



## **LEADER ENERGY SERVICES REPORTS THIRD QUARTER 2011 RESULTS**

**November 15, 2011, Calgary, Alberta – (TSX Venture: - LEA) –** Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial results for the three and nine-month periods ended September 30, 2011.

In the third quarter of 2011 revenues increased 60% to \$10.0 million, as compared to \$6.3 million reported in the third quarter of 2010. This increase represents the highest third quarter revenue reported from the Western Canadian Sedimentary Basin ("WCSB") in the Company's ten-year history. On a year-to-date basis, revenues improved 30% to \$23.1 million as compared to \$17.7 million reported for the nine month period in 2010. Activity in the third quarter recovered from a poor second quarter as a result of continued demand for deeper, larger diameter coil applications and to a certain extent, customers catching up on their drilling programs delayed in the second quarter due to prolonged spring break-up and wet weather conditions. For the nine month period, the 30% 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 third quarter of 2011, the Company reported a profit from continuing operations of \$2.2 million (\$0.11 per diluted share) as compared to a profit from continuing operations of \$0.7 million (\$0.02 per diluted share) in the third quarter of 2010. The Company's loss from continuing operations of \$0.15 million for the first nine 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 profit from continuing operations of \$1.25 million, compared to a profit from continuing operations of \$0.9 million reported for the first nine months of 2010. The Company reported EBITDA of \$3.8 million during the third quarter of 2011, an increase of 85% over the comparable period of 2010.

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. The Company anticipates placing its new 2 3/8" deep coiled tubing unit and its second fluid pumper into service during the fourth quarter of 2011. This equipment is in very high demand and forms an integral component of longer-reach coiled tubing applications.

### **Performance Summary**

(000's)

| Quarter ended                                      | Sept. 30,<br>2011 | Sept. 30,<br>2010 | \$ Change | % Change |
|--|-------------------|-------------------|-----------|----------|
| Revenue – continuing operations                    | <b>\$10,020</b>   | \$6,252           | \$3,768   | 60%      |
| Operating Expenses – continuing operations         | <b>5,056</b>      | 3,300             | 1,756     | 53%      |
|  | <b>4,964</b>      | 2,952             | 2,012     | 68%      |
| General and Administrative – continuing operations | <b>1,196</b>      | 922               | 274       | 30%      |
| Amortization – continuing operations               | <b>643</b>        | 563               | 80        | 14%      |
| Finance cost                                       | <b>871</b>        | 813               | 58        | 7%       |
| Loss on settlement of convertible debenture        | -                 | -                 | -         | n/a      |
| Other (gains) losses                               | <b>32</b>         | (59)              | 91        | n/a      |
| Profit – continuing operations                     | <b>2,222</b>      | 713               | 1,509     | 212%     |
| Profit – discontinued operations                   | -                 | 11                | (11)      | n/a      |
| Net Profit   | <b>\$2,222</b>    | \$724             | \$1,498   | 207%     |
| Earnings per share - Basic                         | <b>\$0.11</b>     | \$0.05            | \$0.06    | 120%     |
| Earnings per share - Diluted                       | <b>\$0.11</b>     | \$0.02            | \$0.09    | 450%     |
| EBITDA*  | <b>\$3,803</b>    | \$2,057           | \$1,746   | 85%      |

| 9 months ended                                     | Sept. 30,<br>2011 | Sept. 30,<br>2010 | \$ Change | % Change |
|--|-------------------|-------------------|-----------|----------|
| Revenue – continuing operations                    | <b>\$23,078</b>   | \$17,703          | \$5,375   | 30%      |
| Operating Expenses – continuing operations         | <b>14,043</b>     | 10,327            | 3,716     | 36%      |
|  | <b>9,035</b>      | 7,376             | 1,659     | 22%      |
| General and Administrative – continuing operations | <b>3,437</b>      | 2,705             | 732       | 27%      |
| Amortization – continuing operations               | <b>1,867</b>      | 1,640             | 227       | 14%      |
| Finance cost                                       | <b>2,505</b>      | 2,409             | 96        | 4%       |
| Loss on settlement of convertible debenture        | <b>1,401</b>      | -                 | 1,401     | n/a      |
| Other (gains) losses                               | <b>(22)</b>       | (244)             | 222       | n/a      |
| Profit (loss) – continuing operations              | <b>(153)</b>      | 866               | (1,019)   | n/a      |
| Profit – discontinued operations                   | <b>31</b>         | 210               | (179)     | n/a      |
| Net Profit (Loss)                                  | <b>\$(122)</b>    | \$1,076           | \$(1,198) | n/a      |
| Earnings (loss) per share - Basic                  | <b>\$(0.01)</b>   | \$0.08            | \$(0.09)  | n/a      |
| Earnings (loss) per share - Diluted                | <b>\$(0.01)</b>   | \$0.05            | \$(0.06)  | n/a      |
| EBITDA*  | <b>\$5,744</b>    | \$4,726           | \$1,018   | 22%      |

\* 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.

## **Outlook**

The Western Canadian petroleum industry remains focused on horizontal wells, multistage completions and extended-reach drilling in oil and liquids-rich gas plays. Coiled tubing and affiliated services are in high demand, and this is expected to continue through 2012. By the end of this year, Leader will have significantly increased its deep coiled tubing and fluid pumping capacity, which should further enhance future financial performance.

In the fourth quarter of 2011, Leader anticipates taking delivery of its first dedicated 2 3/8” deep coiled tubing unit. This will be the Company’s sixth trailer-mounted coiled tubing unit, a configuration that is required for larger-diameter, extended reach applications. A second dedicated 2 3/8” unit is scheduled for delivery during the first half of 2012. As additional equipment is added to its fleet over the coming quarters, Leader is strongly positioned to provide its services to an increasing client base through the very active corridor from northeastern British Columbia through north-central Alberta.

Leader is encouraged that demand for its services has remained very strong in the face of recent global economic uncertainty. Although commodity prices were especially volatile during the third quarter, Leader’s activity levels are expected to remain strong through to spring breakup. The Company is focused on maximizing field margins through the coming year. Additional expansion plans will be determined in the fourth quarter of 2011. Each of the Company’s three service lines will benefit from this expansion.

## **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 is 19,468,021 which does not include 1,709,500 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.