

MANAGEMENT'S DISCUSSION & ANALYSIS

This Management's Discussion and Analysis ("MD&A") for the year ended December 31, 2021 provides an analysis of the consolidated results of operations, financial position and cash flows of Cathedral Energy Services Ltd. (the "Company" or "Cathedral") and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021, as well as the Company's 2021 interim MD&A's. This MD&A is intended to assist the reader in the understanding and assessment of significant changes and trends, as well as the risks and uncertainties, related to the results of the operations and financial position of the Company. Currency amounts are in '000's except for day rates and per share amounts. This MD&A is dated March 10, 2022.

NON-GAAP MEASUREMENTS

Cathedral uses certain performance measures throughout this document that are not defined under Canadian Generally Accepted Accounting Principles ("GAAP"). These measures are Adjusted gross margin, Adjusted gross margin % and Adjusted EBITDAS. 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 GAAP 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.

The specific measures being referred to include the following:

- i) "Adjusted gross margin" - calculated as gross margin plus non-cash items (depreciation and share-based compensation); is considered a primary indicator of operating performance (see tabular calculation);
- ii) "Adjusted gross margin %" - calculated as adjusted gross margin divided by revenues; is considered a primary indicator of operating performance (see tabular calculation); and
- iii) "Adjusted EBITDAS" - 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 measured and non-cash expenses (see tabular calculation).

The following tables provide reconciliations from GAAP measurements to non-GAAP measurements referred to in this MD&A:

Adjusted gross margin

	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
Gross margin	\$ 701	\$ (2,368)	\$ (1,402)	\$ (10,190)
Add non-cash items included in cost of sales:				
Depreciation	3,323	3,560	12,372	14,996
Share-based compensation	23	7	89	63
Adjusted gross margin	\$ 4,047	\$ 1,199	\$ 11,059	\$ 4,869
Adjusted gross margin %	17%	16%	18%	12%

Adjusted EBITDAS

	Three months ended December 31		Year ended December 31	
	2021	2020	2021	2020
Loss before income taxes	\$ (1,097)	\$ (3,183)	\$ (8,626)	\$ (25,417)
Add:				
Depreciation included in cost of sales	3,323	3,560	12,372	14,996
Depreciation included in selling, general and administrative expenses	134	146	535	572
Share-based compensation included in cost of sales	23	7	89	63
Share-based compensation included in selling, general and administrative expenses	51	15	152	144
Finance costs	(53)	60	196	291
Finance costs lease liabilities	189	218	794	918
Subtotal	2,570	823	5,512	(8,433)
Impairments and direct write-downs	(614)	(172)	(614)	6,822
Unrealized foreign exchange (gain) loss on intercompany balances	(78)	(1,678)	(366)	(929)
Non-recurring expenses	(605)	592	(12)	2,424
Adjusted EBITDAS	\$ 1,273	\$ (435)	\$ 4,520	\$ (116)

CORPORATE OVERVIEW

Cathedral Energy Services Ltd. is incorporated under the Business Corporations Act (Alberta). The Company is publicly traded on the Toronto Stock Exchange under the symbol "CET". The Company together with its wholly owned subsidiary, Cathedral Energy Services Inc. ("INC"), is engaged in the business of providing directional drilling services to oil and natural gas companies in western Canada and the U.S.

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.

FINANCIAL HIGHLIGHTS

	2021	2020	2019
Revenues	\$ 62,524	\$ 40,574	\$ 120,276
Gross margin	-2%	-25%	-6%
Adjusted gross margin % ⁽¹⁾	18%	12%	10%
Adjusted EBITDAS ⁽¹⁾	\$ 4,520	\$ (116)	\$ 3,887
Cash flow - operations	\$ (3,499)	\$ 1,191	\$ 4,785
Reversals of Impairments (Impairments and direct write-offs)	\$ 614	\$ (6,822)	\$ -
Loss before income taxes	\$ (8,626)	\$ (25,417)	\$ (18,717)
Basic per share	\$ (0.13)	\$ (0.51)	\$ (0.38)
De-recognition of deferred tax asset	\$ -	\$ (2,647)	\$ -
Loss	\$ (8,626)	\$ (27,731)	\$ (19,187)
Basic per share	\$ (0.13)	\$ (0.56)	\$ (0.39)
Property and equipment additions ⁽²⁾	\$ 5,617	\$ 2,474	\$ 6,018
Weighted average shares outstanding			
Basic (000s)	65,031	49,468	49,468
Diluted (000s)	65,740	49,468	49,522
Working capital	\$ 14,117	\$ 7,680	\$ 20,181
Total assets	\$ 75,423	\$ 64,280	\$ 106,300
Loans and borrowings excluding current portion	\$ 5,035	\$ 1,560	\$ 6,000
Shareholders' equity	\$ 42,504	\$ 39,974	\$ 68,092

(1) Refer to MD&A: see "NON-GAAP MEASUREMENTS"

(2) Equipment additions exclude non-cash additions

FISCAL 2021 KEY TAKEAWAYS

Revenues increased by 54% from \$40,574 in 2020 to \$62,524 in 2021;

Adjusted gross margin increased from 12% to 18% primarily due to a decrease in the fixed portion of cost of sales as a percentage of revenue partially offset by increased repairs and field labour expenses;

Adjusted EBITDAS increased from a loss of (\$116) in 2020 to a gain of \$4,520 in 2021 because of increased revenues and increased adjusted gross margin;

There has been significant changes to the Company's management team in 2021. Tom Connors was appointed CEO in Q1 and Q2 saw Ian Graham, CFO, and Fawzi Irani, Senior Vice President, U.S. Operations join Cathedral. They join Randy Pustanyk, Executive VP, to complete the new core management team;

During 2021, the Company completed private placements totaling \$3,376;

In 2021 Q3, the Company completed two acquisitions as detailed below; and

The Company recorded an impairment reversal of \$768 in the current period as a result of a sublease on its right of use asset, which was partially offset by an inventory write-down of \$154 for a net reversal of \$614.

2021 ACQUISITIONS

On July 23, 2021, the Company announced the closing of Cathedral's acquisition of Precision Drilling Corporation's ("Precision") directional drilling business (the "Transaction") for a purchase price of \$6,350. The Transaction includes the operating assets and personnel of Precision's directional drilling business (including its operations facility in Nisku, Alberta), and a \$3,000 cash investment by Precision to support growth and expansion of Cathedral, including continuing the buildout of RapidFire™ measurement-while-drilling guidance systems and nDurance™ drilling motors. Additionally, the Transaction is expected to enhance margins as expenses related to rental equipment used by Precision are replaced with proprietary Cathedral tools.

Cathedral issued 13,400,000 common shares (the "Consideration Shares") along with warrants to purchase an additional 2,000,000 common shares of Cathedral at a price of \$0.60 per common share within a two-year period after closing. In addition to a 4-month statutory hold period on the Consideration Shares, the parties have agreed to contractual restrictions on resale as follows: 25% of the Consideration Shares are restricted until January 22, 2022; a further 25% of the Consideration Shares are restricted until July 22, 2022; and a further 50% of the Consideration Shares are restricted until July 22, 2023, subject to certain exceptions.

The Company has allocated the \$6,350 purchase as follows:

- Cash \$3,000
- Land and building \$1,500; and
- Equipment \$1,850.

The Company has expensed \$139 in costs related to the Transaction. As the acquired assets were integrated into Cathedral's existing directional

drilling operations it is impracticable to breakout the revenue and profit or loss of the acquired assets since the acquisition.

In addition, on September 7, 2021 the Company completed the acquisition of the operating assets of Valiant Energy Services Ltd. ("Valiant"), an Alberta-based directional drilling company, for a purchase price of \$1,500 and allocated \$1,485 to equipment and \$15 to inventory related to service of those tools. The purchase price was satisfied through the issuance of 3,464,204 common shares of Cathedral to Valiant. These shares will be subject to a 4-month statutory hold period. The Company has expensed \$41 in costs related to this acquisition. The principal owner of Valiant, Mr. Vaughn Spengler, has entered into a long-term performance-based agreement to remain with Cathedral and will continue to focus on opportunities to support and expand the existing customer base.

OUTLOOK

Industry fundamentals continue to signal a positive North American oilfield services market for 2022.

Rig count figures for Canada at the end of 2021 were directly in line with the five-year pre-COVID average for that time of year. Analysts are consistently modifying their 2022 projections upwards with consensus now close to 57,000 activity days for the Western Canadian Sedimentary Basin ("WCSB"), a better than 27% increase over 2021. While most basins in the U.S. are just now reaching pre-COVID rig count ranges, the Permian has matched and the Haynesville has surpassed their five-year pre-COVID averages. These two plays have driven the U.S. land rig count in 2021 and projections for 2022 have also been adjusted higher. Consensus now sees an average active U.S. land rig count of almost 640 rigs for the coming year vs. the 2021 count of 464 rigs, a 37% year-over-year improvement. (source: ATB Capital Markets, Baker Hughes Company, BMO Capital Markets, Peters & Co Limited, Raymond James Ltd., Stifel Canada and TD Securities Inc.)

Although recent North American headlines regarding inflation and the Russian invasion of the Ukraine have increased the volatility of the hydrocarbon indexes, most are trading at 5-7 year highs. These commodity prices are bolstering the balance sheets of the energy producers globally including the Company's customers in both Canada and the U.S. To date, they have used the free cash flow generated by these price levels to prioritize debt reduction and the return of proceeds to shareholders. However, growing rig counts and analyst estimates appear to indicate that Cathedral's customers will start to direct a greater share of these funds to capital spending in 2022.

Labour continues to be the primary bottleneck for the service sector, as oilfield service companies are challenged to crew all the equipment they presently have demand for. This scenario could persist for much of the coming year. As noted previously, the ongoing combination of improved sector activity and stronger commodity prices coupled with constrained labour and supply chains, should translate to a constructive pricing environment for service businesses in 2022.

RESULTS OF OPERATIONS - 2021 COMPARED TO 2020

Revenues		2021		2020
Canada	\$	45,961	\$	13,837
United States		16,563		26,737
Total	\$	62,524	\$	40,574

Revenues 2021 revenues were \$62,524, which represented an increase of \$21,950 or 54% from 2020 revenues of \$40,574.

Canadian revenues (excluding motor rental revenues) increased to \$43,300 in 2021 from \$11,104 in 2020; a 290% increase. This increase was the result of: i) a 282% increase in activity days to 5,952 in 2021 from 1,558 in 2020 and ii) a 2% increase in the average day rate to \$7,275 in 2021 from \$7,127 in 2020.

Based on publicly disclosed Canadian drilling and directional drilling days, Cathedral's market share for 2021 was 14.3% compared to 5.5% in 2020. The increase in day rates was due to an increase in day rates to compensate for escalating operating costs, including field labour rates.

U.S. revenues (excluding motor rental revenues) decreased 45% to \$14,211 in 2021 from \$25,662 in 2020. This decrease was the result of: i) 31% decrease in activity days to 1,526 in 2021 from 2,197 in 2020; and ii) a 20% decrease in the average day rate to \$9,312 in 2021 from \$11,680 in 2020 (when converted to Canadian dollars).

Cathedral's U.S. business pre-COVID was primarily concentrated in Oklahoma in the Anadarko basin and this region experienced a disproportionately severe down-turn due the COVID-19 pandemic. In response, the Company made the strategic decision to reposition its business in Houston to focus on Texas and the Permian basin. This required a new management and sales team which was in place by 2021 Q3. While Cathedral U.S. recovery has lagged the industry as a result of these significant changes, 2021 second half revenues increased by 30% over the first six month of the year.

The average active land rig count for the U.S. was up 10% in 2021 compared to 2020 (source: Baker Hughes). The Company experienced a 34% decline in activity resulting in a decrease in market share compared to 2020. Day rates in USD decreased 14% to \$7,439 USD in 2021 from \$8,654 USD in 2020. The 2021 rate is down due to a decrease in revenues from providing rotary steerable system (RSS) services which are rented from a 3rd party and a reduction in certain ancillary revenues.

Motor rentals for Canada were roughly at the same level as 2020, but this was augmented by increases in the U.S. Combined rental revenues increased to \$5,014 in 2021 compared to \$3,808 in 2020. U.S. rental revenues have increased due to a focus on increasing sales for this business line.

Government grants The Company recognized the benefit from the Canadian Emergency Wage Subsidy ("CEWS") program of \$916 (2020 - \$1,776) and \$nil (2020 - \$992) from U.S. Paycheck Protection Program ("PPP") which reduced salary expenses as follows:

- Cost of sales \$544 (2020 - \$1,665);
- Selling, general and administrative expenses \$298 (2020 - \$812); and
- Technology group expenses \$74 (2020 - \$291).

Additionally, the Company received \$518 (2020 - \$280) from Canadian Emergency Rent Subsidy ("CERS"), which reduced cost of sales \$424 (2020 - \$221) and selling, general and administrative \$94 (2020 - \$59).

The 2021 CEWS claims were at reduced levels due to the increase in revenues in 2021.

Gross margin and adjusted gross margin Gross margin for 2021 was -2% compared to -25% in 2020. Adjusted gross margin (see Non-GAAP Measurements) for 2021 was \$11,059 or 18% compared to \$4,869 or 12% for 2020.

Adjusted gross margin improved due to a decrease in the fixed portion of cost of sales as a percentage of revenue partially offset by increases repairs and field labour expenses.

Depreciation of equipment allocated to cost of sales decreased to \$12,372 in 2021 from \$14,996 in 2020 due to the aging of the assets as the Company uses a declining-balance depreciation for most items. Depreciation included in cost of sales as a percentage of revenue was 20% for 2021 and 37% in 2020.

Selling, general and administrative ("SG&A") expenses SG&A expenses were \$9,059 in 2021; an increase of \$164 compared with \$8,895 in 2020. This increase was primarily due to a reduction/recovery of bad debts in 2021 offset by increased wages and lower wage assistance received in 2021. As a percentage of revenue, SG&A was 14% in 2021 compared to 22% in 2020.

Technology group expenses Technology group expenses were \$747 in 2021; a decrease of \$205 compared with \$952 in 2020. Technology group expenses are related to new product development and supporting and upgrading existing technology. Technology group expenses consist of salaries and related benefits and burdens as well as shop supplies.

Gain on disposal of equipment During 2021, the Company had a gain on disposal of equipment of \$2,681 compared to \$1,680 in 2020. These gains mainly related to equipment lost-in-hole. Proceeds from clients on lost-in-hole equipment are based on amounts specified in service agreements. The timing of lost-in-hole recoveries is not in the control of the Company and therefore can fluctuate significantly from quarter-to-quarter. In 2021, the Company received proceeds on disposal of equipment of \$3,553 (2020 - \$2,603).

Finance costs Finance costs consisting of interest expenses on loans and borrowings and bank charges net of interest charged on past due accounts receivable were \$196 for 2021 versus \$291 for 2020. Included in 2021 amount was interest revenue of \$173 (2020 - \$nil).

Finance costs lease liability The lease liability interest decreased slightly to \$794 from \$918.

Foreign exchange The Company had a foreign exchange gain of \$277 in 2021 compared to \$971 in 2020 due to the fluctuations of the Canadian dollar relative to the U.S. dollar. The Company's foreign operations are denominated in USD and therefore, upon consolidation, gains and losses due to fluctuations in the foreign currency exchange rates are recorded as other comprehensive income on the balance sheet as a component of equity. However, gains and losses in the Canadian entity on U.S. denominated intercompany balances continue to be recognized in the statement of comprehensive income (loss). Included in the 2021 foreign currency gains are unrealized gains of \$366 (2020 - \$929) related to intercompany balances.

Impairment and direct write-downs In 2021 there was a reversal on a U.S. right of use asset that was subleased in the amount of \$768 and partially offset by write-down of inventory of \$154 for a net reversal of \$664. The inventory write-down relates to parts that are unlikely to be used to repair the Company's tools.

In the prior year, due to the decline in projected drilling activity in 2020 the Company determined that indicators of impairment existed. In Q1, the Company, as a result of the impairment test wrote-down our assets in the amount of \$6,994. The write-down was associated with our right of use assets (\$6,834) and intangibles (\$160). As part of the Company's response to changes in drilling activity, the decision was made to consolidate its repair activities and close or significantly reduce activities at certain locations. The right of use asset for these locations was written down to \$nil. There were \$160 intangible projects in progress where it was uncertain when or if staff resources would be available to bring the projects to commercialization. As such these projects were written down to \$nil.

Income tax Previously, Cathedral derecognized deferred tax assets due to a recent history of tax losses within both of Cathedral's legal entities.

Income tax expense is booked based upon expected annualized rates using the statutory rates of 25.5% for Canada and 23% for the U.S.

LIQUIDITY AND CAPITAL RESOURCES

Overview On an annualized basis, the Company's principal source of liquidity is cash generated from operations and proceeds from equipment lost-in-hole. In addition, the Company has the ability to fund liquidity requirements through its credit facility and the issuance of debt and/or equity. Cash flow - operations in 2021 decreased to a use of cash of (\$3,499) compared to a source of cash of \$1,991 in 2020. The decrease in 2021 was primarily due to fund the 84% increase in working capital resulting from the improvement in North American oilfield service activity, partially offset by increases in cash flow from improved drilling activity in 2021 and Cathedral's increase in Canadian market share.

Working capital At December 31, 2021, the Company had working capital of \$14,117 (December 31, 2020 - \$7,680).

Credit facility

Bank facility

The Company's bank credit facility (the "Facility") consists of a \$12,000 extendible revolving credit facility with a single lender which was amended and extended in 2021 Q2 to expire June 30, 2023. The Facility is secured by a general security agreement over all present and future personal property. The Facility provides a definition of EBITDA ("Credit Agreement EBITDA") to be used in calculation of financial covenants. The Facility bears 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. Interest rate spreads for the Facility depend on the level of funded debt compared to the 12 month trailing Credit Agreement EBITDA. The Facility provides a means to lock in a portion of the debt at interest rates through bankers' acceptances ("BA") based on the interest rate spread on the date the BA was entered into.

In June 2021, the Company amended and extended its Facility. Commencing with the fiscal period ending September 30, 2021 ("2021 Q3") and ending with the fiscal period ending March 31, 2022 ("2022 Q1"), the definition of Credit Agreement EBITDA will be based on pro-rating Credit Agreement EBITDA to a 12-month equivalent ("Consolidated EBITDA Annualization Period"). The calculations are as follows:

- For the fiscal period ending 2021 Q3, the Credit Agreement EBITDA is the calculated amount for the 3 months of 2021 Q3 times four;
- For the fiscal period ending December 31, 2021 ("2021 Q4"), the Credit Agreement EBITDA is the calculated amount for the 3 months of 2021 Q3 plus the 3 months of 2021 Q4 times two;
- For the fiscal period ending 2022 Q1, the Credit Agreement EBITDA is the calculated amount for the 3 months of 2021 Q3 plus the 3 months of 2021 Q4 plus the 3 months of 2022 Q1 divided by 3 and then times 4;
- During the Consolidated EBITDA Annualization Period, the Facility will bear interest at the maximum rates for the ranges noted;
- The Company, at its one-time option, can choose to exit the Consolidated EBITDA Annualization Period and revert back to the original definition of Credit Agreement EBITDA and the Facility will bear interest at the applicable rates. For the fiscal period ending June 30, 2022 ("2022 Q2"), the Credit Agreement EBITDA will revert back to the trailing 12-month calculation.

The Facility also features the following amendments:

- There is no cap in place and the Company has access to the full \$12,000 Facility;
- Aggregate capital expenditures (excluding non-cash utilization of existing inventory) for the fiscal year ended December 31, 2021, are not to exceed \$9,000; and
- Consolidated funded debt to tangible net worth ("TNW") ratio will no longer be tested after 2021 Q2.

The financial covenants associated with the Facility that will be tested commencing 2021 Q3 are:

- Consolidated funded debt to consolidated Credit Agreement EBITDA ratio shall not exceed 3.0:1; and
- Consolidated Credit Agreement EBITDA to consolidated interest ratio shall not be less than 2.5:1.

Compliance with Facility covenants

At December 31, 2021, the Company had drawn \$5,035 of its bank facility and had \$2,898 in cash. The Company was in compliance with all covenants at December 31, 2021.

Current facility - Highly Affected Sectors Credit Availability Program ("HASCAP")

In conjunction with the credit amendment and extension referenced above, the Company applied for and received a further \$1,000 of liquidity from HASCAP. The incremental \$1,000 non-revolving loan is fully drawn and further augments Cathedral's liquidity to \$13,000 in combination with the Company's ability to access the full \$12,000 Facility. The demand loan has an interest rate of 4% and is amortized over a ten-year period. Repayment terms are interest only for the first year, and principal plus interest for the remaining nine years, payable on a monthly basis. The HASCAP Loan is secured by a general security interest over all present and after acquired personal property of the Company granted in favour of ATB.

Contractual obligations In the normal course of business, the Company incurs contractual obligations and those obligations are disclosed in the Company's annual financial statements for the year ended December 31, 2021.

As at December 31, 2021, the Company's has a commitment to purchase equipment of \$362 which is expected to be incurred in 2022 Q1.

The Company has issued the following six letters of credit ("LOC"):

- three securing rent payments on property leases and renew annually with the landlords. Two LOCs total \$700 CAD for the first ten years of the lease and then reduce to \$500 for the last five years of the leases. The third LOC is currently for \$630 USD and increases annually based upon annual changes in rent;
- two securing the Company's corporate credit cards in the amounts of \$75 CAD and \$175 USD; and
- one in lieu of cash deposit for utilities in the amounts of \$55 CAD.

The following table outlines the anticipated payments related to commitments subsequent to December 31, 2021:

	Total	2022	2023	2024	2025	2026	Thereafter
Equipment purchase obligations	\$ 362	\$ 362	\$ -	\$ -	\$ -	\$ -	\$ -
Secured revolving term loan	5,035	-	5,035	-	-	-	-
HASCAP loan	1,000	58	100	100	100	100	542
Finance lease obligations	18,506	2,821	2,673	2,684	2,590	2,439	5,299
Total	\$ 24,903	\$ 3,241	\$ 7,808	\$ 2,784	\$ 2,690	\$ 2,539	\$ 5,841

Subsequent events On February 11, the Company announced the closing of its acquisition of the operating assets of Discovery Downhole Services ("Discovery") for a purchase price of \$20,800 (the "Discovery Transaction"). The Discovery Transaction was funded by:

- the issuance of 5,254,112 common shares of Cathedral (the "Acquisition Shares") to Discovery;
- a non-brokered private placement of 14,659,000 common shares of Cathedral ("Private Placement Shares") at a price of \$0.44 per share for gross proceeds of \$6,450 (the "Private Placement");
- \$11,710 cash financed by a term loan from Cathedral's existing primary bank lender ATB (the "Term Loan") as part of the Company's amended and restated credit agreement (the "Credit Agreement") entered into by the Company and ATB concurrently with the closing of the Discovery Transaction. This is in addition to existing \$12,000 Facility; and
- Additionally, Cathedral will pay customary fees and expenses at prevailing market rates to ATB as a condition of the Term Loan and the Credit Agreement.

Cathedral has retained key Discovery personnel under employment and consulting contracts to ensure a seamless customer service experience, successful integration and long-term alignment with Cathedral's strategy.

The Acquisition Shares and Private Placement Shares will be subject to a four-month statutory hold period under applicable Canadian securities laws, in addition to such other restrictions as may apply under applicable securities laws of jurisdictions outside of Canada. The Acquisition Shares will be subject to further contractual restrictions on resale as follows: 25% are restricted until February 10, 2023; a further 25% of are restricted until August 10, 2023; and a further 50% are restricted until February 10, 2024, subject to certain exceptions.

While the Term Loan will be amortized over five years it has a maturity of June 2023 as with the existing Facility. The amortization will be based on a variable interest rate consistent with the Company's existing credit facility interest rates with required monthly payments of principal and interest. Cathedral will be subject to a quarterly fixed charge coverage ratio as defined in the Credit Agreement which shall not be less than 1.25. The consolidated interest coverage ratio will no longer be tested after 2021 Q4 and the limit on aggregate capital expenditures has been eliminated for 2022 and beyond. The Credit Agreement also includes the granting of a security interest over the assets acquired in the Discovery Transaction. At closing of the Discovery Transaction, Cathedral is in compliance with the terms and conditions of the Term Loan and Credit Agreement.

Share capital At March 10, 2022, the Company has 100,135,265 common shares, 2,575,000 common share purchase warrants and 6,638,700 options outstanding with a weighted average exercise price of \$0.35.

Related party transactions Cathedral has determined that the key management personnel of the Company consist of its executive officers and directors.

In addition to their salaries and director's fees, the Company also provides non-cash benefits to directors and executive officers including participation in the Company's share option program.

Certain executive officers have employment agreements. Upon resignation at the Company's request, they are entitled to termination benefits including: i) 1.0 to 2.0 times base salary; ii) 1.0 to 2.0 times average annual bonus over the past 3 years; and iii) health, dental, life insurance and disability coverage for 12 to 24 months.

Key management personnel (including directors) compensation comprised:

		2021		2020
Short-term employment benefits	\$	2,033	\$	1,236
Share-based compensation		198		117
Total expense recognized as share-based compensation	\$	2,231	\$	1,353

Key management personnel and director transactions

Directors and executive officers of the Company control approximately 7% of the common shares of the Company.

Cathedral issued 650,000 units to its newly appointed President, CEO and Director at a subscription price of \$0.20 per unit, using a loan provided by Cathedral on commercial terms of \$130. Each unit consists of one common share and one-half of one warrant. Each whole warrant will entitle the holder to purchase one common share at an exercise price of \$0.24 per common share for a period of three years from the closing date of the private placement which was February 8, 2021.

There have been no other transactions over the reporting period with key management personnel (2020 - nil), and no other outstanding balances exist as at period end (2020 - nil).

2021 CAPITAL PROGRAM

During the year ended December 31, 2021 the Company invested \$5,617 (2020 - \$2,474) in equipment (excluding non-cash additions).

The following table details the current period's net equipment additions:

	Year ended December 31, 2021
Equipment additions:	
Motors and related equipment	\$ 3,495
MWD and related equipment	2,107
Other	15
Total cash additions	\$ 5,617

The additions of \$5,617 were partially funded by proceeds on disposal of equipment of \$3,553.

2022 CAPITAL PROGRAM

The Company's estimated 2022 gross capital plan is approximately \$14,900, excluding any potential acquisitions. The primary additions under the 2022 capital plan will be approximately \$9,500 for new mud motors and related parts with the remaining \$5,400 on MWD and ancillary assets.

RESULTS OF OPERATIONS – THREE MONTHS ENDED DECEMBER 31

Revenues and operating expenses

	2021 Q4	2020 Q4	\$ Change	% Change
Revenues	\$ 23,710	\$ 7,448	\$ 16,262	218%
Cost of sales	(23,009)	(9,816)	(13,193)	134%
Gross margin - \$	\$ 701	\$ (2,368)	\$ 3,069	-130%
Gross margin - %	3%	-32%	35%	
Adjusted gross margin \$ ⁽¹⁾	\$ 4,047	\$ 1,199	\$ 2,848	238%
Adjusted gross margin % ⁽¹⁾	17%	16%	1%	

(1) Refer to MD&A "NON-GAAP MEASUREMENTS"

	2021 Q4	2020 Q4
Revenues		
Canada	\$ 18,535	\$ 4,042
United States	5,175	3,406
Total	\$ 23,710	\$ 7,448

Revenues 2021 Q4 revenues were \$23,710, which represented an increase of \$16,262 or 218% from 2020 Q4 revenues of \$7,448.

Canadian revenues (excluding motor rental revenues) increased to \$17,637 in 2021 Q4 from \$3,740 in 2020 Q4; a 372% increase. This increase was the result of: i) a 310% increase in activity days to 2,269 in 2021 Q4 from 553 in 2020 Q4 and ii) a 15% increase in the average day rate to \$7,773 in 2021 Q4 from \$6,764 in 2020 Q4.

Based on publicly disclosed Canadian drilling and directional drilling days, Cathedral's market share for 2021 Q4 was 18.1% compared to 7.7% in 2020 Q4. Day rates increased due to certain ancillary revenues along with overall change in client mix.

U.S. revenues (excluding motor rental revenues) increased 49% to \$4,765 in 2021 Q4 from \$3,201 in 2020 Q4. This increase was the result of: i) a 28% increase in activity days to 459 in 2021 Q4 from 359 in 2020 Q4; and ii) a 16% increase in the average day rate to \$10,381 in 2021 Q4 from \$8,915 in 2020 Q4 (when converted to Canadian dollars).

The average active land rig count for the U.S. was up 84% in 2021 Q4 compared to 2020 Q4 (source: Baker Hughes). The Company experienced a 28% increase in activity resulting in a decrease in market share compared to 2020 Q4. Day rates in USD increased 21% to \$8,256 USD in 2021 Q4 from \$6,843 USD in 2020 Q4. Revenue day rates increased due to an increase in revenues from providing RSS services which are rented from a 3rd party.

Motor rentals increased in both Canada and the U.S. Combined rental revenues increased to \$1,308 in 2021 Q4 compared to \$507 in 2020 Q4. Rentals were up due to the industry increase in drilling activity.

Government grants The Company did not qualify for CEWS and CERS claims in Q4 of 2021 due to the increase in revenues for the quarter.

In Q4 of 2020, the Company recognized \$399 of CEWS benefits which reduced salary expenses as follows:

- Cost of sales \$187;
- Selling, general and administrative expenses \$154; and
- Technology group expenses \$58.

In Q4 of 2020, the Company recognized the benefit from the CERS program of \$280 which reduced cost of sales \$221 and selling, general and administrative \$59.

Gross margin and adjusted gross margin Gross margin for 2021 Q4 was 3% compared to -32% in 2020 Q4. Adjusted gross margin (see Non-GAAP Measurements) for 2021 Q4 was \$4,047 or 17% compared to \$1,199 or 16% for 2020 Q4.

Adjusted gross margin, as a percentage of revenue, increased due to lower repairs and a reduction in fixed costs as percentage of revenue, partially offset by increases in field labour expenses and rentals.

Depreciation of equipment allocated to cost of sales decreased to \$3,323 in 2021 Q4 from \$3,560 in 2020 Q4 due to the aging of the assets as the Company uses a declining-balance depreciation for most items. Depreciation included in cost of sales as a percentage of revenue was 14% for 2021 Q4 and 48% in 2020 Q4.

Selling, general and administrative ("SG&A") expenses SG&A expenses were \$2,804 in 2021 Q4; an increase of \$732 compared with \$2,072 in 2020 Q4. There were increases in SG&A wages, commissions and reduced CEWS grants partially offset by recovery of bad debts in 2021 Q4 compared to expense in 2020 Q4. As a percentage of revenue, SG&A was 12% in 2021 Q4 compared to 28% in 2020 Q4.

Technology group expenses Technology group expenses were \$214 in 2021 Q4; an increase of \$74 compared with \$140 in 2020 Q4. Technology group expenses are related to new product development and supporting and upgrading existing technology. Technology group expenses consist of salaries and related benefits and burdens as well as shop supplies.

Gain (loss) on disposal of equipment During 2021 Q4, the Company had a gain on disposal of equipment of \$664 compared to a loss of (\$183) in 2020 Q4. These gains are mainly related to equipment lost-in-hole. Proceeds from clients on lost-in-hole equipment are based on amounts specified in service agreements. The timing of lost-in-hole recoveries is not in the control of the Company and therefore can fluctuate significantly from quarter-to-quarter. In 2021 Q4, the Company received proceeds on disposal of equipment of \$1,275 (2020 Q4 - \$184).

Finance costs Finance costs consisting of interest expenses on loans and borrowings and bank charges net of interest charged on past due accounts receivable were a net revenue of (\$53) for 2021 Q4 versus expense of \$60 for 2020 Q4. Included in 2021 Q4 amount was interest revenue of \$172 (2020 Q4 - \$nil).

Finance costs lease liability The lease liability interest decreased slightly to \$189 from \$218.

Foreign exchange The Company had a foreign exchange gain of \$78 in 2021 Q4 compared to \$1,686 in 2020 Q4 due to the fluctuations of the Canadian dollar relative to the U.S. dollar. The Company's foreign operations are denominated in USD and therefore, upon consolidation, gains and losses due to fluctuations in the foreign currency exchange rates are recorded as other comprehensive income on the balance sheet as a component of equity. However, gains and losses in the Canadian entity on U.S. denominated intercompany balances continue to be recognized in the statement of comprehensive income (loss). Included in the 2021 Q4 foreign currency loss are unrealized gain of \$136 (2020 Q4 - \$1,678) related to intercompany balances.

Impairment and direct write-downs In 2021 there was a reversal on a U.S. right of use asset that was subleased in the amount of \$768 which was partially offset by write-down of inventory of \$154 for a net reversal of \$664. The inventory write-down relates to parts that are unlikely to be used to repair the Company's tools.

In 2020 Q4, the Company entered into a sub-lease for one of the properties previously written down and reversed \$549 equal to the sublease asset. Additionally, in 2020 Q4 there was a write-down on slow moving inventory of \$377 for a net reversal of \$172.

Income tax Previously, Cathedral derecognized deferred tax assets due to a recent history of tax losses within both of Cathedral's legal entities.

Income tax expense is booked based upon expected annualized rates using the statutory rates of 25.5% for Canada and 23% for the U.S.

SUMMARY OF QUARTERLY RESULTS

Three month periods ended	Dec 2021	Sep 2021	June 2021	Mar 2021	Dec 2020	Sep 2020	Jun 2020	Mar 2020
Revenues	\$ 23,710	\$ 20,127	\$ 7,322	\$ 11,365	\$ 7,448	\$ 4,990	\$ 8,841	\$ 19,295
Adjusted EBITDAS ⁽¹⁾	\$ 1,273	\$ 5,170	\$ (2,683)	\$ 825	\$ (435)	\$ 84	\$ (823)	\$ 1,057
Adjusted EBITDAS ⁽¹⁾ per share - diluted	\$ 0.02	\$ 0.07	\$ (0.05)	\$ 0.02	\$ (0.01)	\$ 0.00	\$ (0.02)	\$ 0.02
Net income (loss)	\$ (1,097)	\$ 403	\$ (5,846)	\$ (2,086)	\$ (6,171)	\$ (5,014)	\$ (3,815)	\$ (12,590)
Net income (loss) per share - diluted	\$ (0.01)	\$ 0.01	\$ (0.11)	\$ (0.04)	\$ (0.12)	\$ (0.10)	\$ (0.08)	\$ (0.25)

(1) Refer to MD&A: see "NON-GAAP MEASUREMENTS"

A portion of the Company's operations is carried on in western Canada where activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities in western Canada are generally lower during "spring breakup" which normally commences in mid to late March and continues through to mid to late May. Operating activities generally increase in the fall and peak in the winter months from December until early to mid-March. Additionally, volatility in the weather and temperatures not only during this period, but also year-round, can create additional unpredictability in operational results. Activity levels in the oil and natural gas basins in the U.S. are not subject to the seasonality to the same extent that it occurs in western Canada.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The Company's audited consolidated financial statements have been prepared in accordance with GAAP and significant accounting policies utilized by the Company are described in note 4 to the Company's audited consolidated financial statements. Management believes the accounting principles selected are appropriate under the circumstances and the Audit Committee of the Company has approved the policies selected.

Under GAAP, the Company is required to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the audited consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and assumptions utilized are based on experience and other information available to management at the time the estimate or assumption is made. The estimates and assumptions used by management are constantly evaluated for relevance under the circumstances and if circumstances on which the estimates or assumptions were based change, the impact is included in the results of operations for the period in which the change occurs. Management believes the estimates, judgments and assumptions involved in its financial reporting are reasonable.

The following accounting policies require management to make significant judgments and estimates in the preparation of the Company's audited consolidated financial statements, and as such, are considered critical.

Equipment The Company makes estimates about the residual value and expected useful life of equipment. These estimates are based on management's historical experience and industry norms. Expected useful life and depreciation rates are as disclosed in note 3 (d) (iii) to the audited consolidated financial statements.

Impairment of long-lived assets Equipment and intangibles are assessed for impairment when circumstances suggest that the carrying amount may exceed the recoverable amount for the asset. Significant judgement is required to assess when indicators of impairment exist, and impairment testing is required. The assessment of indicators of impairment is based on management's judgment of whether there are internal and external factors that would indicate that the directional drilling cash generating unit ("CGU") and specifically the non-financial assets within the CGU, are impaired. These factors include future cash flows, expected industry activity levels, commodity price developments and market capitalization. The determination of the recoverable amount of the CGU requires estimates and assumptions that are subject to change as new information becomes available. These include estimates of future cash flows, growth rates, pre-tax discount rates as well as various estimates and assumptions used in the preparation of revenues and expenses used in the cash flow analysis. The determination of a CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets.

Trade accounts receivable Trade accounts receivable require estimates to be made regarding the financial stability of the Company's customers and the environment in which they operate in order to assess if accounts receivable balances will be received. Credit risks for outstanding accounts receivable are assessed regularly and an allowance for doubtful accounts is recorded based upon specific customer information and experience as well as for groups of similar assets. See note 24 to the audited consolidated financial statements "Credit risk" for further details.

Inventory Inventory is reviewed periodically in order to determine if there is obsolescence. This estimate is based upon historic data and management's estimates of future demand. See note 8 to the audited consolidated financial statements for discussion of the write-downs of inventory.

Income taxes The Company uses the asset and liability method of accounting for future income taxes whereby deferred income tax assets and liabilities are determined based on temporary differences between the accounting basis and the tax basis of the assets and liabilities, and are measured using substantively enacted tax rates and laws expected to apply when these differences reverse. As a result, a projection of taxable income is required for those years, as well as an assumption of the ultimate recovery/settlement period for the temporary differences.

The business and operations of the Company are complex and the Company has executed a number of significant financings, reorganizations, acquisitions and other material transactions over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors as well as the Company's interpretation of relevant tax legislation and regulations. The Company's management believes that the provision for income tax is adequate and in accordance with GAAP and applicable legislation and regulations. However, tax-filing positions are subject to review by taxation authorities who may successfully challenge the Company's interpretation of the applicable tax legislation and regulations.

CONTROLS AND PROCEDURES

In order to ensure that information with regard to reports filed or submitted under securities legislation present fairly in all material respect the financial information of the Company, management including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") are responsible for establishing and maintaining disclosure controls and procedures, as well as internal controls over financial reporting based upon The Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Disclosure controls and procedures The Company's disclosure controls and procedures are designed to provide reasonable assurance that information required to be disclosed by the Company is reported within the time periods specified under securities laws, and include controls and procedures that are designed to ensure that information is communicated to management of the Company, including the CEO and CFO, to allow timely decisions regarding required disclosure. An evaluation of the effectiveness of the Company's disclosure controls and procedures (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual Financial and Interim Filings) was conducted as at December 31, 2021. Based on this evaluation, the CEO and CFO of Cathedral have concluded that the design and operation of the Company's disclosure controls and procedures were effective as at December 31, 2021.

Internal controls over financial reporting Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The CEO and CFO have designed or have caused such internal controls over financial reporting (as defined in Multilateral Instrument 52-109, Certification of Disclosure in Issuers' Annual Financial and Interim Filings) to be designed under their supervision to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's financial statements for external purposes in accordance with GAAP. In addition, the CEO and CFO directed the assessment of the design and operating effectiveness of the Company's internal controls over financial reporting as at December 31, 2021 and based upon that assessment determined that the Company's internal controls over financial reporting were, in all material respects, appropriately designed and operating effectively.

Management of the Company believe that "cost effective" disclosure controls and procedures and internal controls over financial reporting, no matter how well conceived or implemented, can only provide reasonable assurance, and not absolute assurance, that the objective of controls and procedures are met. Because of inherent limitations, disclosure controls and procedures and internal control over financial reporting may not prevent errors or fraud.

There has been no change in the Company's internal controls over financial reporting during the year ended December 31, 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal controls over financial reporting.

RISK FACTORS

Public Health Emergencies including COVID-19 Pandemic

In March 2020, the World Health Organization declared a global pandemic due to COVID-19. In response to the COVID-19 outbreak, governments around the world implemented measures to control the spread of the virus, including closing non-essential businesses and implementing travel bans and stay-at-home restrictions. These measures resulted in volatility and disruptions in regular business operations, supply chains and financial markets, as well as declining trade and market sentiment, and contributed to a material deterioration in the global economy, including a dramatic decline in the demand for oil, which resulted in a material decrease in the price of oil.

In 2020 and early 2021, Cathedral made significant changes to its cost structure including laying off staff, reducing compensation, closing facilities, eliminating discretionary expenses, deferring tool repairs and reducing capital expenditures. These efforts were undertaken to better match Cathedral's cost structure to its expected operating levels at those times and manage the financial risk presented by Cathedral's contract counterparties and potentially their ability to perform contractual obligations.

Many of restrictions imposed by governmental bodies to limit the spread of COVID-19 have since been relaxed as of the date hereof amid optimism that the COVID-19 pandemic is receding following the Omicron variant-driven wave in late 2021 and early 2022. However, the COVID-19 pandemic or a similar public health epidemic continues to pose a material risk to Cathedral's business, operations and financial condition should governments be forced to reintroduce the restrictions of 2020 and 2021. Such public health crises can result in volatility and disruptions in the supply and demand for oil and natural gas, global supply chains and financial markets, as well as declining trade and market sentiment and reduced mobility of people, all of which could affect commodity prices, interest rates, credit ratings, credit risk and inflation. The risks to Cathedral of such public health crises also include risks to employee health and safety and a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak.

International Conflict

International conflict and other geopolitical tensions and events, including war, military action, terrorism, trade disputes, and international responses thereto have historically led to, and may in the future lead to, uncertainty or volatility in global energy and financial markets. Russia's recent invasion of Ukraine has led to sanctions being levied against Russia by the international community and may result in additional sanctions or other international action, any of which may have a destabilizing effect on commodity prices and global economies more broadly. Volatility in commodity prices may adversely affect our business, financial condition and results of operations. Reductions in commodity prices may affect oil and natural gas activity levels and therefore adversely affect the demand for, or price of, our services.

The extent and duration of the current Russian-Ukrainian conflict and related international action cannot be accurately predicted at this time and the effects of such conflict may magnify the impact of the other risks identified in this Annual Information Form, including those relating to commodity price volatility and financial conditions. The situation is rapidly changing and unforeseeable impacts, including on Cathedral, our stakeholders and counterparties on which we rely and transact with, may materialize and may have an adverse effect on our business, results of operation and financial condition.

Crude Oil and Natural Gas Prices

Demand for the services provided by Cathedral is directly impacted by the prices that Cathedral's customers receive for the crude oil and natural gas they produce. The prices received and the volumes produced have a direct correlation to the cash flow available to invest in drilling activity and other oilfield services. The markets for oil and natural gas are separate and distinct and are largely driven by supply and demand factors. Oil is a global commodity with a vast distribution network. As natural gas is most economically transported in its gaseous state via pipeline, its market is dependent on pipeline infrastructure and is subject to regional supply and demand factors. Developments in the transportation of liquefied natural gas ("LNG") in ocean going tanker ships is introducing more of an element of globalization to the natural gas market. Crude oil and natural gas prices are quite volatile, which accounts for much of the cyclical nature of the oilfield services business.

Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of, and demand for, oil and natural gas, market uncertainty and a variety of additional factors beyond the control of Cathedral. These factors include economic conditions in the U.S. and Canada, the actions of the Organization of Petroleum Exporting Countries ("OPEC") and OPEC Plus, government regulation, political stability in the Middle East and elsewhere, an outbreak of a public health emergency such as COVID-19, the foreign supply of oil and natural gas, risks of supply disruption, the price of foreign imports, technological advances improving the efficiency of oil and natural gas extraction and production, and the availability of alternative fuel sources and other advances that reduce energy use efficiency impacting consumption. In addition to pricing determined based on worldwide or North American supply and demand factors, there are a number of regional factors that also influence pricing such as transportation capacity, oil and natural gas physical properties and local supply and demand. Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities related to the current state of the world economies, OPEC actions and credit availability and liquidity concerns in the energy industry.

Commodity price volatility may impact E&P companies' willingness to commit to capital spending, which in turn may have a significant adverse effect the rig count and thus on the Corporation's activity levels, business and financial results.

World crude oil prices and North American natural gas prices, including LNG, are not subject to control by Cathedral. With that in mind, Cathedral attempts to partially manage this risk by way of maintaining a variable cost structure that can be scaled to reflect activity levels. A significant portion of Cathedral's fieldwork is performed by sub-contractors and staff paid on a day rate or hourly basis which allows Cathedral to operate with lower variable costs and fixed overhead costs in seasonally low activity periods as well as extended downturns in the oilfield services sector. In addition, Cathedral also strives to continuously improve its operational efficiencies and reduce the cost of the equipment it deploys.

Take Away Capacity for Cathedral's Customers

Cathedral's customers rely on various transportation methods to deliver the produced oil and natural gas to the end market including: pipelines, truck and railway. If such take away capacity becomes full and incremental capacity is not added, the price and production of hydrocarbons may be adversely impacted resulting in lower oilfield service industry activity levels. This could have a material adverse effect on Cathedral's business operations, financial condition, results of operations and cash flow. In Canada, takeaway capacity issues have impacted local oil pricing and net backs with the result that drilling activity levels have been negatively impacted.

Alternatives to and Changing Demand for Hydrocarbon Products

Fuel conservation measures, alternative fuel requirements, electric automobiles, increasing consumer demand for alternatives to oil and natural gas, and technological advances in fuel economy, vehicle electrification and energy generation devices could reduce the demand for crude oil, natural gas and other hydrocarbons. The Corporation cannot predict the impact of changing demand for oil and natural gas products, and any major changes may have a material adverse effect on the Cathedral's business, financial condition, results of operations and cash flows.

Performance of Obligations

The Corporation's success depends in large part on whether it fulfills its obligations with clients and maintains client satisfaction. If Cathedral fails to satisfactorily perform its obligations, makes errors in the provision of its services, or does not perform its services to the expectations of its clients, its clients could terminate working relationships, including master service agreements, exposing Cathedral to loss of its professional reputation and risk of loss or reduced profits, or in some cases, the loss of a project and claims by customers for damages. Typically, Cathedral's master service agreements do not contain any guaranteed payments and are cancellable on 30 or less days' notice.

Access to Capital

The credit facilities of Cathedral contain covenants that require it to meet certain financial tests and that restrict, among other things, the ability of Cathedral to incur additional debt, make significant acquisitions, dispose of assets or pay dividends in certain circumstances. To the extent the cash flow from operations is not adequate to fund Cathedral's cash requirements, external financing may be required. Lack of timely access to such additional financing, or which may not be on favorable terms, could limit the future growth of the business of Cathedral. To the extent that external sources of capital, including public and private markets, become limited or unavailable, Cathedral's ability to make the necessary capital investments to maintain or expand its business and to make necessary principal payments under its credit facility may be impaired.

Forward-looking Information May Prove Inaccurate

Numerous statements containing forward-looking information are found in this AIF, documents incorporated by reference herein and other documents forming part of Cathedral's public disclosure record. Such statements and information are subject to risks and uncertainties and involve certain assumptions, some, but not all, of which are discussed elsewhere in this document. The occurrence or non-occurrence, as the case may be, of any of the events described in such risks could cause actual results to differ materially from those expressed in the forward-looking information.

Business Transaction Risks

Cathedral has recently completed the Precision Transaction, the Valiant Transaction and the Discovery Transaction. Achieving the benefits of acquisitions depends on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner and our ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with ours. Business transactions may expose Cathedral to additional risks, including: difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations and improving their operating efficiency; difficulties in maintaining uniform standards, controls, procedures and policies through all of Cathedral's operations; entry into markets in which Cathedral has little or no direct prior experience; difficulties in retaining key employees of the acquired operations; disruptions to Cathedral's ongoing business; and diversion of management time and resources.

Cathedral expects to continue to selectively seek mergers, acquisitions and other types of business transactions in connection with its growth strategy. Cathedral's ability to consummate and to integrate effectively any future mergers, acquisitions or other business transactions on terms that are favorable to it may be limited by the number of attractive transaction targets, internal demands on Cathedral's resources, internal management capabilities and to the extent necessary, Cathedral's ability to obtain financing on satisfactory terms for larger transactions, if at all.

Interest Rates

Cathedral's current credit facility bears interest at a floating interest rate and, therefore, to the extent Cathedral borrows under this facility, it is at risk of rising interest rates. Management continually monitors interest rates and would consider locking in the rate of its term debt.

Credit Facility

Although it is believed that the size of the Amended Facility is sufficient, there can be no assurance that the amount will be adequate for the financial obligations of Cathedral. As well, if Cathedral requires additional financing such financing may not be available or, if available, may not be available on favorable terms. Cathedral's lender has been provided with security over substantially all of the assets of Cathedral. There is no assurance that the existing credit facility will be extended beyond its maturity date.

Additional Shares

If the Board of Cathedral decides to issue additional Common Shares, Preferred Shares or securities convertible into Common Shares, existing shareholders may suffer significant dilution.

Unpredictability and Volatility of Share Price

The prices at which the Common Shares trade cannot be predicted. The market price of the Common Shares could be subject to significant fluctuations in response to variations in quarterly financial results and other factors including prevailing financial market factors and investor interest in the Corporation or the industry the Corporation operates in. The market price of the Common Shares may also be impacted by other factors including the net asset value of Cathedral's assets which will vary from time to time depending on factors beyond our control.

In addition, the securities markets have experienced significant market wide and sectorial price and volume fluctuations from time to time that often have been unrelated or disproportionate to the operating performance of particular issuers. Such fluctuations may adversely affect the market price of the Common Shares.

Income Tax Matters

The business and operations of Cathedral are complex and Cathedral and its predecessors have executed a number of significant financings, reorganizations, acquisitions and other material transactions over the course of its history. The computation of income taxes payable as a result of these transactions involves many complex factors as well as Cathedral's interpretation of relevant tax legislation and regulations.

Cathedral's management believes that the provision for income tax is adequate and in accordance with generally accepted accounting principles and applicable legislation and regulations. However, tax filing positions are subject to review by taxation authorities who may successfully challenge Cathedral's interpretation of the applicable tax legislation and regulations. It is also possible that tax authorities may retroactively or prospectively amend tax legislation or its interpretation, which could affect Cathedral's current and future income taxes.

Key Personnel and Employee/Sub-contractor Relationships

Shareholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management and employees of Cathedral. The success of Cathedral is dependent upon its personnel and key sub-contractors. The unexpected loss or departure of any of Cathedral's key officers, employees or sub-contractors could be detrimental to the future operations of Cathedral. In addition, should circumstances exist that prevent Cathedral's employees and sub-contractors from performing their duties, such as natural disasters or impacts from global pandemics like the ongoing COVID-19 pandemic, it could impact Cathedral's ability to deliver its products and services. Cathedral does not maintain key man insurance on any of its officers.

The success of Cathedral's business will depend, in part, upon Cathedral's ability to attract and retain qualified personnel as they are needed. Additionally, the ability of Cathedral to expand its services is dependent upon its ability to attract additional qualified employees. During high levels of activity, attracting quality staff can be challenging due to competition for such services. Cathedral provides its staff with a quality working environment, effective training, tools with current technology and competitive remuneration packages that allows it to attract and retain the quality of its workforce, whether in the field, shop or office. There can be no assurance that Cathedral will be able to engage the services of such personnel or retain its current personnel.

Competition

The oil and natural gas service industry in which Cathedral and its operating entities conduct business is highly competitive. Cathedral competes with other more established companies which have greater financial, marketing and other resources and certain of which are large international oil and natural gas service companies which offer a wider array of oil and natural gas services to their clients than does Cathedral.

At any time, there may be an excess of certain classes of oilfield service equipment in North America in relation to current levels of demand. The supply of equipment in the industry does not always correlate to the level of demand for that equipment. Periods of high demand often spur increased capital expenditures on oilfield service equipment, and those capital expenditures may result in equipment levels which exceed actual demand. In periods of low demand, there may be excess equipment available within the industry resulting in equipment obsolescence. Excess equipment supply in the industry could cause competitors to lower their rates and could lead to a decrease in rates in the oilfield services industry generally, which could have an adverse effect on revenues, cash flows and earnings in the industry and for the Corporation.

Access to Parts, Consumables and Technology and Relationships with Key Suppliers

The ability of Cathedral to compete and expand will be dependent on Cathedral having access, at a reasonable cost, to equipment, parts and components for purchased equipment for the development and acquisition of new competitive technologies. An inability to access these items and delays in accessing these items could have a material adverse effect on Cathedral's business, financial condition, results of operations and cash flow. Cathedral's equipment may become obsolete or experience a decrease in demand due to competing products that are lower in cost, have enhanced performance capabilities or are determined by the market to be more preferable for environmental or other reasons. Although Cathedral has very good relationships with its key suppliers, there can be no assurances that those sources of equipment, parts, components or relationships with key suppliers will be maintained. If these are not maintained, Cathedral's ability to compete may be impaired. If the relationships with key suppliers come to an end, the availability and cost of securing certain parts, components and equipment may be adversely affected.

Technology

The success and ability of Cathedral to compete depends in part on the technologies that it brings to the market, and the ability of Cathedral to prevent others from copying such technologies. Cathedral currently relies on industry confidentiality practices ("trade secrets"), including entering into industry standard confidentiality agreements and in some cases patents (or patents pending) to protect its proprietary technology. Cathedral may have to engage in litigation in order to protect its intellectual property rights, including patents or patents pending, or to determine the validity or scope of the proprietary rights of itself or others. This kind of litigation can be time-consuming and expensive, regardless of whether or not Cathedral is successful.

Additionally, certain tools, equipment or technology developed by Cathedral may be the subject of future patent infringement claims or other similar matters which could result in litigation, the requirement to pay licensing fees or other results that could have a material adverse effect on Cathedral's business, results of operations and financial condition.

The intellectual property rights of Cathedral may be invalidated, circumvented, challenged, infringed or required to be licensed to others. It cannot be assured that any steps Cathedral may take to protect its intellectual property rights and other rights to such proprietary technologies that are central to Cathedral's operations will prevent misappropriation or infringement.

Cathedral competes with other more established companies which have greater financial resources to develop new technologies. Competitors may also develop similar or substitute tools, equipment and technology to Cathedral's thereby adversely affecting Cathedral's competitive advantage and/or market share. There may also be changes in customer or market requirements which make Cathedral's technology obsolete or result in a lower demand for Cathedral's products and services. Certain competing technologies are beginning to enter Cathedral's market which may have a negative impact on Cathedral long term. RSS technology is becoming more cost-effective and can be used as a substitute for certain methods currently in place by Cathedral. As a result, there is the risk that a larger portion of Cathedral's customer base will move away from technology provided by Cathedral. Although Cathedral intends to adopt processes to provide similar services and develop competing technology, there is no guarantee that it will be successful and Cathedral is likely to face a number of challenges, including intellectual property matters and economic considerations, in order to implement new competing technology.

Potential Replacement or Reduced Use of Products and Services

Certain of Cathedral's equipment or systems may become obsolete or experience a decrease in demand through the introduction of competing products that are lower in cost, exhibit enhanced performance characteristics or are determined by the market to be more preferable for environmental or other reasons. A change in customer requirements, may result in some of its equipment becoming technically obsolete or creating market

obsolescence based on lower demand which has resulted in write-downs of certain equipment and associated parts inventory. In addition, the drilling industry is experiencing a trend towards automation, the impact of which on Cathedral's business is not yet known. Cathedral will need to keep current with the changing market for oil and natural gas services and technological and regulatory changes. If Cathedral fails to do so, this could have a material adverse effect on its business, financial condition, results of operations and cash flows.

Operating Risks and Insurance

Cathedral has an insurance and risk management plan in place to protect its assets, operations and employees. However, Cathedral's oilfield services are subject to risks inherent in the oil and natural gas industry, such as equipment defects, equipment obsolescence, malfunctions, failures, natural disasters and errors and omissions by staff, some of which may not be covered by insurance. These risks could expose Cathedral to substantial liability for personal injury, loss of life, business interruption, property damage or destruction, pollution and other environmental damages. Cathedral attempts to obtain indemnification from its customers by contract for some of these risks in addition to having insurance coverage. These indemnification agreements may not adequately protect against liability from all of the consequences described above. There may be situations in which indemnifications provided by Cathedral are not covered by insurance. In addition, Cathedral's operating activities include a significant amount of transportation of equipment and vehicle travel by staff and therefore is subject to the inherent risks including potential liability which could result from, among other things, personal injury, loss of life or property damage derived from motor vehicle accidents. Cathedral carries insurance to provide protection in the event of destruction or damage to its property and equipment, subject to appropriate deductibles and the availability of coverage. Liability insurance is also maintained at prudent levels to limit exposure, but not necessarily fully eliminate exposure to unforeseen incidents. An annual review of insurance coverage is completed to assess the risk of loss and risk mitigation alternatives. It is anticipated that appropriate insurance coverage is in place and will be maintained in the future, but there can be no assurance that such insurance coverage will be available in the future on commercially reasonable terms or be available on terms as favorable as Cathedral's current arrangements. The occurrence of a significant event outside of the coverage of Cathedral's insurance policies could have a material adverse effect on the results of the Corporation. If there is an event that is not fully insured or indemnified against, or a customer or insurer does not meet its indemnification or insurance obligations, it could result in substantial losses.

Energy companies are continuously demanding wells be drilled, cheaper, longer and faster, which has adversely impacted Cathedral's drilling equipment and may continue to do so.

Business continuity, disaster recovery and crisis management

An inability to restore or replace critical capacity in a timely manner may impact business and operations. A serious event could have a material adverse effect on Cathedral's business, results of operations and financial condition. This risk is mitigated by the development of business continuity arrangements, including disaster recovery plans and back-up delivery systems, to minimize any business disruption in the event of a major disaster. Insurance coverage may minimize any losses in certain circumstances.

Risks Associated with Foreign Operations

In the future, Cathedral may conduct a portion of its business outside North America through a number of means including projects, joint ventures and partnerships and other business relationships. As such, Cathedral could be exposed to risks inherent in foreign operations including, but not limited to: loss of revenue, property and equipment as a result of expropriation and nationalization, war, civil and/or labour unrest, strikes, terrorist threats, civil insurrection and other political risks; fluctuations in foreign currency and exchange controls; increases in duties, taxes and governmental royalties and renegotiation of contracts with governmental entities; trade and other economic sanctions or other restrictions imposed by the Canadian government or other governments or organizations; as well as changes in laws and policies governing operations of foreign-based companies.

Carrying on business outside of Canada gives rise to the risk of dealing with business and political systems that are different than Cathedral is accustomed to in Canada.

Weather and Seasonality

A portion of Cathedral's operations are carried on in western Canada where activity levels in the oilfield services industry are subject to a degree of seasonality. Operating activities in western Canada are generally lower during "spring breakup" which normally commences in March and continues through to May. Canadian operating activities generally increase in the fall and peak in the winter months from December until early to mid-March, depending on weather conditions.

Activity levels in the oil and natural gas basins in the U.S. are not subject to the seasonality to the same extent that it occurs in the western Canada region, however, U.S. operations can also be impacted by weather related issues. In general, activity levels in North America can be impacted year-round by weather conditions and temperatures, including major weather events such as summer and winter storms and hurricanes which can create additional unpredictability in operational results.

Foreign Currency Exchange Rates

Cathedral derives a significant portion of its revenues from the U.S. which are denominated in the local currency. This causes a foreign currency exchange rate risk which Cathedral attempts to mitigate by matching local purchases in the same currency. Furthermore, Cathedral's Canadian operations are subject to foreign currency exchange rate risk in that some purchases for parts, supplies and components in the manufacture of equipment are denominated in USD. Cathedral's foreign currency policy is to monitor foreign current risk exposure in its areas of operations and mitigate that risk where possible by matching foreign currency denominated expense with revenues denominated in foreign currencies. Cathedral strives to maintain limited amounts of cash and cash equivalents denominated in foreign currency on hand and attempts to further limit its exposure to foreign currency through collecting and paying foreign currency denominated balance in a timely fashion.

In addition, Cathedral is exposed to currency exchange risk on those of its assets denominated in U.S. dollars. Since Cathedral presents its financial statements in Canadian dollars, any change in the value of the Canadian dollar relative to the USD during a given financial reporting period would result in a foreign currency loss or gain on the translation of its assets measured in other currencies into Canadian dollars. Consequently, Cathedral's reported earnings could fluctuate materially as a result of foreign exchange translation gains or losses. Other than natural hedges arising from the normal course of business in foreign jurisdictions, Cathedral does not currently have any hedging positions.

Business Development Risks

In implementing its strategy, Cathedral may pursue new business or growth opportunities. There is no assurance that Cathedral will be successful in executing those opportunities. Cathedral may have difficulty executing its strategy because of, among other things, increased competition, difficulty entering new markets or geographies, difficulties in introducing new products, the ability to attract qualified personnel, barriers to entry into geographic markets, and changes in regulatory requirements.

Credit Risk

All of Cathedral's accounts receivables are with customers involved in the oil and natural gas industry, whose revenue may be impacted by fluctuations in commodity prices. Although collection of these receivables could be influenced by economic factors affecting this industry and thereby have a

materially adverse effect on operations, management considers risk of significant loss to be minimal at this time. To mitigate this risk, Cathedral's customers are subject to an internal credit review along with ongoing monitoring of the amount and age of receivables balances outstanding.

Reliance on Major Customers

Management of Cathedral believes it currently has a diverse mix of customers. In 2021, approximately 17% of the Corporation's revenue was attributable to sales transactions with one customer. In 2020, approximately 29% of the Corporation's revenue was attributable to sales transactions with one customer. In 2019, approximately 27% of the Corporation's revenue was attributable to sales transactions with two customers. While Cathedral believes that its relationship with existing customers is good, the loss of any one or more of these customers, or a significant reduction in business done with Cathedral by one or more of these customers, if not offset by sales to new or existing customers, could have a material adverse effect on Cathedral's business, results of operations and prospects. Mergers and acquisitions activity in the oil and natural gas exploration and production sector, which increased in late 2020 and continued into 2021, can impact demand for our services as customers focus on internal reorganization prior to committing funds to significant oilfield services. In addition, demand for Cathedral's services could be negatively affected in that upon completion, the merger and acquisitions customers may re-direct their work to Cathedral's competitors.

Climate Change and Environmental Risks

Reputational Risk

Due to the association of the oil and natural gas industry with climate change, environmental damage and other perceived negatives, a general unfavorable perception of the oil and natural gas industry (including the Canadian industry) has developed among some populations in more economically developed nations. Businesses operating in the oil and natural gas industry, including energy service companies such as Cathedral, are increasingly being specifically associated with such negatives of the oil and natural gas industry as a whole and perceived to be contributing them. Accordingly, there is a risk that Cathedral may be associated with the perceived negatives of the oil and natural gas industry, and that such negative association will reduce demand for the Corporation's securities.

A limited number of banks have recently announced their intentions to cease funding certain fossil fuel projects by a certain point in the future. There is a risk that if a greater portion of the population develops a negative perception of the oil and natural gas industry, more banks will implement some form of a prohibition on funding fossil fuel projects. A decrease in funding for oil and natural gas projects may reduce demand for Cathedral's services or if Cathedral requires additional financing, such financing may not be available or, if available, may not be available on favorable terms.

Environmental and Other Government Regulation Risk

The oil and natural gas industry in Canada and the U.S. is subject to federal, provincial, state and municipal legislation and regulation governing such matters as land tenure, commodity prices, production royalties, production rates, environmental protection controls, the exportation of crude oil, natural gas, greenhouse gas ("GHG") emissions and other products, as well as other matters. The industry is also subject to regulation by governments in such matters, including laws and regulations relating to health and safety, the conduct of operations, the protection of the environment and the manufacture, management, transportation, storage and disposal of certain materials used in Cathedral's operations.

Government regulations may change from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the crude oil and natural gas industry could reduce demand for Cathedral's services or increase its costs, either of which could have a material adverse impact on Cathedral.

There can be no assurance that the provincial, state and local governments or the Federal Governments of Canada and U.S. and other jurisdictions in which Cathedral enters into to provide its services will not adopt new environmental regulations, rules or legislation or make modifications to existing regulations, rules or legislation which could lower the demand for hydrocarbons, increase Cathedral's costs and/or make capital expenditures by Cathedral's customers uneconomic.

Cathedral is subject to various environmental laws and regulations which govern the manufacture, processing, importation, transportation, handling and disposal of certain materials used in Cathedral's operations. Cathedral has established procedures to address compliance with current environmental laws and regulations and monitors its practices concerning the handling of environmentally hazardous materials. However, there can be no assurance that Cathedral's procedures will prevent environmental damage occurring from spills of materials handled by Cathedral or that such damage has not already occurred. On occasion, substantial liabilities to third parties may be incurred. Cathedral may have the benefit of insurance maintained by it or the operator; however, Cathedral may become liable for damages against which it cannot adequately insure or against which it may elect not to insure because of high costs or other reasons.

All of these developments have had, and could in the future have, a material adverse effect on Cathedral's business, financial condition, results of operations, cash flows, ability to collect on accounts receivable and future impairments of Company assets.

Policy Risk

The Corporation's operations and activities emit GHG which may require the Corporation to comply with GHG emissions legislation at the provincial or federal level. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place. Over the past several years both the Government of Canada and the Government of Alberta announced various programs related to climate change and have made certain commitments regarding regulating GHG and other air pollutants.

On April 1, 2019, the Government of Canada implemented a nation-wide price on carbon emissions. The federal levy applies to all Canadian provinces and territories in which no provincial or territorial carbon pricing mechanism has been adopted, or in which such provincial or territorial mechanism does exist but does not meet the criteria established by the Government of Canada. Following implementation of the federal levy, the Government of Alberta repealed the provincial carbon levy that was in effect at the time, resulting in the federal levy being applied to the province. Some of Cathedral's operations may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions.

On January 20, 2021, as part of his administration's efforts to address climate change, the President of the United States issued Executive Order 13990 Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis which, among other things, revoked the March 2019 permit for the Keystone XL pipeline. Once completed, the Keystone XL pipeline was anticipated to provide significant capacity to transport oil from Alberta to refineries Illinois and Texas, and also to oil tank farms and an oil pipeline distribution center in Cushing, Oklahoma. Furthermore, on January 27, 2021, the President of the United States of America issued Executive Order 14008 Tackling the Climate Crisis at Home and Abroad which, among other things, paused the issuances of new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of Federal oil and gas permitting and leasing practices, including potential climate and other impacts associated with oil and gas activities on public lands or in offshore waters. The Executive Order directed that, as part of this analysis, consideration also be made whether to adjust royalties associated with coal, oil, and gas resources extracted from public lands and offshore waters, or take other actions, to account for corresponding climate costs. In November 2021, the U.S. Department of the Interior released its Report on the Federal Oil and Gas Leasing Program, prepared in response to Executive Order 14008, which recommended, among other things, to increase the oil and gas royalty

rate, bonding rates and other fees for drillers on Federal lands. The impact of such Executive Orders, the released report and any further regulations imposed or actions taken by the Federal Government and/or any State Government of the United States of America, may have a material adverse effect on Cathedral's business, financial condition, results of operations and prospects.

Given the evolving nature of the debate related to climate change and the control of GHG and resulting requirements, it is expected that current and future climate change regulations will have the effect of increasing Cathedral's operating expenses and in the long-term reducing the demand for certain of its services and operations, which could result in a decrease in the Corporation's profitability and a reduction in the value of its assets or asset write-offs.

Extreme Weather Risk

There has been public discussion that climate change may be associated with extreme weather conditions and increased volatility in seasonal temperatures. Extreme weather could interfere with Cathedral's operations and increase the Corporation's costs, including shortening the length of the Canadian and U.S. drilling seasons. At this time, the Corporation is unable to determine the extent to which climate change may lead to increased storm or weather hazards affecting its operations and on the areas the Corporation and its suppliers and customers operate in.

Legal Risk

Concerns about climate change have resulted in a number of environmental activists and members of the public opposing carbon intensive industries. Historically, political and legal opposition to carbon intensive industries focused on public opinion and the regulatory process. More recently, however, there has been a movement to more directly hold governments and certain companies responsible for climate change through climate litigation. In November 2018, ENvironment JEUnesse, a Quebec advocacy group, applied to the Quebec Superior Court to certify a class action against the Government of Canada for climate related matters. The certification was ultimately denied by the Quebec Court of Appeal. In January 2019, the City of Victoria became the first municipality in Canada to endorse a class action lawsuit against carbon emitters for climate-related harms. There can be no assurance that such legal proceedings may not be directed towards the Corporation, its clients or other key players in the Canadian and U.S. oil and natural gas industry.

Safety Performance

Cathedral has programs in place to address compliance with current safety and regulatory standards. Cathedral has a corporate safety manager responsible for maintaining and developing policies and monitoring operations consistent with those policies. Poor safety performance could lead to lower demand for Cathedral's services. Standards for accident prevention in the oil and natural gas industry are governed by company safety policies and procedures, accepted industry safety practices, customer-specific safety requirements, and health and safety legislation. Safety is a key factor that customers consider when selecting an oilfield service company. A decline in Cathedral's safety performance could result in lower demand for services, and this could have a material adverse effect on revenues, cash flows and earnings. Cathedral is subject to various health and safety laws, rules, legislation and guidelines which can impose material liability, increase costs or lead to lower demand for services.

Conflict of Interest

Circumstances may arise from time to time where our members of the board or executive officers are also directors or officers of other companies, which have conflicting interests to those of Cathedral. Such conflicts must be disclosed in accordance with, and are subject to such other procedures and remedies as apply under, the ABCA.

Legal Proceedings

Cathedral is involved in litigation from time to time. No assurance can be given as to the final outcome of any legal proceedings or that the ultimate resolution of any legal proceedings will not have a materially adverse effect on Cathedral.

Risks associated with information technology systems

Cathedral is dependent upon information technology systems in the conduct of its operations. Any significant malfunction, breakdown, downtime, invasion, virus, cyber-attack, security breach, destruction or interruption of these systems due to equipment or software failures or by employees, others with access to Cathedral's systems, or unauthorized persons could negatively impact its operations. To the extent any breakdown, downtime, malfunction, invasion, cyber-attack or security breach results in disruption to Cathedral's operations, loss or disclosure of, or damage to, its data or confidential information, its reputation, business, results of operations and financial condition could be materially adversely affected. Cathedral's systems and insurance coverage for protecting against information technology or cyber security risks may not be sufficient. Although to date Cathedral has not experienced any material losses relating to information technology failures or cyber-attacks, it may suffer such losses in the future. Cathedral may be required to expend significant additional resources to continue to modify or enhance its protective measures, to investigate and remediate any information security vulnerabilities or to maintain its information technology systems in good repair.

GOVERNANCE

The Audit Committee of the Board of Directors has reviewed this MD&A and the related audited consolidated financial statements and recommended they be approved by the Board of Directors. Following a review by the full Board, the MD&A and audited consolidated financial statements were approved.

SUPPLEMENTARY INFORMATION

Additional information regarding the Company, including the Annual Information Form ("AIF"), is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "forward-looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "anticipate", "achieve", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "outlook", "expect", "may", "will", "project", "should" or similar words suggesting future outcomes. In particular, this MD&A contains forward-looking statements relating to, among other things: industry fundamentals continue to signal a positive North American oilfield services market for 2022; analysts are consistently modifying their 2022 projections upwards with consensus now close to 57,000 activity days for the Western Canadian Sedimentary Basin ("WCSB"), a better than 27% increase over 2021; projections for 2022 U.S. land rig count have also been adjusted higher; consensus now sees an average active U.S. land rig count of almost 640 rigs for the coming year vs. the 2021 count of 464 rigs, a 37% year-over-year; growing rig counts and analyst estimates appear to indicate that E&Ps will start to direct a greater share of these funds to capital spending in 2022; the ongoing combination of improved sector activity and stronger commodity prices coupled with constrained labour and supply chains, should translate to a constructive pricing environment for service businesses in 2022; industry conditions and valuations continue to support acquisitions and we believe additional consolidation opportunities for Cathedral exist; we are optimistic for improved performance in 2022; we will continue to advance our growth plans, with targeted market share in Canada of 18% or more, and a more significant market share ranging in 5-10% in the U.S. in the next one to two years; commitments; 2022 capital program and financing of the program.

The Company believes the expectations reflected in such forward-looking statements are reasonable as of the date hereof but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Various material factors and assumptions are typically applied in drawing conclusions or making the forecasts or projections set out in forward-looking statements. Those material factors and assumptions are based on information currently available to the Company, including information obtained from third party industry analysts and other third-party sources. In some instances, material assumptions and material factors are presented elsewhere in this MD&A in connection with the forward-looking statements. You are cautioned that the following list of material factors and assumptions is not exhaustive. Specific material factors and assumptions include, but are not limited to:

- the performance of Cathedral's business
- impact of economic and social trends;
- oil and natural gas commodity prices and production levels;
- the ongoing impact of the global health crisis and COVID-19;
- capital expenditure programs and other expenditures by Cathedral and its customers;
- the ability of Cathedral to retain and hire qualified personnel;
- the ability of Cathedral to obtain parts, consumables, equipment, technology, and supplies in a timely manner to carry out its activities;
- the ability of Cathedral to maintain good working relationships with key suppliers;
- the ability of Cathedral to retain customers, market its services successfully to existing and new customers and reliance on major customers;
- risks associated with technology development and intellectual property rights;
- obsolescence of Cathedral's equipment and/or technology;
- the ability of Cathedral to maintain safety performance;
- the ability of Cathedral to obtain adequate and timely financing on acceptable terms;
- the ability of Cathedral to comply with the terms and conditions of its credit facility;
- the ability to obtain sufficient insurance coverage to mitigate operational risks;
- currency exchange and interest rates;
- risks associated with future foreign operations;
- the ability of Cathedral to integrate its transactions and the benefits of any acquisitions, dispositions and business development efforts;
- environmental risks;
- business risks resulting from weather, disasters and related to information technology;
- changes under governmental regulatory regimes and tax, environmental, climate and other laws in Canada and the U.S.; and
- competitive risks.

Forward-looking statements are not a guarantee of future performance and involve a number of risks and uncertainties some of which are described herein. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks identified in this MD&A and in the Company's Annual Information Form under the heading "Risk Factors". Any forward-looking statements are made as of the date hereof and, except as required by law, the Company assumes no obligation to publicly update or revise such statements to reflect new information, subsequent or otherwise.

All forward-looking statements contained in this MD&A are expressly qualified by this cautionary statement. Further information about the factors affecting forward-looking statements is available in the Company's current Annual Information Form that has been filed with Canadian provincial securities commissions and is available on www.sedar.com.