



LEADER ENERGY SERVICES ANNOUNCES FIRST QUARTER RESULTS

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May 28, 2007, Calgary, Alberta (TSX Venture: LEE) – Leader Energy Services Ltd. ("Leader" or the "Company") today announced financial and operating performance for the three-month period ended March 31, 2007.

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

Quarters ended March 31,	2007	2006	\$ Change	% Change
Revenue	\$11,759	\$11,246	\$ 513	5%
Operating	11,161	5,264	5,897	112%
General and Administrative	2,227	1,392	835	60%
EBITDAS*	(1,629)	4,590	(6,219)	(235%)
Amortization	2,353	564	1,789	417%
Stock Compensation	300	237	63	27%
Interest	1,055	42	983	2,340%
Other	(15)	(81)	66	81%
Net (Loss) Income before Tax	(5,322)	3,828	(9,150)	(239%)
Provision for tax expense (recovery)	(1,728)	1,384	(3,112)	(224%)
Net (Loss) / Income	(3,594)	2,444	(6,038)	(247%)

* 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.

Overview

During the first quarter of 2007, demand for Leader's services in western Canada was disappointing in contrast with the first quarter of 2006. The downward trend in natural gas prices since mid-2006 led to lower customer cash flows and consequential reductions and delays in planned 2007 capital expenditures. In combination with higher levels of industry capacity, Leader experienced a decline in utilization of its services during what is traditionally the most active quarter in Canada. Licensing for new natural gas wells in the WCSB was approximately 40% lower during the first quarter of 2007 than the comparative period of 2006. The Canadian Association of Oilwell Drilling Contractors is forecasting a decline of approximately 26% in the total number of wells drilled in Canada for 2007. Although the reduction in drilling and persistent high gas reservoir decline rates is resolving the issue of high natural gas storage levels, management believes it unlikely that any significant improvement in industry conditions will occur until late 2007 or possibly early 2008.

As a result, significant decisions were made by management and the board of directors which include the redeployment of approximately 30% of the well stimulation fleet to the Company's US operations, and a reduction of 30% of Canadian field staff levels at the end of the first quarter. The reduction of Canadian staff levels has allowed the Company to conserve costs of at least \$300,000 per month. The Company's capital program will be monitored throughout 2007 to determine if additional opportunities arising in the

United States may necessitate additional equipment. All strategic and financial efforts have been made to improve EBITDA in anticipation of improving market conditions.

Management believes the recent decrease in demand for well stimulation and cementing services in Canada is short-lived, as explorers and producers cannot allow reserves and cash flows to dwindle for prolonged 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 segment of the market, with half of its activities focused on servicing producing wells.

While second quarter revenue has thus far proven disappointing, management will continue to focus on internal efficiencies to improve operating margins and maximize EBITDA during this immediate period of constrained revenue. Although off to a slow start this year, the Company's United States market is expected to provide strong results over the balance of 2007.

Results of Operations

Canadian Operations

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

Quarters ended March 31,	2007	2006	\$ Change	% Change
Revenue	\$ 7,113	\$ 11,246	\$ (4,133)	(37%)
Operating	5,640	5,264	376	7%
Field profit	1,473	5,982	(4,509)	(75%)
Number of operating days	633	964	(331)	(34%)
Average revenue per day	11,236	11,666	(430)	(4%)

* 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 decreased by \$4.1 million or 37% over the comparable quarter from \$11.2 million. After a relatively slow start to the first quarter following the winter season, activity levels were respectable. However this was mitigated by the early arrival of spring break up. The percentage increase quarter over quarter in operating expenses was much greater than the increase in operating revenue, and therefore operating expenses as a percentage of revenue increased by 33% in 2007 as compared to 2006. The rise in the operating expense as a percentage of revenue is primarily attributed to staff levels that were high in anticipation of a level of demand for services that did not materialize. Increased facilities costs related to housing and servicing the Company's existing fleet of equipment were also incurred.

Due to the slow down in activity commencing in the second half of 2006 and which persisted through the first quarter of 2007, the Company was not able to fully utilize assets acquired during its 2006 capital expansion. Average revenue per day decreased by 4% quarter over quarter as a result of downward pressure on prices due to an increasingly competitive industry, and less mid-range coil tubing work available during the period which generally contributes high revenues per day.

Operating costs totaled \$5.6 million during the first quarter of 2007 versus \$5.3 million during the first quarter of 2006. The reasons for this variance have been discussed above.

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

Quarters ended March 31,	2007	2006	\$ Change	% Change
Revenue	\$ 4,151	N/A	\$ 4,151	100%
Operating	4,364	N/A	4,364	100%

Field profit*	(213)	N/A	(213)	100%
Number of jobs	488	N/A	488	100%
Average revenue per job	8,506	N/A	8,506	100%

During the fourth 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 labor pool and disappointing drilling activity created lower than anticipated 2007 first quarter operating results for this division. Field staff levels have been temporarily reduced by 40% heading into the second quarter of 2007. The Company anticipates that the second half of the 2007 year will provide improving utilization levels.

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

Quarters ended March 31,	2007	2006	\$ Change	% Change
Revenue	489	N/A	489	100%
Operating	1,156	N/A	1,156	100%
Field profit*	(667)	N/A	(667)	100%

The Company's United States based operations were initiated with the acquisition of Cementrite, Inc. on June 14, 2006. Revenue for this division did not meet forecasted results as activity was sluggish due primarily to inclement weather conditions encountered in March. Consequently, operating margins did not meet internal expectations as project work on gas storage facilities was slower to resume following the end of the seasonal drawdown of natural gas storage. Operating expenses remain favorable compared to Canadian based operations predominantly due to lower labor costs. Field working conditions are also more favorable in the United States due to less rugged terrain and more favorable weather conditions which reduces equipment maintenance costs.

Subsequent to acquiring Cementrite, Inc. the Company has been able to significantly expand its business opportunities both within and outside the state of Michigan. Leased operations centers are being established in West Virginia and Wyoming which will service various areas in the United States. Leader has secured planned program revenue in excess of \$17 million USD for the balance of 2007, exclusive of spot market services.

Amortization, Stock Compensation and Interest Expense

The Company's amortization expense increased by \$1.8 million or 323% in the first quarter of 2007 over 2006 as property and equipment increased by \$77 million, or 335% between periods. Stock compensation expense increased by \$0.1 million or 27% due to the issuance of additional stock options to an increasing employee pool between periods. Interest expense rose to \$1.0 million as the Company made use of additional credit facilities, completed an unsecured debenture financing, and a sale leaseback transaction.

Income Taxes

Due to the Company reporting losses in the 2007 first quarter, the Company recorded a tax recovery of \$1.7 million. The future tax component of the tax amount 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

During the first quarter of 2007 the balance sheet was significantly strengthened in an effort to ensure the Company's long-term viability given the uncertain operating conditions that existed. During the quarter the Company completed 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. On March 31, 2007, the Company decreased its revolving facility with its bank from \$32.5 million to \$25 million and repaid its \$7.5 million demand non-revolving loan. At the end of March

31, 2007, the Company had drawn approximately \$15 million of its \$25.0 million operating line and had a working capital deficit of \$0.6 million, relative to a working capital deficiency of \$17.2 million at December 31, 2006.

Investing Activities

Total assets for the quarter increased by \$2.0 million from December 31, 2006. The majority of the increase in assets is attributable to capital asset purchases.

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

	Q1 2007	Q4 2006	Q3 2006	Q2 2006
Revenue	\$11,759	\$ 12,441	\$ 11,837	\$ 4,895
Income (loss) before income taxes	(5,322)	(4,604)	(492)	(2,277)
- per share basic	(0.13)	(0.11)	(0.01)	(0.07)
- per share diluted	(0.13)	(0.11)	(0.01)	(0.07)
Net Income (loss)	(3,594)	(3,422)	(487)	(1,600)
- per share basic	(0.09)	(0.09)	(0.01)	(0.05)
- per share diluted	(0.09)	(0.09)	(0.01)	(0.05)

	Q1 2006	Q4 2005	Q3 2005	Q2 2005
Revenue	\$ 11,246	\$6,618	\$3,819	\$1,845
Income (loss) before income taxes	3,828	1,044	244	(1,430)
- per share basic	0.12	0.02	0.01	(0.07)
- per share diluted	0.11	0.02	0.01	(0.07)
Net Income (loss)	2,444	732	187	(1,181)
- per share basic	0.08	0.02	0.00	(0.06)
- per share diluted	0.07	0.02	0.00	(0.06)

Outlook

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 unpredictable, to be relatively short-lived as 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 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 any historical standard except that of the last two years.

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 United States operations;
- Restructuring debt facilities; and
- Closely monitoring the year's capital expenditures.

Towards the year ended December 31, 2006 Leader drafted a plan to reduce operating and general and administrative expenditures. 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 operating and general and administrative expenses by approximately \$3 million.

Certain underutilized well stimulation equipment has been redeployed to Michigan, West Virginia and Wyoming. This equipment will serve to expand the Company's revenue base where demand for oil and natural gas well services is presently more robust. Certain qualified staff from the Canadian operation are working with our expanding base of local employees in the United States. Sufficient highly experienced field staff and equipment remain in Canada to meet forecast demand. It is anticipated that Canadian staff levels can be increased quickly as activity levels recover.

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. In 2007 it is anticipated that the Company will more fully utilize the new equipment commissioned over the past 18 months.

Continuing to focus on internal efficiencies will help improve operating margins and maximize EBITDA during the immediate period of constrained revenue. The United States market is anticipated to be robust over the balance of 2007. Leader's operating diversity, with three operating centers in Alberta and another three 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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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this news release.