LEADER ENERGY SERVICES ANNOUNCES YEAR END RESULTS

NOT FOR DISTRIBUTION TO UNITED STATES NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES.

March 26, 2007, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the “Company”) today announced financial and operating performance for the three and twelve-month periods ended December 31, 2006.

Selected Annual Information and Results of Operations (in ‘000s of dollars)

	2006	2005
Revenue	$ 40,419	$ 18,520
Net Income (Loss)	(3,065)	1,544
Earnings (loss) per Share (Basic)	(0.08)	0.06
Earnings (loss) per Share (Diluted)	(0.08)	0.05
Cash flow from operations (1)	748	3,824
Operating Cash flow per share (Basic)	0.01	0.12
Operating Cash flow per share (Diluted)	0.01	0.10
Total Assets	131,149	54,270
Long Term Debt (2)	40,169	2,838
Shareholders Equity / (Deficit)	69,630	46,535

(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, current portion of revolving loan, and demand non-revolving loan.

Performance Summary (in ‘000s of dollars)

Years ended December 31,	**2006**	2005	Year over Year $ Change	Year over Year % Change
Revenue	**$40,419**	$18,520	$21,899	118%
Operating	**28,552**	11,308	17,244	152%
General and Administrative	**8,651**	3,393	5,258	155%
Provision for Bad Debts	**223**	-	223	n/a
EBITDAS*	**2,993**	3,819	(826)	(22)%
Amortization	**4,490**	1,263	3,227	256%
Stock Compensation	**1,141**	636	505	79%
Interest	**792**	262	530	202%
Other	**115**	(255)	(370)	145%
Net (Loss) Income before Tax	**(3,545)**	1,913	(5,458)	(285)%
Provision for tax expense (recovery)	**(480)**	369	(849)	(230)%
Net (Loss) / Income	**(3,065)**	1,544	(4,609)	(299)%

* EBITDAS means 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.

Headquartered out of Calgary, Alberta, Leader's operations were conducted in Canada until mid 2006 when the Company acquired a private company based in the northeastern United States. 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.

Results of Operations

Canadian Based Operations

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

Years ended December 31,	**2006**	2005	Year over Year $ Change	Year over Year % Change
Revenue	**$28,837**	$18,520	$10,317	56%
Operating	**19,418**	11,308	8,110	72%
Field profit	**9,419**	7,212	2,207	31%
Number of operating days	**2,433**	1,784	649	36%
Average revenue per day	**11,852**	10,381	1,471	14%

* Field profit is a measure not recognized under Canadian GAAP. Management believes that field profit 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.

Revenues increased by $10.3 million or 56% in 2006 to a record $28.8 million. The increase in well stimulation services is mainly attributed to a strong first quarter in 2006 as the Company began to make full use of equipment delivered at the end of the previous year. The percentage increase year over year in operating expenses was greater than the increase in operating revenue as a percentage of revenue, and therefore operating expenses as a percentage of revenue increased by 8% in 2006 as compared to 2005. The rise in the operating expense as a percentage of revenue is primarily attributed to a slower second half of 2006 versus 2005. Record staff levels and higher base salaries for field personnel, in anticipation of greater demand for services that ultimately did not materialize, further eroded operating margins year over year. As well, the cost of nitrogen increased slightly during 2006 as suppliers increased rates to compensate for higher energy costs associated with producing nitrogen.

Due to the slow down in activity during the second half of 2006 the Company was not able to fully capitalize on its 2006 capital expansion. Average revenue per day increased by 14% year over year as a result of a rate increase implemented October 1, 2005 and the Company undertaking deeper and more technically challenging work in the WCSB which generated higher revenues.

Operating costs totalled $19.8 million in 2006 versus $11.3 million in 2005. The majority of the increase in operating costs is attributable to increased activity levels due to the use of additional equipment and pre-hiring of field employees.

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

Years ended December 31,	**2006**	2005	Year over Year $ Change	Year over Year % Change
Revenue	**$4,203**	-	$4,203	100%
Operating	**3,815**	-	3,815	100%
Field profit	**388**	-	388	100%
Number of jobs	**497**	-	497	100%
Average revenue per job	**8,457**	-	8,457	100%

Leader is the first new entrant into the Canadian oilfield cementing industry in approximately 10 years. Demand for additional cementing services in 2005 from the Company's customer base was the driving force behind the Company's decision to enter the cementing market.

In August 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 in August 2005. By November 2005 the Company had assembled the primary leadership team that would oversee the development of this new division as well as its day to day operations after the commencement of commercial activity.

During mid-2006 the Company experienced manufacturing delays due to intermittent pumping system failures with components that represented a small, but critical, portion of the overall pumping system. A majority of the third quarter equipment rollout was delayed until the start of the fourth quarter. In addition the cementing division's 2006 performance was also impacted by an approximate 25% year over year decline in fourth quarter drilling activity in the WCSB.

In light of declines in forecasted drilling activity for 2007 and a lack of industry guidance on activity levels, management delayed the completion of the Company's last two twin cementing units. However, during the last quarter of 2006 the Company made a decision to retain its experienced cementing personnel for what was expected to be moderately brisk activity levels during the first quarter of 2007. The retention of what was anticipated to be a temporarily underutilized labour pool combined with delays in equipment deliveries and low activity created lower than anticipated 2006 operating results for this division.

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

Years ended December 31,	**2006**	2005	Year over Year $ Change	Year over Year % Change
Revenue	**$7,165**	-	$7,165	100%
Operating	**2,619**	-	2,619	100%
Field profit	**4,546**	-	4,546	100%
Number of operating days	**438**	-	438	100%
Average revenue per day	**16,358**	-	16,358	100%

The Company's United States based operations were initiated with the acquisition of Cementrite, Inc. on June 14, 2006. Operating results of this Michigan-based operation paralleled forecasted results and average revenue per job met expectations. Operating margins from activities in the United States met internal expectations as project work on gas storage facilities that commenced July 2006 continued throughout the year and accounted for approximately 50% of the revenue during the period. Operating expenses remain favourable compared to Canadian based operations due to lower labour costs. Field working conditions are also more favourable in the United States due to less rugged terrain and weather conditions which serves to reduce maintenance costs for the equipment.

Since acquiring Cementrite, Inc. the Company has been able to expand its business opportunities both within and outside the state of Michigan.

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

Years ended December 31,	**2006**	2005	Year over Year $ Change	Year over Year % Change
General & Administrative	**$8,651**	$3,393	$5,258	155%
Operating Activity[1]	**3,368**	1,784	1,584	89%
Average G&A expense per operating activity	**2,569**	1,902	667	35%

1 – Operating Activity is comprised of the total number of operating days or jobs generated during the year.

General and administrative expenses consist primarily of costs relating to staffing and shared corporate services. During the year, average staff levels within the general and administration group grew from 14 to 34 personnel, driven predominantly by the addition of laboratory and technical services to support the

well stimulation and cementing divisions. Other expenses such as legal, insurance, and increased facility costs have also increased in conjunction with expanding the business.

Amortization, Stock Compensation and Interest Expense

The Company's amortization expense increased by $3.2 million or 256% in 2006 over 2005 as property and equipment increased by $82.1 million or 328% between periods. Stock compensation expense also increased by $0.5 million or 79% due to the issuance of additional stock options to an increasing employee pool between periods. Interest expense rose as the Company made use of additional credit facilities in order to facilitate completion of the 2006 capital expansion program and fund general working capital requirements.

Income Taxes

Due to the Company reporting losses in 2006, taxes on a consolidated basis have decreased by $0.8 million or 230% with the effective rate for 2006 being 13.5% versus 19.3% for the prior year. The reported tax recovery does not track the reported loss due to taxable income from Leader's US operations. The future tax component relates to permanent differences in stock compensation expense and various timing differences between deductions for capital cost allowance for tax purposes and amortization for accounting purposes.

Liquidity and Capital Resources

At December 31, 2006 the Company held cash and cash equivalents of $1.6 million and had a working capital deficit of $17.2 million. For the year ended December 31, 2006 cash flow from operations totalled $0.5 million, a decrease of 83% versus the same in the previous year. Prior to the fourth quarter funds from operations had increased by 80% over the same period last year. Lower than expected fourth quarter activity levels, combined with efforts to deploy the new cementing fleet significantly impacted the Company's ability to generate positive cash flows during the final quarter of 2006.

Subsequent to the end of the 2006 year, the Company completed a $15 million convertible debenture financing and also finalized a sale/leaseback agreement for its Canadian operating facilities that will generate gross proceeds of $19.6 million. On March 31, 2007, the Company's operating line will be reduced to $25 million. The Company anticipates that as at March 31, 2007 it will have drawn approximately $16.0 million of its $25 million authorized bank operating line. Leader believes that during the first quarter of 2007 its balance sheet has been significantly strengthened in an effort to ensure long-term viability given the uncertain operating conditions that presently exist.

Capital lease obligations at year end were held by four financial institutions. They bear interest ranging from 5.93% to 8.68%, have maturity dates ranging from July 2007 to October 2011, and require monthly cash payments of $150,000.

The 5 year continuity schedule below highlights the capital lease obligations of the Company over the next five years as of December 31, 2006, less imputed interest.

2007	$ 1,705
2008	1,675
2009	869
2010	718
2011	467
	5,434
Less imputed interest	(596)
	$ 4,838

The oil and gas well service industry is subject to seasonal fluctuations in activity levels, especially during the first and second quarter of any calendar year. These seasonal changes, often referred to as winter drilling and spring breakup, either augment or draw down on the cash resources of the Company. The Company's cash position at any point in time is also dependent on weather conditions which, in the

current year, caused a negative effect on liquidity. Although industry activity levels are depressed, the Company believes that it is adequately capitalized to sustain current operating conditions.

Investing Activities

Total assets for the quarter and year increased by $20.9 million and $76.8 million respectively compared to an increase of $2.9 million and $ 38.0 million during the same periods in the prior year. The majority of the increase in assets is attributable to the fleet expansion in 2006 when $87.6 million was invested to introduce cementing service operations, construction of three new facilities, expansion of the Company's fleet of well stimulation equipment and the purchase of a privately owned oil and gas services company based in the United States. The expansion process has been funded via a combination of debt and equity raised over the last eighteen months.

Summary of Quarterly Results ('000s - unaudited):

	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Revenue	$ 12,441	$ 11,837	$ 4,895	$ 11,246
Income (loss) before income taxes	(4,604)	(492)	(2,277)	3,828
- per share basic	(0.11)	(0.01)	(0.07)	0.12
- per share diluted	(0.11)	(0.01)	(0.07)	0.11
Net Income (loss)	(3,422)	(487)	(1,600)	2,444
- per share basic	(0.09)	(0.01)	(0.05)	0.08
- per share diluted	(0.09)	(0.01)	(0.05)	0.07

	Q4 2005	Q3 2005	Q2 2005	Q1 2005
Revenue	$6,618	$3,819	$1,845	$6,238
Income (loss) before income taxes	1,044	244	(1,430)	2,055
- per share basic	0.02	0.01	(0.07)	0.11
- per share diluted	0.02	0.01	(0.07)	0.11
Net Income (loss)	732	187	(1,181)	1,806
- per share basic	0.02	0.00	(0.06)	0.10
- per share diluted	0.02	0.00	(0.06)	0.10

Fourth Quarter Results (in '000s of dollars)

Three months ended December 31,	**2006 (unaudited)**	2005 (unaudited)	Quarter over Quarter Change $	Quarter over Quarter Change %
Revenue	**$12,441**	$6,618	$5,823	88%
Operating	**10,491**	3,989	6,502	163%
General and Administrative	**3,379**	1,024	2,355	230%
Provision for Bad Debts	**223**	-	223	100%
EBITDAS	**(1,652)**	1,605	(3,257)	(203)%
Amortization	**1,951**	444	1,507	339%
Stock Compensation	**213**	162	51	31%
Interest	**440**	26	414	1,592%
Other	**348**	(71)	419	590%
Net (Loss) Income before Tax	**(4,604)**	1,044	(5,648)	(541)%
Provision for taxes	**(1,182)**	312	(1,494)	(431)%
Net (Loss) / Income	**(3,422)**	732	(4,154)	(580)%

Results from the fourth quarter ended December 31, 2006 came at the end of the Company completing the largest capital expansion program in its 5 year history. Assets increased more than 300% quarter over quarter as the Company rolled out a new service line, expanded the existing service line, established operations in the US and undertook the construction of three new facilities ranging from 20,000 to 28,000 square feet. In spite of management's efforts to grow the Company, chronic instability in commodity

pricing due to a gas storage surplus during the quarter caused drilling activity to decline by 25%[1] quarter over quarter. This in turn caused the demand for cementing services and well stimulation services to slow as demand for completion and production services subsided.

Leader's revenue increased by 88% for the three months ended December 31, 2006 compared to the same period last year. However, the Company recorded a net loss of $3.4 million versus a profit of $0.73 million in 2005 as declines in industry activity, record staff levels due to anticipated expansion, higher depreciation rates, stock compensation and interest expense more than offset the revenue gained. As a result, the Company reported a diluted loss per share of $0.09 versus diluted earnings per share $0.02.

Canadian Based Operations

Well Stimulation Services ($ thousands except per day amounts)

Three months ended December 31,	2006 (unaudited)	2005 (unaudited)	Quarter over Quarter Change	
			$ or Day(s)	%
Revenue	**$5,849**	$6,618	$(769)	(12)%
Operating	**5,047**	3,989	1,058	27%
Field profit	**802**	2,629	(1,827)	(69)%
Number of Days	**469**	584	(115)	(20)%
Revenue per day	**12,471**	11,332	1,139	10%

Well Stimulation Services saw revenue wane on declines in activity levels of 20% quarter over quarter which is comparable to the 25% drop in drilling activity during the same quarters. The decline in activity was mitigated to a certain extent as the Company continued to attain higher billing rates quarter over quarter due to deeper and more technically challenging work in the WCSB. Due to the decline in activity during the quarter, any additional equipment capacity added over the last half of the year had little impact on the number of operating days.

Operating expenses increased by 27% in the current fourth quarter as compared to the prior year fourth quarter. Staff levels were 67% higher than the same quarter last year as the Company had been staffing up to handle added equipment capacity and the 2007 winter drilling program. In order to combat the rising costs of labour the Company implemented a wage freeze during the quarter. As such the Company's aggressive expansion plan is cited for the large increase in operating expenses during the quarter.

Cementing Services ($ thousands except per job amounts)

Three months ended December 31,	2006 (unaudited)	2005 (unaudited)	Quarter over Quarter Change	
			$ or Job (s)	%
Revenue	**$2,773**	-	$2,773	100%
Operating	**2,464**	-	2,464	100%
Field profit	**309**	-	309	100%
Number of Jobs	**313**	-	313	100%
Revenue per Job	**8,859**	-	8,859	100%

2006 was the inaugural year for the Company to begin providing cement pumping services. After manufacturing delays during the third quarter, by the start of the fourth quarter the Company had six single and four twin pumping units in operation from its facilities in Grande Prairie, Red Deer and Brooks. A 15% to 20% decline in 2007 drilling forecasts and clients' lack of clarity for their 2007 drilling programs caused management to delay the completion of the two remaining twin pumping units. The Company exited the year with 16 cement pumping units. The remaining two units were approximately 50%

[1] Drilling Activity based on data from Canadian Association of Drilling Contractors website

complete at the time of the decision to curtail further capital expenditures in the cementing division and have been placed in inventory subject to future considerations.

There are no comparative results from the prior year's fourth quarter, however a comparison to internally-forecast activity levels shows a 38% shortfall. As cementing activity is influenced by drilling activity, approximately two thirds of the decline can be attributed to the drop in fourth quarter drilling activity in the WCSB. The balance of the decline is attributed to delays in equipment delivery. The strategic plan for deployment of the new service line was based on a third quarter launch to test the equipment, prove operational performance in the industry and initiate the Company's market penetration strategy. This process was delayed until the fourth quarter and has also unfortunately had a negative effect on 2007 first quarter operating results to a certain extent.

During the last quarter of 2006 the Company made the decision to retain experienced cementing personnel for what was expected to be moderately brisk activity levels during the first quarter of 2007. That, combined with delays in equipment deliveries and low activity, created lower than anticipated operating results for this division.

United States Based Operations ($ thousands except per job amounts)

Three months ended December 31,	**2006 (unaudited)**	2005 (unaudited)	**Quarter over Quarter Change**	
			$ or Job (s)	**%**
Revenue	**$3,630**	-	$3,630	100%
Operating	**1,209**	-	1,209	100%
Field profit	**2,421**	-	2,421	100%
Number of Jobs	**174**	-	174	100%
Revenue per Job	**20,862**	-	20,862	100%

United States based activities and results were positive during the fourth quarter. Project work on gas storage facilities started in July 2006 continued during the quarter and accounted for the majority of the revenue during the period. Operating expenses remain favourable relative to Canadian based operations with lower labour costs as the overriding difference between the two operations. Operating margins continue to meet internal expectations for the Northeastern US based operations.

General and Administrative ($ thousands except for activity based amounts)

Three months ended December 31,	**2006 (unaudited)**	2005 (unaudited)	**Quarter over Quarter Change**	
			$ or Job (s)	**%**
Expense	**$3,379**	$1,024	$2,355	230%
Operating Activity[1]	**956**	584	372	63%
Average G&A expense per operating activity	**$3,530**	$1,753	$1,777	100%

1 – Operating Activity is comprised of the total number of operating days or jobs generated during the quarter.

General and administrative expenses consist primarily of fixed expenses relating to staffing and shared corporate services. During the quarter average staff levels within the general and administration group grew by 34 to a total of 51. The increase in staff levels was principally driven by the addition of laboratory and technical services to support the well stimulation and cementing divisions. In addition, with an expanded fleet of equipment the Company's service personnel levels also increased quarter over quarter. Other costs such as legal and insurance costs have increased in conjunction with expanding the business.

Amortization, Stock Compensation and Interest Expense

The Company saw its amortization expense increase by $1.5 million or 339% quarter over quarter. The large rise in amortization expense is directly attributed to the Company having a larger asset base which

increased by $82.1 million or 328% between periods. Stock compensation expense saw a modest increase of $51,000 or 31%, as options were issued between periods to secure personnel to handle the 2006 business expansion, which was offset by stock compensation expense reversal from non-vested, forfeited options. Interest expense rose as the Company made use of a $40.0 million line of credit to complete the 2006 business expansion.

Other

Additional information can be found on SEDAR at www.sedar.com or the Company web site at www.leaderenergy.com. The number of common shares issued and outstanding at the date hereof was 39,794,046 which does not include 3,712,792 unexercised stock options.

President's Letter to Shareholders

The growth in assets and equipment that Leader achieved in 2006 was muted by an abrupt decline in fourth-quarter activities. This, in combination with equipment delivery delays earlier in the year and a highly competitive employment environment, resulted in disappointing full-year financial results. The unfortunate consequence of these challenges was a marked decline in Leader's market value over the year. Leader was by no means alone in experiencing these challenges, with the majority of participants in the oil and natural gas services sector experiencing reduced activity, utilization and financial performance later in the year.

The finish to the year, though disappointing, should be seen in context. Over the past two years Leader grew its asset base by more than 700 percent. Our growth was spurred by a growing base of active customers. In response to demand Leader dramatically expanded its purpose-built equipment fleet to more than 110 field units by the end of 2006. We more than doubled our pumping and coiled tubing capacity, and grew our cementing services from zero capacity existing 2005 to 22 units in 2006. During this two-year period Leader's base of customers grew by 50 percent, and its operations expanded geographically into important U.S. supply areas. Revenue increased from $18.5 million in 2005 to $40.4 million in 2006, and EBITDA decreased from $3.8 million in 2005 to $3.0 million in 2006.

After two years of record operating activities, the Canadian oilfield services sector slowed down at the end of 2006. After a strong first half, concerns over natural gas storage levels and the decline in natural gas prices caused exploration and production companies to curtail field activities and revisit their capital expenditures, especially for natural gas-related activities. Leader is levered to the natural gas industry, with approximately 70 percent of Canadian services associated with natural gas wells, while the United States business is weighted towards the natural gas storage business. Adding to the sudden operating uncertainty was the October 31 announcement by the federal Minister of Finance on the future taxation of income trusts. Since that time, there have been additional policy announcements that have caused further uncertainty in the energy industry.

Leader's outlook for the longer term remains positive. North America's energy fundamentals are suggestive of basic supply scarcity, which should encourage higher pricing and field activities. Although first-quarter 2007 domestic drilling activities have dropped significantly, many industry experts expect the current downturn will end by 2008. This outlook is based on the continued tightening of North American natural gas supply, driven chiefly by accelerating reservoir decline rates, coupled with steady to slightly growing demand.

Leader's strategic growth plan is founded on the belief that long-term natural gas deliverability from the Western Canada Sedimentary Basin (WCSB) will continue to be challenged. High rates of drilling will be required on a sustained, year-over-year basis merely to maintain the WCSB's overall volumes. Any decline in drilling rates will soon be felt in reduced deliverability. Exploration and production companies are faced with rapid declines in the one-year productivity of new natural gas wells (industry estimates range from 20 percent per year in the United States to 30 percent per year in Canada). Average reserve additions and initial production rates from new wells in the WCSB are shrinking.

As such, new wells require more services such as stimulation. And, notwithstanding the current slowdown, more new wells are required to maintain overall deliverability. With demand for natural gas

continuing to increase, Leader's customers should continue to favour modern and efficient equipment to drill their wells in order to maximize drilling success rates and the productivity of producing wells. Leader's fleet is comprised of some of the most modern equipment in the WCSB.

The near-term outlook for activity levels in Canada is unclear and will depend largely on natural gas price movements, 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 indeterminate, to be relatively short-lived. Explorers and producers cannot allow reserves and cash flows to dwindle for protracted periods. In the meantime, the growing inventory of producing wells should lift demand for Leader's well stimulation services. During cyclical downturns, 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 part of the market, with half of our activities focused on servicing producing wells. And rates of new well drilling in western Canada, even in the midst of the current downturn, remain high by any historical standard except that of the last two years.

Response to 2006 Financial and Operating Performance and Outlook

Leader's key focus during 2007 will be on achieving operational efficiencies in order to maximize corporate profitability. Leader has undertaken the following initiatives:

- Reducing internal costs, with key measures including a 30 percent reduction in Canadian field staff numbers effective March 31, 2007;
- Redeploying underutilized equipment to Leader's U.S. operations;
- Restructuring debt facilities; and
- Significantly reducing the year's capital expenditures.

Towards year-end 2006 Leader drafted a plan to reduce general and administrative expenditures. Variable expenses were analyzed to determine where efficiencies could be realized in the Canadian operations. A combination of reduced Canadian field staff levels and overhead reductions are expected to reduce 2007 general and administrative expenses by approximately $3 million, which should add substantially to EBITDA.

Certain recently underutilized well stimulation equipment will be redeployed to Michigan, West Virginia and Wyoming in the next 30 days. The equipment will include four coiled tubing units and four nitrogen pumping units, along with additional equipment to follow. This equipment will serve an expanding revenue base where demand for oil and natural gas well services remains more robust. Certain qualified staff from the Canadian operation will work with our expanding base of local employees in the United States. Sufficient highly experienced field staff and equipment will remain in Canada to meet forecast demand. It is anticipated that Canadian staff levels can be increased quickly as activity levels recover.

At the end of 2006 Leader had drawn close to the maximum of its $40 million authorized operating line of credit and had a working capital deficiency of approximately $14.7 million. Subsequent to year-end, the Company completed a $15 million convertible debenture financing and finalized a sale/leaseback transaction for its Canadian operating facilities that generated gross proceeds of $19.6 million. On March 31 Leader will decrease its revolving facility with HSBC Bank Canada from $32.5 million to $25 million and will repay its $7.5 million demand non-revolving loan. At the end of March 2007, the Company will have drawn approximately $16 million of its $25 million authorized operating line.

Leader believes its balance sheet is sufficiently strong to ensure its long-term viability in the face of the current operating uncertainty. The Company holds a long-term position of strength with the significant capital that it has invested in its asset base over the previous two years. This asset base was valued at approximately $131 million at year-end 2006. In 2007 we can make a full-year's use of the new equipment that we commissioned over the past 18 months. The size of our equipment fleet and asset base allows us to curtail 2007 capital expenditures without hampering our operating capabilities. This capital discipline will help Leader safeguard its balance sheet in 2007. The new debenture financing and the sale/leaseback strengthen Leader and position it to compete successfully in a more challenging and uncertain operating environment.

Continuing to focus on internal efficiencies will help to improve operating margins and maximize EBITDA during the immediate period of constrained revenue. The U.S. market continues to be robust and is far less seasonal than Canada, in particular avoiding the normal second-quarter downturn associated with spring break-up. Leader's operating diversity, with three operating centres in Alberta and another three in separate producing regions of the U.S., reduces our exposure to any single market segment.

Although we do not issue specific guidance, Leader in 2007 anticipates substantial overall revenue growth. This is anticipated to come from the growth opportunities we see in our U.S. operations as well as increased Canadian activity levels that we believe should resume later in the year. Increased revenues coupled with tight cost control should also enable us to improve operating margins beginning later in the year.

Our success is determined by our customers and employees. We make the effort to earn and keep the confidence of all our customers, and always seek innovative solutions to serve them better. This extends from our senior management team throughout our organization: people, service and innovation are our cornerstones. I would like to take this opportunity to express my sincere gratitude to our employees, customers, directors, and investors for their support during a very challenging year. We look forward to a stronger year ahead.

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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