



ClearStream Announces Completion of Previously Announced Strategic Acquisitions and Concurrent Equity and Debt Financings

Calgary – June 28, 2019 – ClearStream Energy Services Inc. ("ClearStream" or the "Corporation") (TSX: CSM) is pleased to announce the completion by its wholly-owned subsidiary, ClearStream Energy Holdings LP ("CEHLP"), of its previously announced acquisition of certain assets of the production services division (the "Production Services Business") formerly operated by AECOM Production Services Ltd. and certain of its affiliates (the "AECOM Transaction"). The AECOM Transaction was completed for an aggregate purchase price of approximately \$42 million comprised of \$18.2 million for the assets and approximately \$23.8 million for the working capital. Concurrent with the closing of the AECOM Transaction, CEHLP also completed its previously announced acquisition of all of the issued and outstanding shares of Universal Weld Overlays Inc. ("UWO") for a purchase price of approximately \$12 million, subject to deferred consideration and earn-out adjustments for an aggregate purchase price of up to \$15.3 million (the "UWO Transaction", and together with the AECOM Transaction, the "Transactions").

ClearStream financed the Transactions through a combination of equity financings of series 2 cumulative redeemable convertible preferred shares (the "Series 2 Preferred Shares") issued on a prospectus exempt basis to Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages for aggregate gross proceeds of \$32.2 million (the "Private Placements") and, with respect to the AECOM Transaction, a new debt facility in the amount of \$19 million from the Business Development Bank of Canada and a portion of the proceeds of new term loans made available to CEHLP pursuant to the New Credit Agreement (as defined below).

In addition, the Corporation satisfied its obligation to pay the interest that was to become due and payable on June 30, 2019 and December 31, 2019, respectively, on the Senior Secured Debentures in an aggregate amount of approximately \$7.9 million by issuing 7,911 Series 2 Preferred Shares on a private placement basis to holders of Senior Secured Debentures (the "Interest Settlement"). As previously announced, each of the Private Placements and the Interest Settlement were approved at a meeting of the Corporation's shareholders on June 19, 2019.

In connection with the foregoing, the Corporation has: (i) amended the trust indenture (as amended and supplemented, the "Senior Secured Indenture") governing its 8.00% senior secured debentures due 2026 (the "Senior Secured Debentures"); (ii) amended the trust indenture (the "Convertible Secured Indenture") governing its 10.00% second lien secured convertible debentures due 2026 (the "Convertible Secured Debentures"); (iii) amended and restated its existing asset-based lending facility (the "Credit Agreement"); and (iii) entered into a new secured debt facility with the Business Development Bank of Canada (the "BDC Facility").

AECOM Transaction

The Production Services Business operates in the mechanical services and electrical and instrumentation services sectors across Alberta. These services include the full project life cycle of construction and maintenance services such as: civil, fabrication and modularization, mechanical installations, facility construction, pipelining, electrical, instrumentation, high voltage and maintenance services. The Production Services Business serves some of the largest upstream, midstream and downstream operators in Canada. The Production Services Business was established when Flint Energy Services was formed in 1998 and has been successfully operating in Western Canada for the last 21 years. AECOM acquired the Production Services Business in 2014.

As part of the AECOM Transaction, ClearStream has acquired certain assets and real estate properties of the Production Services Business located throughout Alberta in Grande Prairie, Whitecourt, Red Deer,

Olds, Sherwood Park and Strathmore, in addition to the rights to the Flint brand in Canada. In connection with the AECOM Transaction, ClearStream has hired a substantive portion of the workforce from the Production Services Business, in accordance with the terms and conditions of the Asset Purchase Agreement.

Beginning on July 2, 2019, the ClearStream Energy Services LP division will be combined with the acquired Production Services Business locations and will be marketed as Flint, a division of ClearStream.

UWO Transaction

UWO is a specialty weld overlay fabricator that provides its customers with protection of pre-fabricated components for service in corrosive and erosive environments, and serves the following industries: oil and gas, pulp and paper, petrochemical, power, pipeline, mining, subsea, aerospace, and pressure vessel fabrication. UWO operates from Airdrie, Alberta and has been serving some of the largest upstream, midstream and downstream customers in Canada and the United States for the last 23 years.

Strategic Rationale

The Transactions are expected to complement existing service lines in addition to adding new service lines to further broaden ClearStream's business opportunities. Combined, the Transactions are expected to significantly expand ClearStream's operations, adding over \$140 million of revenue and \$12 million of earnings before interest, taxes, depreciation and amortization (EBITDA) on a trailing twelve-month basis. Furthermore, the Transactions are expected to:

- Expand ClearStream's Customer Base – the Transactions will provide ClearStream with the opportunity to work with some of the largest industrial and energy companies operating in Canada and the United States, which will provide ClearStream's existing and new clientele an enhanced integrated offering.
- Enhance Operational Efficiencies – multiple near-term synergies and cost saving opportunities have been identified that may further enhance the economics of the Transactions.
- Increase Financial Flexibility – the combination of the Transactions and the Private Placements provides ClearStream with improved short-and long-term balance sheet flexibility.
- Improve Local Community Presence and Customer Service – the AECOM Transaction will increase the number of district offices and ClearStream's capabilities for maintenance, turnaround and construction services in Western Canada while leveraging the well-recognized Flint brand.
- Complement Existing Service Lines – the UWO Transaction will complement the well-established ClearStream Wear Technologies products and services for abrasion and corrosion resistance applications while leveraging the well-recognized UWO brand.

Mr. Yves Paletta, Chief Executive Officer of ClearStream stated that: "We are pleased to have completed the Transactions, which represent a highly strategic, accretive and material opportunity for ClearStream to grow its business in robust market sectors at attractive valuations. These Transactions will strengthen our balance sheet and improve ongoing liquidity. We now have the opportunity to establish ClearStream as the most trusted provider of industrial and asset integrity services, in order to improve our customers' facilities and operations in a safe, efficient and cost-effective manner."

Amendments to Existing Debt Arrangements

In connection with the Transactions certain debt arrangements of the Corporation were amended pursuant to their respective terms.

The Convertible Secured Indenture was amended with the written consent of the holders of 66 2/3% of the outstanding principal amount of the Convertible Secured Debentures pursuant to the terms of a fourth supplemental convertible secured indenture dated June 10, 2019 in order to permit the redemption of

Convertible Secured Debentures, in whole or in part at any time before the maturity date thereof at a redemption price equal to 100% of the aggregate principal amount of Convertible Secured Debentures redeemed. ClearStream issued a redemption notice to BNY Trust Company of Canada, as debenture trustee under the Convertible Secured Indenture, on June 21, 2019 calling for the redemption of all outstanding Convertible Secured Debentures (the "Convertible Redemption").

The Credit Agreement was amended and restated pursuant to a third amended and restated credit agreement dated June 26, 2019 between CEHLP (among others) and Bank of Montreal (the "New Credit Agreement"). The New Credit Agreement, among other things, provides for new term loans in the aggregate amount of \$13,500,000, certain borrowing base adjustments, certain amendments to the financial covenants and reporting obligations and permits the completion of the Transactions, the Interest Settlement, the Private Placements and the Convertible Redemption. The proceeds of the new term loans were used to complete the Convertible Redemption, to finance a portion of the purchase price payable in connection with the AECOM Acquisition, to pay for certain transaction costs and to repay amounts owing under the Revolving Facility (as defined in the New Credit Agreement).

The Senior Secured Indenture was also amended with the written consent of the holders of 100% of the outstanding principal amount of the Senior Secured Debentures pursuant to the terms of a fourth supplemental senior secured indenture dated June 26, 2019, among other things, to provide for the Interest Settlement and to permit the completion of the Private Placements, the Transactions and the Convertible Redemption.

BDC Facility

The BDC Facility was made available to CEHLP and ClearStream Energy Holdings Inc., as co-borrowers. Contemporaneously with the advance of the loans under the BDC Facility on June 27, 2019, the Business Development Bank of Canada entered into a second amended and restated intercreditor agreement with, among others, Bank of Montreal, as administrative agent on behalf of the lenders under the New Credit Agreement, and BNY Trust Company of Canada, as debenture trustee on behalf of holders of Senior Secured Indentures.

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 over 3,000 employees, we provide maintenance, construction and environmental services that keep our clients moving forward. For more information about ClearStream, please visit www.ClearStreamEnergy.ca.

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FORWARD-LOOKING INFORMATION AND STATEMENTS

This press release contains certain forward-looking information and statements within the meaning of Canadian securities laws (collectively, "forward-looking statements") relating to ClearStream's plans, strategies, objectives, expectations and intentions. The use of any of the words "expected", "will", "may" and similar expressions are intended to identify forward-looking statements. Various assumptions were used in drawing the conclusions or making the projections contained in the forward-looking statements throughout this document. More particularly but without limitation, this news release contains forward-looking statements pertaining to:

- the expansion of the Corporation's service lines, locations and increase to its customer base as a result of the Transactions;
- the anticipated benefits of the Transactions, both individually and in the aggregate to ClearStream's business;
- the financial, operational and other synergies of each of the Transactions;
- the combination of CEHLP with the Production Services Business under the Flint brand; and
- the Corporation's expanded geographic footprint throughout Alberta.

The forward-looking statements included in this document are not guarantees of future performance and should not be unduly relied upon. Forward-looking statements are based on current expectations, estimates and projections that involve a number of factors and risks, which could cause actual results to differ materially from those anticipated and described in the forward-looking statements. These factors and risks include, but are not limited to:

- the ability to integrate the Production Services Business into ClearStream's businesses and operations and realize financial, operational and anticipated synergies from the AECOM Transaction;
- the ability to integrate UWO into ClearStream's businesses and the operations and realize financial, operational and anticipated synergies from the UWO Transaction;
- the resources required to integrate one or more business and service lines in connection with the Transactions;
- the ability of the Corporation and its subsidiaries to observe its financial covenants and meet future obligations owing under the Senior Secured Debentures, the New Credit Agreement and the BDC Facility;
- the demand for ClearStream's services;
- volatility in commodity prices, in particular for oil and natural gas; and
- general economic conditions including the capital and credit markets.

ClearStream cautions that the foregoing list of assumptions, risks and uncertainties is not exhaustive. The forward-looking statements contained in this document speak only as of the date of this document and ClearStream assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws. For a full discussion of the Corporation's material risk factors, see ClearStream's annual information form for the year ended December 31, 2018 and risk factors in other documents filed from time to time with securities regulatory authorities, accessible through the SEDAR website (www.sedar.com).