

NEWS RELEASE

CANELSON ANNOUNCES
SECOND QUARTER FINANCIAL RESULTS

DATE: August 5, 2010

CALGARY, ALBERTA – CanElson Drilling Inc. (“CanElson” or the “Corporation”) (TSX-V: CDI) announced its second quarter financial results for the three months ended June 30, 2010.

Highlights:

- Closed Totem business acquisition at the end of the second quarter adding 5 heavy duty double drilling rigs to our fleet, all currently operating in the Bakken area of south east Saskatchewan
- Closed bought deal financing raising gross proceeds of \$29.7 million in equity at \$2.70 per share and positioning CanElson for further growth
- Strong international operations result in break even net income during the traditionally slow Canadian Q2 spring break up
- Canadian rig fleet operated with a 36% utilization compared to an industry average utilization of 20%
- Operating drilling rig fleet increased to 14 (net: 13) and 1 (net: 0.5) service rig

During the second quarter of 2010, CanElson generated revenue of \$11.1 million compared to \$11.6 million in the first quarter of 2010. Although Q2 revenue approximated Q1, international operations accounted for 70% of Q2 revenue compared to Q1 where it accounted for 40% of CanElson’s revenue. The Corporation recorded break even net income (\$0.00 per share) compared to net earnings of \$0.3 million in the first quarter of 2010 (\$0.01 per share).

President Randy Hawkings states, “In a period of only nine months CanElson has grown from two drilling rigs operating in Canada to 14 drilling rigs operating across three jurisdictions, each providing new opportunities for profitable growth. Critical to our growth is the dedication of our experienced crews, management team and board of directors, along with our modern purpose built drilling rig fleet. With the acquisition of Totem, the renegotiation and expansion of our bank facility and the equity financing undertaken during the second quarter, CanElson currently has no debt and adequate bank capacity to take advantage of selected growth opportunities.”

The full text of the unaudited financial statements and management’s discussion and analysis are to be posted on the SEDAR website at www.sedar.com.

CanElson is an Alberta, Canada corporation that is currently engaged in the manufacture, acquisition and operation of drilling rigs for the oil and gas industry. The Corporation currently operates in the western Canadian sedimentary basin (the “WCSB”), the United States and Mexico.

FORWARD-LOOKING INFORMATION

This press release contains certain statements or disclosures relating to CanElson that are based on the expectations of CanElson as well as assumptions made by and information currently available to CanElson which may constitute forward-looking information under applicable securities laws. In

particular, this press release contains forward-looking information related to: dedication of crews, management team, board of directors and our modern purpose drilling rig fleet being critical to our success; that we have adequate bank capacity to take advantage of growth opportunities; and general economic conditions in Canada, the United States and Mexico. Such forward looking information involves material assumptions and known and unknown risks and uncertainties, certain of which are beyond CanElson's control. Such assumptions, risks and uncertainties include, without limitation, those associated with, loss of markets and or the lack of qualified personnel. CanElson's actual achievements could differ materially from those expressed in, or implied by, this forward-looking information and, accordingly, no assurances can be given that any of the events anticipated by the forward-looking information will transpire or occur, or occur on such dates, or if any of them do so, what benefits CanElson will derive therefrom. The forward-looking information is made as at the date of this press release and CanElson does not undertake any obligation to update publicly or to revise any of the included forward-looking information, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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