

## **IROC SYSTEMS CORP. COMPLETES ACQUISITION OF TEN SERVICE RIGS FROM KEY ENERGY SERVICES, INC**

Calgary, AB/November 24, 2004/Tom Alford President, CEO and CFO of IROC Systems Corp. ("IROC" or the "Corporation") (TSX Venture Exchange: "ISC") announced that it has completed the purchase of ten (10) remanufactured Skytop well service rigs, with supporting equipment and inventory from Key Energy Services, Inc. ("Key") (NYSE: "KEG").

### **Summary of Transaction**

IROC has purchased eight (8) single and two (2) double re-manufactured Skytop Well Service Rigs (the "Service Rigs") and associated equipment, inventory and accessories from Key.

The purchase price for the Service Rigs was U.S. \$7,000,000.00 which amount was converted at an agreed exchange rate of 0.7634 (being the approximate exchange rate on July 22, 2004, the date the parties executed the definitive Asset Purchase Agreement with respect to the Service Rigs) to \$9,169,504.80 CDN, which amount will be paid by the way of the issuance to Key of 8,187,058 common shares of IROC (the "Consideration Shares"), at an ascribed price of \$1.12 per share on a pro rata basis upon the delivery of each Service Rig, pursuant to an agreed upon delivery schedule over the next three months.

While the Service Rigs will be built to meet Canadian rules and requirements for Service Rigs, the Service Rigs will initially be delivered to Care Industries Ltd. ("Care") in Red Deer, Alberta where the Service Rigs will be outfitted with certain auxiliary equipment. The cost of installation of the auxiliary equipment will be paid by IROC. It is anticipated that the outfitting to be performed by Care on each Service Rig will be completed in approximately sixty (60) days and then each Service Rig will be delivered to IROC for deployment.

Key will receive eight and one half (8.5%) percent (695,899) shares of the total Consideration Shares upon the delivery of each Service Rig to Care, and a further one and one half (1.5%) percent (122,806) of the total amount of Consideration Shares upon the delivery of each Service Rig to IROC for deployment.

Key has provided IROC with a warranty with respect to each Service Rig for a period of thirty (30) days from the date of deployment.

IROC will offer the Service Rigs to customers in Canada through its wholly owned subsidiary Eagle Well Servicing Corp.

### **Shareholders Agreement**

As part of the transaction IROC, Key and certain shareholders of the IROC, being 745545 Alberta Ltd., 357551 Alberta Ltd., Thomas M. Alford, Brian D. Neeland and Stuart C. Watson (herein collectively referred to as the "IROC Shareholders") entered into an agreement (the "Shareholders Agreement") which provides that, while Key owns at least twenty (20%) percent of the issued and outstanding common shares of IROC on a fully diluted basis:

1. None of the parties to the Shareholders Agreement will, without the consent of all other parties to the agreement sell or otherwise transfer any IROC common shares prior to December 31, 2005.

2. If any IROC Shareholder wishes to sell or otherwise transfer any IROC shares they must first offer such shares to the other IROC Shareholders.
3. From the Closing Date until the next annual or special meeting of the shareholders of the Corporation, the board of directors of the Corporation shall consist of four (4) directors comprised of the following individuals:
  - (a) Three (3) director nominees of the Corporation (initially Thomas M. Alford, Brian D. Neeland and Stuart C. Watson); and
  - (b) One (1) director nominee of Key.

Also, for the period from the Closing Date to the next annual or special meeting of shareholders, Key will be entitled to have an additional observer present at all directors meetings of the Corporation.

4. At the next annual or special meeting of shareholders the Corporation will propose that the board of directors consist of at least six (6) directors consisting of two (2) nominees of Key, one (1) of whom must be an independent nominee, with the remaining nominees to be nominees of IROC, at least half of which will be independent. The IROC Shareholders have agreed to vote their shares in favour of the election of the Key nominees and IROC nominees.
5. Key shall be entitled to transfer its board seat nomination rights to any party to whom it sells all, but not less than all, of the shares of IROC owned by Key provided that:
  - (a) the transferee is a U.S. based person and does not have any operations in Canada which are, at the time of the transfer, competitive with the business of IROC; and
  - (b) the number of shares transferred by Key to any transferee must, on a fully diluted basis be equal to or greater than twenty (20%) percent of then issued and outstanding common shares of IROC on a fully diluted basis.

### **Investment Rights Agreement**

IROC, Key and Thomas Alford, the President, CEO, CFO and director of IROC also have entered into an Investor Rights Agreement that provides that, while Key owns at least twenty (20%) percent of the issued and outstanding shares of IROC on a fully-diluted basis:

1. On any proposed offering of new securities by IROC, Key shall have the right to purchase a pro-rata share of the new securities to be offered based on Key's then percentage ownership of total number of issued and outstanding shares of IROC on a fully-diluted basis (the "Pre-emptive Right").
2. If IROC proposes to issue securities by a prospectus in Canada or offer securities in the U.S. by way of a registration statement and, in either case, includes for qualification the distribution or registration of previously issued common shares of the Corporation, Key shall have the right to include in such offering some or all of the common shares of IROC owned by Key on a pro-rata basis based on Key's percentage ownership in IROC at the time the offering is to take place (the "Piggyback Rights").

3. Key shall be entitled to assign the Pre-emptive Rights and the Piggyback Rights to a third party to whom Key transfers its common shares of IROC provided that the number of shares transferred is equal to or is greater than twenty (20%) percent of the then issued and outstanding shares of IROC on a fully diluted basis, and the transferee is U.S. based and does not have business operations in Canada which are competitive to IROC.
4. IROC will require Key's consent to undertake certain corporate actions including the repurchase of securities, amendments to the articles or bylaws of the Corporation, the entering into of financial derivative transactions, the declaration or payment of dividends, the incurrence of indebtedness over a certain level, the completion of any acquisition or divestiture over a certain value level, or the entering into of any related party transactions.

#### **Consolidated Share Capital of IROC Prior and Subsequent to Acquisition of the Service Rigs**

<b>Designation of Security</b>	<b>Amount authorized or to be authorized</b>	<b>Amount outstanding as at June 30, 2004</b>	<b>Amount outstanding as at November 1, 2004, after giving effect to the issuance to Key</b>
Common Voting	Unlimited	21,138,336	29,325,394

Upon the delivery of the ten (10) Service Rigs, Key will own approximately 27.92% of the issued and outstanding shares of IROC.

#### **Key Director Nominee**

Key has put forth William M. Austin as its nominee to sit on the IROC board of directors. Mr. Austin is the President of President of Arrowhead Associates, LLC, a management advisory firm. He serves as an advisor to Key and to Northwestern Corporation. Mr. Austin has worked in a variety of industries including banking, energy and utilities, technology, aerospace and professional services. Prior to forming Arrowhead Associates, he served as Chief Restructuring Officer of Northwestern Corporation, CEO of Cable and Wireless US, Executive VP and CFO of Exodus Communications and Senior VP and CFO of BMC Software. Mr. Austin also spent six years with McDonnell Douglas as CFO of their Aerospace Division and eighteen years with Bankers Trust Company, most recently as Managing Director of Acquisitions and Structured Finance. Mr. Austin received a Bachelor of Science degree in electrical engineering from Brown University. He received a Masters of Science degree in computer science from the Stevens Institute of Technology and a Masters of Business Administration from Columbia University.

#### **About IROC Systems Corp.**

IROC Systems Corp. is an Alberta based, oilfield services company that has provided equipment and personnel in the area of downwind air quality monitoring and safety services to the energy sector since 1982. IROC has developed key technologies to address remote air quality monitoring, designed and deployed new air breathing systems and provides a full line of safety services for drilling, completion, production and plant shut down operations. The Company's wireless technologies provide custom solutions and innovative products, which integrate wireless and satellite technologies, to deliver connectivity solutions for specialized markets in a variety of industries. Also, the Company recently has added mobile service rigs and a complete range of reclamation and abandonment services which it offers

through its wholly owned subsidiaries, Eagle Well Servicing Corp. and Canstar Environmental Corp. Further information about IROC, including its financial statements, can be found at [www.sedar.com](http://www.sedar.com).

### **About Key Energy Services, Inc.**

Key Energy Services, Inc. is the world's largest rig base, on shore well service company. Key provides diversified energy operations including well servicing, contract drilling, pressure pumping, fishing and rental tools services and other oil field services. The company has operations in all major off-shore oil and gas producing regions on the continental United States and internationally in Argentina, Canada and Egypt. For further information about Key, please visit the Company's website at [www.keyenergy.com](http://www.keyenergy.com).

### **FOR FURTHER INFORMATION PLEASE CONTACT:**

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### **Forward Looking Information**

This news release contains forward looking information. Implicit in this information, particularly in respect of the closing of the transaction discussed herein and any expected increase in revenues streams resulting therefrom, although considered reasonable by IROC at the time of preparation, may prove to incorrect. These forward looking statements are based on certain assumptions that involve a number of risks and uncertainties and are not guarantees of future performance. Actual results may differ materially as a result of changes in IROC's plans, changes in commodity prices, changes in general economic, market, regulatory and business conditions as well as other risks associated with the oil and gas generally. There is no guarantee by IROC that actual results achieved will be the same as those forecasted.

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