



# Investor Presentation

Thomas M. Alford, President and CEO  
IROC Energy Services Corp.

March 2011

# Forward Looking Statement

- **Except for historical information, this “Power Point Presentation” contains forward-looking statements, which may not be based on historical fact.**
- **Such forward-looking statements involve known and unknown risks, uncertainties, and other factors which may cause actual results, events or developments to be materially different from the results, events, developments expressed or implied by such forward-looking statements.**
- **Such factors include, among other things, risks associated with the oil and gas industry generally, commodity prices, the ability to protect the Corporation's intellectual property, long-term capital requirements and IROC's stage of development.**
- **Each factor should be considered carefully and readers are cautioned not to place undue reliance on such forward-looking statements.**
- **IROC assumes no responsibility to update any of the forward looking statements made herein**



# IROC ENERGY SERVICES

## Corporate Overview



*...we're ready*

# Corporate Profile

- TSXV:ISC – 42.6 million shares outstanding
- Market Capitalization of \$70.2 million (February 22, 2011)
- Total Debt of ~\$18.9mm and Net Debt of ~\$9.7mm (December 31, 2010)
- Current banking facility of \$32.5mm expandable to \$52.5mm to accommodate acquisitions
- NCIB initiated and active
- Operating primarily in Western Canada with International exposure through our technology business
- IROC's Drilling and Production Services include:
  - 36 Well Servicing Rigs and equipment – **Eagle Well Servicing**
  - Oilfield Rental Services – **AERO Rental Services**
- IROC's Technology Services include:
  - Manufacture, distribution and installation of down hole pressure and temperature measurement tools – **Canada Tech**

# Well Positioned Operations

- Increasing utilization of existing service rig fleet
  - Oil based operations strong and getting stronger
  - Base of conventional wells continues to grow
  - Abandonment demands beginning to increase
  - Horizontal applications provide new opportunities
- Greater appetite for Canada Tech products and service
  - New high temperature products introduced to meet growing SAGD operations
  - Penetrating international markets with cost effective solutions
- Demand for wider range of rental equipment
  - Horizontal demands changes equipment requirements
  - Ample opportunities to deploy capital through acquisitions and internally generated growth



- Presently operating 36 newly built service rigs in Western Canada with most recent rigs deployed in Q1 2011
  - Operations centered in Red Deer, Lloydminster, Estevan and Grande Prairie
  - Growth opportunities remain as we strive to achieve optimum operating levels in each of our bases
  - First rigs built in late 2004 with controlled internal growth providing Eagle with the newest fleet of service rig equipment in the public markets
  - New replacement cost of assets ~ \$87mm
  - Three new builds in progress with delivery in Q2 and Q3 2011 including our first 250K hook load double
  - Represents 71.5% of revenues YTD with 2010 sales in excess of \$45mm
- Competitive Advantages
  - New equipment adapted to meet the changing needs of our customers in the WCSB
  - All 36 rigs crewed driving utilization percentage higher relative to our peers
  - Trained, competent field personnel for each of our rigs
  - Cost efficiencies achieved from new fleet
  - Utilization of new technology provide superior product for customer



- AERO Rental Services provides surface pressure control assets, tubulars, power swivels and handling equipment
- Represents ~12% of ISC revenues with 2010 sales in excess of ~\$7.5mm
- Replacement cost of assets ~ \$14mm
- Experienced team of pressure control professionals
- Based in Western Canada
- Quality Equipment Fleet with new or refurbished assets
- Recent acquisition of Trust Energy Services expands scope of our equipment inventory
- Internal growth potential is obvious as HZ and SAGD activity increases
- Currently dealing with increasing demand from drilling, servicing and coil tubing sectors



# Canada Tech

- A highly specialized technology company that develops, manufactures, distributes and installs a wide range of memory gauges and permanent monitoring systems for use in harsh operating environments around the world
- Continuing development of new products
- Focus on pushing limits of existing technology to set continuous monitoring as the standard in the industry
- Domestic and international expansion opportunities as demand for information increases
- ~52% of CT revenues outside of Canada in 2010
- Represents ~ 17% of total revenues in IROC
- Capital spending increasing as we exit downturn and technology is applied to mainstream applications

# Industry Overview

# Resource Plays – Game Changers

- Bakken, Lower Shaunavon, Cardium, Montney, Viking, Horn River have all emerged with technology advances
- Expensive wells – ISC beginning to participate to a larger degree with service rig and rental equipment
- Significant increase in HZ drilling and longer extensions as technology perfected – service rigs will play a big part on both the initial completion and ongoing maintenance
- Equipment adapting to meet demands
- Core production activity remains intact for our businesses but additional activity created with the application of horizontal technology in traditional areas

# Oil Activity Dominating

- Oil driven activity continues to be strong
- Oil wells drive service rig activity given product properties
- Introducing high temperature products for heavy oil applications through our Canada Tech division
- Rental demand emerging for wide range of equipment not provided by drilling and well servicing contractors
- Heavy oil differential continues to remain low
- Estimated 250,000 producing wells in WCSB
- Abandonment activity increasing with 100,000 wells estimated to be abandoned while we do currently reclaim approximately 5,000 per year

# Utilization and Pricing Trends

- Pricing has certainly bottomed with marginal increases implemented in Q4 2010 holding
- Increased utilization the basis for price movement and while industry utilization remains low – percentages of crewed rigs working is high
- Costs being incurred to recruit and retain personnel will be reflected in rates charged
- In excess of 75% of IROC revenues tied to Alberta based equipment – expect good comps in 2011
- Momentum building with solid Q3 and good Q4
- We are focused on growing revenues and EBITDA from existing levels through increased utilization and pricing

# Eagle Well Servicing 12 Month Trailing – Total Gross Margin and Utilization



	2009-Q1	2009-Q2	2009-Q3	2009-Q4	2010-Q1	2010-Q2	2010-Q3	2010-Q4 (Est.)
◆ Trailing 12 Gross Margin %	40%	39%	37%	34%	34%	33%	32%	32%
■ Trailing 12 Rig Utilization %	48.1%	45.3%	39.1%	38.1%	40.9%	42.4%	47.9%	52.6%
▲ Rig Utilization per Quarter	45.8%	26.5%	33.8%	48.5%	54.8%	32.5%	58.5%	65.6%

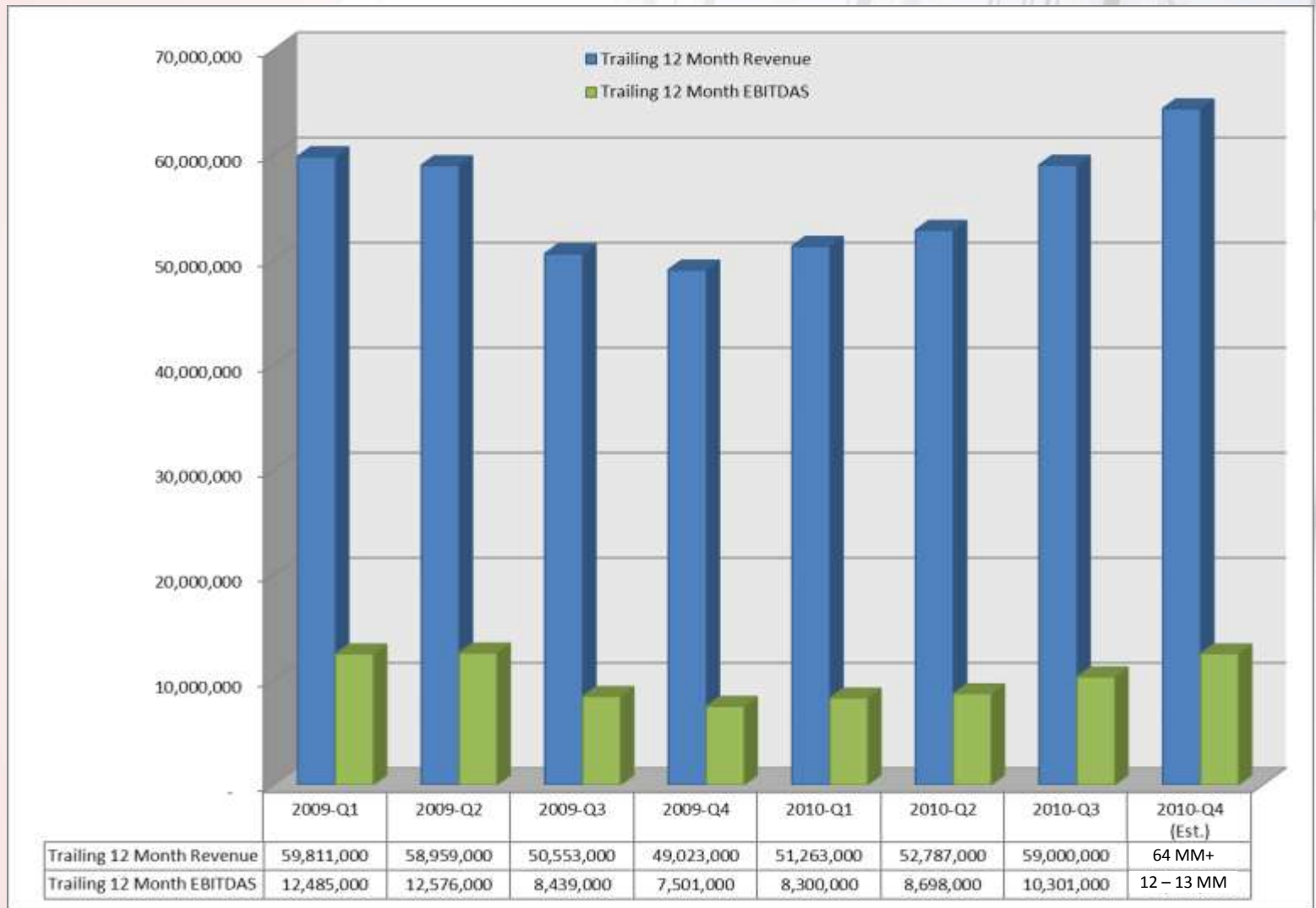


# IROC Energy Services



*...we're ready*

# Trailing 12 Months Revenue and EBITDAS



# Q4 Estimated Revenue

Revenue in \$ millions	YE Dec. 31, 2010 (Est.)	YE Dec. 31, 2009	Dec. 31, 2010 (Est.)	Dec. 31, 2009
Eagle Well Servicing	46.0	33.5	15.4	10.5
Aero Rental Services	7.6	4.8	3.1	1.5
Total Drilling & Production Services	53.6	38.3	18.5	12.0
Technology Services	10.7	10.8	2.3	3.4
<b>Total Revenue</b>	<b>64.4</b>	<b>49.0</b>	<b>20.8</b>	<b>15.5</b>

# 2011 Opportunity Emerges



- Horizontal drilling boom changes our business
- NG has not contributed to service rig activity but it will going forward
- Alberta “rights” the “wrongs” of the royalty structure
- Time to get running again...and we are

# IROC Moves Forward



- Adding service rig equipment to meet demand
- Grow our rental business to address HZ needs
- Further market penetration for new and existing CT products
- Desire to increase shareholder returns
- Reducing debt with excess cash flow

# IROC 2011

- “Crewed” equipment will in large part determine success in coming quarters – IROC fully crewed Q1 2011
- Little new capacity in service rig segment of WCSB
- Some improvement in pricing driven by increasing field costs and crew shortages
- Capital will be deployed to address demand for new equipment in our Aero Rental group as resource plays continue initial stages of development
- Continued improved performance expected in our technology group with lower cost base and higher revenues expected
- Momentum provided by increased activity will be exploited with a larger inventory of equipment available and therefore an ability to move revenues significantly higher

# Q1 2011 Update

- Eagle estimated utilization for 2011
  - January – 75%
  - February – 80%
- Aero remains strong and continues to grow
  - Increased horizontal and SAGD market
  - Fracturing and coil tubing
- Construction of three coiled tubing units with 2” capacity
  - Fully deployed and operational early in Q2 2011

# 2011 Capital Expenditure Budget

- Total Expenditure of \$ 8.4 mm during 2010
- Total Expenditure of \$17.2 mm during 2011
  - \$5.6mm for construction of 3 new service rigs in Eagle Well Servicing division delivered in May, June and July, utilizing in excess of \$1.4mm in new assets currently held in inventory. Total build cost of \$7.0mm
  - \$5mm for expansion of rental inventory assets in the Aero Rental division with majority expended during 1H2011
  - \$5.6mm for construction of 3 Coil Tubing units with 2” capacity. This will be our initial entrance into the coil tubing business. Expected delivery and field deployment to take place over the next 3 months
  - \$1mm for maintenance and infrastructure expenditures

# Why IROC Energy Services

- Experienced Management Team and Strong Board
- Newest equipment across all business lines
  - Ability to attract and retain competent crews will drive profitability in coming quarters
  - Technologically advanced products integrated into traditional business lines
- Have maintained cash flow to buy back stock, pay a dividend and reinvest through internally generated initiatives
- Disciplined growth will occur taking advantage of glaring opportunity in the short term
- Well positioned financially to take advantage of acquisition opportunities and seen as attractive merger partner
- Currently trading at a discounted EBITDA multiple, discount to book value and significant discount to replacement cost

# The Opportunity

- We believe that our current market valuation provides opportunity for investors based on the multiples in place, the discounted value of our assets and our position as a likely merger candidate.
- IROC Energy Services is looking to issue equity to take advantage of our operating environment and address the needs of our existing customer base
- Additional capital likely to be expended later during 2011 pointing to additional funding required later during the year
- Potential to increase liquidity by distributing some of the tightly held shareholdings



# IROC

**IROC Energy Services Corp.  
TSX Venture Exchange: ISC  
42.6 million Shares Outstanding  
\$70.2 million Market Cap. as of February 22, 2011**