



LEADER ENERGY SERVICES ANNOUNCES SECOND QUARTER RESULTS

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August 18, 2008, 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, 2008.

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

Quarter ended,	June 30, 2008	June 30, 2007	\$ Change	% Change
Revenue – continuing operations	\$1,714	\$1,995	(281)	(14)
Operating expenses – continuing operations	2,831	5,007	(2,176)	(43)
G&A – continuing operations	828	1,679	(851)	(51)
EBITDAS from continuing operations*	(1,945)	(4,691)	2,746	59
Amortization – continuing operations	1,382	2,063	(681)	(33)
Stock Compensation – continuing operations	125	262	(137)	(52)
Interest – continuing operations	2,927	1,320	1,607	122
Other – continuing operations	143	(62)	205	331
Net loss before tax – continuing operations	(6,522)	(8,274)	1,752	21
Provision for tax expense– continuing operations	-	209	(209)	(100)
Net loss – continuing operations	(6,522)	(8,483)	1,961	23
Net income – discontinued operations	118	165	(47)	(28)
Net loss	(6,404)	(8,318)	1,914	23

Six months ended,	June 30, 2008	June 30, 2007	\$ Change	% Change
Revenue – continuing operations	\$7,619	\$13,265	(5,646)	(43)
Operating expenses – continuing operations	6,700	15,014	(8,314)	(55)
G&A – continuing operations	2,225	3,491	(1,266)	(36)
EBITDAS from continuing operations*	(1,306)	(5,240)	3,934	75
Amortization – continuing operations	2,766	3,971	(1,205)	(30)
Stock Compensation – continuing operations	387	562	(175)	(31)
Interest – continuing operations	5,563	2,375	3,188	134
Other – continuing operations	243	(70)	313	447
Net (loss) income before Tax – continuing operations	(10,265)	(12,078)	1,813	(15)
Provision for tax expense (recovery) – continuing operations	-	(916)	916	100
Net loss – continuing operations	(10,265)	(11,162)	897	8
Net income (loss) discontinued operation	14	(750)	764	102
Net loss	(10,251)	(11,912)	1,661	14

* 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

Headquartered out of Calgary, Alberta, Leader Energy Services Ltd.'s ("Leader" or the "Company") operations are managed from its operations based in Grande Prairie, Alberta. From this base the Company offers well stimulation services across the Western Canadian Sedimentary Basin.

Despite strong commodity prices during the first half of the year, industry activity levels were slightly slower than 2007. Wet weather affected several regions of the Western Canadian Sedimentary Basin (WCSB) during the second quarter. Petroleum explorers continued to shift drilling activity out of Alberta to other regions of the WCSB due to unfavorable economic implications associated with the changes to the royalty system in Alberta. Over the past 18 months the price of natural gas was below a threshold whereby it was economical to drill certain wells. With optimism returning for a sustained increase in the price of natural gas, this situation is expected to reverse over the next few quarters, benefiting the service industry.

Although the Company experienced a 14% decrease in total revenue to \$1.7 million for the second quarter of 2008 relative to the same period last year, Leader achieved a 59% improvement in EBITDAS from continuing operations to \$(1.9) million. The \$2.7 million improvement in EBITDAS was as a result of the divestiture of Canadian cementing operations which had resulted in a significant depletion of financial resources, stable revenue per job performed in Canada, and efficiencies realized in operational and general and administrative expenses. The loss before income taxes showed an improvement of 8% to (\$10.3) million. Interest expense increased 122%, or \$1.6 million, for the comparative 2007 quarter with the Company continuing to actively work towards reducing this expense.

On July 22, 2008, subsequent to the end of the 2008 second quarter, the Company completed a transaction with Key Energy Pressure Pumping Services, LLC, a wholly-owned subsidiary of Key Energy Services, Inc. ("Key"), whereby the Company's operating assets in the United States were sold to Key. Completion of this transaction enabled the Company to repay its secured demand credit facility in its entirety. The Company has retained its accounts receivable factoring facility with its secured asset lender and intends to identify and secure a lower cost credit facility in the near future.

Liquidity and Capital Resources

During the second quarter of 2008, the Company continued to operate within the terms and conditions of its asset secured lending facility, which was entered into during the fourth quarter of 2007. As at June 30, 2008, the Company had drawn approximately \$23.7 million of its \$25.5 million facility, and had a working capital surplus of \$8.5 million due to the classification of certain assets held for sale as current. This \$8.5 million surplus is relative to a working capital deficiency of \$21.3 million at December 31, 2007 due to this factor.

During the second quarter of 2008, the Company entered into a factoring facility with its asset secured credit facility lender. The facility has a limit of \$8,500,000, and is to be secured by related accounts receivables. The Company also amended its credit facility, such that the outstanding amounts of the asset secured demand credit facility and the factoring facility combined could not exceed \$25,500,000.

The Company's financial statements for the period ended June 30, 2008 have been prepared on a going concern basis which contemplates the realization of assets and settlement of liabilities in the normal course of operations. As such, no adjustments have been made to the carrying values or classification of assets and liabilities that may be necessary if the Company is unable to continue as a going concern. The Company reported a net loss of \$10,251,000 for the period ended June 30, 2008, and had negative cash flow from operating activities for the same period of \$4,323,000. The ability of the Company to refinance or extend the maturity of its credit facility and generate positive cash flows is necessary for the Company to continue its operations.

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has retained its accounts receivable factoring facility with its secured asset lender and intends to identify and secure a lower cost credit facility in the near future. Certain taxes will be payable as a result of this transaction. The amount of taxes payable will be determined after completion of a purchase price allocation review currently being undertaken by Key, Key's advisors, and the Company.

During August 2008, the Company was released from its sale-leaseback commitment with respect to its Red Deer, Alberta, facility. The lease was to run through December 31, 2026 with annual base rent payments of approximately \$864,000 escalating to higher base rent levels in years 6, 11 and 16 of the lease, plus additional facility costs for items such as utilities, insurance and taxes. The retirement of the related capital leases, less closing costs, approximates the net book value of the capital assets, and therefore no gain or loss has been recorded due to this transaction. Savings resulting from the elimination of base and additional rent costs for the Red Deer facility will be used for general working capital purposes.

Outlook

With the reduction of Leader's debt levels subsequent to the end of the second quarter, the Company's financial condition has stabilized and its outlook has become more optimistic. Leader has been fortunate to retain a loyal client base and high-calibre field and office staff during its financial restructuring.

Analysts maintain a bullish outlook for oil and natural gas prices for the next few years, providing a solid foundation for higher industry activity levels. Tempering this optimism are recent concerns around the prospects of global economic recessions and its consequential effect on overall demand for energy supplies, and the ongoing impact of the new royalty regime implemented by the Alberta government.

Leader is confident in its operational abilities and in the long-term outlook for our industry. Leader's future success is contingent upon continued effective execution at the field level and achieving positive operational cashflows.

Leader Energy Services Ltd. provides well stimulation services in western Canada. 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.