

NEWS RELEASE

CANELSON DRILLING JOINT VENTURE
STARTS SERVICE RIG OPERATIONS IN MEXICO

DATE: January 12, 2010

CALGARY, ALBERTA – CanElson Drilling Inc. (“CanElson”) (TSXV: CDI) announced today that its Mexican joint venture company, Diavaz CanElson de Mexico, S.A. de C.V. (“DCM”), has started up service rig operations for DS Servicios Petroleros, S.A. de C.V. (“DS”). The service rig will continue working for DS in the Ebano-Panuco-Cacalilao fields of Misantla-Tampico basin of Mexico. This service rig was contributed by DCM’s Mexican partner as a non-cash contribution. CanElson is currently retrofitting its recently acquired service rig for deployment to Mexico under similar terms. CanElson will provide the management and expertise for the service rig operations of DCM.

As previously announced, CanElson has a 50% ownership interest in DCM, with D&S Petroleum Services, S.A. de C.V. (a wholly owned subsidiary of Grupo Diavaz, S.A. de C.V.) holding the other 50% ownership interest. The business of DCM is the purchase and operation of drilling and service rigs in Mexico.

“With the commencement of service rig operations in Mexico, CanElson will look to capitalize on further opportunities in Mexico through its interest in DCM as well as its growth platforms in Canada and the United States”, stated Randy Hawkings, President of CanElson.

CanElson is an Alberta, Canada corporation that is engaged in the manufacture and operation of drilling and service rigs in Canada’s Western Sedimentary Basin, the United States and Mexico.

Forward Looking Information

This press release contains forward-looking information related to DCM acquiring another service rig, CanElson’s intention to retrofit and supply a service rig and CanElson’s intentions to seek out other business opportunities in Mexico through DCM. 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, volatility of commodity prices, delays resulting from or inability to obtain required regulatory approvals, the effect of general economic conditions in Canada, Mexico and the United States, industry conditions, changes in laws and regulations and changes in how they are interpreted and enforced, the lack of qualified personnel or management, and stock market volatility. 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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