



**IROC ENERGY SERVICES CORP.  
ANNOUNCES INCREASED REVENUE AND EBITDAS FOR FOURTH QUARTER  
AND FULL YEAR OF 2007**

Calgary, AB / March 25, 2008 / IROC Energy Services Corp. (“IROC” or the “Corporation”) (TSX: “ISC”) announces the Corporation’s financial results for the three and twelve months ended December 31, 2007.

**FINANCIAL HIGHLIGHTS**

	<u>For the 3 months ended December 31,</u>			<u>For the year ended December 31,</u>		
	<i>(Unaudited)</i>			<i>(Unaudited)</i>		
	<b>2007</b>	2006	<b>% Change</b>	<b>2007</b>	2006	<b>% Change</b>
Revenue - continuing operations	<b>\$20,641</b>	\$17,173	<b>20%</b>	<b>\$77,316</b>	\$62,312	<b>24%</b>
Operating costs	<b>13,264</b>	10,776	<b>23%</b>	<b>48,080</b>	39,445	<b>22%</b>
Gross margin	<b>7,377</b>	6,397	<b>15%</b>	<b>29,236</b>	22,867	<b>28%</b>
Gross margin %	<b>36%</b>	37%	<b>-3%</b>	<b>38%</b>	<b>37%</b>	<b>3%</b>
General and administrative expenses	<b>3,193</b>	2,230	<b>43%</b>	<b>11,023</b>	8,347	<b>32%</b>
EBITDAS - continuing operations <sup>(1)</sup>	<b>4,184</b>	4,167	<b>0%</b>	<b>18,213</b>	14,520	<b>25%</b>
Per share diluted	<b>0.09</b>	0.11	<b>-18%</b>	<b>0.42</b>	0.38	<b>11%</b>
Net earnings - continuing operations	<b>194</b>	672	<b>-71%</b>	<b>2,059</b>	3,107	<b>-34%</b>
Per share diluted	<b>0.00</b>	0.02	<b>-100%</b>	<b>0.05</b>	0.08	<b>-38%</b>
Net earnings	<b>194</b>	(111)	<b>275%</b>	<b>2,139</b>	2,090	<b>2%</b>
Per share diluted	<b>0.00</b>	(0.01)	<b>-100%</b>	<b>0.05</b>	0.05	<b>0%</b>
Number of shares outstanding						
Basic	<b>44,251,080</b>	38,017,080	<b>16%</b>	<b>43,438,286</b>	37,731,038	<b>15%</b>
Diluted	<b>44,285,981</b>	38,152,032	<b>16%</b>	<b>43,533,725</b>	38,273,784	<b>14%</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 fourth quarter of fiscal 2007 essentially unfolded as expected. Results improved over the third quarter as we entered the normally busier winter months; however, we continue to be hampered by lower industry activity in the form of lower equipment utilization year over year and in some cases pressure on pricing, particularly in contract drilling services. As noted in our previous communications with shareholders, our expectations for the fourth quarter and into fiscal 2008 were guarded as a result of uncertainty hanging over our industry. The continuing uncertainty of natural gas pricing has led many Canadian oil and gas producers to limit spending and curtail drilling and completion programs throughout 2007 and industry forecasters believe this will continue through fiscal 2008. The reductions in forecasted wells comes at a time when equipment capacity of oilfield service companies is at an all time high creating significant competition in terms of pricing and ultimately profitability. There has been a noticeable shift toward oil related activities as the fundamentals for this commodity have moved substantially higher (exceeding \$100 per barrel recently), but not enough to offset the reduction in natural gas exploration and production. Natural gas fundamentals have driven service activity in Western Canada in recent years and as such the



expectations are for lower year over year operating results from oil and gas service companies as a result of fewer wells being drilled and completed. Further adding to the current uncertainty in the industry, the Alberta government contributed to the downturn, initially with the release of its Alberta Royalty Review Panel report in September of 2007 and then by providing a framework for the proposed new royalty scheme on October 25, 2007. It is widely thought that there will be some modifications to the initially proposed royalty framework, but if they do not materialize we believe the new royalty scheme will further dampen the near term prospects for activity. There was a marked and immediate reaction to the royalty review by the oil and gas producers in terms of their capital spending plans for 2008 and beyond, which will negatively affect all participants in every segment of the oil and gas services industry. Government intervention at the federal and provincial levels has reduced natural gas economics, plus the soaring Canadian dollar and increased merger activity between our customers all contribute to reduced projections for drilling activity for 2008. Despite the less than desirable industry conditions IROC was able to post increases in both revenues and EBITDAS for the three months ended December 31, 2007 as compared to the prior year period.

#### **Fourth Quarter Results**

IROC's revenue from continuing operations for the fourth quarter ended December 31, 2007 increased 20%, from \$17.2 million to \$20.6 million compared to the same period in 2006. Revenue increased year over year for the three month period primarily as a result of additional equipment capacity from internal growth initiatives in service rigs and rental assets, increased manufacturing capacity in down hole tools, and the purchase and deployment of drilling rig assets during the first quarter of 2007, all of which contributed positively to the year over year results. Another significant factor which contributed to the positive results was that IROC had higher than industry average utilization of service rig equipment during the quarter, although lower in comparison to the prior year period. EBITDAS from continuing operations for the three months ended December 31, 2007 was \$4.2 million or \$0.09 per share, compared to \$4.2 million, or \$0.11 per share, in the same period of 2006. EBITDAS for the quarter only modestly increased year over year as a result higher variable operating costs predominantly relating to fuel costs, repairs and maintenance expenditures, as well as increased allowances for doubtful accounts. EBITDAS as a percentage of revenue was 20.3% and 24.3% for the three months ended December 31, 2007 and 2006, respectively.

The Corporation's fourth quarter financial results reflect the growth initiatives that IROC implemented during the past few quarters. Our capital expenditure program for 2007 continued through the quarter and was substantially completed, which focused primarily on the expansion of Eagle Well Servicing and Aero Rentals based upon continued demand for the products and services offered by these divisions, the benefits of which will continue to be seen 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.

#### **Year End Results**

Revenue from continuing operations was \$77.3 million, an increase of 24% compared to the \$62.3 million generated in fiscal 2006. Revenue increased year over year primarily as a result of additional equipment capacity from internal growth initiatives in service rigs (added 7 new service rigs) and rental assets (added new equipment totaling approximately \$4.4 million), and the purchase of drilling



rig assets (4 new drilling rigs added) during the first quarter of 2007 which contributed positively to the year over year results. Also, IROC experienced higher than industry average utilization of its service rig equipment during the year, although lower in comparison to the prior year period. EBITDAS from continuing operations for the year ended December 31, 2007 was \$18.2 million or \$0.42 per share, a 25% increase as compared to \$14.5 million, or \$0.38 per share, in the same period of 2006. The increase in EBITDAS is a result of the growth in revenue as noted above. EBITDAS as a percentage of revenue was 23.6% and 23.3% for the years ended December 31, 2007 and 2006, respectively.

The Corporation recorded net earnings from continuing operations of \$2.1 million, or \$0.05 per share, for the year ended December 31, 2007 compared to net earnings of \$3.1 million, or \$0.08 per share, for the comparable period of 2006. The decrease in the net earnings for the year ended December 31, 2007 compared to 2006 is due to higher depreciation and amortization expense in the current year as a result of significant additions to equipment in the past year, as well as higher interest costs for debt servicing due to higher debt incurred to support the growth over the past two years. Net earnings after the effect of discontinued operations for the year ended December 31, 2007 was \$2.1 million or \$0.05 per share compared to \$2.1 million or \$0.05 per share for comparable period of the prior fiscal year.

Tom Alford, President and CEO of IROC commented that “IROC continues to perform well in difficult conditions. The benefits of our new equipment and proprietary technology are being embraced by oil and gas companies in Western Canada and around the world as they seek greater efficiency in their field operations.” Additionally Mr. Alford indicated that “we are beginning to see positive signs emerge in the area of natural gas pricing which should bode well for our company as we continue to grow our business.”

## **Outlook**

Demand for oilfield services has fallen significantly from levels seen in recent years. The increases in the North American natural gas supply has been driven by strong onshore drilling activity in the United States which will offset the anticipated production decrease of lower natural gas drilling in the Canadian market. The weakening of the U.S. dollar relative to the Canadian dollar has also created an additional level of uncertainty for Canadian producers cash flows further impacting near term prospects for improving demand for services.

Management expects that continued lower drilling activity in Canada and increasing demand will eventually stimulate Canadian drilling and well servicing demand. Some of the factors that will impact this include lower initial well production, steep first-year production decline rates, lower service company pricing and rising natural gas consumption from North American economic growth which should positively affect natural gas pricing leading to potentially higher activity.

To add to these already significant factors affecting the oil and gas industry is the announcement on October 25, 2007 by the Alberta government for a new royalty tax framework for oil and gas producers. Unless there are modifications to the proposed changes relating to conventional oil and gas operations, we anticipate that there will be a further reduction in industry activity levels. Industry forecasters, such as PSAC and CAODC, have reflected this in their 2008 forecast for wells to be drilled both of which are calling for substantial decreases from 2007 levels which were already seen



as low. While the magnitude of the actual impact of the new royalty regime will depend on the results of oil and gas companies analysis of the impact and the final form of the royalty framework it will very likely affect many oilfield service providers. While management at IROC is prepared to respond quickly to any prolonged or broader based slowdown in the industry, we do believe that we have seen the worst and that the longer term fundamentals for the industry in Canada remain strong.

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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