



## ***LEADER PROVIDES OPERATIONAL AND MANUFACTURING UPDATE***

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July 24, 2006, Calgary, Alberta (TSX Venture: LEE) – Mr. Rod Hauser, President and CEO of Leader Energy Services Ltd. ("Leader" or the "Company") provides the following update of the Company's manufacturing and operations.

### **Cementing**

Leader is in an exciting phase of expanding the services it supplies to the energy industry. Over the past year, Leader has brought together a highly qualified team of personnel to supervise the design and construction of 18 single and twin cementing units to satisfy a growing demand for cementing services in the energy industry. Leader has, over the past 4 weeks, been field testing their new cementing units – with a plan to have the cementing division operational in the third quarter of 2006. Leader's competitive advantage remains being focused on having the best personnel, the most advanced equipment and providing superior and reliable services to our customers.

Through the field testing phase Leader personnel have not been satisfied with the performance of certain pumping components installed in the new equipment. These components represent a critical portion of the overall operating performance of the equipment and were supplied by a reputable OEM (original equipment manufacturer). The initial unit completed a number of jobs successfully. However, extensive field testing of additional units revealed intermittent pumping system failures. Leader then undertook third party non-destructive testing and determined that certain components of the pumping system were inferior, resulting in the equipment not meeting Company standards for field service.

Over the last three weeks Leader has installed and tested an alternate pumping system supplied by a different OEM, and Company personnel are satisfied with field test results. It remains paramount that Leader supplies only the best, most reliable equipment to our customers.

To ensure a superior product and superior service, Mr. Rod Hauser - President and CEO along with the Board of Directors decided it was in the best interest of the shareholders to reschedule the rollout of the cementing equipment during the third quarter. To that end, Leader will have 4 twin cementing units and 6 singles in operation by the end of September. The balance of 4 twins and 4 singles will be delivered over the course of the fourth quarter. All 18 units are expected to be fully operational by December 2006. Importantly, the financial impact of the revised rollout of cementing equipment is isolated to the 2006 financial results and Leader has avoided future operational problems in the field.

## **Well Stimulation**

Leader presently operates 7 coiled tubing units and will have 5 additional units in service by the end of November. Leader will operate 16 nitrogen pumpers in Canada by the end of November. Due to the high level of activities in the oilfield manufacturing sector, Leader has experienced some minor manufacturing delays outside of the Company's control, due to OEM supplier delivery delays. In spite of the high levels of activity, equipment manufacturing is proceeding as planned.

## **Operations**

Leader is fully staffed with experienced personnel to design, construct, test and operate all of its equipment. Even considering normal seasonal factors, Leader continues to experience growing demand for its services. Our commitment to quality and reliability has resulted in a loyal customer base. Our top 20 clients have not indicated any pullback in their projected activities. Although management expects that current natural gas prices will influence the number of shallow gas wells drilled over the next few months, Leader has little exposure to this cyclical type of drilling activity, as the majority of our work occurs on wells that are 2,000 to 3,500 meters deep. Furthermore, demand for our services exceeds the broader service industry's capacity to supply – leaving us well positioned for continued growth. Leader has secure supplies for its services including nitrogen, coiled tubing and cement. The Company expects to be operating out of its new Grande Prairie shop July 31, the Brooks shop August 31 and the Red Deer shop September 30.

## **For further information contact**

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## **FORWARD LOOKING STATEMENTS**

*Certain statements in this news release are "forward-looking statements", which reflect management's expectations regarding the offering (including the use of proceeds therefrom). All statements other than statements of historical fact contained in this news release are forward-looking statements. Such forward-looking statements involve risks and uncertainties, as they reflect management's current beliefs and are based on information currently available to management. Actual results may differ materially from those anticipated in the statements made. The forward-looking statements are expressly qualified in their entirety by this cautionary statement. The forward-looking statements are made as of the date of this news release and Leader assumes no obligation to update or revise them to reflect new events or circumstances except as expressly required by applicable securities law. Further information regarding the uncertainties and risks can be found in the disclosure documents filed by Leader with the securities regulatory authorities, available at [www.sedar.com](http://www.sedar.com).*