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Canadian Energy Services & Technology Corp. Announces Second Quarter Results and Declares Dividend

Canadian Energy Services & Technology Corp. ("**CES**" or the **"Company"**)(**TSX: CEU**) is pleased to report on its financial and operating results for the three months ended June 30, 2010.

In Q2 2010, CES generated gross revenue of $27.2 million compared to $12.6 million for Q2 2009, an increase of $14.6 million or 115.4% on a year-over-year basis. Gross margin was $6.5 million or 23.9% of revenue, compared to gross margin of $3.4 million or 27.1% of revenue generated in the same period last year. Net earnings before interest, taxes, amortization, loss on disposal of assets, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, and stock-based compensation ("EBITDAC") was $1.4 million as compared to a loss of $0.05 million representing an increase of $1.5 million on a year-over-year basis. Net loss for Q2 2010 was $1.0 million as compared to net loss of $1.2 million in the prior year, and net loss per share was $0.07 (basic and diluted) versus net loss per unit of $0.11 (basic and diluted) in Q2 2009.

The performance in Q2 2010 was reflective of the increase in activity levels realised by CES in both Canada and in particular the United States ("US"). Revenue from drilling fluids related sales of products and services in Western Canada was $33.7 million compared to $23.6 million for the three months ended March 31, 2009, representing an increase of $10.1 million or 42.8%. CES' estimated Canadian Market Share in Western Canada was 26% for the three months ended June 30, 2010 down from 30% for the three months ended June 30, 2009. Year-to-date, CES' estimated market share in Western Canada averaged 26% compared to 22% for the same period in 2009. CES' operating days in the Western Canadian Sedimentary Basin ("WCSB") were estimated to be 3,798 for the three month period ended June 30, 2010, a increase of 49% from the 2,552 operating days during the same period last year. Overall industry activity increased approximately 47% from an average monthly rig count of 105 in Q2 2009 to 154 during the Q2 2010 based on CAODC published monthly data for Western Canada. In the US, revenue generated from drilling fluid sales of products and services was $8.5 million as compared to the previous year's revenue of $1.1 million representing an increase of $7.4 million or 652%. Estimated operating days were 2,544 as compared to 192 operating days during the same period last year. The respective year-over-year increases in activity and revenue in the US in 2010 compared to 2009 are primarily due to the acquisition of Champion Drilling Fluids ("Champion") in Q4 of 2009. CES' estimated United States Market Share for the three months ended March 31, 2010 was 2%.

On June 30, 2010, the Company closed the previously announced acquisition of Fluids Management II, Ltd. ("Fluids Management") to acquire all of the drilling fluids business assets of Fluids Management, and certain additional assets relating to Fluids Management from two affiliates of Fluids Management, Brookshire Investment Trust and Stikley Enterprises, Inc. (collectively the "Fluids Management Acquisition"). The effective date of the Fluids Management Acquisition was June 21, 2010. Under Canadian GAAP, the revenue and expenses with respect to Fluids Management for the period from the effective date through to the June 30, 2010 closing date are accounted for as a working capital adjustment to the purchase price allocation and are not included in the net earnings of the Company for the three month period ended June 30, 2010. The aggregate purchase price was $67.3 million consisting of $40.6 million (US$38.8 million) in cash, $21.5 million in share consideration through the issuance of

1,289,370 common shares of the Company, and $5.2 million (US$5.0 million) in additional deferred acquisition consideration (“Deferred Consideration”). The Deferred Consideration is payable as an earn-out upon the Fluids Management division achieving an EBITDA target of US$9.5 million for the twelve month period post close. As part of the Fluids Management Acquisition, the Company has also entered into an agreement to purchase selected real estate assets for total consideration of US$1.8 million subject to certain conditions. As of June 30, 2010, the Company had not yet completed the acquisition of these real estate assets.

As previously announced, on July 13, 2010, in conjunction with the Fluids Management Acquisition, the Company, through a syndicate of underwriters, completed a bought deal private placement financing (the "Offering"). Pursuant to the Offering, the Company issued a total of 2,905,000 Subscription Receipts at $15.50 per Subscription Receipt for gross proceeds of $45.0 million. The net proceeds from the offering of $42.7 million after underwriter fees and costs were used to repay the US$40.0 million Bridge Loan facility incurred in conjunction with the Fluids Management Acquisition.

EQUAL Transport’s (“EQUAL”) trucking revenue for the three month period ended June 30, 2010, gross of intercompany eliminations, totalled $2.5 million, an increase of $1.1 million 76.3% from the $1.4 million for the three months ended June 30, 2009. For the year-to-date period, revenue from trucking operations totalled $6.6 million as compared to $3.4 million during 2009 representing an increase of $3.2 million or 91.3%. The respective year-over-year increase is due primarily to the expansion of trucking operations in Saskatchewan undertaken during 2009.

Clear Environmental Solutions division (“Clear”) generated $1.4 million of revenue for the three month period ended June 30, 2010 compared to $1.0 million during the prior year representing an increase of $0.4 million or 45.9%. Revenue from Clear for the six month period ended June 30, 2010 totalled $5.5 as compared to $4.8 million for the same period in 2009, representing an increase of $0.7 million or 12.9%. The Clear division continues to benefit from increased integration with the drilling fluids division, from diversification strategies pursued during 2009 to reduce its exposure to shallow natural gas focused drilling, and general improvement in industry activity levels.

On June 16, 2010, the Company announced a $0.02 per share or 33.3% increase in its monthly dividend to a total monthly dividend of $0.08 per share. During the second quarter, CES declared monthly dividends of $0.06 per share for the months of April and May and $0.08 per share for the month of June for a total of $0.20 per share for the quarter. CES also announced today that it has declared a cash dividend of $0.08 per common share to shareholders of record on August 31, 2010. CES expects to pay this dividend on or about September 15, 2010.

“Q2 was a very positive quarter in terms of activity and revenue growth” said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services & Technology Corp. “In addition we are very pleased and excited about our future growth prospects particularly in light of the Fluids Management Acquisition completed at the end of the quarter. The Fluids Management Acquisition is a very complimentary addition to the Champion Drilling Fluids Inc. acquisition completed in November 2009, and together they position CES across the majority of the key on-shore resource plays in the US."

The core business of CES is to design and implement drilling fluid systems for the oil and natural gas industry. CES operates in the WCSB and in various basins in the US, with an emphasis on servicing the ongoing major resource plays. The drilling of those major resource plays includes wells drilled vertically, directionally, and with increasing frequency, horizontally. Horizontal drilling is a technique utilized in tight formations like tight gas, tight oil, heavy oil, and in the oil sands. The designed drilling fluid encompasses 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. CES’ drilling fluid systems are designed to be adaptable to a broad range of complex and varied drilling scenarios, to help clients eliminate inefficiencies in the drilling process and to assist them in meeting operational objectives and environmental compliance obligations. CES markets its technical expertise and services to oil and natural gas exploration and production entities by emphasizing the historical success of both its patented and proprietary drilling fluid systems and the technical expertise and experience of its personnel.

Clear, CES' environmental division, provides environmental and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB. The business of Clear involves determining the appropriate processes for disposing of or recycling fluids produced by drilling operations and to carry out various related services necessary to dispose of drilling fluids.

EQUAL, CES' transport division, provides its customers with the necessary trucks and trailers specifically designed to meet the demanding requirements of off-highway oilfield work, and trained personnel to transport and handle oilfield produced fluids and to haul, handle, manage and warehouse drilling fluids. EQUAL operates from two terminals and yards located in Edson, Alberta and Carlyle, Saskatchewan.

CES' head office and the sales and services headquarters are located in Calgary, Alberta and its stock point facilities and other operations are located throughout Alberta, British Columbia, and Saskatchewan. CES' indirect wholly-owned subsidiary, AES Drilling Fluids, LLC ("AES"), conducts operations in the United States from its head office in Denver, Colorado; in the mid-continent region through its Champion Drilling Fluids division which is headquartered in Norman, Oklahoma; and in Texas, Louisiana, off-shore Gulf of Mexico and Northeast US through its Fluids Management division head quartered in Houston, Texas. AES has stock point facilities located in Oklahoma, Texas, Pennsylvania, Michigan, Colorado, North Dakota and Utah.

Financial Highlights

Summary Financial Results ***($000's, except per share amounts)***	Three Months Ended June 30, **2010**	2009	Six Months Ended June 30, **2010**	**2009**
Revenue	**27,212**	12,634	**76,250**	42,932
Gross margin [3]	**6,500**	3,422	**21,967**	11,467
Income (loss) before taxes	**(501)**	(1,157)	**7,565**	1,095
per share– basic [1]	***(0.04)***	*(0.10)*	***0.56***	*0.10*
per share – diluted [1]	***(0.04)***	*(0.10)*	***0.56***	*0.10*
Net income (loss)	**(960)**	(1,214)	**6,505**	940
per share– basic [1]	***(0.07)***	*(0.11)*	***0.48***	*0.08*
per share – diluted [1]	***(0.07)***	*(0.11)*	***0.48***	*0.08*
EBITDAC [3]	**1,378**	(45)	**10,910**	3,563
Funds flow from operations [3]	**1,069**	(94)	**10,395**	3,371
per share– basic [1]	***0.08***	*(0.01)*	***0.77***	*0.30*
per share – diluted [1]	***0.08***	*(0.01)*	***0.77***	*0.30*
Dividends declared	**2,798**	2,647	**5,212**	5,289
per share [1]	***0.20***	*0.2376*	***0.38***	*0.4752*

Financial Position ($000's)	**June 30, 2010**	December 31, 2009
Net working capital	**(20,442)**	11,347
Net working capital excluding Bridge Loan	**21,478**	11,347
Total assets	**222,179**	130,699
Long-term financial liabilities [2]	**5,213**	2,557
Shareholders' equity	**116,911**	92,534

Shares Outstanding	**2010**	2009 [1]	**2010**	2009 [1]
End of period	**14,764,179**	11,140,301	**14,764,179**	11,140,301
Weighted average				
- basic	**13,486,011**	11,140,301	**13,427,249**	11,132,318
- diluted	**13,486,011**	11,140,301	**13,546,333**	11,188,489

Notes:

[1] Includes Class A Units and Subordinated Class B Units for 2009 comparatives.

[2] Vehicle financing loans and term loan excluding current portions.

[3] CES uses certain performance measures that are not recognizable under Canadian generally accepted accounting principles ("GAAP"). These performance measures include, earnings before interest, taxes, amortization, goodwill impairment, stock-based compensation ("EBITDAC"), gross margin, funds flow from operations and distributable funds. 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 GAAP 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 months ended June 30, 2010.

Canadian Energy Services & Technology Corp.
Consolidated Balance Sheets (unaudited)
(stated in thousands of dollars)

	As at	
	June 30, 2010	December 31, 2009
ASSETS		
Current assets		
Accounts receivable	**45,671**	35,336
Inventory	**20,614**	10,001
Prepaid expenses	**561**	389
	66,846	45,726
Property and equipment	**24,133**	14,564
Intangible assets	**22,377**	7,169
Future income tax asset	**15,231**	1,949
Goodwill	**93,592**	61,291
	222,179	130,699
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	**14,888**	8,762
Bridge loan	**41,920**	-
Accounts payable and accrued liabilities	**21,465**	21,212
Financial derivative liability	**-**	11
Earn-out payable	**-**	207
Deferred acquisition consideration	**5,240**	2,098
Dividends payable	**1,181**	983
Current portion of capital lease obligation	**1,009**	-
Current portion of long-term debt	**1,585**	1,106
	87,288	34,379
Long-term debt	**3,758**	2,557
Capital lease obligation	**1,455**	-
Future income tax liability	**1,610**	1,229
Deferred tax credit	**11,157**	-
	105,268	38,165
Shareholders' equity		
Common shares	**147,087**	117,448
Subordinate convertible debenture	**-**	6,627
Contributed surplus	**2,230**	2,122
Deficit	**(32,370)**	(33,663)
Accumulated other comprehensive loss	**(36)**	-
	116,911	92,534
	222,179	130,699

Canadian Energy Services & Technology Corp.
Consolidated Statements of Operations and Deficit and Comprehensive Income (Loss) and Accumulated Other Comprehensive Loss (unaudited)

(stated in thousands of dollars except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	**2010**	2009
Revenue	**27,212**	12,634	**76,250**	42,932
Cost of sales	**20,712**	9,212	**54,283**	31,465
Gross margin	**6,500**	3,422	**21,967**	11,467
Expenses				
Selling, general, and administrative expenses	**5,097**	3,477	**11,073**	7,902
Amortization	**1,201**	883	**2,336**	1,760
Stock-based compensation	**342**	160	**470**	556
Interest expense	**275**	49	**472**	192
Foreign exchange loss (gain)	**64**	2	**6**	(67)
Financial derivative loss (gain)	**3**	(38)	**21**	(38)
Loss on disposal of assets	**19**	46	**24**	67
	7,001	4,579	**14,402**	10,372
Income (loss) before taxes	**(501)**	(1,157)	**7,565**	1,095
Current income tax expense	**34**	-	**43**	-
Future income tax expense	**425**	57	**1,017**	155
Net income (loss)	**(960)**	(1,214)	**6,505**	940
Deficit, beginning of period	**(28,612)**	(30,907)	**(33,663)**	(30,419)
Dividends declared	**(2,798)**	(2,647)	**(5,212)**	(5,289)
Deficit, end of period	**(32,370)**	(34,768)	**(32,370)**	(34,768)
Net income (loss) per share				
Basic	**(0.07)**	(0.11)	**0.48**	0.08
Diluted	**(0.07)**	(0.11)	**0.48**	0.08
Net income (loss)	**(960)**	(1,214)	**6,505**	940
Other comprehensive income (loss):				
Unrealized gain on translation of self-sustaining foreign operations	**950**	-	**173**	-
Comprehensive income (loss)	**(10)**	(1,214)	**6,678**	940
Accumulated other comprehensive loss, beginning of period	**(986)**	-	**-**	-
Adjustment for change in foreign currency translation method	**-**	-	**(209)**	-
Other comprehensive income	**950**	-	**173**	-
Accumulated other comprehensive income (loss), end of period	**(36)**	-	**(36)**	-

Canadian Energy Services & Technology Corp.
Consolidated Statements Of Cash Flow (unaudited)
(stated in thousands of dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	**2010**	2009
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net income (loss) for the period	**(960)**	(1,214)	**6,505**	940
Items not involving cash:				
Amortization	**1,201**	883	**2,336**	1,760
Stock-based compensation	**342**	160	**470**	556
Future income tax expense	**425**	57	**1,017**	155
Loss on disposal of assets	**19**	46	**24**	67
Unrealized foreign exchange (gain) loss	**45**	12	**43**	(69)
Unrealized financial derivative gain	**(3)**	(38)	**-**	(38)
Change in non-cash operating working capital	**10,538**	11,476	**(9,164)**	18,924
	11,607	11,382	**1,231**	22,295
FINANCING ACTIVITIES:				
Repayment of long-term debt and capital leases	**(695)**	(485)	**(1,047)**	(962)
Issuance of long-term debt and lease proceeds	**-**	-	**4,147**	-
Issuance of shares, net of issuance costs	**39**	-	**1,181**	-
Bridge financing	**41,920**	-	**41,920**	-
Increase (decrease) in bank indebtedness	**(6,847)**	(5,585)	**6,118**	(12,702)
Shareholder dividends	**(2,425)**	(2,986)	**(5,014)**	(5,632)
	31,992	(9,056)	**47,305**	(19,296)
INVESTING ACTIVITIES:				
Investment in property and equipment	**(1,541)**	(489)	**(2,868)**	(1,356)
Investment in intangible assets	**(24)**	(10)	**(44)**	(42)
Deferred acquisition consideration	**(2,038)**	-	**(2,245)**	-
Conversion transaction	**-**	-	**(2,800)**	-
Acquisition of Fluids Management	**(40,563)**	-	**(40,563)**	-
Proceeds on disposal of fixed assets	**274**	213	**349**	398
Change in non-cash investing working capital	**301**	83	**(397)**	112
	(43,591)	(203)	**(48,568)**	(888)
Effect of exchange rate on cash balances	**(8)**	(30)	**32**	(18)
CHANGE IN CASH	**-**	2,093	**-**	2,093
Cash, beginning of period	**-**	-	**-**	-
Cash, end of period	**-**	2,093	**-**	2,093

Outlook

Although crude oil prices have rebounded off their lows in early 2009 and appear to have stabilized, natural gas prices continue to remain relatively weak in context to oil prices and recent history. Beginning in the fourth quarter of 2009, drilling activity levels began to rebound in both the WCSB and the US. In the WCSB, CES has experienced robust levels of activity in the first half of 2010 and over the same period CES' activity in the US also increased as a result of the Champion acquisition and a general increase in drilling activity. Despite the volatile nature of commodity prices coupled with the tentative global economic recovery, current expectations are for an improvement in industry activity levels throughout 2010 compared to 2009.

The Champion and Fluids Management acquisitions, provide CES with significant growth opportunities. CES has a wide footprint in the majority of the key basins of activity in the US. The Marcellus shale play in the Northeast US has particular promise for near-term market gains and is a focus of expansion efforts. Our strategy remains to utilize our patented and proprietary technologies and local personnel to create market share in the US.

Despite some uncertainty facing the North American drilling market, CES' exposure to the key resource plays and the growth in the number of horizontal wells being drilled bodes well for future growth. A larger percentage of the wells being drilled require more complex drilling fluids to best manage down hole conditions, drilling times and costs and our unique products like Seal-AX™/PolarBond and Liquidrill™/Tarbreak, combined with our concerted focus on providing superior service, positions CES well in this increasingly technically competitive environment. CES believes that its unique value propositions in the increasingly complex drilling environment will position it as the premium independent drilling fluids provider in the market. Management believes that CES' technologies have global application and CES will continue to pursue opportunities that align our service offerings with the needs of our customers. We are confident that our technologies will be embraced as we build out our drilling fluids operations.

The EQUAL Transport division experienced significant expansion in 2009, particularly in south-eastern Saskatchewan where the business was expanded to not only haul drilling fluids and products to drilling locations, but also to provide other oilfield hauling services to our customers including the hauling of produced fluids. It is expected this business will continue to be economically attractive and may expand further as viable opportunities emerge.

In Q2 2010, CES announced the establishment of the PureChem Services division ("PureChem") which will manufacture and sell both drilling fluid products and production chemicals. The PureChem manufacturing facility is being constructed in Carlyle, Saskatchewan on existing CES land and production is expected to commence in Q4 2010. PureChem will be a complimentary business to both CES' drilling fluids business and EQUAL's production hauling businesses in Canada. The Fluids Management division also produces and blends its own set of proprietary drilling fluid products which will provide synergies and experience to PureChem going forward.

The Clear Environmental Solutions division continues to complement CES' core drilling fluids business. During 2009, the division was negatively impacted as a result of the significant decline in shallow natural gas focused drilling in the WCSB. The Environmental Services division has focused on expanding its operational base in the WCSB and is pursuing opportunities in the oil sands and horizontal drilling markets. The environmental division has experienced an increase in activity beginning in the fourth quarter of 2009 which has carried over into the first half of 2010.

As drilling has become more complex, the applied down-hole technologies are becoming increasingly important in driving success for operators. CES will continue to invest in research and development to be a leader in technology advancements in the drilling fluids market. In addition, CES continues to assess integrated business opportunities that will keep CES competitive and enhance profitability, while at the same time closely manage its dividend levels and capital expenditures in order to preserve its balance sheet strength and liquidity position.

Except for the historical and present factual information contained herein, the matters set forth in this news 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 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 press release speak only as of the date of the press release, 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.

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 August 31, 2010; capital expenditure programs for oil and natural gas; supply and demand for CES' products and services; industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; dependence on equipment suppliers; dependence on suppliers of inventory and product inputs; equipment improvements; dependence on personnel; collection of accounts receivable; operating risk liability; expectations regarding market prices and costs; expansion of services in Canada, the United States and internationally; development of new technologies; expectations regarding CES' growth opportunities in the United States; expectations regarding the performance or expansion of CES' environmental and transportation operations; expectations regarding demand for CES' services and technology if drilling activity levels increase; 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; demand for oilfield services for drilling and completion of oil and natural gas wells; 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; competition; 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; 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; changes in legislation and the regulatory environment, including uncertainties with respect to programs to reduce greenhouse gas and other emissions and tax legislation; reassessment and audit risk associated with the corporate conversion; changes to the royalty regimes applicable to entities operating in the WCSB and the US; access to capital and the liquidity of debt markets; changes as a result of IFRS adoption; fluctuations in foreign exchange and interest rates and the other factors considered under "Risk Factors" in CES' Annual Information Form for the period ended December 31, 2009 and "Risks and Uncertainties" in CES' MD&A.

Without limiting the foregoing, the forward-looking information contained in this press release is expressly qualified by this cautionary statement.

CES has filed its Q2 2010 consolidated financial statements and notes thereto as at and for the period ended June 30, 2010 and accompanying management's discussion 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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