



PRESS RELEASE

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CANADIAN ENERGY SERVICES & TECHNOLOGY CORP. ANNOUNCES ACQUISITION OF PERMIAN DRILLING FLUIDS COMPANY VENTURE MUD ONE, L.P.

Canadian Energy Services & Technology Corp. (“**CES**” or the “**Company**”) (TSX: CEU) (OTCQX: CESDF) is pleased to announce that it has acquired the drilling fluids business assets (the “**Acquisition**”) of Venture Mud One, L.P. (“**Venture Mud**”) and certain additional assets from affiliates of Venture Mud including VM Transports, LLC, Venture Services, LLC, and Venture Services RM, LLC. The total purchase price is approximately US\$55.2 million which includes US\$18.0 million of deferred consideration subject to earn-out criteria and the issuance of approximately US\$12.7 million in common shares of CES (“**Common Shares**”) to Venture Mud. Venture Mud will expand the US operations of CES’ wholly owned subsidiary AES Drilling Fluids, LLC (“**AES**”). Established in 1996, Venture Mud is a West Texas based private drilling fluids company that provides drilling fluid solutions for a number of leading oil and natural gas companies with a focus on the Permian Basin.

“We are acquiring an established Permian based drilling fluids company, with experienced management, great customers, and excellent drilling fluids sales, technical and field personnel,” said Tom Simons, President and CEO of CES. “We have been looking for an opportunity to grow our presence in the Permian which is the most active basin being drilled in North America with over 460 drilling rigs operating. We see many opportunities and synergies as we combine Venture Mud with our AES operations. We also see the Permian Basin as a growth area for our JACAM offerings.”

“We are excited to be joining CES, the leading independent drilling fluids company in North America,” said Mike Gilbert, President of Venture Mud. “The combination of our team, our customer relationships and our expertise, together with AES’ oil-based mud and horizontal drilling expertise will be a powerful partnership for growth.”

Venture Mud Acquisition – Details

Total consideration for the Acquisition is approximately US\$55.2 million (the “**Purchase Price**”), of which on close approximately US\$12.7 million is payable in common shares of CES (approximately 838,076 common shares) and the balance US\$42.5 million is to be paid in cash of which US\$19.5 million is payable on transaction date. Included in the cash consideration is US\$18.0 million which is payable as an earn-out upon the Venture Mud division achieving certain EBITDA thresholds over a twenty-four month period post close.

Venture Mud generated approximately US\$58.0 million in revenue and US\$11.7 million of normalized earnings before interest, taxes, depreciation and amortization (“**EBITDA**”) for the twelve month period ended December 31, 2012. Venture Mud also generated approximately US\$16.1 million in revenue and US\$3.3 million of normalized EBITDA for the three month period ended March 31, 2013.

The effective date of the Acquisition is July 1, 2013. As part of the Acquisition, CES will acquire approximately US\$6.0 million of drilling fluids and product inventory and approximately US\$12.0 million of fixed assets consisting of real estate, trucks and equipment.

CES has entered into employment agreements with key members of management of Venture Mud which along with the establishment of a significant employee retention fund, is expected to allow for a seamless integration and ensure continuity in the business operations.

CES has funded the US\$19.5 million cash payable on transaction date by a draw down on its senior credit facility.

Details of the terms of the Acquisition are set out in the Asset Purchase Agreement that will be filed by CES on SEDAR (www.sedar.com).

Strategic Rationale of the Acquisition

The Acquisition is expected to strengthen CES' position as the leading independent North American drilling fluids provider.

The Acquisition expands the scale and operational capabilities of CES within the US market and provides a platform for growth in the Permian Basin. The Permian is the most active drilling market in the US with approximately 460 operating drilling rigs. In addition the Permian continues to transition more activity towards horizontal drilling which increases the complexity of drilling operations and increases the requirement for advanced drilling fluid solutions. Venture Mud will be able to capitalize on AES' expertise, its advanced products, and AES' logistics and procurement capabilities. In addition, once AES' barite grinding facility is completed, which is expected by the end of 2013, Venture Mud will have access to a primary source of API quality barite.

At closing Venture Mud was providing drilling fluids products and services to thirty-eight active drilling rigs.

CES will add Venture Mud's key field, technical and sales focused drilling fluids employees, expanding CES' capabilities to effectively reach and service customers in the US.

Post Acquisition CES will leverage the Venture Mud platform to sell and distribute JACAM's suite of production and specialty chemicals in the Permian.

Management of CES expects the Acquisition to be accretive to CES' cash flow; EBITDA; and net income.

Updated Guidance

Based on the Acquisition CES' is updating its expected guidance for the twelve months ended December 31, 2013. CES' expected range of consolidated gross revenue for 2013 will be approximately \$609.0 million to \$649.0 million and expected consolidated EBITDAC will be approximately \$101.0 million to \$111.0 million.

With respect to the Acquisition, CES will host a conference call / webcast at 8am MST (10am EST) on Tuesday, July 16, 2013.

North American toll-free: 1-888-789-9572

International / Toronto callers: 416-695-7806

Participant pass code: 1677521

Link to Webcast: <http://www.canadianenergyservices.com/>

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About Canadian Energy Services & Technology Corp.

CES' business is focused on the design and delivery of technically advanced fluids for the North American oil and gas industry. CES' business model requires limited re-investment capital to grow. As a result, CES has been able to capitalize on the growing market demand for drilling and production fluids in North America while generating free cash flow. CES returns much of this free cash flow back to shareholders through its monthly dividend. Additional information about CES is available at www.sedar.com or at CES' website at www.CanadianEnergyServices.com.

About Venture Mud

Venture Mud is headquartered in Midland, Texas, and is a leading independent full-service drilling fluids company in the Permian Basin. The Permian Basin is situated in the western portion of Texas and in southwest New Mexico. It is one of the largest structural oil and gas basins in the US and is geologically complex and encompasses many different producing formations within several sub-basins. Venture Mud was established in 1996 and provides drilling fluid solutions for a number of leading oil, natural gas, and unconventional natural gas developers. Venture Mud's 103 employees and management have extensive experience and have built the business with a focus on continued profitability and revenue growth. The company has a strong customer base of over 100 different clients and proven technical capabilities in delivering high quality drilling fluid products and services.

THE TORONTO STOCK EXCHANGE HAS NOT REVIEWED AND DOES NOT ACCEPT RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

Non-GAAP Measure

CES uses certain performance measures that are not recognizable under International Financial Reporting Standards (“IFRS”). These performance measures include EBITDA and EBITDAC. Management believes that this measure provides 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.

Forward-Looking Information

This news release contains forward-looking information which is not comprised of historical facts. Forward-looking information involves risks, uncertainties and other factors that could cause actual events, results, performance, prospects and opportunities to differ materially from those expressed or implied by such forward-looking information. Forward-looking information in this news release includes statements with respect to the Company’s plans to integrate Venture Mud with the operations of CES and management of CES’ expectation of the effect of the Acquisition on CES’ cash flow, EBITDA and net income. Material assumptions and factors that could cause actual results to differ materially from such forward-looking information include the successful integration of Venture Mud employees and customers with CES, the number of operating drilling rigs in the Permian basin, or the ability for CES to sell JACAM’s suite of production and specialty chemicals in the Permian. Although the Company believes that the material assumptions and factors used in preparing the forward-looking information in this news release are reasonable, undue reliance should not be placed on such information, which only applies as of the date of this news release, and no assurance can be given that such events will occur. The Company disclaims any intention or obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, other than as required by law.