



**PRESS RELEASE
FOR IMMEDIATE DISTRIBUTION**

June 30, 2010

**CANADIAN ENERGY SERVICES & TECHNOLOGY CORP. ANNOUNCES CLOSING OF FLUIDS
MANAGEMENT ACQUISITION AND SHAREHOLDER APPROVAL**

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Canadian Energy Services & Technology Corp. ("**CESTC**" or the "**Corporation**") (TSX: **CEU**) is pleased to announce that it has closed its previously announced acquisition of 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 1,289,370 common shares of CESTC ("**Common Shares**") to FMI.

CESTC is also pleased to announce that it has obtained the required shareholder approval for the issuance of greater than 25% of the currently outstanding Common Shares of CESTC, in order to complete the FMI Acquisition and the previously announced C\$45 million bought deal financing.

To complete the FMI Acquisition, CESTC has drawn US\$40 million of the previously announced 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 on 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.

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.

Details of the terms of the FMI Acquisition are set out in the Asset Purchase Agreement that has been filed by CESTC on SEDAR. (www.sedar.com). Further details of the Offering are contained in the news release of CESTC dated June 22, 2010.

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.

C\$45 Million Bought Deal Financing and Shareholder Approval

CESTC is pleased to announce that it has received written consent from holders of more than 50% of its Common Shares to the previously announced offering (the "**Offering**") of subscription receipts of the Company ("**Subscription Receipts**").

The Offering consists of a total of 2,905,000 Subscription Receipts at \$15.50 per Subscription Receipt for anticipated gross proceeds of approximately \$45,000,000 on closing of the Offering. 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 acquisition of certain assets from Fluids Management II, Ltd. (the "**FMI Acquisition**") and obtaining shareholder approval to the issuance of the Common Shares underlying the Subscription Receipts (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 Escrow 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 Escrow 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 the 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 Toronto Stock Exchange ("**TSX**") Company Manual, shareholder consent is required where the listed securities issuable pursuant to an offering (including securities issued in connection with a concurrent acquisition.) is greater than 25% of the number of listed securities of the issuer prior to the closing of such offering on a non-diluted basis. It is not anticipated that the Offering could materially affect control of the Company and it is not expected that any new persons or entities will become holders of 10% of the outstanding common shares of the Corporation as a result of the Offering.

It is anticipated that insiders (including their associates and affiliates) will be acquiring up to 566,000 Subscription Receipts or approximately 19.5% of the Offering which, assuming the Subscription Receipts become exercisable for 1.1 Common Shares will result in the issuance of 622,600 Common Shares, as detailed further below:

Name of Insider	Relationship to CESTC	# of Common Shares and % held prior to the Acquisition and Offering	# of Common Shares and % held after the completion of the Acquisition and Offering⁽¹⁾
John M. Hooks	Director of CESTC	160,160 (1.2%)	204,160 (1.1%)
Thomas J. Simons	Director and Officer of CESTC	732,190 (5.4%)	743,190 (4.1%)
Ken Zinger	Officer of CESTC	571,593 (4.2%)	592,493 (3.3%)
Craig Nieboer	Officer of CESTC	10,341 (0.07%)	21,341 (0.1%)
Paul Swanston	Controller of CESTC	2,466 (0.02%)	4,666 (0.03%)
Calder Kitagawa	Associate of a Director of CESTC	4,020 (0.03%)	4,284 (0.02%)
Kellan Kitagawa	Associate of a Director of CESTC	2,870 (0.02%)	2,991 (0.02%)
Denise Kitagawa	Associate of a Director of CESTC	40,400 (0.3%)	51,015 (0.3%)
Galina Arapova	Associate of an	0 (0%)	5,500 (0.03%)

	Officer of CESTC		
Mawer Investment Management Ltd.	10 % Security Holder	1,523,749 (11.3%)	2,040,749 (11.4%)

(1) Assuming each Subscription Receipt is exercisable for 1.1 Common Shares.

The exercise of the Subscription Receipts will result in the issuance of 2,905,000 Common Shares which together with 1,289,370 Common Shares issued pursuant to the FMI Acquisition is approximately 31.1% of the currently issued and outstanding Common Shares, or if the Subscription Receipts are exercisable for 1.1 Common Shares as described above, the issuance of 3,195,000 Common Shares, which together with 1,289,370 Common Shares issued pursuant to the FMI Acquisition is approximately 33.3% of the currently issued and outstanding Common Shares.

The net proceeds of the Offering will be used by CESTC to repay indebtedness incurred in connection with the FMI Acquisition, pay the expenses related to the Offering and general corporate purposes.

Closing of the Offering is expected to occur on or about July 13, 2010 and is subject to customary conditions and regulatory approvals, including the approval of the TSX.

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 including the Bridge Loan and the repayment of the Bridge Loan, 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.