



LEADER ENERGY SERVICES ANNOUNCES YEAR END RESULTS

March 20, 2006, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial and operating performance for the twelve-month period ended December 31, 2005.

(\$ thousands except per unit amounts)

	2005	2004	2003
Revenue	\$ 18,520	\$ 9,447	\$ 6,257
Net Income (Loss)	1,544	1,040	(323)
Earnings per Share (Basic)	0.063	0.131	(0.066)
Earnings per Share (Diluted)	0.054	0.127	(0.066)
Cash flow from operations ⁽¹⁾	3,824	1,514	500
Cash flow per share (Basic)	0.156	0.191	0.102
Cash flow per share (Diluted)	0.133	0.185	0.102
Working Capital Surplus (Deficit)	21,891	3,194	(1,598)
Total Assets	54,270	16,339	7,092
Long Term Debt ⁽²⁾	2,838	5,077	4,062
Shareholders Equity / (Deficit)	46,535	8,805	891

(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.

Overall Performance and Year in Review

2005 was a record year for the Company as revenue and cash flow from operations increased by 96% and 153% respectively, which is reflective of the business combination effective October 1, 2004 and the addition of two new coiled tubing units and four nitrogen pumpers in late 2005. Net income increased by 48% relative to 2004 due to the business combination and additional equipment added during the last quarter of the year. The introduction of stock compensation expense reduced 2005 net income by \$636,000. High commodity prices due to a growing demand for oil and gas around the world saw the number of wells drilled in the Western Canadian Sedimentary Basin rise to 24,000, up approximately 12% from 2004 figures. This pushed activity levels up, favourably impacting the overall financial results of the Company in spite of factors negatively affecting the over all financial performance of the Company relative to 2004 which were as follows:

1. Record precipitation and cooler temperatures during the second and third quarters;
2. Unseasonably warm temperatures during December delaying start-up of winter projects;
3. Delays in equipment deliveries due to original equipment manufacturer component issues;
4. Pre-operational hiring of field staff to man new well stimulation equipment due to a tight labour market on existing services lines;
5. Expansion of the Company's geographic footprint;
6. Impact of back to back financings for additional equipment and service line expansion which saw the basic and weighted number of shares increase to 24.5 (209%) and 28.7 (250%) million respectively;
7. Additional administrative expenses associated with being a public versus private operating entity.

Well Stimulation and Completion Services

The first quarter of 2005 was record breaking for well stimulation and completion services as the Company generated record earnings and cash flow relative to the previous year from this service line. Nitrogen services saw average cubic meters pumped per day increase by 22% and coiled tubing activity increasing due to expanded project work in Northern Alberta, which kept the Company's combination units active into the first week of April.

However, rain and poor weather conditions during the second and third quarters curtailed activity to the extent that approximately half of the earnings reported during the first quarter, before adjusting for the impact of any financings, were eroded. The activity squeeze was amplified by the decision to hire field level operators, due to a tight labour market, for the new equipment ahead of scheduled delivery dates, which drove fixed costs higher on lower activity levels.

In June of 2004, the Company opened a small operating branch in Red Deer, Alberta in order to capitalize on service work in central Alberta and eliminate a single-area dependency for revenue by operating solely in northern Alberta and northeastern BC. However, requests for services increased faster than anticipated during 2005 that had the Company moving equipment between northern and central Alberta, weather permitting, in order to meet customer completion and production requirements. Consequently, the Company had non-recoverable expenses associated with items like non-billable travel time and mileage in order to develop or maintain operating relationships with its customer base. This had its most significant impact during the third quarter of 2005, but due to equipment delays the fourth quarter was affected as well.

The fourth quarter started off as expected as the Company was able to achieve activity and revenue forecasts after adjusting for delays in equipment delivery. However, as cooler weather turned warm in December plus additional delays with the deployment of the deeper operating equipment due to component issues, the Company experienced lower activity levels. Although December was a record month relative to the same period a year earlier, higher operating costs associated with higher staff levels negatively impacted the bottom line.

The year ended with well stimulation and completion services operating six coiled tubing units (deep coil unit came into service end of January 2006) and seven nitrogen pumping units. The

average nitrogen pumped per day was 20% higher than the year before due to deeper work, and staff levels doubled in anticipation of new equipment and a busy first quarter for 2006.

Cementing Services

On August 11, 2005 the Company announced that it would begin offering cementing services in the WCSB by the third quarter of 2006. In conjunction with this announcement the Company raised \$25 million by way of a bought deal private placement through an investment syndicate lead by Westwind Partners Inc, which closed August 30 significantly oversubscribed. The proceeds have been set aside for the construction of seven single and five twin pumping units plus support equipment for this new division, which will operate out of three facilities in Alberta, these being Grande Prairie, Red Deer and Brooks.

By November 2005 the Company had successfully assembled the primary leadership team that would oversee the development of this division as well as the day to day operations after commercial activity has commenced. The Company is pleased with the experience level and backgrounds of the five individuals assigned to the management team, whose combined experience exceeds 100 years.

Prior to making a decision to offer cementing service, the Company began negotiations with local manufacturers for delivery times on equipment. After the Company announced the decision to offer cementing services, the primary builder extended its delivery dates by 3 months. The Company decided to build the equipment itself. As a result the Company will end up saving over \$2 million on build costs as no mark-up will be paid on any of the components.

The Company is the first new entrant into the Canadian oilfield cementing industry in 10 years. It was the demand for additional cementing services from the Company's customer base that became the driving force behind the Company's decision to enter this market. Consequently, significant resources have been allocated to this new division. Testing of the new equipment will begin mid to late second quarter with commercial deployment by the third quarter. As this division is still in its primary development stage effective January 1, 2005, Leader adopted the recommendations of EIC 27 with regards to revenues and expenditures during the pre-operating period. As such, revenue, interest or expenses incurred until time of commercial deployment is being deferred at which time the deferred items will be amortized over a reasonable amount of time not to exceed five years.

Flameless Services

Flameless services continue to be a dynamic aspect of our business as the Company, in conjunction with some of its customers, continues to design and develop new applications for this technology such as a waste water evaporation system.

An aggressive marketing effort has been underway since it was first announced that the Company had successfully installed and tested the first evaporation system in northeastern British Columbia, consequently generating a great deal of interest, especially in the US. Since the broader marketing effort began January 2006, the Company has commissioned the construction of 10 more units, the first of which should be released from manufacturing near the

end of April. The interest in this product since the Company announced plans to enter the US market has been such that the first 10 units may be installed in the US market.

Liquidity, Capital Resources and Use of Funds

At December 31, 2005 the Company held cash and cash equivalents of \$23,037,000 and had a positive working capital position of \$21,891,000. As the forecasted number of wells to be drilled in the Western Canadian Sedimentary Basin is expected to rise by 16% during 2006, the Company's short term working capital requirements will be easily met. The Company plans on using the working capital surplus on capital projects. The Company has mitigated adverse short term financing requirements by increasing its operating line with its main bank to \$2.5 million of which \$1,372,000 was still available to the Company at year end.

Outlook

The growth that Leader experienced in 2005 was a result of very strong market for its services, access to capital, ability to attract superior operational and managerial staff and the resulting opportunity to dramatically increase its scope of operations.

Leader's long-range strategic plan has been formulated with two basic premises: a belief that long-term western Canadian natural gas production will continue to decline, and any decision to expand equipment capacity or add complementary service lines must be initiated by customers.

Almost every forecast points to the potential for another record-setting year of drilling activity in 2006. Since the mid-1990s the productivity of natural gas wells has been declining in the WCSB. Industry sources estimate that 45% of the basin's gas resource had been produced in 2005, up from only 27% in 1995. Further, it is expected that 60% of the basin's gas resource will have been produced by 2014. The implications of a decline rate this steep are quite clear: Leader's customers must drill more and more gas wells if they simply want to maintain their current production levels.

Although the Company was caught in OEM component delivery delays for coiled tubing and nitrogen pumping units last year, cementing equipment delivery schedules and costs remain in line with original expectations. Major components have been secured by Leader for the 2006 and 2007 equipment build-out programs, and the Company has negotiated labour contracts for equipment assembly with five shops. By procuring its own components and negotiating fabrication contracts, Leader can mitigate against equipment delivery disruptions to a certain extent. Leader has been assured that an adequate supply of cement product will be available.

Three new shops are being constructed in Grande Prairie, Red Deer and Brooks, Alberta. Cementing services will be provided from each location, and well stimulation services will be offered from the Grande Prairie and Red Deer locations. The shops are being built to handle further equipment additions and/or services beyond that which is currently scheduled for construction in 2006 and 2007. The Company's capital budget for 2006 is \$35 million, which will increase our nitrogen pumping fleet by 6 units, coiled tubing fleet by 4 units, and the introduction of 12 cementing units.

Subsequent to year-end, Leader announced its intention to expand operations into the United States. Leader recognizes the importance of geographic expansion and anticipates opening its main US office in Denver, Colorado during the second quarter of 2006. Management is formulating a strategy to provide coiled tubing, nitrogen pumping and cementing operations in the Rocky Mountain region of the United States. To broaden the scope of services and potentially accelerate this process, management is considering potential acquisitions. Key to the Company's consideration of this expansion are activity levels that are expected to remain very strong, and which are directly related to new discoveries from unconventional gas deposits, developments in CBM technologies, additional pipeline capacity and strong commodity prices.

Although warmer than usual weather affected the Company in December, the first quarter of 2006 has met internal expectations thus far. Leader is still turning down work due to lack of equipment availability. Having raised more than \$50 million of equity and debt since going public in November 2003, Leader is committed to generating above-average returns for its shareholders. Recognizing that 2005 and 2006 are "building" years, our shareholders will now see the results of the equity they have invested. Leader's first quarter results will show the impact of the increased coiled tubing and nitrogen pumping fleet, the result of \$12 million of new equity provided between December 2004 and February 2005. Third and fourth quarter results will begin to show the impact of the new cementing division, the result of \$25 million of new equity provided from the August 2005 financing.

With its continued investment in equipment and facilities, Leader remains committed to creating a firm foundation for its long-term success, and will always strive to meet the evolving requirements of its customers. Over the coming year demand for its services is expected to increase as a result of strong anticipated natural gas drilling activity and geographic expansion of the Company's services. The Company continues to evaluate opportunities to expand its operations. With strong demand for services anticipated and increasing equipment capacity, Leader is well positioned to provide quality services and deliver strong financial performance for its shareholders.

Other

Additional information for the Company can be found on SEDAR at www.sedar.com. The number of common shares at the date of this release was 32,928,260 which does not include 5,705,072 unexercised warrants and stock options.

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.

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