Cathedral Energy Services Provides Update on its Credit Facility

/NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA/

CALGARY, July 4, 2016 /CNW/ - Cathedral Energy Services Ltd. (TSX:CET) ("Cathedral") announces it is currently in discussions with The Bank of Nova Scotia and National Bank of Canada (the "Lenders") regarding proposed amendments to its credit facility. The amendment to Cathedral's credit facility is being contemplated in the context of the prolonged industry downturn which has negatively impacted oil and gas service company activity levels. Cathedral expects to announce the terms and conditions of the amendments if any, on or prior to, the release of Cathedral's second fiscal quarter on August 10, 2016.

Waiver of Covenants

In connection with the above, the Lenders have revised the Q2 cumulative minimum EBITDA requirement for the two quarters ending June 30, 2016 to $100,000 from $1.6 million. In addition, Cathedral's total available credit facility has been reduced to $70 million from $80 million (including a $35 million accordion feature).

Continued Repayment of Debt

As of June 30, 2016 the total drawn facility was $27.3 million, which included a $0.8 operating loan, a $25 million term loan and $1.5 million in letters of credit. This compares to a total drawn facility of $34.0 million as at December 31, 2015.

FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to Cathedral that are based on the expectations of Cathedral as well as assumptions made by and information currently available to Cathedral which may constitute forward-looking information under applicable securities laws. In particular, the statement related to expects to announce the terms and conditions of amendments may contain forward-looking information. Many factors could cause the performance or achievement by Cathedral to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking information. Cathedral's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website (www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. Cathedral disclaims any intention or obligation to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

Cathedral Energy Services Ltd. (the "Company" or "Cathedral"), based in Calgary, Alberta is incorporated under the Business Corporations Act (Alberta) and operates in the U.S. under Cathedral Energy Services Inc. The Company 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 and dependable flowback and production testing solutions. 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.

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CNW 17:05e 04-JUL-16