



## **NEWS RELEASE**

*April 20, 2020*  
Calgary, Alberta

# **CATHEDRAL ENERGY SERVICES CORPORATE UPDATE**

### ***NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA***

Cathedral Energy Services Ltd. (the "Company" or "Cathedral" / TSX: CET) is providing a corporate update in relation to the current deterioration in the business environment related to the COVID-19 pandemic and declining world oil prices. Although OPEC+ members have agreed to reduce oil production by 9.7 million barrels-a-day, most analysts are not expecting that reduction in supply will be enough to counter the decline in world demand due to COVID-19. The decline in oil prices has significantly reduced forecasted industry spending and therefore reduced near term demand for directional drilling services provided by Cathedral. For North American producers and oilfield services companies, the issue is the extent and duration of this collapse in oil prices. Industry analysts are predicting North American average active drilling rigs for 2020 and 2021 to be significantly below the levels experienced in the 2015/2016 downturn.

In anticipation of the expected decline in activity levels, Cathedral's management team has implemented the following cost cutting initiatives:

- CEO and EVP salary reduced by 25%
- Board retainer fees reduced by 25%
- 22% head count reduction for office and shop staff
- Canadian non-field staff moved to 4-day work week and corresponding 20% reduction in salary
- 15% reduction in base salary for U.S. managers
- Eliminated company matching contribution to employee retirement savings plans
- Reduction in field labour rates in the range of 8-15%
- Eliminated all non-essential travel, entertainment, and other discretionary spending
- Suspended motor repairs at our Emerald Park, Saskatchewan facility
- Reduced expenditures on capital assets and expect our "net equipment additions" (equipment additions less proceeds on equipment lost downhole) to be a cash inflow (i.e. lost-in-hole proceeds exceeding equipment additions)
- Deferral of repairs on tools until needed for field operations

The North American oilfield service market continues to be very fluid and Cathedral's management team will monitor the situation and make further adjustments to its cost structure, as necessary.

The health and safety of our workplace, employees, clients, vendors and the public at large is a top priority for Cathedral and part of our Guiding Principles. With the onset of the COVID-19 pandemic, Cathedral implemented our multi-stage response plan, which included:

- Communication with our employees, clients and vendors has been enhanced
- Enhanced cleaning at facilities and work locations
- Implementing enhanced personal hygiene, social distancing requirements and self-quarantine practices
- Eliminating non-essential travel
- implemented daily requirement for staff to assess their fit-for-duty status

- Implemented business continuity initiatives
- Implemented remote work procedures for the majority of office staff
- Following guidelines recommended by local and government health authorities

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