PRESS RELEASE May 11, 2010
FOR IMMEDIATE DISTRIBUTION

Canadian Energy Services & Technology Corp. Announces First 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 March 31, 2010.

In Q1 2010 CES generated gross revenue of $49.0 million compared to $30.3 million for the three months ended March 31, 2009, an increase of $18.7 million or 61.9%. Gross margin was $15.5 million or 31.5% of revenue, compared to gross margin of $8.0 million or 26.6% of revenue in Q1 2009. 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 $9.5 million or $0.71 per share as compared to $3.6 million or $0.32 per unit for Q1 2009 representing an increase of $5.9 million or 164.2%. Net income was $7.5 million as compared to $2.2 million in Q1 2009. Net basic earnings per share were $0.56 versus net earnings per unit of $0.19 in Q1 2009.

The performance in Q1 2010 was reflective of the increase in activity levels realised by CES in both Canada and 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 increased to 26% for the three months ended March 31, 2010, up from 20% for the three months ended March 31, 2009. CES' operating days in Western Canada were estimated to be 10,253 for the three month period ended March 31, 2010, an increase of 67% from the 6,141 operating days during the same period last year. Overall industry activity increased approximately 34.6% from an average monthly rig count of 320 in the first quarter of 2009 to 431 during the first quarter of 2010 based on CAODC published monthly data for Western Canada. In the US, revenue from drilling fluid sales of products and services was $7.5 million with an estimated 2,133 operating days as compared to Q1 2009 revenue of $1.0 million with an estimated 149 operating days during the same period. 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%.

EQUAL Transport's ("EQUAL") trucking revenue, gross of intercompany eliminations, totalled $4.0 million, which doubled the $2.0 million for the three months ended March 31, 2009. The increase is due to overall increased oilfield activity and the expansion of trucking operations in Saskatchewan.

The Clear Environmental Solutions ("Clear") division generated $4.0 million of revenue for the three month period ended March 31, 2010 compared to $3.8 million during the prior year representing an increase of $0.2 million or 5.3%. Management believes, the Clear division has benefited from diversification strategies pursued during 2009 to reduce its exposure to shallow natural gas focused drilling.

CES declared and paid monthly dividends with respect to the first quarter of 2010 at its targeted level of $0.06 per share for a total of $0.18 per share. CES also announced today that it has declared a cash dividend of $0.06 per common share to shareholders of record on May 31, 2010. CES expects to pay this dividend on or about June 15, 2010.

"Q1 represented a record quarter for the company in terms of activity and revenue generation" said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services & Technology Corp. "We are very pleased with the progress of the business in both Canada and 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 Environmental Solutions 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 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 US from its head office in Denver, Colorado and in the mid-continent and Marcellus shale regions through its Champion Drilling Fluids division which is headquartered in Norman, Oklahoma. 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 March 31, 2010	2009
Revenue	**49,038**	30,298
Gross margin (3)	**15,467**	8,045
Income before taxes	**8,066**	2,252
per share– basic (1)	***0.60***	*0.20*
per share – diluted (1)	***0.60***	*0.20*
Net income	**7,465**	2,154
per share– basic (1)	***0.56***	*0.19*
per share – diluted (1)	***0.55***	*0.19*
EBITDAC (3)	**9,532**	3,608
Funds flow from operations (3)	**9,326**	3,465
per share– basic (1)	***0.70***	*0.31*
per share – diluted (1)	***0.69***	*0.31*
Dividends declared	**2,642**	2,229
per share (1)	***0.18***	*0.2376*

Financial Position ($000's)	**March 31, 2010**	December 31, 2009
Net working capital	**17,624**	11,347
Total assets	**166,931**	130,699
Long-term financial liabilities (2)	**5,542**	2,557
Shareholders' equity	**97,869**	92,534

Shares Outstanding	Three Months Ended March 31, **2010**	2009 (1)
End of period	**13,469,809**	11,119,801
Weighted average		
- basic	**13,367,833**	11,124,245
- diluted	**13,519,021**	11,144,745

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 March 31, 2010.

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

	As at	
	March 31, 2010	December 31, 2009
ASSETS		
Current assets		
Accounts receivable	**57,507**	35,336
Inventory	**10,868**	10,001
Prepaid expenses	**453**	389
	68,828	45,726
Property and equipment	**15,242**	14,564
Intangible assets	**6,876**	7,169
Future income tax asset	**15,193**	1,949
Goodwill	**60,792**	61,291
	166,931	130,699
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	**21,727**	8,762
Accounts payable and accrued liabilities	**24,285**	21,212
Financial derivative liability	**5**	11
Earn-out payable	**-**	207
Deferred acquisition consideration	**2,038**	2,098
Dividends payable	**808**	983
Current portion of capital lease obligation	**724**	-
Current portion of long-term debt	**1,617**	1,106
	51,204	34,379
Long-term debt	**4,008**	2,557
Capital lease obligation	**1,534**	-
Future income tax liability	**1,336**	1,229
Deferred tax credit	**10,980**	-
	69,062	38,165
Shareholders' equity		
Common shares	**125,567**	117,448
Subordinate convertible debenture	**-**	6,627
Contributed surplus	**1,900**	2,122
Deficit	**(28,612)**	(33,663)
Accumulated other comprehensive loss	**(986)**	-
	97,869	92,534
	166,931	130,699

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

(stated in thousands of dollars except per share amounts)

	Three Months Ended March 31,	
	2010	2009
Revenue	**49,038**	30,298
Cost of sales	**33,571**	22,253
Gross margin	**15,467**	8,045
Expenses		
Selling, general, and administrative expenses	**5,976**	4,425
Amortization	**1,135**	877
Stock-based compensation	**128**	396
Interest expense	**197**	143
Foreign exchange gain	**(58)**	(69)
Financial derivative loss	**18**	-
Loss on disposal of assets	**5**	21
	7,401	5,793
Income before taxes	**8,066**	2,252
Current income tax expense	**9**	-
Future income tax expense	**592**	98
Net income	**7,465**	2,154
Deficit, beginning of period	**(33,663)**	(30,419)
Dividends declared	**(2,414)**	(2,642)
Deficit, end of period	**(28,612)**	(30,907)
Net income per share		
Basic	**0.56**	0.19
Diluted	**0.55**	0.19
Net income	**7,465**	2,154
Other comprehensive loss:		
Unrealized loss on translation of self-sustaining foreign operations	**(777)**	-
Comprehensive income	**6,688**	2,154
Accumulated other comprehensive loss, beginning of period	**-**	-
Adjustment for change in foreign currency translation method	**(209)**	-
Other comprehensive loss	**(777)**	**-**
Accumulated other comprehensive loss, end of period	**(986)**	-

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

	Three Months Ended March 31, **2010**	2009
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net income for the period	**7,465**	2,154
Items not involving cash:		
Amortization	**1,135**	877
Stock-based compensation	**128**	396
Future income tax expense	**592**	98
Loss on disposal of assets	**5**	21
Unrealized foreign exchange gain	**(2)**	(81)
Unrealized financial derivative loss	**3**	-
Change in non-cash operating working capital	**(19,702)**	7,448
	(10,376)	10,913
FINANCING ACTIVITIES:		
Repayment of long-term debt and capital leases	**(352)**	(477)
Issuance of long-term debt and lease proceeds	**4,147**	-
Issuance of shares, net of issuance costs	**1,142**	-
Increase (decrease) in bank indebtedness	**12,965**	(7,117)
Shareholder dividends	**(2,589)**	(2,646)
	15,313	(10,240)
INVESTING ACTIVITIES:		
Investment in property and equipment	**(1,327)**	(867)
Investment in intangible assets	**(20)**	(32)
Clear earn-out	**(207)**	-
Conversion transaction	**(2,800)**	-
Proceeds on disposal of fixed assets	**75**	185
Change in non-cash investing working capital	**(698)**	29
	(4,977)	(685)
Effect of exchange rate on cash balances	**40**	12
CHANGE IN CASH	**-**	-
Cash, beginning of period	**-**	-
Cash, end of period	**-**	-

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. In 2009, overall drilling activity in both the WCSB and the US dropped considerably on a year-over-year basis and despite CES' improved market share statistics in the WCSB, CES also experienced a significant decline in overall activity levels compared to the previous year. Beginning in the fourth quarter of 2009 activity levels began to rebound in both Canada and the US. CES experienced record levels of activity in the Q1 2010 winter drilling season in the WCSB. CES' activity in the US also increased as a result of the Champion acquisition and a general increase in drilling activity. Given the volatile nature of commodity prices coupled with the tentative global economic recovery, the outlook for the remainder of 2010 is difficult to predict. However current expectations are for an improvement in industry activity levels throughout 2010 compared to 2009. CES intends to participate fully in any increase in activity in the WCSB over 2009. In the US, CES has completed the integration of the Champion division and expects to realize additional growth opportunities in the US during 2010. CES continues to closely manage its dividend levels and capital expenditures in order to preserve its balance sheet strength and liquidity position while still taking advantage of business opportunities as they arise.

Despite the uncertain times facing the North American drilling market, CES' exposure to the key resource plays and to 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 operations. In particular, with the Champion acquisition completed in the US, management believes CES' presence in the Rockies and Mid-Continent regions of the US offer significant growth opportunities. These markets present us with potential incremental growth and future access into other basins in the United States. 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.

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.

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 quarter 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.

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 March 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 2010 Q1 consolidated financial statements and notes thereto as at and for the period ended March 31, 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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