



**PRESS RELEASE
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August 14, 2012

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

Canadian Energy Services & Technology Corp. ("CES" or the "Company") (TSX: CEU) (OTCQX: CESDF) is pleased to report its financial and operating results for the three and six months ended June 30, 2012. CES also announced today that it will pay a cash dividend of \$0.05 per common share on September 14, 2012 to the shareholders of record at the close of business on August 31, 2012.

Despite a prolonged spring break-up period in Canada, the Company reported strong second quarter results. CES generated gross revenue of \$104.1 million during the second quarter of 2012, compared to \$87.0 million for the three months ended June 30, 2011, an increase of \$17.2 million or 20% on a year-over-year basis. For the three month period ended June 30, 2012, CES recorded gross margin of \$23.5 million or 23% of revenue, compared to gross margin of \$23.0 million or 26% 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") for the three months ended June 30, 2012, was \$12.8 million as compared to \$12.5 million for the three months ended June 30, 2011, representing an increase of \$0.3 million or 2%. CES recorded EBITDAC per share of \$0.23 (\$0.22 diluted) for the three months ended June 30, 2012 which was consistent with EBITDAC per share of \$0.23 (\$0.22 diluted) in 2011.

CES recorded net income of \$3.4 million for the three month period ended June 30, 2012, as compared to \$5.5 million in the prior year, representing a decrease of \$2.1 million or 39%. CES recorded net income per share of \$0.06 (\$0.06 diluted) for the three months ended June 30, 2012 versus \$0.10 (\$0.10 diluted) in 2011, representing a decrease of 40%. The decrease in net income over the comparable period in 2012 is due to an increase in taxes and an increase in non-cash depreciation and amortization and stock-based compensation.

Revenue from drilling fluids related sales of products and services in the Western Canadian Sedimentary Basin ("WCSB") was \$25.6 million for the three months ended June 30, 2012 compared to \$22.6 million for the three months ended June 30, 2011, representing an increase of \$3.0 million or 13%. Average revenue per operating day for the three months ended June 30, 2012, was \$5,362 compared to \$5,325 for the three months ended June 30, 2011, representing an increase of 1%. Year-to-date, daily average revenue per operating day was \$4,633 compared to \$3,768 in 2011, representing a year-over-year increase of 23%. Average revenue per operating day has trended upward over the last several years as operators continue to drill more complex, deeper, and longer horizontal wells in the WCSB. These wells require more fluids in general but also more technically advanced fluids in order for the wells to be successfully drilled and cased. Estimated Canadian market share was approximately 30% for the three months ended June 30, 2012, up from 25% for the three months ended June 30, 2011. CES' operating days in the WCSB have increased as the market activity increased. CES' operating days were estimated to be 4,779 for the three month period ended June 30, 2012, an increase of 12% from 4,250 operating days during the same period last year. Due to the extended break-up in Canada, overall industry activity decreased approximately 3% from an average monthly rig count in Q2 2011 of 190 to 178 based on CAODC published monthly data for Western Canada.

Revenue generated in the United States ("US") from drilling fluid sales of products and services for the three months ended June 30, 2012, was \$72.7 million as compared to the second quarter of 2011 with revenue of \$60.1 million, representing an increase of \$12.6 million or 21% on a year-over-year basis. Daily average revenue per operating day for the three months ended June 30, 2012, was \$7,087 compared to \$6,659 for the three months ended June 30, 2011, representing an increase of 6%. Year-to-date, daily average revenue per operating day was \$7,223 compared to \$6,154 in 2011, representing a year-over-year increase of 17%. Estimated US market share for the

three months ended June 30, 2012 was estimated to be 6%, consistent with 6% for the three months ended June 30, 2011. US operating days were estimated to be 10,255 operating days for the three month period ended June 30, 2012, an increase of 14% from 9,020 operating days during the same period last year.

EQUAL Transport's ("EQUAL") trucking revenue for the three month period ended June 30, 2012, gross of intercompany eliminations, totalled \$3.5 million, an increase of \$1.1 million or 42% from the \$2.5 million for the three months ended June 30, 2011. The respective year-over-year increase is due primarily to increased industry activity.

Clear Environmental Solutions division ("Clear") generated \$2.5 million of revenue for the three month period ended June 30, 2012, an increase of \$0.5 million compared to \$2.0 million during the prior year.

CES also announced today that it has declared a cash dividend of \$0.05 per common share to shareholders of record on August 31, 2012. CES expects to pay this dividend on or about September 14, 2012.

CES' business model is focused on the design and delivery of technically advanced fluids for the 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.

The core business of CES is to design and implement drilling fluid systems for the North American 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, liquids rich 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 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.

PureChem Services ("PureChem"), CES' drilling fluid and production chemical manufacturing division, designs, manufactures, and sells specialty drilling fluids to CES, as well as stimulation and production chemicals to operators. The PureChem production facility is strategically located in Carlyle, Saskatchewan.

CES' corporate head office and its 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 through four regional divisions: the Rocky Mountain division from its office in Denver, Colorado; the Mid-Continent division from its office in Norman, Oklahoma; the Northeast division from its office in Pittsburgh, PA and the Gulf Coast division from its office in Houston, Texas. The Houston office also serves as the corporate headquarters for AES. AES has operations in thirteen states with stock point facilities located in Oklahoma, Texas, Pennsylvania, West Virginia, Colorado, North Dakota, Louisiana, and Utah.

Financial Highlights

(\$000's, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenue	104,129	86,967	260,686	198,506
Gross margin ⁽¹⁾	23,523	22,971	60,881	55,595
Income before taxes	7,276	8,949	27,532	26,330
<i>per share – basic</i>	0.13	0.16	0.50	0.48
<i>per share - diluted</i>	0.13	0.16	0.48	0.47
Net income	3,368	5,506	17,070	17,321
<i>per share – basic</i>	0.06	0.10	0.31	0.32
<i>per share - diluted</i>	0.06	0.10	0.30	0.31
EBITDAC ⁽¹⁾	12,793	12,501	37,552	33,295
<i>per share – basic</i>	0.23	0.23	0.68	0.61
<i>per share - diluted</i>	0.22	0.22	0.66	0.60
Funds flow from operations ⁽¹⁾	8,730	9,878	26,558	28,643
<i>per share – basic</i>	0.16	0.18	0.48	0.52
<i>per share - diluted</i>	0.15	0.18	0.46	0.51
Dividends declared	8,339	6,573	16,080	12,380
<i>per share</i>	0.15	0.12	0.29	0.23

Shares Outstanding	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
End of period	55,681,662	54,803,235	55,681,662	54,803,235
Weighted average				
- basic	55,567,426	54,712,282	55,411,615	54,569,804
- diluted	57,327,933	56,123,443	57,215,261	55,829,581

<i>Financial Position (\$000's)</i>	June 30, 2012	December 31, 2011
Net working capital	127,585	153,660
Total assets	364,605	385,351
Long-term financial liabilities ⁽²⁾	70,987	96,779
Shareholders' equity	211,864	204,060

Notes:

¹CES uses certain performance measures that are not recognizable under International Financial Reporting Standards ("IFRS"). 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 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 six months ended June 30, 2012.

² Includes long-term portion of the Senior Facility, vehicle financing loans, and finance leases, excluding current portions.

Outlook

CES' Q2 2012 results reflect an increase in activity and revenue across all of CES' business segments over the comparable period in 2011. CES' dominant business line, the drilling fluids segment, experienced the most material gains as a result of the continuing industry trend to drill more complex, deeper and longer horizontal wells. CES has benefited from this trend as these types of wells require more fluids in general, but also more technically advanced fluids in order to be successfully drilled and cased. The result is the drilling fluids portion of the typical well cost has increased, while the average well cost has also increased. Based on the reported well economics of the different North American play types and the reported drilling plans of operators, this trend looks to continue in 2012.

CES' strategy is to utilize its patented and proprietary technologies and superior execution to increase market share in North America. As a larger percentage of the wells being drilled require more complex drilling fluids to best manage down hole conditions, drilling times and costs, CES will leverage its superior customer service and its unique products like its patented Seal-AX™ and PolarBond™ lines along with its proprietary ABS40™, PureStar™ and Liquidrill™/Tarbreak products to demonstrate its superior performance. CES believes that its unique value proposition in this increasingly complex drilling environment makes it the premier independent drilling fluids provider in North America.

With the increase in activity in the WCSB, the EQUAL Transport division has also experienced growth. It is expected this business will continue to be economically viable and may be expanded further as attractive opportunities emerge.

The PureChem Services division manufactures and sells drilling fluid chemicals and production chemicals. PureChem began operations with the opening of its chemical blending facility in February 2011. PureChem is a complimentary business to both CES' drilling fluids business and EQUAL's production hauling businesses in Canada. CES' strategy is to continue to build out PureChem from its southeast Saskatchewan roots, through both organic growth off of our established North American platforms and through strategic fit acquisitions.

The Clear Environmental Solutions division continues to complement CES' core drilling fluids business. 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.

As drilling has become more complex, advanced 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 and production chemical markets. CES operates three separate lab facilities located in Carlyle, Saskatchewan; Calgary, Alberta; and Houston, Texas. CES also leverages third party partner relationships to drive innovation in the fluids business.

On a corporate level, CES continually assesses integrated business opportunities that will keep CES competitive and enhance profitability. However, all acquisitions must meet our stringent financial and operational metrics. CES will also 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.

CES had positive results in Q2 2012 over Q2 2011, and CES remains very optimistic about the long-term prospects of its business. However, over the last quarter, crude oil prices and the various natural gas liquids which are priced in relation to crude oil have weakened; oil price differentials have widened; and natural gas prices continue to remain very weak, making the economics of drilling more challenging. Lower commodity prices have constrained operator's cash flow and taxed their available credit lines, while at the same time access to capital through the equity markets has become more difficult. All of these factors affect the amount of capital available to drill wells which will likely constrain drilling activity in the near-term.

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, 2012; 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 year ended December 31, 2011, 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 2012 condensed consolidated financial statements and notes thereto as at and for the three months and six months ended June 30, 2012, 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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