



CanElson

Drilling Inc.

INVESTOR PRESENTATION

August 2010

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CanElson Drilling Inc.



"In a period of only nine months CanElson has grown from two drilling rigs operating in Canada to 14 drilling rigs (15 by the end of Q4) 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 \$40mm of undrawn bank capacity to take advantage of selected growth opportunities."

President, Randy Hawkings



Agenda



TIMELINES
EQUIPMENT INVENTORY
INDUSTRY AND PLATFORM OVERVIEW
FINANCIAL OVERVIEW
MANAGEMENT AND DIRECTORS



Timelines



Start up and Evaluation

		Rig Fleet (net)
August 2008	Raised \$44 million at \$2.00 per share	0
December 2008	IPO and listing on the TSX Venture Exchange	0
December 2008 and January 2009	Completed construction of Rig #1 and Rig #2	2
January 2009 thru October 2009	Evaluation of growth opportunities	2

Timelines (continued)



Establishing the Platform

		Rig Fleet (net)
October 2009	Entrance into Mexico with local Joint Venture Partner	2
November 2009	Top drive tele-double and single rig (subsequently sold) asset acquisition for \$6.5 million	3
November 2009	Entrance into Texas drilling market. Operations commence in December 2009 and January 2010	5
November 2009	Mexico Joint Venture signs multi-well contract and sub-contracts two drilling rigs for operation	6
December 2009	Top drive tele-double and service rig asset acquisition for \$6.0 million	8
December 2009	\$20 million bank credit facility established	8
January 2010	Signed additional Texas contract. Drilling commenced March 2010	9
May 2010	Announce acquisition of Totem Drilling Ltd. shares at an approximate cost of \$41.0 million	14

Timelines (continued)



Capitalized for Growth

		Rig Fleet (net)
June 2010	Expand bank credit facility to \$40 million	14
June 2010	Close \$29.7 million Peters & Co. lead syndicate bought deal financing at \$2.70 per share	14
August 2010	Release of second quarter financial results highlighting a strong financial position: <ul style="list-style-type: none">• net assets of \$104.4 million• no outstanding bank debt• available undrawn debt capacity of \$40.0 million• positive working capital position of \$9.1 million	14

"We continue to look at growth opportunities, both organically and through acquisition, that would expand our current modern, purpose built drilling rig fleet."

President Randy Hawkings

Equipment Inventory



Rig Number	Rig Type	Description	Commitment	CanElson Ownership	Location	Date of availability			
						2010			
						Q1	Q2	Q3	Q4
Rig #1	Drilling	Telescopic 3,600m Double	Multi well	100%	Alberta	[Dark Blue Bar]			
Rig #2	Drilling	Telescopic 3,600m Double	Multi well	100%	Alberta	[Dark Blue Bar]			
Rig #3	Drilling	Telescopic 3,600m Double	Multi well	100%	Texas	[Dark Blue Bar]			
Rig #4	Drilling	Telescopic 3,600m Double	Multi well	100%	Texas	[Dark Blue Bar]			
Rig #5	Drilling	Telescopic 3,600m Double	Multi well	100%	Texas	[Dark Blue Bar]			
Rig #7	Drilling	Telescopic 3,500m Top Drive Double	Multi well	100%	Alberta	[Dark Blue Bar]			
Rig #9	Drilling	Telescopic 3,600m Top Drive Double	Multi well	100%	Alberta	[Dark Blue Bar]			
Rig #10	Drilling	Telescopic 3,500m Double	Multi well	100%	Saskatchewan	[Dark Blue Bar]			
Rig #11	Drilling	Telescopic 3,500m Double	Multi well	100%	Saskatchewan	[Dark Blue Bar]			
Rig #12	Drilling	Telescopic 3,500m Double	Multi well	100%	Saskatchewan	[Dark Blue Bar]			
Rig #14	Drilling	Telescopic 3,500m Double	Multi well	100%	Saskatchewan	[Dark Blue Bar]			
Rig #15	Drilling	Telescopic 3,500m Double	Multi well	100%	Saskatchewan	[Dark Blue Bar]			
Rig #16	Drilling	Under construction	Pending	-	Saskatchewan	[Dark Blue Bar]			[Yellow Bar]
Rig #101-667*	Drilling	Subcontracted - Mexican JV Company	Multi well	Subcontracted	Mexico	[Dark Blue Bar]			
Rig #102-665*	Drilling	Subcontracted - Mexican JV Company	Multi well	Subcontracted	Mexico	[Dark Blue Bar]			
Rig #666	Service	Mexican JV service rig	Multi well	50%	Mexico	[Dark Blue Bar]			
Rig #668	Service	Mexican JV service rig	Multi well	50%	Mexico	[Dark Blue Bar]			[Dark Blue Bar]

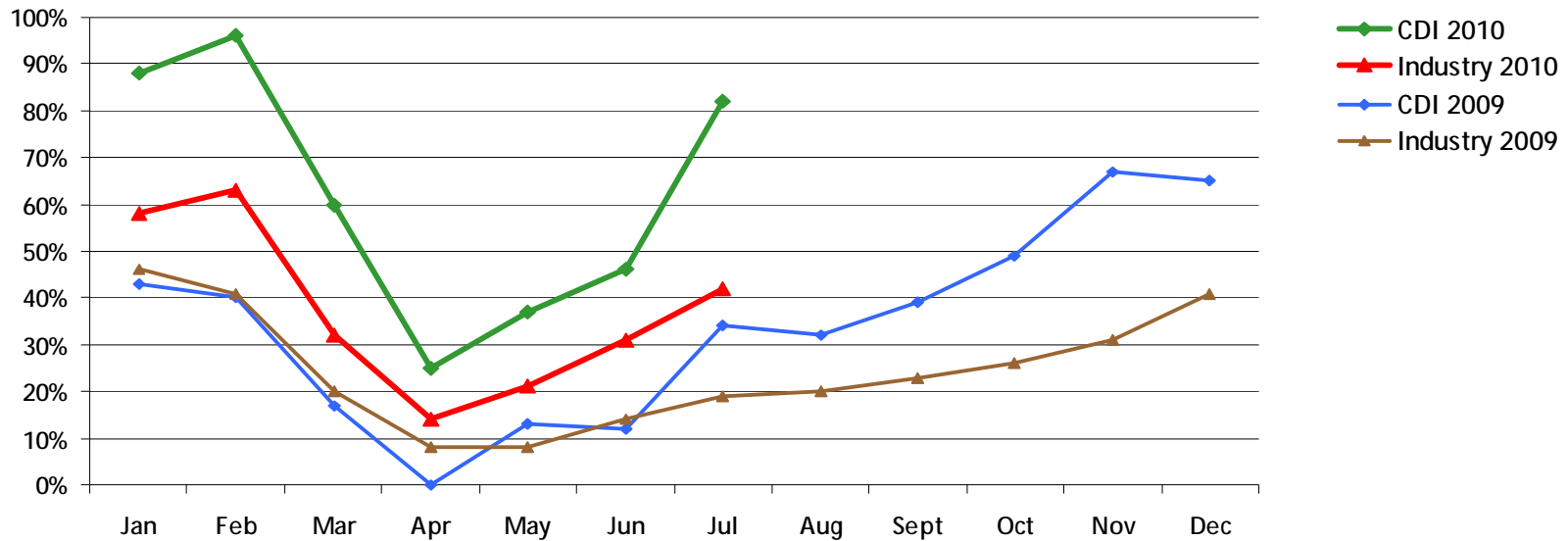
* Subcontracted to the Mexican JV Company from a US subsidiary of a Canadian-based drilling company

[Dark Blue Box] Date of utilization
 [Yellow Box] Expected utilization date

Overview - Canada



Canadian Performance



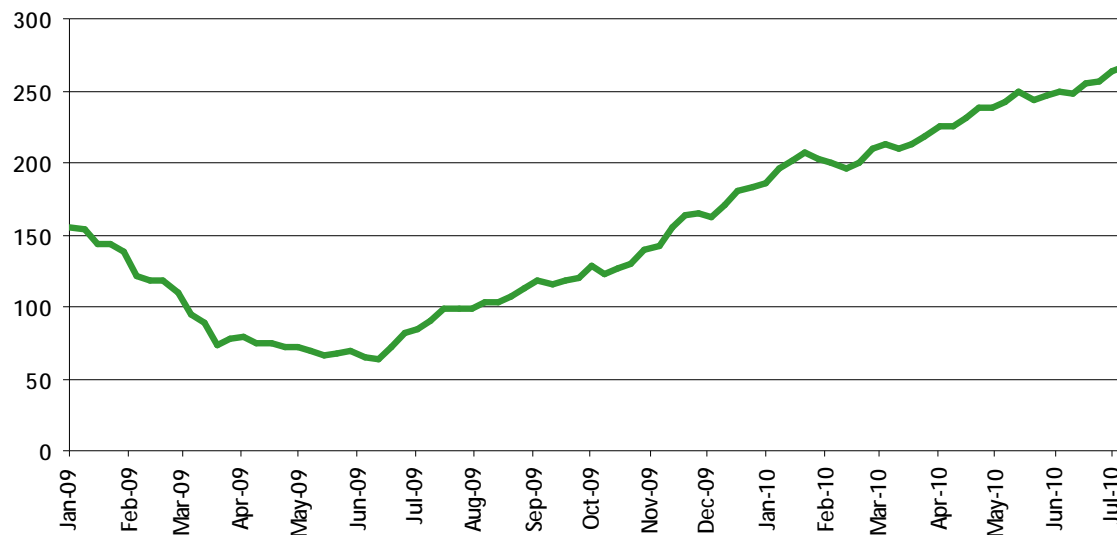
- CanElson's Canadian drilling rig fleet is comprised of nine heavy duty telescopic doubles purpose built for horizontal and resource play drilling
- Active in Cardium and Bakken resource plays
- Inventory of rigs available for possible first nation partnerships
- Rigs 'right-sized' for the current market demand

Chart Data Source: Published by the CAODC; The above table includes pro-forma Totem Utilization from January 1, 2009

Overview – US (Texas)



Permian Basin Rig Count



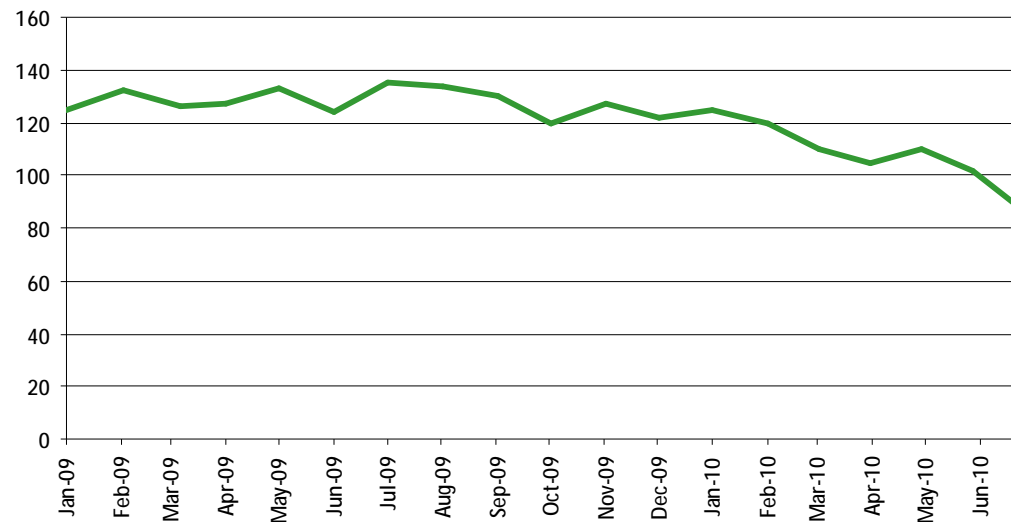
- CanElson's Texas drilling rig fleet is comprised of three heavy duty telescopic doubles built for efficient performance based drilling (footage contracts)
- Operations for the first rig commenced in December 2009 with additional rigs added in January and March 2010
- Focus in the Permian Basin of west Texas offering year round utilization
- Canadian crews used to train local crews and offer strong drilling performance
- Management has past experience in the region

Chart Data Source: Published by Baker Hughes "Key_Basins_Update_7.13.10".

Overview – Mexico



Mexico Rig Count



- Local partner with over 35 years of experience in the Mexico oil and gas services industry
- Local partner has 5,000 sq km + acreage concession in the Ebano-Panuco-Cacalilao fields of the Tampico Misantla Basin
- Shallow wells with heavy oil flowing at significant success rate
- Performance based drilling contracts aligned with customer and PEMEX
- Subcontracting rigs minimizes capital investment requirement

Chart Data Source: Published by Baker Hughes "World Wide Rig Counts Current & Historical".

Market and Financial Data



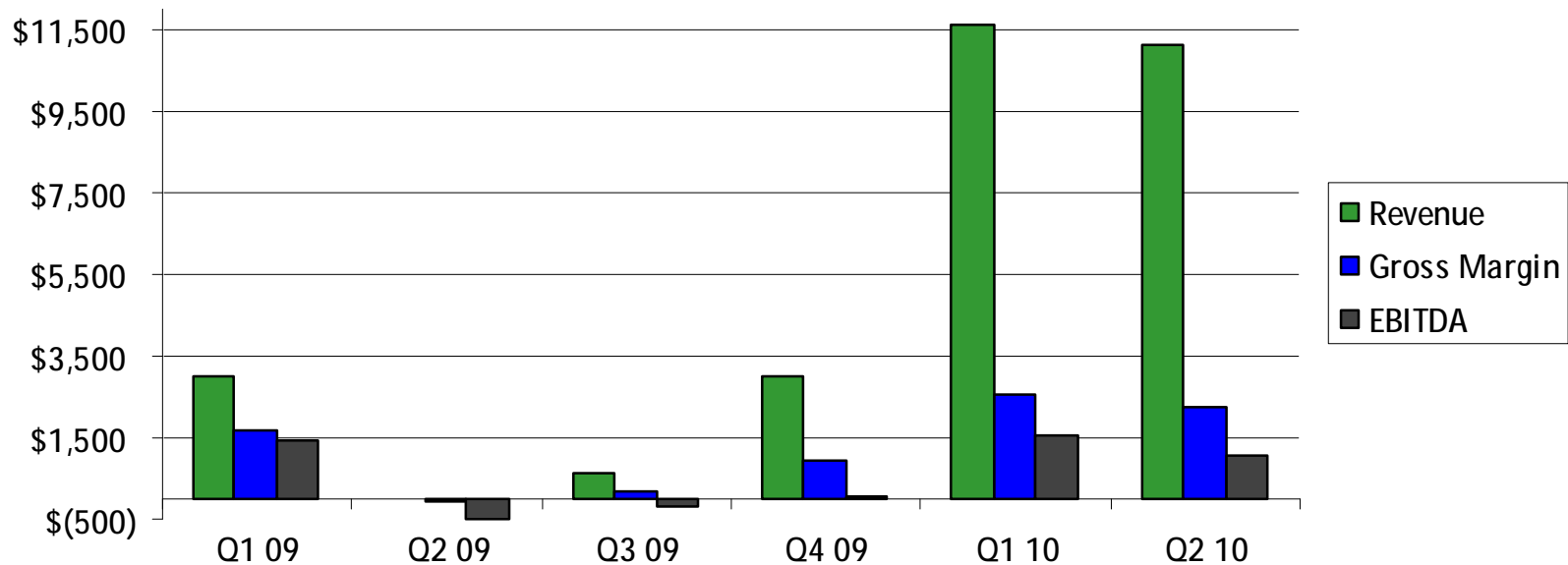
• TSX-V:	CDI
• Common Shares:	49.1 million
• Share price (August 11, 2010)	\$2.65 per share
• Insider holdings	11.9%
• Positive Working Capital (based on Q2 financial statements)	\$9.1 million
• Debt balance (based on Q2 financial statements)	\$nil
• Debt capacity (based on Q2 financial statements)	\$40.0 million
• Remaining 2010 planned capital program (based on Q2 MD&A)	\$13.0 million

Note: Capital expenditures are for completion of construction of rig #16; 2 top drives and other rental equipment; land and buildings; and ancillary equipment.

Financial and Operating Results



Financial Performance



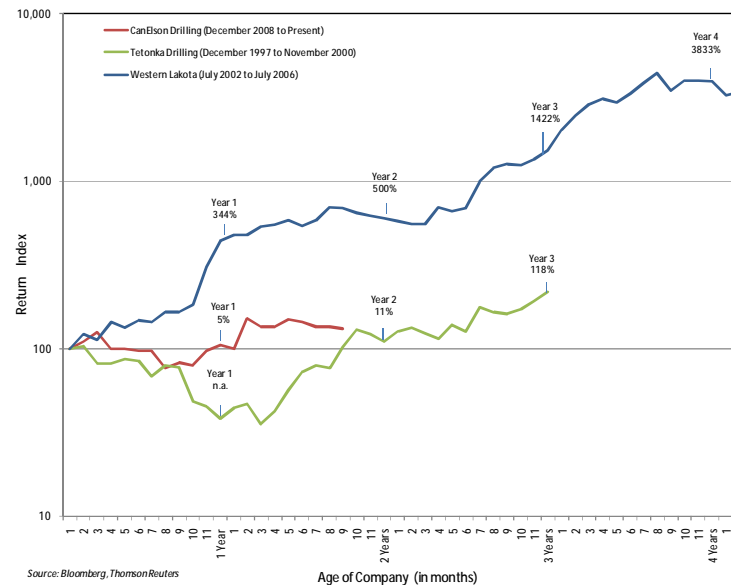
- Growing rig fleet and operations has provided for increased revenue, gross margin and EBITDA
- International diversification offset Q2 Canadian seasonally lower activity
- Totem acquisition at end of second quarter added 5 operating rigs in the oil weighted Saskatchewan Bakken area

Management Track Record



- The management team has provided significant annual compound return to shareholders of predecessor companies

Company	Year Sold	CAGR	Rigs	S&P TSX
CanElson Drilling Inc. ¹	-	15.1%	14	(7.6%)
Western Lakota Energy Services	2006	82.2%	45	13.9%
Tetonka Drilling Inc	2000	31.2%	24	14.9%
Laredo Drilling Ltd.	1980	>100.0%	7	n.a.



¹As at August 13, 2010

Source: Bloomberg, Thomson Reuters

Management and Directors



Executive Management Team

Elson J. McDougald
CEO & Chairman

- Founding director and Chairman of Western Lakota Energy Services Inc.
- Founding director and Chairman of Tetonka Drilling Inc.
- Founding director and Chairman of Laredo Drilling Inc.

Randy Hawkings,
P Eng.
President, COO & Director

- COO of Western Lakota Energy Services Inc.
- 31 years of domestic and international E&P and energy services experience

Robert Skilnick, CA
CFO

- 10 years experience in accounting, auditing and corporate finance
- Controller, junior international E&P Company
- Senior Manager, KPMG

Terry Kuiper
VP GM – Canada

- 23 years of oilfield services experience focused in Western Canada
- Management experience as contract manager, safety, personnel and various other capacities

Lawrence Kolasa
VP Construction

- Constructed over 60 drilling rigs
- 25 years of oilfield services experience including both field and management experience

Mike Smith
VP GM – Texas

- 26 years of oilfield services experience previously focused in south East Saskatchewan
- Prior management and field experience with a large south east Saskatchewan

Murray Hinz, CA
VP Finance

- Mr. Hinz has 17 years experience in accounting, auditing and consulting services

Non-executive Directors

Don R. Seaman
(Since Inception)

- Founding director of Western Lakota Energy Services
- Founder, principal shareholder and Chairman of Artisan Drilling Ltd.
- Executive officer and director of Bow Valley Resources Ltd.

Daniel G. Kolibar
(Since Inception)

- Partner at the law firm of Borden Ladner Gervais LLP, Calgary, Alberta
- Specializes in securities law with a focus on both private and public offerings as well as mergers and acquisitions

Kent Jespersen
(January 2009)

- Chair and CEO of La Jolla Resources Intl. Ltd.
- Past senior executive positions with several energy companies, including President at NOVA Gas International and Foothills Pipe Lines and as senior VP at Husky Oil
- Current or past chairman or director of various public company boards

Dale Johnson
(June 2009)

- Non-executive Chairman of a leading online financial services firm listed on the London Stock Exchange (AIM)
- Prior experience as executive officer and director of Tri Ocean Engineering, involved in design and construction of both onshore and offshore drilling rigs

Rodger Hawkins
(June 2009)

- Former Managing Partner of the Calgary office of BDO Dunwoody
- Currently providing financial advisory consulting services to various organizations

J. Robert Logan
(March 2010)

- 20 years experience in the investment banking field having been based in New York, Toronto and London mostly with Citigroup Global Markets and CIBC / Wood Gundy
- Presently serves on various private and public company boards of directors in both the U.S. and Canada

Hugh Borgland
(June 2010)

- Over 40 years experience in the Canadian oil and gas industry, currently chairman of Highrock Energy
- Former President and Director of Totem

Summary



- From a start-up company 18 months earlier, CanElson has established itself over 3 geographic areas as an up and coming player in the drilling rig market, procuring multi-well commitments for 100% of its rig fleet
- Experienced management and director team who have successfully built oil and gas drilling companies in the past and have an excellent track record of shareholder value creation
- All rigs are modern, purpose built for horizontal and resource play drilling
- Multi-jurisdictional platform with significant opportunities for rapid growth in the Canadian, US and Mexican markets
- Excellent management track record of establishing working relationships with First Nation communities and executing joint ventures

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