share from completed acquisitions; free cash flow (see Non-GAAP measures); 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 Acquisition; the integration of the Altitude business into Cathedral's business; anticipated prevalence of new technologies in North American land drilling markets; conditions in the oil and gas markets and debt and equity 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 Altitude business as anticipated or at all; the risk that the Altitude business will not yield operational or financial benefits as anticipated or at all; the risk that demand for Cathedral's services will not be as anticipated; conditions in the oil and gas and financial markets in Canada and the United States; 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, net earnings, and free cash flow (see Non-GAAP measures), 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.

#### **NON-GAAP MEASURES**

Cathedral uses certain performance measures in this document that are not defined under International Financial Reporting Standards (IFRS). Management believes that these measures provide supplemental financial information that is useful in the evaluation of Cathedral's operations and are commonly used by other oilfield companies. Investors should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of Cathedral's performance. Cathedral's method of calculating these measures may differ from that of other organizations, and accordingly, may not be comparable.

"Free cash flow" is a non-GAAP measure calculated as net cash provided by operating activities less purchases of property and equipment and intangible assets. Free cash flow is considered an indicator of the Corporation's ability to generate cash flow from operations.

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