



LEADER ENERGY SERVICES ANNOUNCES SECOND CLOSING OF PRIVATE PLACEMENT; REDUCES INTEREST ON TERM LEASES AND ISSUES OPTIONS

January 31, 2005, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") announced that it has completed a second closing of 1,352,700 Units for gross proceeds of \$1,690,875, for a cumulative amount of 4,600,000 Units and \$5,750,000. As previously announced, each Unit consists of one common share and one half of a warrant, each whole warrant entitling the holder to subscribe for one common share for \$1.70 for a 2 year period from closing. Research Capital Corporation is acting as agent for this private placement. The Units will be subject to a hold period until May 31, 2005. Proceeds will be used to build additional field equipment for Leader's existing nitrogen pumping and coil tubing business.

The TSX Venture Exchange has approved the amended conversion price of \$1.2 million in convertible debentures from \$1.40 to \$1.25. This brought the treatment of debenture holders in line with the private placements when they converted their debentures in December 2004.

Leader was able to reduce the interest rate on \$2.1 million of capital lease obligations from 9.8% to 5.9%. Additionally, the Company has chosen HSBC to be its sole provider of banking and finance facilities.

The Company has granted incentive stock options for the purchase of a total of 1,529,250 common shares in its capital to directors, officers and employees of Leader. The options are exercisable at a price of \$1.50 per share, vest over a three-year period and have an expiry date of January 21, 2010. There are now 1,698,000 options outstanding at an average exercise price of \$1.47.

As expected Leader continued to experience very high levels of demand for its services through December and January.

Leader Energy Services provides essential field services for oil and gas well stimulation from two locations in Grande Prairie and Red Deer, Alberta. Leader supplies coiled tubing and flameless nitrogen pumping services as well as other flameless equipment and services including hot oilers, boilers and steamers. Further information on Leader can be found under the Company's listing at www.sedar.com and on the Company's website at www.leaderenergy.com.

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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.