



**IROC ENERGY SERVICES CORP.  
ANNOUNCES FIRST QUARTER 2008 RESULTS**

Calgary, AB / May 12, 2008 / IROC Energy Services Corp. (“IROC” or the “Corporation”) (TSX: “ISC”) announces the Corporation’s financial results for the three months ended March 31, 2008.

**FINANCIAL HIGHLIGHTS**

	<b><u>For the 3 months ended March 31,</u></b>		
	<i>(Unaudited)</i>		
	<b>2008</b>	2007	<b>% Change</b>
Revenue - continuing operations	<b>\$25,611</b>	\$25,961	<b>-1%</b>
Operating costs	<b>15,770</b>	14,671	<b>7%</b>
Gross margin	<b>9,841</b>	11,290	<b>-13%</b>
Gross margin %	<b>38%</b>	43%	<b>-12%</b>
General and administrative expenses	<b>2,374</b>	2,934	<b>-19%</b>
EBITDAS - continuing operations <sup>(1)</sup>	<b>7,467</b>	8,356	<b>-11%</b>
Per share diluted	<b>0.17</b>	0.20	<b>-15%</b>
Net earnings - continuing operations	<b>2,710</b>	3,178	<b>-15%</b>
Per share diluted	<b>0.06</b>	0.08	<b>-25%</b>
Net earnings	<b>2,710</b>	3,256	<b>-17%</b>
Per share diluted	<b>0.06</b>	0.08	<b>-25%</b>
Number of shares outstanding			
Basic	<b>44,251,080</b>	40,979,302	<b>8%</b>
Diluted	<b>44,277,345</b>	41,100,275	<b>8%</b>

(1) EBITDAS and EBITDAS per share are “NON-GAAP MEASURES”. EBITDAS is defined as “earnings before interest, taxes, depreciation and amortization, stock-based compensation expense, foreign exchange gains and losses and gains or losses on disposal of property and equipment.” EBITDAS and EBITDAS per share are not recognized measures under GAAP.

**Overview**

The first quarter of 2008 could well prove to be an inflection point in the oil & gas services business in Western Canada. Underlying industry fundamentals were showing signs of improvement by the end of the quarter. Problems that had plagued the industry over the past two years began to dissipate as the quarter ended. The Canadian dollar has shown stability at close to parity with the U.S. dollar, natural gas prices have strengthened significantly while crude oil pricing remained strong and the Alberta government has announced plans to deal with certain unintended consequences from the royalty review; all of which have contributed to renewed optimism throughout our industry. Despite the fact that the difficult conditions in our industry continued through much of the quarter, IROC was still able to generate good results in terms of both revenues and cash flows for the three months ended March 31, 2008.

**First Quarter Results**

IROC’s revenue from continuing operations for the quarter ended March 31, 2008 decreased 1%, from \$26.0 million to \$25.6 million compared to the same period in 2007. Revenue essentially



remained flat year over year for the three month period. Although IROC had additional equipment capacity year over year from the organic build program completed in fiscal 2007, revenue growth was hampered as a result of lower than expected utilization in most of our service lines. While demand for our service rigs remained strong and pricing increased slightly over the prior year, utilization was lower year over year due to reduced activity on an industry wide basis.

EBITDAS from continuing operations for the three months ended March 31, 2008 was \$7.5 million or \$0.17 per share, compared to \$8.4 million, or \$0.20 per share, in the same period of 2007. EBITDAS for the quarter decreased \$0.9 million or 11% year over year mainly as a result of lower pricing in drilling rigs. Additionally, operating costs were higher as recruitment of personnel remains a challenge, fuel costs continue to rise and general costs associated with activities in the field have not moved directionally with the lower demand. EBITDAS as a percentage of revenue was 29.2% and 32.2% for the three months ended March 31, 2008 and 2007, respectively.

The Corporation recorded net earnings from continuing operations of \$2.7 million, or earnings of \$0.06 per share, for the three months ended March 31, 2008 compared to net earnings of \$3.2 million, or earnings of \$0.08 per share, for the comparable period for 2007. The decrease in the net earnings for the three months ended March 31, 2008 compared to 2007 is due to higher depreciation and amortization expense in the current year as a result of significant additions to equipment in the past year, higher interest costs for debt servicing due to higher debt incurred to support the growth over the past two years and lower margins in most of its services and products as a result of lower prices, and in some cases lower utilization.

We are confident that our financial performance will continue to improve as the efficiencies associated with having more equipment operating in the field are realized.

Our capital expenditure program for 2007, which focused primarily on the expansion of Eagle Well Servicing and Aero Rentals because of the continued demand for the products and services offered by these divisions, should lead to further benefits in the coming months.

IROC continues to perform well financially and management is keenly aware of the environment that we are currently operating in and we continue to monitor the market as it affects IROC, its competitors and its customers.

Tom Alford, President and CEO of IROC commented that, “our Q1 2008 revenues effectively matched our performance from the previous year. The highlights for the quarter include continued strong margins for IROC as a whole, a stronger balance sheet as cash flow was dedicated to debt reduction over the past four months, strong relative utilization for our service rigs, continued revenue growth at Canada Tech and the strengthening price of natural gas. Prospects for our industry certainly improved as the quarter ended.” Additionally Mr. Alford indicated that, “while we continue to face obstacles as we grow our Company, management believes that the landscape is changing for the better. We anticipate that we will resume the internal growth initiatives in the second half of 2008 that have served us well up until now and we will continue to monitor the industry for acquisition opportunities that might present themselves. There is an air of anticipation and excitement inside our Company right now, a good sign for the coming months.”



## **Outlook**

The outlook for fiscal 2008 appears to be improving with substantially higher natural gas prices, a more stable Canadian dollar and the Alberta government's announcement of plans to address unintended consequences of the proposed new royalty structure by offering certain deep drilling incentives. All combined these factors should positively impact producers cash flows and provide a step towards increased spending and greater activity at the field level in the industry. It should be noted however that the increased spending by producers will take time to develop as they look for sustained periods of higher natural gas prices and adjust their budgets for 2008 and into 2009.

IROC's growth strategy is focused on organic growth through new service rig construction and increased capacity in its other services that generate a reasonable return on the capital employed. While we currently do not have any capital build plans for the first half of fiscal 2008, management is currently evaluating its needs and more importantly the demand from customers for its equipment. Customers have clearly indicated its desire for technically advanced, highly mobile, well designed rigs with access to high-performing crews and personnel. We are able to offer our customers some of the newest equipment in each of our services offered and have strength in terms of personnel and technology providing a competitive advantage for our customers. We have the benefit of being diversified geographically and across product lines. We believe these factors will provide for superior relative performance in the competitive oil and gas service business.

Publicly reported information for IROC Energy Services Corp. is available at [www.sedar.com](http://www.sedar.com).

## **About IROC Energy Services Corp.**

IROC Energy Services Corp. is an Alberta oilfield services company that, through the IROC Energy Services Partnership, provides a comprehensive and diverse range of products, services and equipment to the oil and gas industry. IROC combines cutting-edge technology with depth of experience to deliver a product and services offering in six core areas: Well Servicing & Equipment, Drilling Rig Equipment & Services, Down hole Temperature & Pressure Monitoring Tools, Rental Services, Lease Building, and Safety, Monitoring & Communications Services. For more information on IROC Energy Services Corp. visit our website at [www.iroccorp.com](http://www.iroccorp.com).

## **Cautionary Statements**

Certain statements contained in this press release may constitute forward looking statements concerning, among other things, expected revenues, expected expenses, profits, developments and strategies for IROC's operations all of which are subject to certain risks, uncertainties and assumptions. These forward looking statements are identified by their use of terms and phrases such as "anticipate", "continue", "estimate", "expect", "may", "will", "projected", "should", "believe" and other similar terms and phrases. By its nature, such forward looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward looking statements. These risks include, but are not limited, to the risks associated with the oil and gas industry generally, fluctuating prices in crude oil and natural gas, changes in drilling activity, general global economic, political and business conditions, weather conditions, regulatory changes and availability of products, qualified personnel and manufacturing capacity and raw materials. If any of these uncertainties materialize, or if assumptions are incorrect actual results may vary materially from those expected. IROC relies on litigation protection for any forward looking statements.



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**FOR FURTHER INFORMATION PLEASE CONTACT:**

IROC Energy Services Corp.

Mr. Thomas M. Alford, President and CEO or Mr. Kevin Howell, CFO

Telephone: (403) 263-1110 email: [investorrelations@iroccorp.com](mailto:investorrelations@iroccorp.com)



## Consolidated Balance Sheets

Expressed in thousands of dollars  
(Unaudited)

	March 31, 2008	December 31, 2007
<b>Assets</b>		
Current assets:		
Cash	\$ 1	\$ 1
Accounts receivable	22,448	18,383
Inventory	4,814	5,442
Prepaid expenses and deposits	477	359
	<u>27,740</u>	<u>24,185</u>
Property and equipment	97,637	99,471
Intangible assets	5,408	5,376
Goodwill	8,621	8,621
	<u>\$ 139,406</u>	<u>\$ 137,653</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Operating loan	\$ 492	\$ 3,421
Accounts payable and accrued liabilities	7,016	6,010
Income taxes payable	190	190
Current portion of long-term debt	6,911	6,831
	<u>14,609</u>	<u>16,452</u>
Long-term debt	56,446	56,457
Future income taxes	4,268	3,481
Shareholders' equity:		
Share capital	51,564	51,547
Warrants	828	828
Contributed surplus	2,502	2,409
Retained earnings	9,189	6,479
	<u>64,083</u>	<u>61,263</u>
	<u>\$ 139,406</u>	<u>\$ 137,653</u>



## Consolidated Statements of Earnings and Retained Earnings

Expressed in thousands of dollars except share and per share amounts  
(Unaudited)

	Three months ended	
	March 31,	
	2008	2007
Revenue	\$ 25,611	\$ 25,961
Expenses:		
Operating	15,770	14,671
General and administrative	2,374	2,934
Stock-based compensation	93	186
Depreciation and amortization	2,652	2,414
Interest and accretion on debentures	236	236
Interest on long-term debt and notes payable	974	506
Other interest	135	252
Loss (gain) on disposal of equipment	(57)	9
Foreign exchange loss (gain)	(63)	8
	22,114	21,216
Earnings before income taxes from continuing operations	3,497	4,745
Income taxes:		
Current	–	85
Future	787	1,482
	787	1,567
Net earnings from continuing operations	2,710	3,178
Net earnings from discontinued operations	–	78
Net earnings	2,710	3,256
Retained earnings, beginning of period	6,479	4,340
Retained earnings, end of period	\$ 9,091	\$ 7,596
Earnings per share from continuing operations:		
Basic	\$ 0.06	\$ 0.08
Diluted	\$ 0.06	\$ 0.08
Earnings per share from discontinued operations:		
Basic	\$ 0.00	\$ 0.00
Diluted	\$ 0.00	\$ 0.00
Earnings per share		
Basic	\$ 0.06	\$ 0.08
Diluted	\$ 0.06	\$ 0.08
Weighted average number of shares outstanding:		
Basic	44,251,080	40,979,302
Diluted	44,277,345	41,100,275



## Consolidated Statements of Cash Flows

Expressed in thousands of dollars  
(Unaudited)

	Three months ended	
	March 31,	
	2008	2007
Cash provided by (used in):		
Operations:		
Net earnings from continuing operations	\$ 2,710	\$ 3,178
Items not affecting cash:		
Depreciation and amortization	2,652	2,414
Future income taxes	787	1,482
Stock-based compensation	93	186
Non-cash accretion on debentures	96	96
Loss (gain) on disposal of equipment	(57)	9
	6,281	7,365
Changes in non-cash working capital balances	(2,549)	(5,272)
	3,732	2,093
Discontinued operations :		
Funds provided by discontinued operations	–	28
Changes in non-cash working capital balances of discontinued operations	–	265
	3,732	2,386
Investing:		
Purchase of property and equipment - continuing operations	(683)	(5,575)
Proceeds on disposal of property and equipment from continuing operations	231	106
Proceeds on disposal of property and equipment from discontinued operations	–	903
Change in non-cash working capital balances	–	(1,992)
	(452)	(6,558)
Financing:		
Operating loan (payments) advances	(2,930)	4,496
Loan commitment fees	(340)	(200)
Repayment of long-term debt	(27)	(209)
Issue of common shares	17	–
Issue of long-term debt	–	85
	(3,280)	4,172
Increase in cash	–	–
Cash at beginning of period	1	1
Cash at end of period	\$ 1	\$ 1