



LEADER ENERGY SERVICES ANNOUNCES SECOND QUARTER RESULTS

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August 29, 2007, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial and operating performance for the three and six-month periods ended June 30, 2007.

Second Quarter Performance Summary (in '000s of dollars)

Quarter ended,	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	\$5,254	\$4,895	359	7
Operating	7,084	4,563	2,521	55
General and Administrative	2,207	1,650	557	34
EBITDAS*	(4,037)	(1,318)	(2,719)	(206)
Amortization	2,487	681	1,806	265
Stock Compensation	262	270	(8)	(3)
Interest	1,320	40	1,280	3200
Other	(62)	(32)	(30)	(94)
Net (Loss) Income before Tax	(8,044)	(2,277)	(5,767)	(253)
Provision for tax expense (recovery)	274	(677)	951	140
Net (Loss) / Income	(8,318)	(1,600)	(6,718)	(419)

Six months ended,	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	\$17,013	\$16,141	872	5
Operating	18,247	9,827	8,420	86
General and Administrative	4,432	3,032	1,400	46
EBITDAS*	(5,666)	3,282	(8,948)	(273)
Amortization	4,839	1,245	3,594	289
Stock Compensation	562	507	55	11
Interest	2,375	82	2,293	2,796
Other	(76)	(103)	27	(26)
Net (Loss) Income before Tax	(13,366)	1,551	(14,917)	(962)
Provision for tax expense (recovery)	(1,454)	707	(2,161)	(306)
Net (Loss) / Income	(11,912)	844	(12,756)	(1,511)

* EBITDAS is defined as earnings from continuing operations before interest, taxes, amortization, and stock based compensation. Readers are cautioned that EBITDAS is generally regarded as an indirect measure of operating cash flow, and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. EBITDAS is not a measure that has a standardized meaning prescribed by Canadian GAAP, and accordingly may not be comparable to similar measures used by other companies.

Overview

Headquartered out of Calgary, Alberta, Leader's Canadian operations are managed through three facilities located in Northern, Central and Southern Alberta. From these bases the Company offers well

stimulation and cementing services across the entire Western Canadian Sedimentary Basin (“WCSB”). Services in the United States, which are comparable to the services provided in Canada, are currently being conducted from a base in Mt. Pleasant, Michigan.

During the second quarter of 2007 Canadian revenue was much lower than forecast during the period, and was also lower than the corresponding quarter in 2006. Demand for well stimulation and cementing services in western Canada was depressed as a result of low gas prices, an oversupply of equipment and poor weather conditions which shut down the oil service sector for prolonged periods of time.

Revenues from United States operations in the second quarter of 2007, although higher than the first quarter of 2007, were lower than forecast. Slower than planned deployment of equipment from the Canadian to United States market and a planned curtailment on company-wide capital expenditures served to slow the start up of United States operations.

Third quarter revenue has thus far indicated an improvement over second quarter results, and management will continue to deploy its resources in Canada and the United States as effectively as possible in order to generate maximum EBITDA and will also continue to monitor costs and take advantage of cost savings opportunities wherever possible.

Results of Operations

Canadian Operations

Well Stimulation Services (in '000s of dollars except for per day amounts)

Quarter ended,	June 30, 2007	June 30, 2006	Change	% Change
Revenue	\$1,620	\$ 4,476	\$(2,856)	(64)
Operating	3,028	4,459	\$(1,431)	(32)
Field profit (loss)	(1,408)	17	\$(1,425)	(8,382)
Number of operating days	130	416	(286)	(69)
Average revenue per day	12,462	10,759	\$ 1,703	(16)

Six months ended,	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	\$8,733	\$15,722	(6,989)	(44)
Operating	8,668	9,723	1,055	(11)
Field profit	65	5,999	(5,934)	(99)
Number of operating days	763	1,380	(617)	(45)
Average revenue per day	11,446	11,393	53	-

- Field profit (loss) is a measure not recognized under Canadian GAAP. Management believes that field profit (loss) provides investors with an indication of earnings before administrative costs, depreciation, interest, and taxes. Readers are cautioned that field profit should not be considered as an alternative to net income determined in accordance with Canadian GAAP as an indicator of the Company's performance.
- Operating activity is comprised of the total number of operating days or jobs generated during the year.

Revenues in the Canadian well stimulation division experienced a significant second quarter year over year decrease. Hampered by very low activity levels due to decreased demand related to very low drilling activity levels and poor weather conditions, revenues for the current quarter were 64% below the comparable quarter in 2006. Due to the slow down in well servicing activity which commenced in the second half of 2006 and has persisted through the second quarter of 2007, the 2007 year to date activity levels and financial results for the Canadian well stimulation division were well below the comparable period for the prior year.

Operating costs totaled \$3.0 million during the second quarter of 2007 versus \$4.5 million during the second quarter of 2006, and \$8.7 million versus \$9.7 million respectively for the six months ended June 30, 2007 and June 30, 2008. Operating costs for the 2007 periods did not decline at the same rate as

revenues due to certain costs being either fixed or semi-fixed and the requirement to maintain minimum staffing levels for anticipated future work. More substantial operating cost reductions were obtained in the second quarter of 2007 due to significant operational staff restructuring effected in April.

Average revenue per day for the second quarter and second quarter year to date in 2007 exceeded that of 2006 due to increased fleet size, however the lower number of operating days in 2007 as compared to 2006 more than offset the revenue per day. As a result, field profit (loss) for the second quarter 2007 and year to date June 30, 2007 was significantly lower than that generated in the corresponding 2006 periods.

Cementing Services (in '000s of dollars except for per job amounts)

Quarter ended	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	\$ 369	N/A	\$ 369	N/A
Operating	1,979	N/A	1,979	N/A
Field profit(loss)*	(1,610)	N/A	(1,610)	N/A
Number of jobs	57	N/A	57	N/A
Average revenue per job	6,474	N/A	6,473	N/A

Six months ended	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	\$ 4,520	N/A	\$ 4,520	N/A
Operating	6,343	N/A	6,343	N/A
Field profit(loss)*	(1,823)	N/A	(1,823)	N/A
Number of jobs	545	N/A	545	N/A
Average revenue per job	8,294	N/A	8,294	N/A

- See comment regarding Field profit and Operating activity on page 2 of this Management's Discussion and Analysis

Cementing field staff levels were reduced by approximately 40% at the beginning of the second quarter of 2007 in an effort to control costs in a declining market. This staff reduction was viewed as temporary, however, there have been no significant changes to these staffing levels since that time.

Activity levels for the Canadian cementing division were very low in the second quarter of 2007 with the number of jobs being only 12% of the first quarter 2007 level. As a result, the field operating loss experienced in the 2007 second quarter and second quarter year to date was significant.

Management will continue to review the Canadian cementing division and will put into effect appropriate costs savings programs as circumstances warrant.

As the cementing division initiated operations in the latter half of 2006, there are no comparable results for the June 30, 2007 period.

United States Operations (in '000s of dollars except for per job amounts)

Quarter ended,	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	3,259	419	2,840	678%
Operating	2,077	103	1,974	1917%
Field profit*	1,182	316	876	277%

Six months ended	June 30, 2007	June 30, 2006	\$ Change	% Change
Revenue	3,748	419	3,329	795%
Operating	3,233	103	3,130	3039%
Field profit*	515	316	199	63%

- See comment regarding Field profit on page 2 of this Management's Discussion and Analysis

The Company's United States based operations were initiated with the acquisition of Michigan based Cementrite, Inc. on June 14, 2006. Subsequent to acquiring Cementrite, Inc. the Company has been able to expand its business opportunities both within and outside the state of Michigan. A leased operations centre is being completed in West Virginia with other leased centres being contemplated elsewhere in the United States.

Revenue for the United States segment of the Company has not met forecast. Operating expenses remain favorable compared to Canadian based operations predominantly due to lower labor costs. Working conditions are also more favorable in the United States due to less rugged terrain and milder weather conditions that serve to reduce equipment maintenance costs. Due to the comparatively lower operating costs in the United States as compared to Canada, the United States has been able to generate positive field profits from a relatively low revenue base.

With the deployment of equipment from the Canadian to United States market being slower than anticipated, due to both slow delivery of parts from suppliers needed in order to utilize equipment sent to the United States and a restriction on Company-wide capital expenditures, start up of United States operations has been slower than management had planned. Management is working to resolve the issues that have caused this delay in order to capitalize on the opportunities identified in the United States.

Management expects United States activity levels and resulting field profit to continue increasing throughout the remainder of 2007 and during 2008.

General & Administrative expenses (in '000s of dollars except for per job amounts)

Quarter ended	June 30, 2007	June 30, 2006	\$ Change	% Change
General & Administrative	2,207	1,650	557	34%

Six months ended,	June 30, 2007	June 30, 2006	\$ Change	% Change
General & Administrative	4,432	3,032	1,400	46%

General and administrative expenses consist primarily of costs related to staffing and shared corporate services. Second quarter 2007 general and administrative costs were in excess of that incurred for the corresponding 2006 period due to increased activity levels in both the US and Canada. Even though activity levels have increased in the US during the second quarter of 2007 as compared to the first quarter of 2007, general and administrative costs have been controlled and kept at similar levels for those two periods.

General and administrative costs consist of staff, legal, insurance, and facility costs that are incurred in conjunction with current activities and expanding business operations.

Amortization, Stock Compensation and Interest Expense

The Company's amortization expense increased by \$1.8 million in the second quarter of 2007 over the similar 2006 period as a result of property and equipment increasing by \$47.5 million during the same period.

Second quarter 2007 stock compensation expense at \$262,000 was virtually unchanged from the similar period in 2006 with the number and related cost of options resulting in a similar cost for both periods. Due to staff restructuring at the beginning of the second quarter, stock compensation dropped \$38,000 from the first quarter of 2007.

Interest expense for the Company's demand non-revolving facility was nil in the second quarter of 2007 as this facility was repaid in the first quarter of 2007. Interest of \$1.3 million on long-term debt and capital

leases for the second quarter of 2007 exceeded that recorded during the second quarter of 2006 due to the Company's further use of the credit and capital lease facilities over the past year.

Income Taxes

During the second quarter of 2007 the Company did not record the potential future tax recoveries due to the absence of reasonable assurance that these recoveries would occur given the Company's history of tax losses. Future taxes relate primarily to permanent differences in stock compensation expense, various temporary timing differences between deductions for capital cost allowance for tax purposes and amortization for accounting purposes, and the accumulation of non-capital loss carryforwards.

Liquidity and Capital Resources

During the first quarter of 2007 the balance sheet was significantly strengthened as a result of completing a \$15 million unsecured convertible debenture financing and finalized a sale/leaseback agreement for its Canadian operating facilities that generated gross proceeds of \$19.6 million.

As at June 30, 2007 the Company had drawn approximately \$22.4 million of its \$25.0 million revolving credit facility. The amount drawn on the revolving credit facility increased from the first quarter 2007 level of \$15.1 million as a result of funds required for general working capital requirements and minimal capital expenditures. The Company had a working capital balance at the end of the second quarter of 2007 of negative \$1.9 million as compared to negative \$600,000 at the end of the first quarter of 2007.

Earnings performance that was well below expectations for the past three quarters, combined with industry demand that remains uncertain for the balance of 2007, required significant steps to be taken in the first quarter of the year in order to maintain Leader's financial flexibility and long-term viability. These steps included a sale-leaseback transaction for the Company's three Alberta facilities, the issuance of a convertible, subordinated debenture, a reduced capital expenditure program for the balance of 2007, and the implementation of cost control measures. Funds from operations were expected to be the primary source of funding for all 2007 expenditures however, poor financial performance in the first half of 2007 required the utilization of the Company's credit facility for operating losses and capital expenditures incurred during that period. It is expected that additional credit capacity combined with relaxed covenants may be obtained through a renegotiated credit agreement with current lenders, or that the Company will seek a new credit facility with a different lender.

Effective August 4, 2007, the Company's revolving credit facility with its financial institution lender converted to a term facility whereby the outstanding balance on the revolving facility is to be repaid by the Company over the ensuing four years by blended principal and interest payments payable quarterly in payments of 1/20th of the amount outstanding. Such repayment is scheduled to commence on the first day of the third month after the August 4, 2007 maturity date.

The Company's financial institution has continued to allow the Company to draw on the revolving credit facility subsequent to its maturity date during which time the Company has been negotiating amendments to its credit facility with this financial institution.

Subsequent to the balance sheet date, the Company is in violation of one of its debt covenants with its current financial institution lender. This covenant violation would result in a reclassification of long-term debt with this institution to a current obligation. The continued support of its financial institution lender, or the ability to fully refinance existing bank debt, is necessary in order to permit the Company to continue its operations. The ultimate outcome of the negotiations currently underway or refinancing efforts cannot be predicted with certainty at this time. Management believes it will be able to resolve the outstanding issues with respect to its credit facility.

As a result of the Company's significant investment in new equipment since late 2005, combined with the softening of demand for its services in 2006 and 2007 due to the industry downturn, for the remainder of 2007 the Company is proceeding with only selected capital commitments that are focused on improving access to higher margin work, increasing operational flexibility and efficiency and improving utilization rates.

Outlook

The near-term outlook for activity levels in Canada continues to be unclear and will depend largely on natural gas price movements and associated drilling activity levels, which, in turn, will be driven largely by regional weather patterns, natural gas demand and storage levels. Leader and many industry forecasters expect the downturn, though unpredictable, to reverse during 2008 however there are varying opinions on a more precise time when a turnaround can be expected.

During periods of reduced drilling activity, companies are more likely to stimulate and work-over existing producing wells in order to maximize production and cash flows in a capital-efficient manner. Leader has a solid presence in this segment of the market, with half of the Company's activities focused on servicing producing wells. Rates of new well drilling in western Canada, even in the midst of the current downturn, remain high by historical standards except that of the last two years.

Leader's key focus during the remainder of 2007 will be on achieving operational efficiencies in order to maximize corporate profitability. Leader has undertaken and will continue to undertake the following initiatives in this respect:

- Restructuring debt facilities;
- Reducing internal costs wherever possible;
- Redeploying underutilized equipment to Leader's United States operations; and
- Closely monitoring and minimizing capital expenditures.

Certain underutilized well stimulation equipment continues to be redeployed to Michigan, West Virginia, North Dakota and Wyoming. This redeployment will serve to expand the Company's revenue base where demand for oil and natural gas well services is presently more robust.

Continuing to focus on internal efficiencies will help improve operating margins and maximize EBITDAS during the immediate period of constrained revenue. The Company's United States market is anticipated to increase its activity levels over the balance of 2007 and into 2008. Leader's operating diversity, with three operating centers in Alberta and in separate producing regions of the United States, reduces the Company's exposure to any single market segment.

Leader Energy Services Ltd. provides well stimulation and cementing services in western Canada and the northeastern United States. 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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