



## **LEADER ENERGY SERVICES ANNOUNCES SECOND QUARTER RESULTS**

August 17, 2010, Calgary, Alberta (TSX Venture: LEA) – Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial and operating results for the three and six-month periods ended June 30, 2010.

### **Second Quarter Performance Summary** (000s )

Quarter ended,	<b>June 30, 2010</b>	June 30, 2009	\$ Change	% Change
Revenue – continuing operations	<b>\$3,232</b>	\$1,381	\$1,851	134%
Operating expenses – continuing operations	<b>2,690</b>	1,712	978	57%
General and Administrative – continuing operations	<b>922</b>	840	82	10%
E(L)BITDAS from continuing operations*	<b>(380)</b>	(1,171)	791	68%
Amortization – continuing operations	<b>560</b>	569	(9)	(2)%
Stock Compensation – continuing operations	<b>10</b>	-	10	n/a
Interest – continuing operations	<b>794</b>	802	(8)	(1)%
Other – continuing operations	<b>(198)</b>	121	(319)	(264)%
Net loss – continuing operations	<b>(1,546)</b>	(2,663)	1,117	42%
Net income – discontinued operations	<b>148</b>	468	(320)	(68)%
Net loss	<b>(1,398)</b>	(2,195)	797	36%

Six months ended,	<b>June 30, 2010</b>	June 30, 2009	\$ Change	% Change
Revenue – continuing operations	<b>\$11,451</b>	\$7,501	\$3,950	53%
Operating expenses – continuing operations	<b>6,549</b>	5,063	1,486	29%
General and Administrative – continuing operations	<b>1,755</b>	1,532	223	15%
E(L)BITDAS from continuing operations*	<b>3,147</b>	906	2,241	247%
Amortization – continuing operations	<b>1,104</b>	1,122	(18)	(2)%
Stock Compensation – continuing operations	<b>20</b>	-	20	100%
Interest – continuing operations	<b>1,596</b>	1,618	(22)	(1)%
Other – continuing operations	<b>(185)</b>	156	(341)	(219)%
Net income (loss) – continuing operations	<b>612</b>	(1,990)	2,602	131%
Net income discontinued operations	<b>199</b>	425	(226)	(53)%
Net income (loss)	<b>811</b>	(1,565)	2,376	152%

\* E(L)BITDAS is defined herein as earnings (loss) from continuing operations before interest, taxes, amortization, and stock based compensation. Readers are cautioned that E(L)BITDAS 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. E(L)BITDAS is not a measure that has a standardized meaning prescribed by Canadian GAAP, and accordingly may not be comparable to similar measures used by other companies.

## Overview

For the quarter ended June 30, 2010 the Company recorded a Loss from Continuing Operations before Interest, Taxes, Amortization and Stock Based Compensation ("LBITDA") of \$380,000 and a net loss of \$1.4 million as compared to a LBITDA of \$1.2 million and a net loss of \$2.2 million in the prior year second quarter. The improvement in LBITDA over the prior year second quarter results is due to increased industry activity levels and operations in the current quarter consisting of a favourable sales mix with a greater concentration of operations on deeper wells. The net loss of \$1.4 million (\$0.11 per share) for the current period was also an improvement over the prior year's second quarter loss of \$2.2 million (\$0.16 per share) predominantly due to a reduced LBITDA in the current period and other income of \$200,000 due to the settlement of a lawsuit in the current year second quarter.

Although the Company reduced both its LBITDA and its net loss in comparison to the prior year's second quarter, cash flow from continuing operating activities before changes in non-working capital balances was negative \$835,000 in the 2010 second quarter. However, this was a significant improvement over the prior year's second quarter cash flow from continuing operations of negative \$1.8 million. Management is continuing to take all action possible to further increase its revenues while minimizing or reducing its administrative overhead costs and related operational costs.

## Results of Continuing Operations

### Well Stimulation Services (000s)

Quarter ended,	<b>June 30, 2010</b>	June 30, 2009	Change	% Change
Revenue	<b>\$3,232</b>	\$1,381	\$1,851	134%
Operating	<b>2,690</b>	1,712	978	57%
Field profit (loss)*	<b>542</b>	(331)	873	264%

Six months ended,	<b>June 30, 2010</b>	June 30, 2009	\$ Change	% Change
Revenue	<b>\$11,451</b>	\$7,501	\$3,950	53%
Operating	<b>6,549</b>	5,063	1,486	29%
Field profit*	<b>4,902</b>	2,438	2,464	101%

\* Field profit (loss) is a measure not recognized under Canadian GAAP. Management believes that field profit provides investors with an indication of earnings before administrative costs, depreciation, interest, and taxes. Readers are cautioned that field profit should not be considered as an alternative to net income determined in accordance with Canadian GAAP as an indicator of the Company's performance.

Revenues at \$3.2 million increased by \$1.9 million or 134% over the comparable 2009 second quarter due to activity levels in the current year second quarter improving over the second quarter of the prior year and with the Company focusing its operations on larger diameter coil work on deeper wells. Revenues in the first six months of 2010 also exceeded revenues generated in the prior year second quarter due to improved activity levels and a more favourable sales mix.

Operating costs as a percentage of sales declined in the second quarter of 2010 and for the six month period ended June 30, 2010 as compared to the prior year due to the higher current year revenue levels which resulted in operational efficiencies, and as a result of ongoing cost control efforts. Efficiencies have also been accomplished by focusing field activities on higher margin work.

## Outlook

Leader continues to show improved financial results relative to 2009. A number of industry analysts have increased their well count predictions and industry outlook. While improved industry conditions will directly benefit the Company through increased utilization rates, Leader will continue to focus on improving operational efficiencies where possible, and managing its capital in a prudent manner. The Company is

optimistic that results will show continued improvement during the balance of 2010 and into 2011. See discussion above in the Financial Instruments and Business Risks section for a summary of certain factors influencing industry conditions.

### **Other**

Additional information can be found on SEDAR at [www.sedar.com](http://www.sedar.com) or the Company web site at [www.leaderenergy.com](http://www.leaderenergy.com). The number of common shares issued and outstanding at the date hereof was 13,265,000, which does not include 1,226,000 unexercised stock options.

### **For further information contact:**

Rod Hauser  
President & CEO  
T: (403) 265-5400  
[r.hauser@leaderenergy.com](mailto:r.hauser@leaderenergy.com)

Jason Krueger, CFA  
Director, Investor Relations  
T: (403) 374-1234  
[jason@redwood-capital.com](mailto:jason@redwood-capital.com)

Don Baird, CA  
Chief Financial Officer  
T: (403) 265-5400  
[d.baird@leaderenergy.com](mailto:d.baird@leaderenergy.com)

**Certain statements contained in this press release, including statements which may contain words such as “could”, “should”, “expect”, “estimate”, “believe”, “likely”, “will”, or estimates of business activity, and similar expressions and statements relating to matters that are not historical facts, are forward looking statements. Such statements involve known and unknown risks and uncertainties that may cause the actual results, performance or achievements of Leader to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors include commodity prices, demand for oil and gas related products and service, competition, political and economic conditions, demand and acceptance of new products and ways of doing business, changes in laws and regulations to which Leader is subject, and the ability to attract and retain key personnel.**

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