



**LEADER ENERGY SERVICES ANNOUNCES RECORD FIRST QUARTER RESULTS
AND CHANGE OF LOCATION OF AGM**

May 17, 2005, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") achieved strong financial and operating performance for the three months ended March 31, 2005, with significant first quarter increases in revenue, net income and cash flow from operations.

Income Statement	March 31, 2005	March 31, 2004
Revenue	\$6,237,523	\$3,178,232
Net income	1,805,815	1,054,685
Earnings per share (basic)	\$0.10	\$0.15
Earnings per share (diluted)	\$0.10	\$0.15
Cash flow from operations ⁽¹⁾	2,573,804	1,198,388
Cash flow from operations per share (basic)	\$0.14	\$0.17
Cash flow from operations per share (diluted)	\$0.13	\$0.17
Weighted average shares outstanding (basic)	18,302,102	6,875,001
Weighted average shares outstanding (diluted)	18,867,228	6,875,001
Balance Sheet	March 31, 2005	December 31, 2004
Total assets	\$24,154,049	\$16,339,224
Long-term debt ⁽²⁾	3,500,826	5,077,365
Shareholders' equity	18,374,380	8,804,351
Shares issued and outstanding	21,450,346	14,097,546

(1) Cash flow is defined as "cash provided by operating activities before changes in non-cash working capital". Cash flow and cash flow per share are measures that provide shareholders and potential investors with additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Cash flow and cash flow per share are not measures that have any standardized meaning prescribed by Canadian GAAP, and accordingly may not be comparable to similar measures used by other companies.

(2) Includes current portion of long-term debt.

Leader Energy Services achieved record financial results for the three months ended March 31, 2005. Revenue totaled \$6.2 million, an increase of 93% over the \$3.2 million recorded a year ago. Net income for the first quarter of 2005 increased 71% to \$1.8 million (10 cents per share) from \$1.1 million (15 cents per share) a year earlier. 2005 income was impacted by a non-cash tax provision of \$0.25 million and non-cash stock compensation expense of \$0.25 million. Cash flow from operations before changes in non-cash working capital totaled \$2.6 million (14 cents per share), a 115% increase over the \$1.2 million (17 cents per share) recorded during the same period last year.

Although operations during March were hampered by weather related issues, significant revenue and earnings growth was experienced during the quarter as a result of strong industry activity levels, a larger nitrogen pumping fleet and improved operational efficiencies. Per share figures were impacted by a 166% increase in the weighted average number of shares as a result of \$7.9 million of equity financings completed during the quarter. Leader has budgeted \$9 million for its 2005 capital expansion program, which includes a 50% increase to its coiled tubing fleet and a doubling of its nitrogen pumping fleet from its first quarter operating capacity. It is expected that the equipment that is currently being constructed will be delivered prior to the start of the fourth quarter as originally planned.

Movement of Leader's equipment in western Canadian oil and gas fields is dependent on weather conditions. Several exploration and development areas in northern Canada are only accessible during winter months when the ground is frozen hard enough to support its equipment. The timing of freeze-up and spring breakup affects the Company's ability to move equipment in and out of these locations. Consequently, late March through May is the Company's slowest time.

The Company's services are leveraged towards natural gas exploration and production. Management believes that strong demand for its services will continue through the remainder of 2005 and into 2006.

Leader wishes to advise shareholders and interested parties that the location of the Company's annual general meeting on Wednesday, June 1 at 10:00 a.m. (Calgary time) will now be held at the offices of Macleod Dixon LLP located at 3700, 400 – 3 Avenue SW in Calgary, AB due to the recent fire at the Calgary Petroleum Club.

Leader Energy Services provides essential field services for oil and gas well stimulation from three locations in Grande Prairie, Red Deer and Hinton, Alberta. Leader supplies coiled tubing and flameless nitrogen pumping services as well as other flameless equipment and services. 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.