



FOR IMMEDIATE RELEASE: THURSDAY, MAY 13, 2010

**BLACKWATCH ENERGY SERVICES CORP. ANNOUNCES FIRST
QUARTER 2010 RESULTS, REVENUE AND EBITDA GROWTH
REFLECTING THE IMPACT OF INTERNATIONAL ACQUISITIONS**

BlackWatch Energy Services Corp. (“BlackWatch” or the “Company”) (TSX: BWT) is pleased to report its financial results for the first quarter of 2010. All figures are reported in Canadian dollars unless otherwise stated. Our unaudited consolidated financial statements with notes and related MD&A for the period will be filed separately on SEDAR (www.sedar.com). Please review that material in conjunction with this press release.

HIGHLIGHTS

To date in 2010, BlackWatch has continued with the implementation of its international growth and product line diversification strategy, fully integrating two previously announced acquisitions into its operations, closing two additional acquisitions and introducing several new service lines. The Company has also solidified its financial position and improved its liquidity through the negotiation of a new credit facility. Specifically, the Company:

- assumed full operational control from the beginning of the year of the six Mexico drilling rigs acquired at the end of the third quarter of 2009;
- closed the acquisition at the beginning of the year of PanAm Drilling Services LTD, a directional services business operating in the United States and Mexico;

- closed the acquisition of two drilling rigs and related equipment, associated long term contracts and operating infrastructure in Libya for a purchase price of US\$21.0 million;
- entered into an agreement with the vendor of the two Libyan drilling rigs providing the Company with an option to purchase up to three additional drilling rigs located in the Middle East and North Africa region for a purchase price of up to US\$22.0 million;
- acquired all the issued and outstanding shares of a private company with promising technology that will enhance the value of our directional services business;
- introduced two new service lines: fluids handling and horizontal completions; and
- established new credit facilities, subsequent to the end of the quarter, with a borrowing capacity of up to \$45.0 million with a new financial institution and repaid and retired the outstanding balance owing to its previous senior lender.

FINANCIAL AND OPERATING RESULTS

The table below provides a summary of BlackWatch's financial and operating results for the three months ended March 31, 2010 and 2009.

Summary Financial Information

(\$ thousands, except per share unit amounts)	Three Months Ended	
	March 31,	
	2010	2009
Revenue from continuing operations	\$ 28,853	\$ 13,807
Operating income ¹ from continuing operations	\$ 7,377	\$ 4,010
EBITDA ¹	\$ 5,662	\$ 3,195
Net earnings from continuing operations	\$ 956	\$ 284
Per common share - basic and diluted	\$ 0.00	\$ 0.01
Net earnings (loss) for the period	\$ 898	\$ (1,344)
Per common share - basic and diluted	\$ 0.00	\$ (0.03)

¹ See definition in *Non-GAAP Measures* section.

(\$ thousands)	As at March 31,		As at December 31,	
	2010		2009	
Total assets	\$	178,507	\$	140,068
Debt and capital lease obligations:	\$	22,720	\$	7,918
Shareholders' equity	\$	135,577	\$	122,335

Revenue during the quarter increased \$15.0 million (109%) relative to the same quarter last year, reflecting the additional activity from the Mexico drilling rigs acquired at the end of the third quarter of 2009, the directional services business in the United States and Mexico that was acquired at the beginning of the first quarter of 2010 and the contribution from new service line introductions in Canada. These changes reflect the first major steps in implementing the Company's strategy of international growth and product diversification. EBITDA increased \$2.5 million relative to the same quarter last year. Incremental EBITDA from the new international operations and new service offerings was partially offset by the effects of lower pricing in Canada, one time costs of \$570,000 and corporate costs associated with the Company's expanding international operations.

Canada and the United States generated revenue of \$17.0 million (2009 - \$13.8 million) during the quarter, an increase of \$3.2 million from the prior period. New revenue was generated from the directional services business as well as some additional contribution from fluids handling and microseismic services in Canada, which was substantially offset by lower contract drilling day-rates in Canada. Operating income in this segment for the quarter of \$3.1 million (18% of revenue) compares to \$4.0 million (29% of revenue) in the same quarter in 2009. Total operating income was adversely impacted by lower day-rates in our contract drilling business. While new revenues associated with microseismic and fluid handling services were a positive development, corresponding margins were not forthcoming given the material third party rental costs as well as flow through fluid product sales revenues associated with these start-up businesses. In addition, directional services pricing in the United States experienced some pressure, which resulted in lower than expected operating income from this new business line.

Latin America generated revenue of \$11.8 million (2009 – nil) and operating income of \$4.2M (36% of revenue) during the quarter, reflecting the first full quarter in which the Company had full operational control of its six drilling rigs in Mexico and the first quarter of operations for the directional services business. The six drilling rigs in Mexico were under contract for the entire quarter, but revenue was slightly lower than expectations as the assignment of new well locations encountered delays resulting in more standby days than anticipated. In addition, there were 89 days of repair and upgrade time, which generated a substantially lower effective day-rate than our contractual stand-by rate. Directional services revenue was somewhat below expectations. Overall rig-count activity in Mexico during the first quarter was down, resulting in substantially less horizontal and directional activity, which led to reduced utilization of our directional services. All of our Mexico rigs are currently working and our directional packages are 40% utilized.

Corporate costs of \$1.7 million compare to \$815,000 in the same quarter of 2009. This is both a reflection of the expanded ongoing organizational infrastructure required to support a growing international operation as well as the initial front end setup costs associated with establishing an effective multi-national legal entity framework. The first quarter included some larger than normal recruiting and severance costs related to staffing changes as well as exceptional consulting and advisory fees. As the company continues to grow and add new markets we anticipate that this deeper organizational infrastructure will be required but the early stage setup costs will be less material.

OUTLOOK

The results of the first quarter of 2010 reflect the impact of the first steps in the implementation of BlackWatch's geographic diversification and international growth strategy and provide an indication of the contribution that can be expected from international operations as well as select new business lines. Mexican contract drilling operations swung into full effect in the quarter as we assumed full operational responsibility, concurrently implementing operational, administrative, health and safety as well as personnel services for over 350 new employees. We believe this organizational framework will act as a strong strategic platform for further growth in Mexico as well as other markets in Latin America.

In addition to the inclusion of our new Mexican contract drilling results in this quarter, we introduced the following strategic new service lines: directional services, fluids handling, horizontal completions and microseismic, which we believe will all provide future growth opportunities. Continued success with these initiatives will provide justification for further investment, which will reduce third party costs and improve profitability.

The most recent addition to our international operations is the contract drilling business in Libya, which was announced in March 2010 and closed in May 2010. The Company continues to evaluate opportunities in the Middle East and North African region for both contract drilling and BlackWatch's expanding suite of well construction services. We feel confident our management team and established presence in the region will lead to further growth opportunities.

In addition to international expansion we have continued to enhance our product lines through the addition of key personnel as well as technologies. BlackWatch closed the acquisition of Positive Direction Inc. a developer and manufacturer of measurement-while-drilling technology used in directional service applications. This acquisition will provide our directional services business with a proprietary and independent operational platform which will reduce our capital costs, improve our flexibility to make design changes to meet evolving market requirements, control repair and maintenance costs and manage equipment reliability without relying on third party suppliers. This acquisition places BlackWatch in a very small group of directional service providers that can legitimately claim to have this operational independence and flexibility which we believe positions our business for longer term sustainable growth.

In general, it is anticipated that improved oil prices, fueled by the global economic recovery will drive increasing upstream investment and general oilfield activity in certain international markets. This will not only solidify the Company's business in its new international markets but also provide further opportunities for growth within these operations and into new target areas where activity is not subject to seasonality and is not as sensitive to short term fluctuations in commodity pricing.

As the Company pursues its strategy, a larger proportion of sales will be generated from international markets, and management believes the result will be improved predictability and lower volatility of earnings, additional potential for re-deployment of underperforming Canadian assets and more opportunities for growth.

ABOUT BLACKWATCH ENERGY SERVICES CORP.

BlackWatch is a diversified energy services company that provides well construction services to its customers operating in the Western Canadian sedimentary basin, the United States, Mexico and the Middle East and North Africa. The common shares of BlackWatch trade on the Toronto Stock Exchange under the symbol "BWT".

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FORWARD LOOKING STATEMENTS

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. More particularly, and without limitation, this news release contains forward-looking statements and information concerning the contribution to BlackWatch's results that can be expected from geographic diversification and international growth strategy as well as select new business lines; the Company's

organizational framework in Mexico assisting further growth in Mexico and other markets in Latin America; several strategic new service lines providing future growth opportunities and reducing third party costs and improve profitability; the Company's management team and established presence in the MENA region leading to further growth opportunities; the acquisition of Positive Direction Inc. reducing BlackWatch's costs and positioning its directional drilling services business for longer term sustainable growth; improved oil prices increasing upstream investment and general oilfield activity in certain international markets and providing the Company with further opportunities for growth, including into new markets where activity is not subject to seasonality and is not as sensitive to short term fluctuations in commodity pricing; a larger proportion of the Company's sales being generated from international markets resulting in lower volatility of earnings, potential for re-deployment of underperforming Canadian assets and more opportunities for growth for the Company; the effect of ongoing reductions in utilization rates on pricing of BlackWatch's services and the Company's margins; timing of work of BlackWatch's rig under long-term contract; and BlackWatch's plans to grow profitable businesses both domestically and internationally while maintaining financial flexibility.

These forward-looking statements and information are based on certain key expectations and assumptions made by the Company regarding business prospects; strategies; conditions in general economic and financial markets; regulatory developments; competition; exchange rates; applicable royalty rates; the sufficiency of budgeted capital expenditures in carrying out planned activities; and the availability and cost of labour and services, which are subject to change based on market conditions. Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are based are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that they will prove to be correct.

Since forward-looking statements and information address future events, by their nature, such statements and information involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks, including fluctuations in the market for oil and gas and related products and services; failure of counter-parties to perform on contracts; political and economic conditions; the demand for BlackWatch's services; competition; and BlackWatch's ability to attract and retain

customers and employees. The Company has provided the forward-looking statements herein in reliance on certain assumptions that they believe are reasonable at this time. These forward-looking statements may change for a number of reasons. Accordingly, readers should not place undue reliance on the forward-looking statements and information contained in this news release concerning these times.

Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could affect the operations or financial results of the Company are included in reports on file with the applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com). The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless as required by applicable securities laws.

NON GAAP MEASURES

The following measures are used within this release, but not recognized under GAAP. As a result, the method of calculation may not be comparable with other companies. These measures should not be considered alternatives to net earnings and net earnings per share as calculated in accordance with GAAP:

Operating income – This measure is considered a primary indicator of operating performance and is calculated as revenue less operating expenses.

EBITDA (Earnings before interest, income taxes, depreciation and amortization and share based compensation) – Management believes that EBITDA as derived from information reported in the Consolidated Statement of Operations, Net Earnings (Loss) and Deficit is a useful supplemental measure as it provides an indication of the Company's ability to generate funds by the Company's core business activities prior to consideration of how those activities are financed, the impact of foreign

exchange, how the results are taxed, how funds are invested or how non-cash depreciation and amortization charges affect results.

The TSX has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.