



ClearStream receives Support from Lenders

Calgary, Alberta (June 3, 2020) – ClearStream Energy Services Inc. (“ClearStream”) (TSX: CSM) is pleased to announce that it has received support from each of its lenders to assist it with managing through the disruptions to its business caused by the combined effect of the COVID-19 global pandemic and the decline in crude oil prices.

“We are pleased to have the support of each of our lenders as we navigate the unprecedented challenge presented by the effects of COVID-19 and the significant degradation and volatility in crude oil prices. In response, ClearStream has moved to ensure the safety and health of our people and to maintain liquidity, minimize capital outlays and emphasize cost reductions across all facets of our business,” commented Yves Paletta, Chief Executive Officer.

Senior Secured Debentures

ClearStream currently has \$98.888 million of 8% senior secured debentures due March 23, 2026 (the “Senior Secured Debentures”) outstanding. Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”), and sole holder of the Senior Secured Debentures has agreed to accept the issuance of an additional 3,956 Senior Secured Debentures on June 30, 2020 and 4,114 Senior Secured Debentures on December 31, 2020 at a principal amount of \$1,000 per Senior Secured Debenture in order to satisfy the interest that would otherwise become due and payable on such dates (the “Payment in Kind Transactions”). This will save ClearStream approximately \$7.9 million in cash. Following the Payment in Kind Transactions, ClearStream will have approximately \$107 million principal amount of Senior Secured Debentures outstanding at year-end 2020.

As Canso currently holds approximately 16% of Clearstream's outstanding common shares, approximately 99.8% of the outstanding Series 1 preferred shares, 100% of the outstanding series 2 preferred shares and 100% of the outstanding Senior Secured Debentures, it is an “insider” and “related party” of ClearStream and the Payment in Kind Transactions constitute a “related party transaction” under Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). ClearStream is relying on the financial hardship exemption for both the formal valuation and minority approval requirements of MI 61-101 for the Payment in Kind Transactions.

Asset-Based Lending Facility

ClearStream has an asset-based lending facility (the “ABL Facility”), which is comprised of (i) a revolving credit facility providing for maximum borrowings of up to \$65 million (the “Revolving Facility”) with a syndicate of banks (the “Lenders”) and (ii) a term loan facility providing for maximum borrowings of up to \$40.5 million (the “Term Loan Facility”) with Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages.

The Lenders and Canso have agreed to amend the ABL Facility to, among other things: (a) provide the option to defer interest owing on amounts drawn on the Revolving Facility at the end of May, June and July 2020 (with any such deferred amounts to be paid on August 31, 2020); (b) provide for the deferral of interest payments on amounts drawn on the Term Loan Facility from May 29, 2020 to March 31, 2021

(with such deferred amounts to be paid on March 31, 2021); (c) waive compliance with the fixed charge coverage ratio covenant for the fiscal quarter ending June 30, 2020; (d) defer the payment of certain fees (with any such deferred amounts to be paid on August 31, 2020); and (e) permit the Payment in Kind Transactions.

Assuming that the amount drawn on the Term Loan Facility remains constant at \$40.5 million and based on the current interest rate, the deferred interest payments on the Term Loan Facility from May 29, 2020 to March 31, 2021 will total approximately \$3.0 million.

BDC Facilities

ClearStream has two secured loans totaling \$19.0 million with the Business Development Bank of Canada (“BDC”), which were advanced on June 26, 2019 to partially fund the acquisition of certain assets of the production services division of AECOM Production Services Ltd. The first loan was for \$13.5 million and is repayable over 300 monthly payments of \$45,000 from April 1, 2020 to March 1, 2045. The second loan was for \$5.5 million and is repayable over 72 monthly payments of \$76,000 from July 28, 2019 to June 28, 2025.

BDC has agreed to postpone effective April 28, 2020 all principal payments on the loans for a period of six months with the postponed payments being added to the end of each loan term. BDC has also agreed to postpone effective May 13, 2020 all interest payments on the loans for a period of six months with the amount of the deferred interest being payable at the end of the deferral period in twelve equal consecutive monthly instalments.

Outlook

At this time, it is difficult to reliably estimate the full impact of the COVID-19 pandemic and oil price supply/demand imbalance on our business. We remain focused on protecting the health and safety of our workers, supporting our customers and managing our liquidity.

The Canada Emergency Wage Subsidy program is an important part of our plan to manage through these uncertain times. On May 15, 2020, the Federal Government announced that it would be extending the wage subsidy program for an additional 12 weeks to August 29, 2020. We expect to qualify for the wage subsidy for 20 weeks of the 24-week program. On May 28, 2020, we submitted our initial application for the second period (April 12 to May 9, 2020) in the amount of \$4.2 million. The amount of future wage subsidies will fluctuate with activity levels.

Our liquidity position remains strong with cash and available credit facilities of approximately \$34 million as at May 31, 2020 (\$37.9 million as at March 31, 2020 and \$19.2 million as at December 31, 2019). Based on current forecast, which assumes the interest payment relief described above and receipt of the Canada Emergency Wage Subsidy, we anticipate having sufficient cash flow from operations and available credit facilities to meet our short-term contractual obligations.

Like most businesses, we have had to adjust our cost structure as the economy slowed and our customers cancelled and deferred work. With the support from our lenders, customers and Federal and Provincial government programs, we will maintain our capabilities and service offerings so that we will be ready to support our customers when they resume normal operations.

About ClearStream Energy Services Inc.

With a legacy of excellence and experience stretching back more than 50 years, ClearStream provides solutions to the Energy and Industrial markets including: Oil & Gas, Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and a dedicated workforce, we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.clearstreamenergy.ca or contact:

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Advisory Regarding Forward-Looking Information

Certain information included in this press release may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. Specifically, this press release contains forward-looking information relating to: our business plans, strategies and objectives; the amount of deferred interest payments on the Term Loan Facility; the impact of the COVID-19 pandemic and oil price supply/demand imbalance on our business; the Canada Emergency Wage Subsidy, including the period for which we expect to qualify for the subsidy and the amount of future wage subsidies; the funding of our short-term contractual obligations with cash flow from operations and available credit facilities; that we will maintain our capabilities and service offerings; and that we will be ready to support our customers when they resume normal operations.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information, including, but not limited to, the success of our response to the COVID-19 global pandemic, risks related to the integration of acquired businesses, conditions of capital markets, economic conditions, commodity prices, dependence on key personnel, interest rates, regulatory change, ability to meet working capital requirements and capital expenditure needs, factors relating to the weather and availability of labour. These factors should not be considered exhaustive. Risks and uncertainties about ClearStream’s business are more fully discussed in ClearStream’s disclosure materials, including its annual information form and management’s discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available at www.sedar.com. In formulating forward-looking information herein, management has assumed that business and economic conditions affecting ClearStream will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates.

Although the forward-looking information is based on what management of ClearStream consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this press release, and ClearStream does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.