



**CANELSON DRILLING INC.  
ANNOUNCES COMPLETION OF \$29.7 MILLION FINANCING  
BY WAY OF BOUGHT DEAL**

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June 29, 2010 – CanElson Drilling Inc. ("CanElson" or the "Company") (TSX VENTURE:CDI) is pleased to announce that it has closed the previously announced \$29.7 million bought deal financing (the "Financing") with a syndicate of underwriters led by Peters & Co. Limited and including Lightyear Capital Inc., HSBC Securities and Thomas Weisel Partners (collectively the "Underwriters").

Pursuant to the Financing, CanElson issued 11.0 million common shares ("Common Shares") of CanElson at a price of \$2.70 per Common Share for aggregate gross proceeds of approximately \$29.7 million (the "Offering").

The net proceeds from the Financing will be used initially to temporarily reduce bank debt (which had been incurred to fund the construction and acquisition of drilling rigs) and subsequently to fund the construction of four additional drilling rigs. The first rig is currently under construction at an estimated cost of \$7.3 million and is expected to be completed and deployed in Saskatchewan in September 2010. The other three drilling rigs are estimated to be completed at a cost of \$7.0 million to \$8.5 million per rig over the next 4 to 18 months depending upon customer demand. The drilling rig currently being constructed has been contracted to commence work in southeast Saskatchewan immediately upon completion of construction.

CanElson is an Alberta, Canada corporation that is currently engaged in the manufacture, acquisition and operation of drilling rigs for the oil and natural gas industry. The Corporation currently operates in the western Canadian Sedimentary Basin, the Permian Basin of west Texas and the Ebano-Panuco-Cacalilao fields of Mexico.

**FOR FURTHER INFORMATION PLEASE CONTACT:**

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*ADVISORY: This press release contains forward-looking information concerning the use of the net proceeds of the Offering; the cost of a drilling rig currently under construction, the timing in respect of the completion thereof and the expected timing for commencement of operations for the additional drilling rig; and the estimated cost and timing for completion of the construction of three additional drilling rigs. Although CanElson believes that the expectations reflected in the forward-looking information is reasonable, undue reliance should not be placed on it because CanElson can give no assurance that it will prove to be correct. Since forward-looking information addresses future events and conditions, by its very nature it involves inherent risks and uncertainties. The intended use of the net proceeds of the Offering by CanElson might change if the board of directors of CanElson determines that it would be in the best interests of CanElson to deploy the proceeds for some other purpose and the cost, timing for construction and commencement of operations for the four additional drilling rigs might also change from original expectations. CanElson's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website [www.sedar.com](http://www.sedar.com)) describe the risks, material assumptions and other factors that could influence actual results and events and which are incorporated herein by reference.*

*The forward-looking information contained in this press release is provided as of the date hereof and CanElson undertakes no obligations to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.*

*This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Corporation within the United States. The securities of the Corporation have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") or any state securities laws. Accordingly, the Common Shares may not be offered or sold in the United States or to U.S. persons (as such terms are defined in Regulation S under the 1933 Act) unless registered under the 1933 Act and applicable state securities laws or an exemption from such registration is available.*

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