



**PRESS RELEASE
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June 22, 2010

**CANADIAN ENERGY SERVICES & TECHNOLOGY CORP. ANNOUNCES STRATEGIC U.S.
ACQUISITION AND CONCURRENT \$45 MILLION BOUGHT DEAL FINANCING**

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Canadian Energy Services & Technology Corp. ("CESTC" or the "**Corporation**") (TSX: CEU) is pleased to announce that it has entered into an agreement (the "**Business Acquisition Agreement**") with Fluids Management II, Ltd. ("**FMI**") to acquire all of the drilling fluids business assets of FMI, and certain additional assets relating to FMI from two affiliates of FMI, Brookshire Investment Trust and Stikley Enterprises, Inc. (the "**FMI Acquisition**"). The total purchase price is approximately US\$65.0 million including a US\$5.0 million earn-out and the issuance of US\$19.5 million in common shares of CESTC ("**Common Shares**") to FMI.

CESTC is also pleased to announce that it has entered into a C\$45 million private placement financing of subscription receipts, on a bought-deal basis, with a syndicate of underwriters led by Cormark Securities Inc. ("**Cormark**"). Cormark also acted as a financial advisor to CESTC with respect to the FMI Acquisition.

FMI is a Houston-based, private, full-service drilling fluids company which designs, manufactures and implements drilling fluid systems for oil and gas operators in the U.S. FMI was established in 1996 and provides its drilling fluid solutions to a large number of leading oil, natural gas and unconventional natural gas developers in Texas, Louisiana, West Virginia, Pennsylvania and off-shore Gulf of Mexico.

Tom Simons, President and Chief Executive Officer of CESTC, stated that "The FMI Acquisition is consistent with our strategy to pursue strategic growth opportunities in the United States. It is a very complimentary addition to the Champion Drilling Fluids Inc. acquisition completed in November 2009 with no overlap geographically between the two businesses. FMI has a strong market position and many long term customer relationships with leading U.S. oil and gas companies. FMI operates in many of the major resource plays which require complex drilling fluid applications and has been focused on the synthetic oil-mud business. FMI's customers are drilling horizontal wells to be multistage fraced, and will provide another excellent avenue to introduce CESTC's technologies. FMI also produces and blends its own set of proprietary drilling products which will provide synergies and experience to our recently announced PureChem Services division in Canada. The founders of FMI and the key staff will be joining CESTC, and will play leadership roles in the further development and execution of our U.S. expansion strategy."

FMI Acquisition – Details

Total consideration for the FMI Acquisition is expected to be US\$65.0 million (the "**Purchase Price**"), of which on close US\$19.5 million is payable in common shares of CESTC (approximately 1.289 million common shares) and US\$40.5 million is to be paid in cash. The final US\$5.0 million is payable as an earn-out upon the FMI division achieving an EBITDA target of US\$9.5 million for the twelve month period post close.

FMI generated approximately US\$58.5 million in revenue and US\$9.5 million of normalized EBITDA for the trailing twelve month period ended April 30, 2010.

The effective date of the FMI Acquisition is June 21, 2010. As part of the FMI Acquisition, CESTC will acquire approximately US\$9.0 million of drilling fluids and product inventory and approximately US\$8.9 million of fixed assets consisting of real estate and equipment.

CESTC will enter into employment agreements with key members of management and contractor agreements with key contractors of FMI which is expected to allow for a seamless integration and insure continuity in the business operations.

CESTC has arranged for bank financing (the "**Bridge Loan**") to initially finance the cash portion of the Purchase Price for the period between the closing of the FMI Acquisition which is expected to occur on or about June 30, 2010 and the closing of the bought deal financing which is expected to close on or about July 13, 2010. The Bridge Loan is expected to be fully repaid upon closing of the bought deal financing described below.

Details of the terms of the FMI Acquisition are set out in the Business Acquisition Agreement that will be filed by CESTC on SEDAR. (www.sedar.com).

The FMI Acquisition is expected to close on or about June 30, 2010 and is subject to certain closing conditions including, but not limited to, the receipt of all necessary approvals including approval of the TSX.

FMI Acquisition – Strategic Rationale

Successful completion of the FMI Acquisition and integration of FMI is expected to strengthen CESTC's position as a leading independent North American drilling fluids provider.

- The FMI Acquisition is strategically aligned with CESTC's long-term business plan to pursue growth opportunities in the U.S. and internationally and significantly expands on the strong platform created through the Champion Drilling Fluids Inc. acquisition in November 2009
- The FMI Acquisition complements CESTC's current U.S. footprint and expands the scale, infrastructure, and operational and management capabilities of CESTC within the U.S. market. In addition it diversifies CESTC's existing U.S. business and provides an expanded customer base.
- The FMI Acquisition creates a strong platform to service core U.S. unconventional resource plays, in Texas (Barnett & Eagle Ford), Louisiana (Haynesville), and the North-East US (Marcellus).

- Currently, FMI is the only fluids company in Pennsylvania with a Department of Environmental Protection approved liquid mud facility to blend hydrocarbon drilling fluids. To date this facility has assisted FMI in capturing significant market share in the Marcellus.
- Although currently suspended due to the US Federal Government imposed moratorium, previously FMI has a long history of off-shore work in the Gulf of Mexico. Once the current moratorium is lifted CESTC will have an opportunity to sell drilling fluids to the off-shore market for the first time.
- Integration of FMI creates the opportunity to leverage CESTC's proprietary and patented technologies to grow FMI's business by expanding its offerings of complex drilling solutions.
- FMI operates its own drilling fluid chemical blending facilities which allows for improved quality control and enhances product innovation. CESTC will leverage FMI's knowledge and experience for its recently announced PureChem Services Division.
- Management of CESTC expects the FMI Acquisition to be accretive to CESTC's cash flow, EBITDA, earnings.

Offering

CESTC has entered into an agreement with a syndicate of underwriters led by Cormark, and including Thomas Weisel Partners Canada Inc., FirstEnergy Capital Corp., RBC Capital Markets., Wellington West Capital Markets Inc., HSBC Securities (Canada) Inc., and Paradigm Capital Corp. (collectively the "**Underwriters**") pursuant to which the Underwriters have agreed to purchase on a private placement, bought deal basis 2,905,000 subscription receipts ("**Subscription Receipts**") at a price of \$15.50 per Subscription Receipt for aggregate gross proceeds of approximately \$45.0 million (the "**Offering**"). The Offering is expected to close on or about July 13, 2010.

The Company intends to use the gross proceeds of the Offering to indirectly fund the cash component of the proposed acquisition, pay the expenses related to the Offering, repay certain outstanding indebtedness of the Corporation (including the full repayment of the Bridge Loan) and general corporate purposes.

The gross proceeds of the Offering (the "**Escrowed Funds**") will be held in escrow and will be released to the Company upon satisfaction of certain release conditions, including, closing of the FMI Acquisition and obtaining shareholder approval to the issuance of the Common Shares underlying the Subscription Receipts (as described in further detail below) (the "**Escrow Release Conditions**"). In the event that the Escrow Release Conditions are not satisfied at or before 5:00 pm (Calgary time) on the date that is 90 days from the closing of the Offering, the Escrowed Funds, together with accrued interest thereon, shall be returned to the holders of the Subscription Receipts.

Each Subscription Receipt will be exercisable by the holder thereof at any time following the date on which the Release Conditions are satisfied (the "**Escrow Release Date**") and all unexercised Subscription Receipts shall be deemed to be exercised automatically (for no further consideration and with no further action on the part of the holder thereof) into one Common Share, subject to adjustment in certain events, upon: (a) satisfaction of the Release Conditions; and (b) the earlier of: (i) the date that is four months and one day following the closing date of the Offering; and (ii) the third business day after a receipt is issued for a (final) prospectus by the securities regulatory authorities (the "**Receipt**") in each of the provinces of Canada where Subscription Receipts are issued and sold qualifying the distribution of the Common Shares to be issued upon the exercise of the Subscription Receipts.

CESTC has also agreed to use its commercially reasonable efforts to file and obtain the Receipt in each of the provinces of Canada where Subscription Receipts are issued and sold on or before the date that is 60 days after the closing of Offering (the "**Prospectus Deadline Date**"). If the Receipt is not issued by the Prospectus Deadline Date, each holder of Subscription Receipts shall receive 1.1 Common Shares for each Subscription Receipt held.

Pursuant to the bought deal financing, the Subscription Receipts will be offered by way of private placement in all provinces of Canada (except Quebec) and by way of private placement in the United States pursuant to exemptions from the registration requirements pursuant to Regulation D of the United States Securities Act of 1933, as amended.

The Common Shares issuable pursuant to the FMI Acquisition and the Subscription Receipts to be issued in connection with the Offering will result in the issuance of greater than 25% of the currently outstanding Common Shares. The rules of the TSX require that CESTC obtain approval of the issuance of the Common Shares underlying the Subscription Receipts from the holders of a majority of the issued and outstanding Common Shares. However, the rules of the TSX also provide that such approval may be obtained in writing from shareholders holding more than 50% of the Common Shares issued and outstanding without the requirement to convene a shareholders' meeting for such purposes. CESTC intends to rely on this exemption in connection with obtaining the necessary shareholder approval for the Offering.

In accordance with the rules of the TSX, to enable management, the board of directors and all other insiders of CESTC (collectively, "**Insiders**") to provide written approval for the Offering, Insiders will be limited to purchasing such number of Subscription Receipts as is equal to 10% of the currently issued and outstanding Common Shares, after giving effect to any issuances to Insiders of Common Shares or other securities convertible into Common Shares during the six month period prior to the closing of the Offering. It is anticipated that this will limit Insider participation in the Offering to a maximum of 1,346,981 Subscription Receipts.

Fluids Management II LTD.

FMI is headquartered in Houston, Texas, and is one of the leading independent full-service drilling fluids companies in the U.S. FMI was established in 1996 and provides drilling fluid solutions for a large number of leading oil, natural gas, and unconventional natural gas developers operating primarily in Texas, Louisiana, West Virginia and Pennsylvania, and off-shore Gulf of Mexico. FMI employees and management have extensive experience and have built the business over time with a focus on continued profitability and revenue growth. The company has a strong customer base of over 30 clients and proven technical capabilities in delivering high quality drilling fluid products and services. Additionally, FMI is an industry leader in supplying environmentally superior synthetic invert fluids for onshore use. Through a network of stock points and established infrastructure, FMI has built a platform to service its drilling fluids customers.

About Canadian Energy Services & Technology Corp.

CESTC designs and implements drilling fluid systems for the oil and natural gas industry in western Canada and in the United States through its subsidiary AES Drilling Fluids, LLC. Additional information about CESTC is available at www.sedar.com or at CESTC's website at www.CanadianEnergyServices.com.

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Forward-Looking Information

*This press release contains certain forward-looking statements and forward-looking information ("**forward-looking information**") within the meaning of applicable Canadian securities laws. Forward-looking information is often, but not always, identified by the use of words such as "anticipate", "believe", "plan", "intend", "objective", "continuous", "ongoing", "estimate", "expect", "may", "will", "project", "should" or similar words suggesting future outcomes. In particular, without limitation, this press release includes forward-looking information relating to results of operations, plans and objectives, access to capital, projected costs, business strategy, completion of the FMI Acquisition, anticipated benefits of the FMI Acquisition, anticipated staff additions as a result of the FMI Acquisition, expected consideration for the FMI Acquisition, the timelines for the FMI Acquisition and the Offering, bank financing arrangements, expected terms for the Offering and the Subscription Receipts to be offered pursuant thereto, the scope of the Offering, TSX approvals and anticipated insider participation in the Offering. CESTC believes the expectations reflected in such forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.*

Forward-looking information is based on various assumptions. Those assumptions are based on information currently available to CESTC, including information obtained from third party industry analysts and other third party sources and include the historic performance of CESTC's businesses, historic performance of FMI and its affiliate, intentions of FMI employees, TSX approval requirements, current business and economic trends, currency, exchange and interest rates, trading data and cost estimates. You are cautioned that the preceding list of assumptions is not exhaustive.

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties some of which are described herein. Such forward-looking information necessarily involves known and unknown risks and uncertainties, which may cause CESTC's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking information. These risks and uncertainties include but are not limited to the risks identified in CESTC's Annual Information Form for the year ended December 31, 2009 under the heading "Risk Factors" and in CESTC's Management's Discussion and Analysis for the year ended December 31, 2009 under the heading "Risks and Uncertainties". Any forward-looking information is made as of the date hereof and, except as required by law, CESTC assumes no obligation to publicly update or revise such information to reflect new information, subsequent or otherwise.

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