



Canadian Energy SERVICES

**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

November 12, 2015

Canadian Energy Services & Technology Corp. Announces Results for the Third Quarter 2015 and Declares Cash Dividend

Canadian Energy Services & Technology Corp. ("CES" or the "Company") (TSX: CEU)(OTCQX: CESDF) is pleased to report on its financial and operating results for the three and nine months ended September 30, 2015. Further, CES announced today that it will pay a cash dividend of \$0.0275 per common share on December 15, 2015 to the shareholders of record at the close of business on November 30, 2015.

CES generated revenue of \$187.8 million during the three months ended September 30, 2015, compared to \$272.9 million for the three months ended September 30, 2014, a decrease of \$85.1 million or 31%. Year-to-date, revenue totaled \$584.7 million, compared to \$694.0 million for the nine months ended September 30, 2014, representing a decrease of \$109.3 million or 16% on a year-over-year basis. Revenue for both Q3 and year-to-date was negatively affected by a steep drop-off in drilling activity, and an overall reduction in revenue due to persistent pricing pressure across all business units in the current low commodity price environment. Offsetting these negative factors was the year-over-year growth of the JACAM and PureChem business units and the positive translation effect on US source revenue due to the devaluation of the Canadian Dollar ("CAD") versus the US Dollar ("USD"). EBITDAC for the three months ended September 30, 2015, was \$24.6 million as compared to \$54.7 million for the three months ended September 30, 2014, representing a decrease of \$30.1 million or 55%. CES recorded EBITDAC per share of \$0.11 (\$0.11 diluted) for the three months ended September 30, 2015 versus EBITDAC per share of \$0.26 (\$0.25 diluted) in 2014, a decrease of 58% (56% diluted). EBITDAC for the nine months ended September 30, 2015, was \$85.2 million as compared to \$129.6 million for the nine months ended September 30, 2014, representing a decrease of \$44.4 million or 34%. CES recorded EBITDAC per share of \$0.39 (\$0.38 diluted) for the nine months ended September 30, 2015 versus EBITDAC per share of \$0.63 (\$0.60 diluted) in 2014, a decrease of 38% (37% diluted).

From a balance sheet perspective, CES' consumables chemical business model has responded as expected in the activity slow-down with significant conversion of working capital into cash. As at September 30, 2015, CES had a cash balance of \$21.2 million and its senior lending facility had a net zero draw. Further, on September 30, 2015, the Company completed an amendment to its existing senior lending facility which extended the term to maturity by one year to September 28, 2018, and increased the maximum Total Net Funded Debt to EBITDA covenant from 4:1 to 4.5:1. The maximum available draw on the facility at September 30, 2015, was \$200.0 million, providing CES with significant financial flexibility. From a long-term debt perspective, at September 30, 2015 CES has \$300.0 million of outstanding principal on unsecured Senior Notes which are not due until April 17, 2020.

Revenue generated in the US for the three months ended September 30, 2015 was \$120.5 million compared to \$159.3 million for the three months ended September 30, 2014, a decrease of \$38.8 million or 24%. Although JACAM's activity at the pump-jack and wellhead rose in Q3 2015 in comparison to Q3 2014, this growth was offset by a decline in frack related chemical sales, and continued price discounting on all products as customers are increasingly focused on managing near-term cash lifting costs. US revenues in the quarter were also negatively impacted by lower activity levels and an increasingly difficult pricing environment for the drilling fluids business. For the nine month period ended September 30, 2015, US revenues were \$405.0 million compared to \$421.2 million for the same period in 2014, representing a decrease of \$16.2 million, or 4%. The year-to-date revenue numbers were down primarily as a result of the increasingly unfavorable pricing environment and the rapid decline in drilling fluids activity, which offset the growth experienced at JACAM. For both the three and nine months ended

September 30, 2015, the Company's US revenues were also positively impacted on translation by weakness in CAD versus USD over the comparable periods in 2014.

Revenue generated in Canada for the three months ended September 30, 2015 was \$67.2 million compared to \$113.6 million for the three months ended September 30, 2014, a decrease of \$46.4 million or 41%. PureChem continued to gain market share in Canada during the quarter, however these gains were offset by price discounting and weaker frack related chemical sales. Drilling fluids experienced a weak recovery out of spring break-up and has remained under significant pricing pressure in this low commodity price environment. For the nine month period ended September 30, 2015, revenue in Canada was \$179.7 million compared to \$272.8 million in the same period in 2014, representing a decline of \$93.1 million or 34%. Year-to-date, revenue was negatively affected by the steep drop-off in drilling activity and continued pricing pressure. Offsetting this was year-over-year growth in production and specialty chemical sales as PureChem continued to grow and take market share in Canada.

CES also announced today that it will pay a cash dividend of \$0.0275 per common share on December 15, 2015 to the shareholders of record at the close of business on November 30, 2015. As always, and particularly in this difficult environment, CES will closely manage its dividend levels and capital expenditures in order to preserve its financial strength, its low capital re-investment model and its strong liquidity position.

"In this very difficult commodity price environment CES has come to the table with our customers with discounted pricing but more importantly CES has continued to solve problems for our customers with science based technologies that have lowered their costs," said Tom Simons, President and CEO. "Over the last 5 years we have vertically integrated and diversified our business, and although not immune to the pressures of this low price environment, our business model has proven to be resilient. Like all suppliers to E&P's, until commodity prices improve and the customer gets in the black, we expect additional margin pressure and muted activity. We respect the need to manage the Company's balance sheet through this low commodity period, and we have always set our dividend level being mindful of the cycles our industry experiences. Without question, we see more volatility ahead for the oil and gas industry, but our business model gives us confidence we can continue to pay shareholders, while expanding our capabilities, and investing to grow the business. In 2016 we have committed expansion projects that include the opening of a new service lab in Midland, TX; the build-out of an R&D and service lab in Houston, TX; the expansion of the JACAM manufacturing facilities in Sterling, KS; the expansion of our chemical blending capabilities in Nisku, AB and the expansion of our chemical manufacturing and blending capabilities in Carlyle, SK."

CES Q3 Results Conference Call

With respect to the third quarter results, CES will host a conference call / webcast at 9:00 am MST (11:00 am EST) on Friday, November 13, 2015.

*North American toll-free: 1-877-291-4570
International / Toronto callers: 647-788-4922
Link to Webcast: <http://www.canadianenergyservices.com/> or
<http://www.gowebcasting.com/6937>*

Outlook

Q3 2015 results are reflective of the current difficult industry conditions with reduced activity levels lowering revenue and price discounting resulting in margin compression. There is limited visibility to a turnaround in the current low oil price and weak natural gas price environment. As such, CES remains cautious with its outlook for the remainder of 2015 and 2016. The end result is that until commodity prices improve, CES will do less drilling fluids work and will do all of its work for less money. CES' production and specialty chemical business should see growth in this downturn as it is expected that PureChem and JACAM will continue to take market share in a market that will continue to grow. With a strong balance sheet, CES is well positioned to weather the current downturn in oilfield activity. CES will focus on retaining accounts, rationalizing costs, monitoring and capturing opportunities and making strategic investments as required to position the business to capitalize on the next positive cycle.

Through both its JACAM and PureChem divisions, CES has vertically integrated manufacturing capabilities with unutilized throughput at both its Sterling, Kansas and Carlyle, Saskatchewan plants. CES has a full suite of

technically advanced solutions of production chemicals for consumption at the wellhead or pump-jack, and specialty chemicals for the pipeline and mid-stream market. These markets are less volatile and are growing on a year-over-year basis as the volumes of produced hydrocarbons and the associated produced water increases.

As challenges faced by the oil and gas industry become more complex, advanced technologies are becoming increasingly important in driving success for operators. CES will continue to invest in innovation to be a leader in technology advancements in the consumable oilfield chemical markets. With the addition of JACAM's state of the art laboratory in Sterling, Kansas, CES now operates four separate lab facilities across North America which also includes Houston, Texas, Carlyle, Saskatchewan, and a newly commissioned and expanded lab in Calgary, Alberta. Additionally, CES is also building new laboratory facilities in Houston and Midland, Texas. CES will also leverage third party partner relationships to drive innovation.

CES believes over time it can grow its market share within each of these sub-segments of the oilfield consumable chemical market. CES' strategy is to utilize its patented and proprietary technologies and superior execution to increase market share. CES believes that its unique value proposition in this increasingly complex operating environment makes it the premier independent provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield in North America.

Despite the activity pullback as a result of low oil and natural gas prices, CES remains very optimistic about the long-term growth prospects of its business. The integration of JACAM with the overall business is progressing successfully. JACAM products have been introduced into Canada on both the drilling fluids side and through PureChem with very positive results. In the US, steps have been undertaken to support AES operations with JACAM manufactured materials and to expand JACAM's market penetration via the established AES platform.

From a manufacturing perspective, CES is undertaking further vertical integration initiatives at the JACAM facility with the build-out of nitrile capabilities to be completed in Q1 2016 and hydrogenation capabilities later in 2016. CES also commissioned the new barite grinding facility in Corpus Christi, Texas in Q4 2015 which will further vertically integrate the US drilling fluids business.

The Clear Environmental Solutions division continues to complement CES' core drilling fluids business. The Environmental Services division is focused on expanding its operational base in the WCSB by specializing in water management issues and is pursuing opportunities in the oil sands and horizontal drilling markets.

Although activity levels at EQUAL Transport will be down in 2015, it is expected this business will continue to be instrumental in supporting the core businesses and be economically viable.

Business of CES

CES is a leading provider of technically advanced consumable chemical solutions throughout the life-cycle of the oilfield. This includes total solutions at the drill-bit, at the point of completion and stimulation, at the wellhead and pump-jack, and finally through to the pipeline and midstream market. At the drill-bit, CES' designed drilling fluids encompass the functions of cleaning the hole, stabilizing the rock drilled, controlling subsurface pressures, enhancing drilling rates, and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. At the point of completion and stimulation, CES' designed chemicals form a critical component of fracking solutions or other forms of well stimulation techniques. The shift to horizontal drilling and multi-stage fracturing with long horizontal well completions has been responsible for significant growth in the drilling fluids and completion and stimulation chemicals markets. At the wellhead and pump-jack, CES' designed production and specialty chemicals provide down-hole solutions for production and gathering infrastructure to maximize production and reduce costs of equipment maintenance. Key solutions include corrosion inhibitors, demulsifiers, H₂S scavengers, paraffin control products, surfactants, scale inhibitors, biocides and other specialty products. Further, specialty chemicals are used throughout the pipeline and midstream industry to aid in hydrocarbon movement and manage transportation and processing challenges including corrosion, wax build-up and H₂S.

CES operates in the Western Canadian Sedimentary Basin ("WCSB") and in several basins throughout the United States ("US"), with an emphasis on servicing the ongoing major resource plays. In Canada, CES operates under the trade names Canadian Energy Services, PureChem Services ("PureChem"), Clear Environmental Solutions ("Clear"), and EQUAL Transport ("EQUAL"). In the US, CES operates under the trade names AES Drilling Fluids

(“AES”), AES Drilling Fluids Permian (“AES Permian”), AES Frack Fluids (“AES Frack”), and JACAM Chemicals (“JACAM”).

The Canadian Energy Services and AES brands are focused on the design and implementation of drilling fluids systems and completion solutions sold directly to oil and gas producers. The JACAM and PureChem brands are vertically integrated manufacturers of advanced production and specialty chemicals for the wellhead and pump-jack, drilling related chemicals, technically advanced fluids for completions and stimulations, and chemical solutions for the pipeline and midstream markets.

Two complementary business divisions support the operations and augment the product offerings in the WCSB. Clear is CES’ environmental division, providing environmental consulting and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB. EQUAL is CES’ transport division, providing its customers with trucks and trailers specifically designed to meet the demanding requirements of off-highway oilfield work in the WCSB. EQUAL transports and handles oilfield produced fluids and supports the oilfield chemical business by hauling, handling, managing and warehousing products. EQUAL operates from two terminals and yards located in Edson, Alberta and Carlyle, Saskatchewan.

Financial Highlights

(\$000's, except per share amounts)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenue	187,757	272,938	584,656	694,033
Gross margin	41,258	77,916	134,753	190,627
Cash Gross Margin ⁽¹⁾	49,487	83,854	157,868	206,857
Income before taxes	4,505	31,183	21,192	68,366
<i>per share – basic</i> ⁽²⁾	0.02	0.15	0.10	0.33
<i>per share - diluted</i> ⁽²⁾	0.02	0.14	0.09	0.32
Net income ⁽³⁾	6,457	20,937	22,126	48,888
<i>per share – basic</i> ⁽²⁾	0.03	0.10	0.10	0.24
<i>per share - diluted</i> ⁽²⁾	0.03	0.09	0.10	0.23
EBITDAC ⁽¹⁾	24,561	54,705	85,227	129,611
<i>per share – basic</i> ⁽²⁾	0.11	0.26	0.39	0.63
<i>per share - diluted</i> ⁽²⁾	0.11	0.25	0.38	0.60
Funds Flow From Operations ⁽¹⁾	25,375	37,862	76,004	98,152
<i>per share – basic</i> ⁽²⁾	0.12	0.18	0.35	0.48
<i>per share - diluted</i> ⁽²⁾	0.11	0.17	0.34	0.46
Dividends declared	18,025	17,056	53,822	45,479
<i>per share</i> ⁽²⁾	0.0825	0.0800	0.248	0.220

Shares Outstanding	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
End of period ⁽²⁾	219,168,309	214,157,240	219,168,309	214,157,240
Weighted average				
- basic ⁽²⁾	218,237,459	212,194,898	217,278,371	205,938,807
- diluted ⁽²⁾	224,545,092	220,449,815	223,194,480	214,506,925

Financial Position (\$000's)	As at	
	September 30, 2015	December 31, 2014
Net working capital	261,077	307,081
Total assets	1,065,485	1,088,080
Long-term financial liabilities ⁽⁴⁾	309,311	378,662
Shareholders' equity ⁽⁵⁾	626,387	540,037

Notes:

¹CES uses certain performance measures that are not recognizable under International Financial Reporting Standards ("IFRS"). These performance measures include net income before interest, taxes, depreciation and amortization, gains and losses on disposal of assets, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, stock-based compensation, and other gains and losses not considered reflective of underlying operations ("EBITDAC"), Cash Gross Margin and Funds Flow From Operations. Management believes that these measures provide supplemental financial information that is useful in the evaluation of CES' operations. Readers should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with IFRS as an indicator of CES' performance. CES' method of calculating these measures may differ from that of other organizations and, accordingly, these may not be comparable. Please refer to the Non-GAAP measures section of CES' MD&A for the three and nine months ended September 30, 2015.

²Pursuant to the three-for-one split of CES' outstanding common shares effective at the close of business on July 18, 2014, all historical per share data has been retroactively adjusted to reflect the stock split.

³Represents net income attributable to the shareholders of the Company.

⁴Includes long-term portion of the deferred acquisition consideration, the Amended Senior Facility, the Senior Notes, vehicle and equipment financing, and finance leases. At September 30, 2015, the Company had \$300.0 million of outstanding principal on the unsecured Senior Notes due on April 17, 2020.

⁵Represents Shareholders' equity attributable to the shareholders of the Company.

Cautionary Statement

Except for the historical and present factual information contained herein, the matters set forth in this press release, may constitute forward-looking information or forward-looking statements (collectively referred to as “forward-looking information”) which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of CES, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this press release, such forward-looking information uses such words as “may”, “would”, “could”, “will”, “intend”, “expect”, “believe”, “plan”, “anticipate”, “estimate”, and other similar terminology. This information reflects CES’ current expectations regarding future events and operating performance and speaks only as of the date of this press release. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. The management of CES believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information and statements contained in this document speak only as of the date of the document, and CES 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 or regulations. The material assumptions in making forward-looking statements include, but are not limited to, assumptions relating to demand levels and pricing for the Oilfield Chemistry offerings of the Company; fluctuations in the price and demand for oil and natural gas; anticipated activity levels of the Company’s significant customers; commodity pricing; general economic and financial market conditions; timing and the financial contribution achieved from our planned capital expenditures; the successful integration of recent acquisitions; the Company’s ability to finance its operations; levels of drilling and other activity in the WCSB, the Permian and other basins, the effects of seasonal and weather conditions on operations and facilities; changes in laws or regulations; currency exchange fluctuations; the ability of the Company to attract and retain skilled labour and qualified management; and other unforeseen conditions which could impact the Company’s business of supplying Oilfield Chemistry to the Canadian and US markets and the Company’s ability to respond to such conditions.

In particular, this press release contains forward-looking information pertaining to the following: future estimates as to dividend levels, including the payment of a dividend to shareholders of record on November 30, 2015; the potential means of funding dividends; the intention to make future dividend payments; the certainty and predictability of future cash flows and earnings; the sufficiency of liquidity and capital resources to meet long-term payment obligations; the seasonality of CES’ business and anticipated reduction in exposure to the effects of spring break-up in the WCSB; the duration of spring break-up; the long-term capital investments required for CES to execute on its business plan; the expected timing for completion of expansions at JACAM facilities; the anticipated timing for completion of the laboratories in Midland and Houston Texas; management’s opinion of the impact of any potential litigation or disputes; the application of critical accounting estimates and judgements; the collectability of accounts receivable; the retention of accounts, rationalization of costs and completion of strategic investments in the future; CES’ ability to increase or maintain its market share, including expectations that PureChem and JACAM will increase market-share in the oilfield consumable chemical market; supply and demand for CES’ products and services, including expectations for growth in CES’ production and speciality chemical sales and expected growth in the consumable chemicals market; industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; expectations regarding expansion of services in Canada and the United States; development of new technologies; expectations regarding CES’ growth opportunities in Canada and the United States; the effect of acquisitions on the Company; expectations regarding the performance or expansion of CES’ operations; expectations regarding demand for CES’ services and technology; investments in research and development and technology advancements; access to debt and capital markets; and competitive conditions.

CES’ actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic conditions in Canada, the United States, and internationally; geopolitical risk; fluctuations in demand for consumable fluids and chemical oilfield services, and the recent downturn in oilfield activity; a decline in activity in the WCSB, the Permian and other basins in which the Company operates; volatility in market prices for oil, natural gas, and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; the recent declines in prices for oil, and pricing differentials between world pricing and pricing in North America; competition, and pricing pressures from customers in the current commodity environment; currency risk as a result of recent fluctuations in value of the U.S. dollar; liabilities and risks, including environmental liabilities and risks inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; the collectability of accounts receivable, particularly in the current low oil and natural gas price environment; ability to integrate technological advances and match advances of competitors; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; the ability to successfully integrate and achieve synergies from the Company’s acquisitions; changes in legislation and the regulatory environment, including uncertainties with respect to programs to reduce greenhouse gas and other emissions and regulations restricting the use of hydraulic fracturing; reassessment and audit risk associated with the Conversion and other tax filing matters; changes to the fiscal regimes applicable to entities operating in the WCSB and the US; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates, and the other factors considered under “Risk Factors” in CES’ Annual Information Form for the year ended December 31, 2014 and “Risks and Uncertainties” in CES’ MD&A dated November 12, 2015.

CES has filed its third quarter 2015 unaudited condensed consolidated financial statements and notes thereto as at September 30, 2015 and for the three and nine months ended September 30, 2015, and accompanying management discussion and analysis in accordance with National Instrument 51-102 - *Continuous Disclosure Obligations* adopted by the Canadian securities regulatory authorities. Additional information about CES will be available on CES' SEDAR profile at www.sedar.com and CES' website at www.CanadianEnergyServices.com.

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