



***LEADER ENERGY SERVICES ANNOUNCES U.S. ACQUISITION,
BOUGHT-DEAL FINANCING***

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May 24, 2006, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") has signed an agreement to purchase Cementrite, Inc., an established cementing, coiled tubing, acid and nitrogen pumping company operating in the northeastern United States.

The purchase agreement contemplates a purchase price of approximately \$14 million USD, payable by way of \$13 million USD cash and the issuance of shares of Leader. The shares are to be issued at a deemed price per share equal to the 10-day weighted average trading price of the shares as traded on the TSX Venture Exchange immediately prior to three days before closing.

The acquisition of Cementrite provides an excellent platform to move Leader into the cementing, coiled tubing, acid and nitrogen business in the United States. Cementrite generated revenue of \$8.0 million USD and EBITDA (earnings before interest, taxes, depreciation and amortization) of approximately \$3.5 million USD for the 11-month period ending February 28, 2006. This does not include three additional coiled tubing units to be deployed in the third quarter of 2006. In connection with the acquisition, the vendor has entered into a non-competition agreement with Leader for a 5-year period and has agreed to continue working with Leader to build the coiled tubing drilling division. Employment will be offered to all key personnel. Cementrite meets Leader's internal expectations for quality of equipment. In addition, the acquisition of Cementrite offers a large and established US client base, strong EBITDA margins, and is expected to be immediately accretive to earnings.

Over the balance of 2006 Leader plans to expand its coiled tubing and nitrogen pumping services to customers located in additional regions in the U.S. It is anticipated that further expansion in the U.S. will be accomplished by way of additional acquisitions and construction of new equipment.

Completion of the proposed acquisition is subject to a number of conditions, including but not limited to, the completion of satisfactory due diligence by Leader. Completion of the proposed acquisition is also subject to the receipt of any required regulatory approvals, including but not limited to, the approval of the TSX Venture Exchange. Assuming that all of the conditions are satisfied, it is anticipated that the effective date of the acquisition will be June 1, 2006.

To facilitate this purchase, Leader has entered into a financing agreement to issue 5,129,000 common shares on a "bought deal" basis, pursuant to a short-form prospectus (the "Financing"). The Financing is being completed through a syndicate of underwriters led by Westwind Partners Inc. (the "Underwriters"). In addition, the Underwriters shall have an option to purchase up to an additional 513,000 common shares, exercisable prior to the closing of the Financing (the "Underwriters' Option"). The aggregate gross proceeds of the Financing, if the Underwriters' Option is exercised in full, is \$22,003,800. The Financing is scheduled to close on or about June 14, 2006 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the TSX Venture Exchange. Leader may use up to \$1.5 million of the proceeds from this financing to purchase a new 22,500 ft² facility from the same vendor, to accommodate the expansion of the U.S. coiled tubing drilling division.

About Cementrite, Inc.

Established in 1989 with one cementing unit, Cementrite has expanded its range of services to include coiled tubing, acidizing and nitrogen pumping. Cementrite has recently introduced CT-conveyed directional drilling services, which are used extensively in the gas storage market. Services are offered to more than 100 clients in upstate New York, Ohio, Indiana, Kentucky and Illinois. The company operates 26 field units from a 17,500 ft² facility in Mount Pleasant, MI and has approximately 35 employees. Cementrite has excellent growth prospects given the large client base, utilization rates and exceptional growth experienced in the last three years.

About Leader Energy Services Ltd.

Leader Energy Services Ltd. provides well stimulation services in western Canada. Leader will begin providing cementing services in western Canada in June 2006. 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.

Note: EBITDA is a supplemental earnings measure that does not have any standardized meaning prescribed by Canadian GAAP (generally accepted accounting principles) and may not be comparable with EBITDA calculated by other funds or entities. EBITDA is a useful supplemental measure as it provides an indication of the financial results generated by the fund's principal business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions. EBITDA is defined as earnings before interest, taxes, depreciation and amortization.

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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.