



Canadian Energy
SERVICES

**PRESS RELEASE
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Canadian Energy Services & Technology Corp. Announces Results for the Third Quarter and Declares Increased Cash 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 and nine months ended September 30, 2011. CES also announced today that it will pay a cash dividend of \$0.045 per common share on December 15, 2011 to the shareholders of record at the close of business on November 30, 2011, representing an increased dividend of \$0.005 per common share or 12.5% to the monthly dividend.

CES generated gross revenue of \$122.0 million during the third quarter of 2011, compared to \$78.4 million for the three months ended September 30, 2010, an increase of \$43.6 million or 56% on a year-over-year basis. For the three month period ended September 30, 2011, CES recorded gross margin of \$30.5 million or 25% of revenue, compared to gross margin of \$21.7 million or 28% 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 September 30, 2011, was \$18.6 million as compared to \$13.5 million for the three months ended September 30, 2010, representing an increase of \$5.1 million or 38%. CES recorded EBITDAC per share of \$0.34 (\$0.33 diluted) for the three months ended September 30, 2011 versus EBITDAC per share of \$0.29 (\$0.26 diluted) in 2010.

CES recorded a net income of \$9.5 million for the three month period ended September 30, 2011, as compared to \$7.2 million in the prior year. CES recorded net income per share of \$0.17 (\$0.17 diluted) for the three months ended September 30, 2011 versus \$0.15 (\$0.14 diluted) in 2010.

Revenue from drilling fluids related sales of products and services in Western Canada was \$50.2 million for the three months ended September 30, 2011, compared to \$27.6 million for the three months ended September 30, 2010, representing an increase of \$22.6 million or 82%. Daily average revenue per operating day for the three months ended September 30, 2011, was \$4,341 compared to \$3,364 for the three months ended September 30, 2010, representing an increase of 29%. CES' estimated Canadian Market Share was approximately 28% for the three months ended September 30, 2011, consistent with 28% for the three months ended September 30, 2010. CES' operating days were estimated to be 11,565 for the three month period ended September 30, 2011, an increase of 41% from 8,208 operating days during the same period last year. Overall industry activity increased approximately 40% from an average monthly rig count in Q3 2010 of 323 to 454 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 September 30, 2011, was \$61.8 million as compared to last year's revenue of \$44.3 million, representing an increase of \$17.5 million or 39% on a year-over-year basis. Daily average revenue per operating day for the three months ended September 30, 2011, was \$6,320 compared to \$5,809 for the three months ended

September 30, 2010, representing an increase of 9%. CES' US Market Share for the three months ended September 30, 2011, was estimated to be 6%, up from 5% for the three months ended September 30, 2010. Operating days in the US were estimated to be 9,771 operating days for the three month period ended September 30, 2011, an increase of 28% from 7,634 operating days during the same period last year.

EQUAL Transport's ("EQUAL") trucking revenue for the three month period ended September 30, 2011, gross of intercompany eliminations, totalled \$5.5 million, an increase of \$1.5 million or 38% from the \$4.0 million for the three months ended September 30, 2010

Clear Environmental Solutions division ("Clear") generated \$4.7 million of revenue for the three month period ended September 30, 2011, compared to \$2.8 million during the prior year representing an increase of \$1.9 million or 68%. Year-over-year, the Clear Environmental division has seen higher overall activity levels and continues to benefit from increased integration with the drilling fluids division, from diversification strategies into oil sands and horizontal drilling, and general improvement in industry activity levels.

CES also announced today that it has declared a cash dividend of \$0.045 per common share to shareholders of record on November 30, 2011. CES expects to pay this dividend on or about December 15, 2011. CES' business model has historically shown it can support a large proportion of cash flow from operating activity being paid out as a dividend or distribution as the long-term capital investments required and maintenance capital expenditures required for CES to execute its business plan are not significant.

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 Western Canadian Sedimentary Basin ("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 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 for CES and production chemicals for operators. The PureChem facility is strategically located in Carlyle, SK.

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 in the Rockies region from its office in Denver, Colorado; in the mid-continent region through its AES East division from its office in Norman, Oklahoma and through its Champion Drilling Fluids division which is headquartered in Elk City, Oklahoma; and in Texas, Louisiana, off-shore Gulf of Mexico, and Northeast US through its Fluids Management

division headquartered in Houston, Texas. AES has operations in twelve states with stock point facilities located in Oklahoma, Texas, Pennsylvania, West Virginia, Colorado, North Dakota, Louisiana, and Utah.

Financial Highlights

<i>Summary Financial Results</i> (\$000's, except per share amounts)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Revenue	121,958	78,398	320,464	154,648
Gross margin ⁽¹⁾	30,520	21,695	86,115	42,125
Income before taxes	14,250	10,563	40,580	18,164
<i>per share – basic</i> ⁽²⁾	0.26	0.23	0.74	0.43
<i>per share - diluted</i> ⁽²⁾	0.25	0.20	0.72	0.41
Net income	9,501	7,184	26,822	24,882
<i>per share – basic</i> ⁽²⁾	0.17	0.15	0.49	0.59
<i>per share - diluted</i> ⁽²⁾	0.17	0.14	0.48	0.56
EBITDAC ⁽¹⁾	18,601	13,453	51,895	24,360
<i>per share – basic</i> ⁽²⁾	0.34	0.29	0.95	0.57
<i>per share - diluted</i> ⁽²⁾	0.33	0.26	0.93	0.55
Funds flow from operations ⁽¹⁾	17,315	12,784	45,958	23,180
<i>per share – basic</i> ⁽²⁾	0.32	0.27	0.84	0.55
<i>per share - diluted</i> ⁽²⁾	0.31	0.24	0.82	0.52
Dividends declared	6,582	3,786	18,962	8,998
<i>per share</i> ⁽²⁾	0.12	0.08	0.35	0.21

Shares Outstanding	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2011	2010	2011	2010
End of period	54,842,035	53,202,537	54,842,035	53,202,537
Weighted average				
- basic	54,834,583	46,656,015	54,659,033	42,429,851
- diluted	56,244,549	52,651,985	56,015,520	44,672,256

<i>Financial Position (\$000's)</i>	September 30, 2011	December 31, 2010
Net working capital	52,532	34,117
Total assets	352,254	287,870
Long-term financial liabilities ⁽³⁾	5,903	5,278
Shareholders' equity	197,217	179,017

Notes:

¹ CES 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 months ended September 30, 2011.

² Pursuant to the three-for-one split of CES' outstanding common shares effective July 13, 2011 all per share data has been retroactively adjusted to reflect the stock split.

³ Includes vehicle financing loans, term loans, and finance lease facilities excluding current portions.

Outlook

Crude oil prices have rebounded off their lows of 2009 and, despite the most recent price fluctuations, appear to have stabilized in a profitable band for operators. Natural gas prices continue to remain relatively weak in context to oil prices and recent history, making the economics of drilling for dry natural gas challenging. In the WCSB, operators have diverted capital to drilling for oil or liquids rich gas or unconventional natural gas. In the US, this same trend is evident however areas such as the Marcellus shale continue to attract significant capital to dry gas drilling.

Beginning in the fourth quarter of 2009, drilling activity levels began to rebound in both the WCSB and the US. This upward trend in activity has continued throughout 2010 and to date in 2011. CES' 2011 results reflect the increase in activity with corresponding revenue gains across all of CES' business segments. As a result of the increased industry activity and a continuing trend by operators to drill more complex horizontal wells, CES' dominant business line, the drilling fluids segment, has experienced the most material gains over comparable results from 2009 and 2010. CES has capitalized on this in the WCSB through its leading market share position and in the US by completing two accretive acquisitions, the Champion acquisition on November 30, 2009 and the Fluids Management Acquisition completed at the end of Q2 2010. The US Acquisitions, coupled with the organic growth that the Company has been able to generate off of these acquired platforms, has established CES as a truly North American company with a wide footprint and a significant presence in the majority of the key basins of activity throughout North America.

CES' strategy is to utilize its patented and proprietary technologies and superior execution to increase market share in North America. 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 its unique products like Seal-AX™/PolarBond, ABS40™, PureStar™ 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 makes it the premier independent drilling fluids provider in the North American market.

The EQUAL Transport division has experienced significant growth, particularly in south-eastern Saskatchewan where the business hauls drilling fluids and products to drilling locations and also provides other oilfield hauling services to our customers including the hauling of produced fluids. With increased activity throughout the WCSB, it is expected this business will continue to be economically attractive and may expand further as viable opportunities emerge.

The PureChem Services division manufactures and sells both drilling fluid chemicals and production chemicals. The construction of the PureChem facility in Carlyle, Saskatchewan was completed in February 2011 and operations have commenced. PureChem is a complimentary business to both CES' drilling fluids business and EQUAL's production hauling businesses in Canada. In the US, the Fluids Management division also produces and blends its own set of proprietary drilling fluid products which provides synergies and experience to PureChem going forward.

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. Clear has experienced an increase in activity which began in the fourth quarter of 2009 and has continued throughout 2010 and into 2011.

As drilling has become more complex, 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 financial 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 November 30, 2011; 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; future 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, 2010 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 Q3 2011 condensed consolidated financial statements and notes thereto 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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