



LEADER ENERGY SERVICES ANNOUNCES 2008 FINANCIAL RESULTS

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April 2, 2009, 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, 2008.

Selected Annual Information and Results of Operations

(000's except per share amounts)

	2008	2007
Revenue – continuing operations	\$ 17,400	\$ 24,563
Net (Loss) – continuing operations	(15,560)	(48,215)
Net Income (Loss) – discontinued operations	1,938	(5,612)
Earnings (loss) per Share (basic and diluted) – continuing operations	(0.39)	(1.21)
Earnings (loss) per Share (basic and diluted) – discontinued operations	0.05	(0.14)
Cash flow from operations – continuing operations ⁽¹⁾	(7,411)	(14,940)
Cash flow from operations – discontinued operations ⁽¹⁾	2,763	772
Operating Cash flow per share (basic & diluted) – continuing operations	(0.19)	(0.38)
Operating Cash flow per share (basic & diluted) – discontinued operations	0.07	0.02
Total Assets	33,178	80,901
Long Term Debt ⁽²⁾	24,124	55,919
Shareholders Equity / (Deficit)	3,312	16,388

- (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 assets secured credit facility, current portion of long term debt and capital leases.

Overview

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

Although commodity prices were relatively strong during the first half of the year, industry activity levels continued to decline as commodity prices softened during the latter half of the year. Adding to the negative impact of softening commodity prices, petroleum explorers continued to relocate 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. Further exacerbating the level of drilling activity in Alberta and the rest of the WCSB was the price of natural gas which was, at various times over the past 18 – 24 months, lower than required in order for drilling of wells to be economically viable.

During the fourth quarter of 2008 revenues were below forecast due to depressed demand for well stimulation services in the WCSB as a result of persistent low natural gas prices, an oversupply of equipment and a negative response to the upcoming implementation of the Alberta Provincial government's Royalty Program.

On July 22, 2008, 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 Energy. Completion of this transaction enabled the Company to repay its secured demand credit facility in its entirety. See discussion under Discontinued Operations and Liquidity and Capital Resources for further discussion of the transaction with Key.

Leader ceased operation of its Canadian cementing division during the fourth quarter of 2007. Operations associated with Leader's well stimulation services in the WCSB were not affected by the shutdown of the Canadian cementing division. The Company's Canadian operations were consolidated into one location in Grande Prairie, Alberta during the fourth quarter of 2007.

Leader also completed the sale of various Canadian assets during the fourth quarter of 2007 and in 2008. Proceeds from these asset dispositions were used to reduce the Company's outstanding indebtedness at that time and for general working capital purposes.

The Company has not yet secured a credit facility to replace the facility which was paid out using the proceeds from the Key transaction. Based on the Company's internal operating and cash forecast, if the assumptions in the forecast hold true, access to additional financing does not appear to be necessary. However, given the uncertainty present in the current economic climate (see discussion under Financial Instruments and Business Risks) the Company will continue to pursue possible credit facility opportunities and hopes to secure a credit facility in the near future.

The Company had a net loss in 2008 and had negative cash flow from its operating activities. In order to reduce operating debt levels, the Company sold substantially all of the assets employed in its United States operations, allowing the Company to pay down its asset-secured credit facility (see Note 17 to the financial statements). Further, management has taken active steps to reduce recurring administrative and operational overhead costs, to sell underutilized assets, and to realign the Canadian operations. The Company is projecting to achieve positive cash flows from operating activities in 2009 and to sustain the business for the foreseeable future.

While management believes that its estimates have been reasonable in the circumstances, the global credit market crisis, the volatility in the price of oil and natural gas, the recession in Canada and the slowdown of economic growth in the rest of the world has created a substantially more volatile business environment. These conditions will limit certain of the Company's previously planned business activities and it will continue to provide risk for the Company's future. To prepare the consolidated financial statements, management has recorded adjustments and included disclosures based on their best estimates of projected business activity and future cash flows.

Management's best estimate of expected future revenues, costs of operations and cash flows are subject to measurement uncertainty.

Results of Continuing Operations

Well Stimulation Services (000's)

Years ended December 31,	2008	2007	Year over Year \$ Change	Year over Year % Change
Revenue	\$17,400	\$16,676	724	4%
Operating Expenses	13,229	15,518	(2,289)	(15)%
Field profit*	\$4,171	\$1,158	3,013	260%

- * 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.

Revenues in the Canadian well stimulation division experienced a slight increase in 2008 with revenues for the current year being 4% higher than in 2007. In 2008 as in 2007 the Company continued to experience historically low well stimulation activity levels due to decreased drilling activity levels. As a result of the low drilling activities in both years, revenues in 2008 were similar to that experienced in 2007.

Operating costs totaled \$13.2 million during 2008 versus \$15.5 million during 2007. Operating costs declined in 2008 with the Company focusing its operational efforts out of one facility located in Grande Prairie, Alberta, and with the achievement of operational efficiencies during the year. These efficiencies were accomplished by focusing field activities on higher margin work, and through better management of both expenses associated with operations and the Company's labour resources.

General & Administrative Expenses – continuing operations

(000's)

Years ended December 31,	2008	2007	Year over Year \$ Change	Year over Year % Change
General & Administrative	\$4,182	\$6,838	(2,656)	(39)%

General and administrative expenses consist primarily of costs relating to corporate office overhead, managerial level staffing and shared corporate services. During the year, general and administrative expenses declined by 39% when compared to 2007 due to the Company focusing its operational efforts out of one location, reducing corporate office costs in 2008 and eliminating costs and expenses related to cementing operations which were discontinued in November 2007.

Amortization, Stock Compensation and Interest Expense – continuing operations

Amortization expense decreased by \$4.0 million or 51% in 2008 in comparison to 2007 due to a substantial decrease in the Company's investment in property and equipment. This decrease occurred due to amortization being recorded on a lower asset base in 2008 with the disposition of the Company's operations in the United States (see discussion under Discontinued Operations), recording the impairment of certain assets (see discussion under Impairment of Assets Held for Sale, Goodwill and Pre-Operating Costs) and the disposition of the cementing division (see discussion under Results of Continuing Operations Cementing Services).

Stock compensation expense decreased by \$0.9 million or 91% due to the forfeiture and cancellation of stock options during the period. These forfeitures and cancellations resulted from a general reduction in staff levels, reduction in staff levels specifically related to the closure of the Company's Canadian cementing division and employees voluntarily cancelling existing options.

Interest expense rose substantially in 2008 as compared to 2007 as the Company made use of a high interest rate credit facility throughout the 2008 year until this facility was paid off in its entirety in July 2008 from proceeds obtained as a result of the sale of the Company's operations based in the United States (see discussion under Discontinued Operations and Liquidity and Capital Resources).

Discontinued Operations (000's)

Years ended December 31,	2008	2007	Year over Year \$ Change	Year over Year % Change
Revenue	\$11,471	\$10,321	1,150	11%
Operating	7,152	8,162	(1,010)	(12)%
Field profit(loss) *	4,319	2,159	2,160	100%

- * See comment regarding Field profit(loss) under Results from Discontinued Operations, Well Stimulation Services, in this Management's Discussion and Analysis

On July 22, 2008, Key Energy Pressure Pumping Services, LLC, a wholly-owned subsidiary of Key Energy Services, Inc. ("Key") purchased the assets, properties and rights of Leader's coiled tubing, cementing, and acidizing services involved in the Company's United States operations. Key paid cash consideration of approximately US\$34,600,000, less a US\$1,500,000 hold back and \$710,000 for inventory items. \$2,390,000 in additional estimated sales tax and closing costs were paid or payable as a result of the transaction. Additional proceeds of US\$1.45 million are anticipated to be received in 2009 as a result of further sales of the Company's United States assets to Key. Proceeds from the transaction with Key were used to pay out the Company's current credit facility debt (see Note 8 in financial statements), pay out all vehicle lease obligations, fund working capital requirements and create a small capital expenditure budget to increase the Company's fleet of nitrogen and coiled tubing equipment in the WCSB. Net proceeds are based on management's best estimates, and as such, are subject to measurement uncertainty.

Impairment of Assets

During 2008 the Company recorded a write down of \$116,000 in continuing operations with respect to an intangible asset, licenses, due to the disposal of assets to which these licenses applied. An impairment of \$1.7 million was also recorded in 2008 continuing operations to adjust the carrying value of certain equipment to net realizable value. An impairment of \$655,000 was recorded in 2008 discontinued operations with respect to costs associated with assets that were disposed of in the Key transaction.

During the 2007 year, the Company realized impairment in the value of its property and equipment amounting to \$20.2 million in continuing operations in order to reflect the approximate net realizable value of these assets. In 2007, the Company recorded a write down in continuing operations for \$115,000 with respect to intangible assets, patents, to recognize impairment due to uncertainty of cash flow surrounding these patents and a write down of \$419,000 in continuing operations with respect to the value of pre-operating costs related to the start up of the Canadian cementing division, United States operations and development of an evaporation system to reflect the estimated net realizable value of these assets.

In 2007 discontinued operations there was an impairment recorded for the value of goodwill in the amount of \$6,766,000 due to uncertainty regarding future cash flows associated with this goodwill. An \$883,000 impairment in the value of an intangible, a customer list, was also recorded in 2007 discontinued operations in order to reflect the approximate net realizable value of this asset.

Liquidity and Capital Resources

At December 31, 2008 the Company held cash and cash equivalents of \$3.4 million and positive working capital of \$3.1 million. For the year ended December 31, 2008 cash flow from continuing operations before changes from non-cash working capital was negative \$7.4 million, an improvement of \$7.6 million from the previous year. Lower than expected activity levels in Canada combined with high interest charges on debt and capital leases in the amount of \$8.2 million prior to repayment of the secured demand credit facility debt on July 22, 2008 significantly impacted the Company's ability to generate positive cash flow from continuing operations during 2008.

On July 22, 2008 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. Certain taxes will be payable as a result of this transaction. These taxes have been estimated and recorded in the financial statements.

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 lease, 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. The Company is currently pursuing opportunities to sub lease or sell its Brooks, Alberta facility which is subject to a sale leaseback commitment similar to that which existed for the Red Deer, Alberta facility.

The Company has not yet secured a credit facility to replace the secured demand credit facility which was paid out using proceeds from the Key transaction. Based on the Company's internal operating and cash forecast, if the assumptions in the forecast hold true, access to additional financing does not appear to be necessary. However, given the uncertainty present in the current economic climate (see discussion under Overview and Financial Instruments and Business Risks) the Company will continue to pursue possible credit facility opportunities and will attempt to secure a credit facility in the near future.

Fourth Quarter Results (000's - unaudited):

Three months ended December 31,	2008 (unaudited)	2007 (unaudited)	\$ Change	% Change
Revenue – continuing operations	\$5,276	\$3,728	\$1,548	42%
Operating expenses – continuing operations	3,369	5,465	(2,096)	(38)%
G&A – continuing operations	816	1,650	(834)	(51)%
Provision for Bad Debts – continuing operations	159	92	67	73%
EBITDAS from continuing operations*	932	(3,480)	4,412	127%
Amortization – continuing operations	371	1,820	(1,449)	(80)%
Stock Compensation – continuing operations	(301)	134	(435)	(325)%
Asset write downs – Continuing operations	520	8,958	(7,178)	(80)%
Interest – continuing operations	771	1,892	(1,121)	(59)%
Other – continuing operations	571	(595)	1,166	196%
Net loss before tax – continuing operations	(1,000)	(15,689)	(13,429)	(86)%
Provision for tax expense– continuing operations	633	3,715	(3,082)	(83)%
Net loss – continuing operations	(1,633)	(19,404)	(16,511)	(85)%
Net income – discontinued operations	(651)	2,437	(1,828)	(75)%
Net loss	(2,284)	(16,967)	(14,683)	(87)%

* See comment regarding EBITDAS under Performance Summary in this Management's Discussion and Analysis

During the fourth quarter of 2008 revenue from continuing operations was 42% higher than in the fourth quarter of 2007 due to Leader experiencing higher activity levels and a greater volume of deep coil higher priced work in the fourth quarter of 2008. EBITDA for the fourth quarter of 2008 improved significantly in comparison to the corresponding period for 2007 with the 2008 fourth quarter benefiting from higher revenues and lower operating expenses as a result of staff reductions, the implementation of cost control measures and achieving operational cost efficiencies.

Amortization from continuing operations was lower in the 2008 fourth quarter due predominantly to the July 2008 disposal of all United States based assets which caused a significant decrease in amortization expense. The proceeds from this asset sale were used to completely pay off the Company's reduced demand credit facility thereby resulting in a significantly lower interest charge in the fourth quarter of 2008.

A significant difference in results from operations in the 2008 and 2007 fourth quarter was due to the write off of the Company's property and equipment in the fourth quarter of 2007 in the amount of \$8.9 million as compared to a much smaller \$520,000 write off in the corresponding quarter of 2008.

The net loss from operations in the fourth quarter of 2008 was \$2.3 million versus a net loss of \$17.0 million for the fourth quarter of 2007. The reasons for this variance are discussed above.

Outlook

Western Canadian oil and gas activity levels are expected to be dramatically lower in 2009 relative to the preceding year. The global financial crisis and resulting recession facing many industrialized and

developing economies have exacerbated the fall in commodity prices over the last few quarters. The fall in commodity prices has negatively affected the ability of the Company's customers to access equity markets and the cost and availability of debt facilities. While the long-term impact of the new royalty regime introduced by the Alberta government at the start of 2009 remains to be seen, recently announced short term royalty relief measures for new wells will hopefully provide positive impetus for improving activity levels starting April 1, 2009.

Although operational results for the beginning of the first quarter of 2009 were in line with management's expectations, the Company has taken measures to align its internal cost structures in anticipation of lower activity levels beginning in the second quarter of 2009. These measures include the minimization of capital expenditures, salary and wage reductions and a reduction in staffing numbers. Management will closely monitor internal and external factors in order to be able to react in a timely manner to changes in industry activity levels.

Leader's future success is contingent upon continued effective execution at the field level and achieving positive cash flow in the face of difficult industry conditions. See discussion above under Overview and Financial Instruments and Business Risks for a summary of certain factors influencing industry conditions.

Resignation of Director

Doug Cutts has resigned from the board of directors effective April 2 to pursue personal interests. The board would like to thank Doug for his dedication and leadership during his service as a director, and in particular during the particularly trying times over the past 18 months. The fact that Leader is now well positioned to weather the current economic headwinds is in no small part a result of Doug's efforts. Leader anticipates announcing additions to the board of directors shortly.

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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