

CATHEDRAL ENERGY SERVICES ANNOUNCES PROCEEDS FROM WARRANT EXERCISE OF \$ 16.0 MILLION

CALGARY, AB, May 8, 2023 /CNW/ - Cathedral Energy Services Ltd. (TSX: CET) ("**Cathedral**" or the "**Company**" or "**CET**") is pleased to announce that the Company has received cumulative, aggregate proceeds of \$ 16.0 million from the exercise of 18,837,888 common share purchase warrants that expired on April 25, 2023. The warrants had an exercise price of \$0.85 and were issued in connection with Cathedral's \$26.4 million bought deal financing that closed on April 25, 2022. Each full warrant entitled the holder to one common share in the Company upon exercise. Approximately 99.7% of outstanding warrants were exercised, with 88.6% of the total exercised in April 2023. Following the warrant exercises, the Company has 242,025,173 common shares outstanding. The proceeds from the warrant exercise add to a balance sheet that has already strengthened considerably from July 2022 when Cathedral purchased Altitude Energy Partners for \$USD 100 million. Estimated loans and borrowings less cash as at March 31, 2023 and including pro forma April 2023 warrant proceeds stands at approximately \$43.4 million, which compares to approximately \$69.3 million as at December 31, 2022. Cathedral has used the proceeds realized in April to pay off the \$13.0 million owing on its syndicated operating facility.

Cathedral's President and CEO, Tom Connors said, "The exercise of the vast majority of warrants is an endorsement by shareholders of our consolidation strategy and only strengthens our balance sheet and financial flexibility going forward as we continue to execute on our plan."

MANAGEMENT UPDATE

Cathedral also wishes to announce the addition of Mike Hearn to the senior management team of the Company. Mr. Hearn joined recently as Senior Vice President, Corporate Development. Mr. Connors added, "Mike has a successful track record in Canadian capital markets, most recently as Chief Financial Officer of Storm Resources Ltd. (TSX: SRX) before it was purchased by Canadian Natural Resources Limited in December 2021 for an enterprise value upon deal announcement of just under \$1 billion. Mike is a Chartered Accountant by background and brings financial acumen, a proven track record, and a solid industry reputation to our company alongside Interim CFO, Scott MacFarlane. We continue to add accomplished people to our team to manage the exceptional growth in revenue and Adjusted EBITDAS since early 2021. Welcome aboard."

ABOUT CATHEDRAL

Cathedral Energy Services Ltd., based in Calgary, Alberta is incorporated under the Business Corporations Act (Alberta) and operates in the U.S. under "Discovery Downhole Services" and "Altitude Energy Partners". Cathedral is publicly-traded on the Toronto Stock Exchange under the symbol "CET". Cathedral is a trusted partner to North American energy companies requiring high performance directional drilling services. We work in partnership with our customers to tailor our equipment and expertise to meet their specific geographical and technical needs. Our experience, technologies and responsive personnel enable our customers to achieve higher efficiencies and lower project costs. For more information, visit www.cathedralenergyservices.com.

FORWARD-LOOKING INFORMATION

This press release contains statements and information that may constitute "forward-looking information" within the meaning of applicable securities legislation, including statements identified by the use of words such as "will", "expects", "positions", "believe", "potential" and similar words, including negatives thereof, or other similar expressions concerning matters that are not historical

facts. Forward-looking information in this news release includes, but is not limited to, statements regarding Cathedral's estimated loans and borrowings less cash as at March 31, 2023, proforma April 2023 warrant proceeds and business plans and strategies for growth. Such forward-looking information is based on various assumptions that may prove to be incorrect, including, but not limited to, assumptions with respect to: conditions in the oil and gas markets and debt and equity markets generally; and the ability of the Company to successfully implement its strategic plans and initiatives. Although the Company believes that such assumptions are reasonable, the Company can give no assurance that such forward-looking statements will prove to be correct or that any of the events anticipated by such forward-looking statements will occur, or if any of them do so, what benefits the Company will derive there from. Actual results could differ materially due to a number of factors and risks including, but not limited to the ability of management to execute and fund its business strategy, and the impact of general economic conditions in Canada and the United States. Additional information regarding risks and uncertainties of the Company's business are contained under the heading "Risk Factors" in the Company's annual information form for the financial year ended December 31, 2022 and the Company's other public filings which are available under the Company's profile on SEDAR at www.sedar.com. The forward-looking information included in this news release is made as of the date of this news release and the Company does not undertake an obligation to publicly update such forward-looking information to reflect new information, future events or otherwise, except as required by applicable law.

NON-GAAP MEASURES

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

"Adjusted EBITDAS" is a non-GAAP measure calculated as earnings before finance costs, unrealized foreign exchange on intercompany balances, taxes, depreciation, amortization, non-recurring costs (including acquisition and restructuring costs and non-cash provision for bad debts), write-down of property, plant and equipment, write-down of inventory and share-based compensation; and is considered an indicator of the Company's ability to generate funds flow from operations prior to consideration of how activities are financed, how the results are taxed and non-cash expenses. Further information regarding how Cathedral calculates and uses Adjusted EBITDAS is contained in Cathedral's 2022 Year-End Management Discussion & Analysis under the heading "Non-GAAP Measurements" and is available on SEDAR under Cathedral's profile at www.sedar.com.

This news release also refers to the term "enterprise value" in relation to the sale of Storm Resources Ltd. which is also regarded as a non-GAAP measure. Although management believes such information is reasonable, this information was obtained from the historical public record of Storm Resources Ltd. and has not been prepared or verified by the Company. This information should be considered in conjunction with the applicable non-GAAP measures disclosure of Storm Resources Ltd. in its November 9, 2021 press release, including among other things, that "enterprise value" is calculated as market capitalization plus debt including working capital deficiency, and that "market capitalization" is calculated as share price multiplied by the number of shares outstanding.

SOURCE Cathedral Energy Services Ltd.

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