



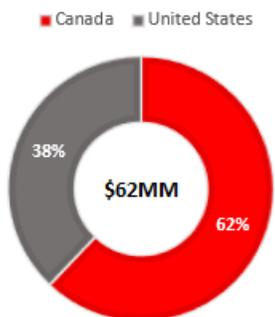
**CATHEDRAL**

CORPORATE PRESENTATION  
**SEPTEMBER 2022**

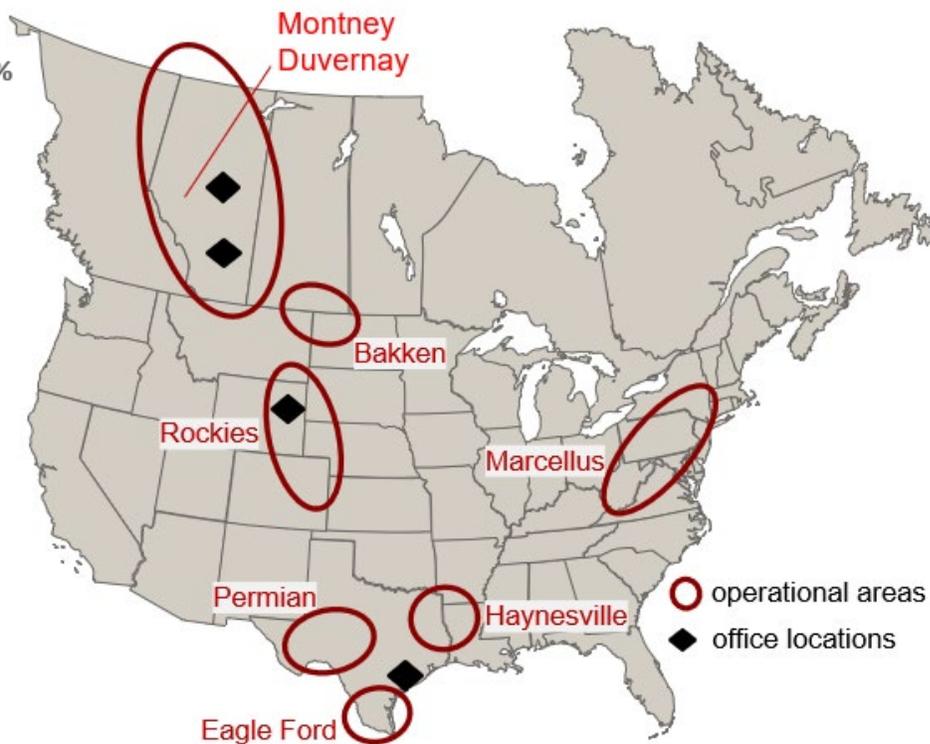
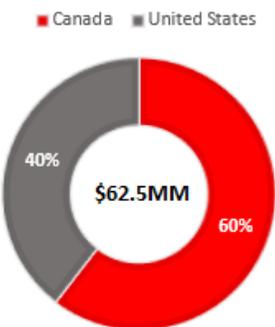
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# WHO **WE** ARE (CET-TSX)

## 2022 - 6 MONTHS REVENUE %



## 2021 REVENUE %



WELL-POSITIONED ACROSS NORTH AMERICA

# ONE OF THE LARGEST **NORTH AMERICAN PURE-PLAY DIRECTIONAL DRILLING COMPANIES** POST RECENT ACQUISITIONS<sup>1</sup>

- Established Canadian footprint; US platform ready to enable much greater market share
- Fully-integrated supplier of a proprietary fleet of premium downhole directional technology
- Comprehensive suite of services: in-house manufacturing and servicing, engineering, well planning, drilling optimization, remote operations, and directional field services
- A unique North American consolidator in the directional “vertical”



# OUR TECHNOLOGY



## MEASUREMENT WHILE DRILLING (MWD)

**100**

**MWD Kit Capability**

70% PROPRIETARY | 30% OEM

The MWD provides critical real-time data needed to steer the bottom-hole assembly (BHA) towards the desired well profile

## PERFORMANCE DRILLING MOTORS



**1487**

**Drilling Motors**

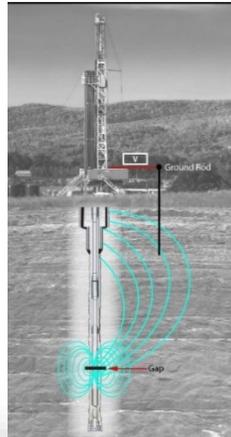
50% PROPRIETARY | 50% OEM

Our proprietary REACT motor line allows us to move telemetry closer to the bit without compromising survey quality

## FUSION™/ RapidFire™ Systems

Proprietary designs deliver:

- EM (Electromagnetic)
- Pulse
- Dual Telemetry
- High Speed
- High Temperature options



## CLAW® Drilling Motors

Proprietary designs deliver:

- Increased Torque
- Proven Reliability
- Higher Drilling Performance



# WHAT'S CHANGED WITH CET?

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- 1 New, Experienced Management Team focused on Size & Scale.** Management and Board **own 28.5%<sup>2</sup>**. **Two large, strategic shareholders** are supportive of our plan
- 2 Six Acquisitions** and a **Bought Deal Financing** completed in the last 12 months
  - Altitude acquisition for \$US 100MM is transformative and creates a leading US independent directional company with 6-8% market share
  - Close to #1 market share in Canada and now sizable in the Montney after recent Compass acquisition (extra 5% Canadian market share)
  - Lexa and Compass team's and technology bring incremental growth horsepower
- 3 Commercialization of latest-generation MWD platform** and a new focus on becoming the **North American leader** in the **deployment of RSS**



# NEW MANAGEMENT TEAM

- DEEP EXPERIENCE

## MANAGEMENT TEAM



**TOM CONNORS**

President, Chief Executive Officer & Director

- Joined Cathedral in February 2021
- Since 2003, held various positions with Ensign Energy Services, most recently **Executive VP of seven business lines and a member of the Senior Executive Committee**



**CHAD ROBINSON**

Chief Financial Officer

- Joined Cathedral in June 2022 - **Lexa Drilling Technologies**
- Former **Operating Partner with SCF Partners** and former **CFO / owner of Pacesetter Directional** (sold to SLB in 2015)



**RANDY PUSTANYK**

Executive Vice President & Director

- **Co-Founded Cathedral** in 1998
- **Holds numerous patents for downhole tools** and has participated in the design of numerous industry leading technologies



**AXEL SCHMIDT**

SENIOR VP ENGINEERING & TECHNOLOGY



**VAUGN SPENGLER**

SENIOR VP OPERATIONS



**FAWZI IRANI**

PRESIDENT OF DISCOVERY DOWNHOLE (US)



**LEE HARNs**

PRESIDENT OF ALTITUDE ENERGY PARTNERS (US)

## BOARD OF DIRECTORS (NON-EXECUTIVE)

### ROD MAXWELL – CHAIRMAN

- Co-founder & Managing Director of StoneBridge Merchant Capital (1996 to current)
- Former Partner at KPMG

### IAN BROWN

- Former Senior Managing Director at Raymond James Ltd and Executive Vice President of Alberta Stock Exchange

### SHUJA GORAYA

- Chief Technology Officer of Precision Drilling (2018 to current)
- Formerly held various roles with Schlumberger (1994 to 2017), most recently Vice President of the North American Drilling Group

### SCOTT SARJEANT

- Former President & CEO of Premiax Financial (2003 to 2020)
- Former co-founder & Executive Vice President of AltaGas Services Inc. (1994 to 2003)

### DALE TREMBLAY

- Former founder, Chairman & CEO of Western Energy Services (2009 to 2013)
- Former founder, President & CEO of Saxon Energy Services (2005 to 2009)
- Former Sr. VP Finance & CFO of Precision Drilling (1988 to 2005)



# CATHEDRAL HAS A **CLEAR GROWTH** STRATEGY

We are becoming a leading directional drilling company through our **three-pronged approach**:

## STRATEGIC GROWTH PILLARS



### TECHNOLOGY

- Reliable, leading-edge, commercial technology led by new-generation MWD and CLAW motor technology
- Agile and nimble market response
- Drilling Automation
- Rotary Steerable System (RSS) technology
- Lower cost to produce



### CONSOLIDATION

- 6 Acquisitions in 12 months
- Key management alignment
- 50% debt / 50% equity target capital structure
- Limited number of buyers and ability to consolidate complementary opportunities early in the cycle



### ORGANIC GROWTH

- Activity rebounding strongly
- High performance, high reliability
- Industry-leading low-cost of service delivery
- Precision Drilling as North American alliance partner. Working on several key partner relationships



# MARKET & TECHNOLOGY **EVOLUTION**



**Evolution** of resource play and manufacturing style drilling activity



**Higher levels** of rotary steerable applications on land



**Longer horizontal** sections in relatively narrow formation fairways



Compressed drilling budgets, capital discipline, & relentless **focus on efficiency**



Drilling programs engineered for **consistent delivery** at technical limits of equipment

## HIGHER PERFORMANCE & RELIABILITY REQUIREMENTS



# TECHNOLOGY - **CATHEDRAL'S CORE**

- Reputation for reliable proprietary downhole technology and equipment - reduces downtime
- Provide innovative, competitive technology that:
  - Enables and enhances remote and automated drilling
  - Captures the evolving direct-to consumer rental model for mud motors and MWD (measurement-while-drilling)
  - Integrates and incorporates rotary steerable capabilities and applications
- Continuous reinvestment in advancing technology and equipment



FUSION™/ RapidFire™ MWD



D-Tech RSS Tool



nDurance Downhole Motor



# DIRECTIONAL TECHNOLOGY

## ROTARY STEERABLE (RSS)

Rotary Steerable allows the drill string to rotate while building the horizontal section – improving rate of penetration and drilling a smoother wellbore

### CANADIAN MARKET

**4**  
SYSTEMS

- D-Tech RSS tool, a competitive option for the Canadian market
- RSS represents roughly 20-25% of the Canadian market today
- Full-service facility provides cost advantage



### US MARKET

**16**  
SYSTEMS

- Running 16 RSS tools, mostly in the Permian
- Up to 15% of the US directional market today is RSS – and growing



# CONSOLIDATION STRATEGY

Cathedral's value-creating consolidation strategy is based on:



Incremental market share gains in complementary markets



Add experienced management teams aligned with equity



Scarcity of Buyers



Targeting accretive transactions on a per share basis



Targeting a balance of 50-50 Debt to Equity mix in acquisitions



# TRACK RECORD OF **CONSOLIDATION?**

SUCCESSFULLY COMPLETED SIX ACQUISITIONS SINCE MID-2021:



**Precision Drilling's** directional drilling business expands market share and creates strategic marketing alliance



**Valiant Energy Services** expands Canadian market share



**Discovery Downhole** grows US motor technology rental business



**LEXA Technologies** strategic technology acquisition improves MWD and positions to build RSS fleet



**Compass Directional** complementary customer base in gas-focused Montney; LNG a major driver, expands market share by 5.5% in Canada

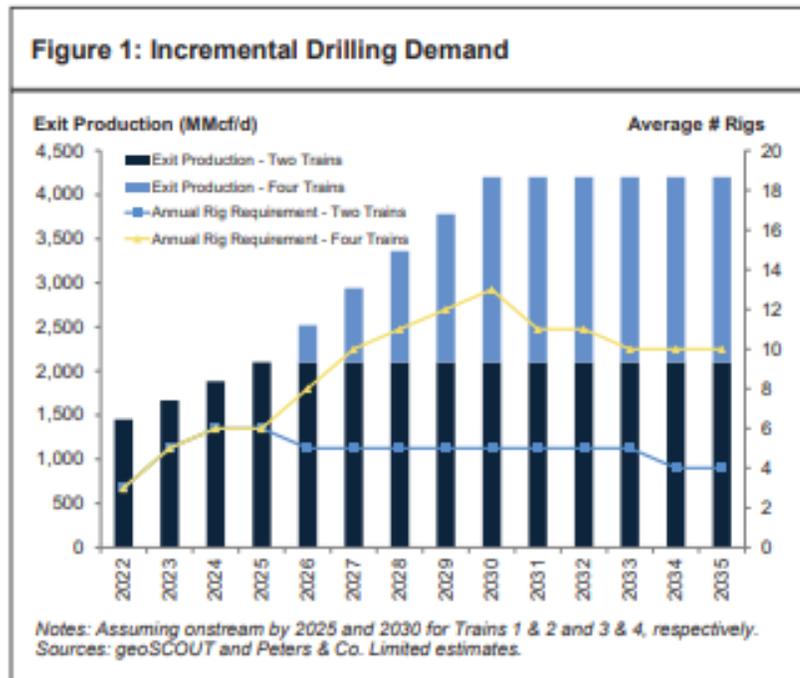


**Altitude Energy Partners** transformative US acquisition for \$US 100MM; Market share in US estimated at 6% (9% in Permian Basin, Texas).

**Additional consolidation opportunities exist to add value for customers and shareholders in the US and Canada**



# COMPASS **DIRECTIONAL** ACQUISITION



- Montney-focused pure play directional drilling company. The Montney play is:
  - The **highest-growth natural gas and liquids area** of the Western Canadian Sedimentary Basin
  - The home of LNG Canada and the Coastal Gas Link Pipeline.
    - An additional 700 mmcf/d of natural gas needed to fill the announced part one; and 2.8 bcf/d for part two (if announced)
- Adding 5.5% historical Compass market share brings us close to **#1 market share** in Canada
- Complementary customer base
- Platform to grow Rotary Steerable application-based business



# ALTITUDE **ENERGY PARTNERS** ACQUISITION

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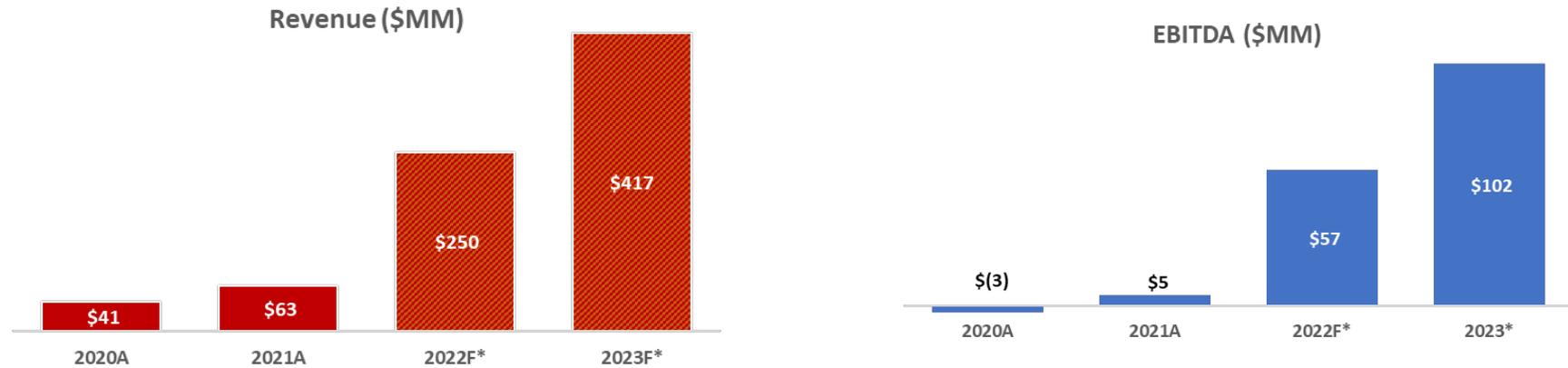
- Transformative US acquisition to gain broad **6-8% market share**
- \$US 100 million deal that almost doubles Cathedral's size
- **Immediate presence** in the Permian, Haynesville, Bakken, DJ, Powder River and near-term expansion into the Marcellus
- Experienced management taking significant equity in the deal
- Accretive on CF/sh, FCF/sh and less than 3-year payout
- Further EBITDA expansion available as third-party Altitude rentals replaced with Cathedral MWD technology
- Immediate entry into US Rotary Steerable market
- Operate under Altitude name and brand in the US
- Conservative debt metrics with **major pay-down in 12-18 months**
- **Larger, more investable company** with greater access to capital markets



# CONSOLIDATION TORQUE

Cathedral's consolidation strategy has achieved **strong results with growing Revenue, EBITDA, Free Cash Flow and Market Share** over the past year

**ALL NUMBERS BELOW ARE POST-ACQUISITION OF ALTITUDE AND COMPASS**

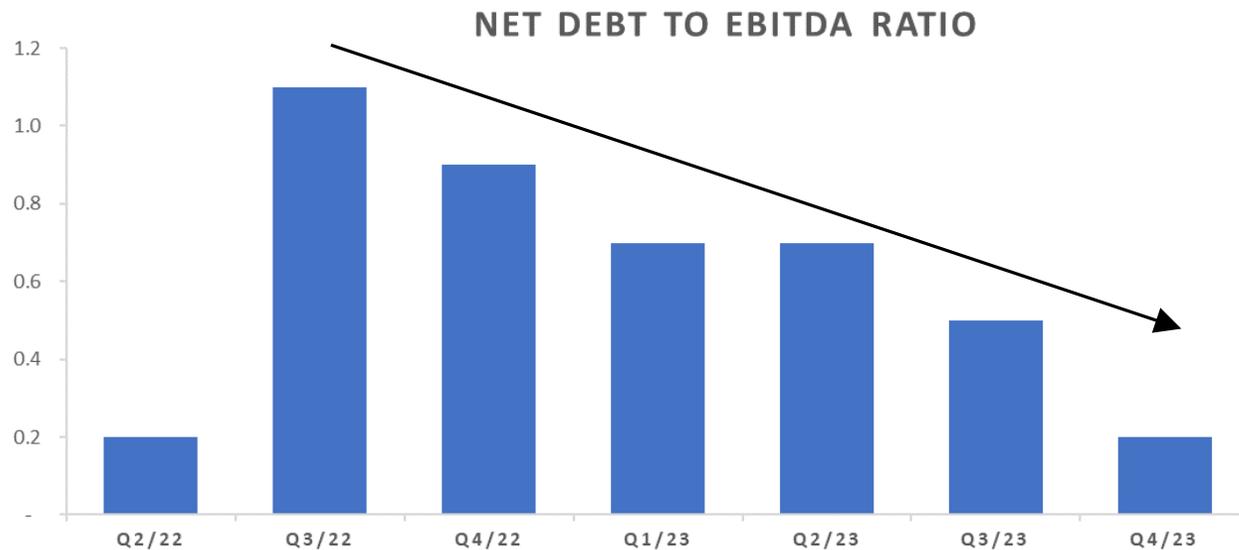


**[US MKT SHARE = 7%]**

Source: Peters and Co. / August 15, 2022



# BALANCE SHEET - **CONSERVATIVE APPROACH** THROUGH THE CYCLE



Source: Peters and Co. / August 15, 2022

- Cathedral has had one of the sector's most conservative balance sheets through the last downturn – **a strategic advantage in the recovery**
  - Supportive lender with ATB Financial
  - 214.9MM common shares, 21.5MM warrants and 18.6MM options outstanding
- Acquisitions are financed to maintain conservative long-term leverage
  - \$25.0MM net cash proceeds realized from bought deal financing that closed Apr 25, 2022
  - Company targets leverage of Debt/EBITDA  $\leq$  1.0x on a “run-rate” basis
  - Free cash flow profile has improved markedly in the last 12 months



# CONSTRUCTIVE **INDUSTRY** OUTLOOK



Prolonged period of under-investment in global energy infrastructure suggest tight supply/demand fundamentals going forward

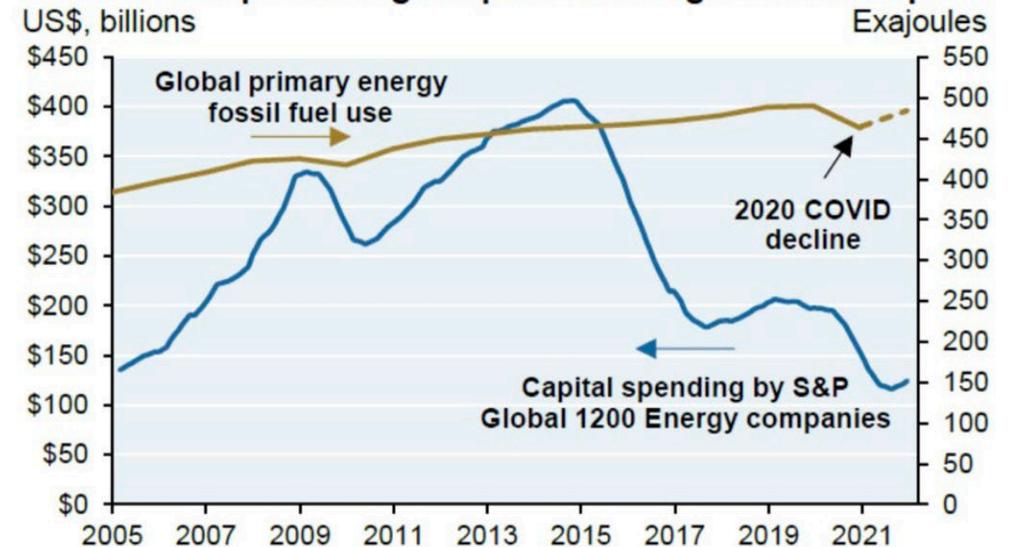


Higher commodity prices are driving improved cash flow for oil and gas producers and increased drilling activity expectations.



Rig counts are forecast to grow in the next year, driving increased demand for directional drilling services

**Fossil fuel capex falling despite no change in consumption**



Source: BP, Bloomberg, IEA, JPMAM. Dec 2021. Dotted lines = estimates.



# SUMMARY:

## A LEADING NORTH AMERICAN DIRECTIONAL DRILLER

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Lower capital intensity business model translates to higher free cash flow



Positive net earnings faster than other industry verticals with market share, EBITDA and corresponding depreciation profile

1

New management team focused on value-added growth

2

Six acquisitions in past year

3

High-quality technology and service offering, with strong customer relationships. More commercial technology on the way

4

Well-positioned for increased E&P activity through 2022 and beyond

5

Crossborder Platform in place with further consolidation runway

6

Strong cash flow profile with minimal recurring CapEx.

7

Conservatively-managed balance sheet. Proforma Net Debt to EBITDA targeting 1:1 by year-end 2022

8

Key strategic shareholders – Precision Drilling, Wilks Bros.



# FORWARD LOOKING STATEMENTS & DISCLAIMERS

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## Forward-Looking Information

This presentation 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 presentation includes, but is not limited to, statements regarding: anticipated successful integration of the assets and personnel acquired in Cathedral's recent acquisitions; anticipated combined Canadian and U.S. market shares; anticipated levels of indebtedness; cash flow; free cash flow, Adjusted EBITDAs; pay back; operational and G&A synergies; 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 recently completed acquisitions and the ability of Cathedral to integrate such businesses; conditions in the oil and gas markets and debt and equity markets generally; anticipated demand for drilling for natural gas and liquids in the Montney area; the anticipated increase in adoption of RSS technology; the ability of the Company to successfully implement its strategic plans and initiatives, including its consolidation strategy 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 businesses of its recent acquisitions as anticipated or at all; the risk that the recent acquisitions 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 presentation is made as of August 31, 2022 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.

## Financial Outlook Information

This presentation also contains financial outlook information ("FOFI") about prospective revenues, Adjusted EBITDAs, free cash flow and projected net debt, which are subject to the same assumptions, risk factors, limitations, and qualifications as set forth in the above paragraphs. FOFI contained in this presentation was made as of the date of this presentation 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 presentation, whether as a result of new information, future events or otherwise, except as required by applicable law.

## Specified Financial Measures

This presentation includes various financial measures, including non-GAAP financial measures and non-GAAP ratios 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 service 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.

"Adjusted EBITDAs" – is a non-GAAP financial measure defined as earnings before finance costs, unrealized foreign exchange on intercompany balances, taxes, depreciation, non-recurring costs (including severance and non-cash provision for bad debts), write-down of equipment, write-down of inventory and share-based compensation; is considered an indicator of the Company's ability to generate funds flow from operations prior to consideration of how activities are financed, how the results are taxed and non-cash expenses.

"Free cash flow" is a non-GAAP financial 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 Company's ability to generate cash flow from operations.

"Net debt" is a non-GAAP financial measure calculated as short and long-term debt less cash and cash equivalents. Net debt is considered an indicator to assess the Company's overall indebtedness and capital structure.

"Net debt to EBITDA" is a non-GAAP financial measure defined as Net debt (as described above) divided by Adjusted EBITDAs (as described above). Net debt to EBITDA is considered an indicator to assess the Company's overall indebtedness and capital structure.

## Outside Research Definitions

"EBITDA" as defined by Peters & Co. is calculated as revenue less cost of sales & operating expense less S,G&A (including technology group) less lost-in-hole expense

"Free Cash Flow" as defined by Peters & Co. is calculated as cash flow from operations less estimated maintenance capital spending less lease payments

"Net Debt" as calculated by Peters & Co. is calculated as secured debt (including credit facility and term loan) plus lease liabilities less cash

"Net Debt to EBITDA" as calculated by Peters & Co. is calculated as Net debt (as described by Peters & Co. above) divided by EBITDA (as described by Peters & Co. above).

## Notes

1 – The \$62MM revenue figure for 6 months of 2022 does not include pro forma revenue for Altitude, Compass or Lexa earned prior to being acquired by Cathedral.

2 – The 28.5% ownership figure excludes 6.2% held by Precision Drilling Corporation, which has a nominee on Cathedral's board of directors.

