



ENERGY SERVICES LTD.

LEADER ENERGY SERVICES REPORTS SECOND QUARTER 2011 RESULTS

August 16, 2011, Calgary, Alberta – (TSX Venture: - LEA) – Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial results for the three and six-month periods ended June 30, 2011. Activity in the second quarter was severely constrained by a prolonged spring break-up and extremely wet weather conditions, resulting in many customers delaying their drilling and completions activities to the last half of 2011. All signs point to a robust second half of the year and significantly improved utilization rates are expected. Pent up demand in Canada due to the prolonged spring break-up will significantly increase equipment utilization and produce strong EBITDA margins.

Performance Summary

(000's)

Quarter ended	June 30, 2011	June 30, 2010	\$ Change	% Change
Revenue – continuing operations	\$2,920	\$3,232	\$(312)	(10)%
Operating Expenses – continuing operations	3,856	2,814	1,042	37%
	(936)	418	(1,354)	n/a
General and Administrative – continuing operations	1,183	937	246	26%
Amortization – continuing operations	635	547	88	16%
Finance cost	859	794	65	8%
Loss on settlement of convertible debenture	-	-	-	n/a
Other (gains) losses	37	(198)	235	n/a
Loss – continuing operations	(3,650)	(1,662)	(1,988)	(120)%
Profit – discontinued operations	15	148	(133)	(90)%
Net Profit (Loss)	\$(3,635)	\$(1,514)	\$(2,121)	(140)%
Earnings (loss) per share - Basic	\$(0.19)	\$(0.11)	\$(0.08)	(73)%
Earnings (loss) per share - Diluted	\$(0.19)	\$(0.11)	\$(0.08)	(73)%
EBITDA*	\$(2,056)	\$(504)	\$(1,552)	(308)%
6 months ended	June 30, 2011	June 30, 2010	\$ Change	% Change
Revenue – continuing operations	\$13,058	\$11,451	\$1,607	14%
Operating Expenses – continuing operations	8,987	7,027	1,960	28%
	4,071	4,424	(353)	(8)%
General and Administrative – continuing operations	2,241	1,783	458	26%
Amortization – continuing operations	1,224	1,077	147	14%
Finance cost	1,634	1,596	38	2%
Loss on settlement of convertible debenture	1,401	-	1,401	n/a
Other (gains) losses	(54)	(185)	131	(71)%
Profit (loss) – continuing operations	(2,375)	153	(2,528)	n/a
Profit – discontinued operations	31	199	(168)	(84)%
Net Profit (Loss)	\$(2,344)	\$352	\$(2,696)	n/a
Earnings (loss) per share - Basic	\$(0.12)	\$0.03	\$(0.15)	n/a
Earnings (loss) per share - Diluted	\$(0.12)	\$0.03	\$(0.15)	n/a
EBITDA*	\$1,941	\$2,669	\$(728)	(27)%

* EBITDA means profit from continuing operations before finance costs, loss on settlement of convertible debenture, taxes, amortization, other (gains) losses, and share based compensation. Readers are cautioned that EBITDA is generally regarded as an indirect measure of operating cash flow, and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. EBITDA is not a measure that has a standardized meaning prescribed by International Financial Reporting Standards (“IFRS”), and accordingly may not be comparable to similar measures used by other companies.

Overview

In the second quarter of 2011 revenues were \$2.9 million, a \$0.3 million reduction from the second quarter in the prior period. On a year-to-date basis, revenues improved to \$13.1 million as compared to \$11.5 million reported for the six month period in 2010. Activity in the second quarter was severely constrained by a prolonged spring break-up and extremely wet weather conditions, resulting in many customers delaying their drilling and completions activities to the last half of 2011. For the six month period, the 14% increase in revenue reflects the increase in horizontal drilling activity requiring deeper and larger diameter coil applications which translates to higher day rates. The Company has been focusing its service activities to meet the demands of the growing horizontal drilling market and has increased its operational focus to cover a larger area within the WCSB.

In the second quarter of 2011, the Company reported a loss from continuing operations of \$3.65 million as compared to a loss of \$1.7 million in the second quarter of 2010. During the second quarter, the Company experienced a reduction in field activity due to spring break-up and weather related delays, along with higher operating costs. To prepare operations for an increase in activity in the latter half of 2011, the Company, where possible, retained qualified field personnel during spring break-up, took advantage of opportunities to hire additional field personnel and performed maintenance on its key equipment. The Company’s loss from continuing operations of \$2.4 million for the first six months of 2011 includes a one-time loss on the settlement of its convertible debenture in the amount of \$1.4 million. Excluding this loss, the company reported a loss of \$1.0 million.

Results of Continuing Operations

Well Stimulation Services (000’s)

Quarter ended	June 30, 2011	June 30, 2010	\$ Change	% Change
Revenue	\$2,920	\$3,232	\$(312)	(10)%
Operating Expenses	3,856	2,814	1,042	37%
Gross profit*	\$(936)	\$418	\$(1,354)	n/a

Six months ended	June 30, 2011	June 30, 2010	\$ Change	% Change
Revenue	\$13,058	\$11,451	\$1,607	14%
Operating Expenses	8,987	7,027	1,960	28%
Gross profit*	\$4,071	\$4,424	\$(353)	(8)%

* Gross profit is a measure not recognized under IFRS. Management believes that gross profit provides investors with an indication of profit before administrative costs, amortization, finance costs, taxes and other. Readers are cautioned that gross profit should not be considered as an alternative to net profit determined in accordance with IFRS as an indicator of the Company’s performance.

Revenues from well stimulation services decreased 10% in the second quarter of 2011 as compared to the second quarter of 2010. On a year-to-date basis, revenue increased 14% to \$13.1 million.

As a result of the typical seasonality in the oil and gas industry in western Canada, the Company experienced reduced activity in the second quarter of 2011. Historically, the second quarter represents the lowest level of activity in the calendar year due to spring break-up. The wet spring and early summer weather combined with the thawing of ground frost renders many roads incapable of supporting the weight of heavy equipment. As a result, operators are

subject to road bans which restrict the ability to access well sites. In the second quarter of 2011, the Company experienced a prolonged spring break-up due to rain and low temperatures in western Canada which resulted in the delay of approximately \$1.0 million of scheduled work. Revenues in the second quarter were also reduced due to the sales mix. In the second quarter, the Company performed a greater percentage of jobs in a region of Alberta where rates for services are typically lower than other areas in western Canada. In future quarters, the Company expects to return to providing services more evenly distributed across all regions of Alberta leading to higher pricing.

For the six month period ended June 30, 2011, revenue increased \$1.6 million to \$13.1 million. This improvement reflects the continued increase in horizontal drilling activity in northwest Alberta and northeast British Columbia requiring deeper and larger diameter coil applications which translates into higher day rates. Leader's focus on a larger area within the WCSB along with a general increase in economic activity, particularly in the first quarter has also contributed to higher revenues. The Company exited the quarter with five coil units plus one reel trailer capable of 2 3/8" coil applications, seven nitrogen pumpers and one fluid pumper.

As a result of the delays experienced in the second quarter causing pent up demand for the Company's services, and the introduction of a third larger diameter deep coil unit and second fluid pumper into the fleet in early fall, the Company expects activity levels and revenues to improve significantly in the latter half of 2011.

Operating costs totalled \$3.9 million during the second quarter of 2011 compared to \$2.8 million during the comparable period in 2010. During the current quarter, the Company retained its qualified field personnel through spring break-up and took advantage of opportunities to hire additional field personnel to prepare the operations for a significant increase in activity in the latter half of 2011. Over the past two years, the biggest challenge facing the Company has been the ability to hire enough qualified personnel to operate the equipment in the field. The number of field personnel on staff combined with higher field wage rates due to training and increased costs to travel to certain job locations, and repair and maintenance performed on equipment had a negative effect on operating costs in the quarter. These higher costs along with an increase in weather related delays reduced operating results as compared to the prior period.

For the six month period ended June 30, 2011, the Company reported operating costs of \$9.0 million as compared to \$7.0 million in the prior period. As a percentage of revenue, operating costs for the first six months increased 28% over the same period in 2010 reflecting the increased costs incurred in the second quarter to retain qualified field staff and repair equipment in anticipation of increased activity in the second half of 2011. As previously stated, weather related standby also had a significant negative effect on results in the current period.

Outlook

Western Canadian petroleum exploration and production activities remain focused on horizontal wells, multistage completions and extended-reach drilling in oil and liquids-rich gas plays. Coiled tubing and affiliated services are increasingly being used for high-end completion activities and growing demands are creating an environment of better pricing for our services. With a 10-year history in the premium coiled tubing market, Leader is well positioned to provide large diameter coiled tubing, nitrogen and fluid pumping services through the very active corridor from northeastern BC through south-central Alberta.

All signs point to a robust second half of the year and significantly improved utilization rates are expected. Pent up demand in Canada due to the prolonged spring break-up will significantly increase equipment utilization and produce strong EBITDA margins.

The Company's 2011 capital expenditure budget will approximate \$4.5 million, which will be financed by internally generated cash flow. Each of the Company's three service lines will benefit from this expansion, with new equipment becoming operational early in the fourth quarter. We anticipate a growing number of horizontal wells drilled in the foreseeable future; these deeper drilling activities require each of Leader's service offerings. The Company is confident that this momentum will continue into 2012. A larger capital expenditure program will be initiated for 2012 with a focus on deep coiled tubing units.

Other

Additional information can be found on SEDAR at www.sedar.com or the Company web site at www.leaderenergy.com. The number of common shares issued and outstanding at the date hereof was 19,468,021 which does not include 1,699,168 unexercised stock options and 4,250,000 share purchase warrants.

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