



**For Immediate Release: August 10, 2010**  
**TSX SYMBOL: PES.UN**

**Peak Energy Services Trust reports its financial results  
for the three and six months ended June 30, 2010**

**Financial and Industry Highlights (unaudited)**

(in '000 of CAD, except otherwise noted)	Three months ended June 30			Six months ended June 30		
	2010	2009	Change	2010	2009	Change
Revenue	<b>27,747</b>	21,077	32%	<b>66,702</b>	68,542	-3%
EBITDA <sup>(1)</sup>	<b>139</b>	(3,083)	105%	<b>6,566</b>	9,226	-29%
Per unit – diluted	-	(0.06)	100%	<b>0.05</b>	0.19	-74%
As a percentage of revenue	<b>1%</b>	-15%		<b>10%</b>	13%	
Net loss	<b>(4,508)</b>	(15,630)	71%	<b>(5,726)</b>	(10,209)	44%
Per unit – diluted	<b>(0.03)</b>	(0.32)	91%	<b>(0.04)</b>	(0.21)	81%
Funds from operations <sup>(1)</sup>	<b>(1,060)</b>	(3,335)	68%	<b>4,283</b>	7,546	-43%
Per unit – diluted	<b>(0.01)</b>	(0.07)	86%	<b>0.03</b>	0.16	-81%
Trust Units outstanding (thousands)	<b>172,383</b>	48,398	256%	<b>172,383</b>	48,398	256%
Industry activity <sup>(2)</sup>						
Drilling rig operating days	<b>14,918</b>	8,414	77%	<b>53,314</b>	36,655	45%
Service rig utilization	<b>42%</b>	28%	49%	<b>50%</b>	38%	31%

(1) Refer to the "Non-GAAP Measures" section for further details.

(2) Sources: Canadian Association of Oilwell Drilling Contractors ("CAODC"), the Daily Oil Bulletin ("DOB") and Petroleum Services Association of Canada ("PSAC").

*This News Release focuses on key information and statistics from Peak Energy Services Trust's ("Peak" or the "Trust") consolidated financial statements and oilfield services industry which contains known and unknown risks and uncertainties. Furthermore, certain statements contained in this News Release are forward-looking. Please review the discussion of these statements in the "Forward-Looking Information" section of this News Release.*

*Throughout this News Release certain measures are used that are not recognized measures under Canadian generally accepted accounting principles ("GAAP"). Specific measures used are earnings before interest, taxes, depreciation, amortization and other certain items ("EBITDA"), funds from operations, working capital, funded debt, net debt and long-term debt to equity ratio. Please review the discussion of these measures in the "Non-GAAP Measures" section of this News Release.*

## INDUSTRY ACTIVITY

During the second quarter of 2010, industry activity levels were significantly higher than the same period of 2009 as increased activity levels followed the same trend from the first quarter of the year. Canadian drilling operating days for the second quarter were 77 percent higher than the prior year period and wells drilled increased by 42 percent to 1,197 wells. Year-to-date, Canadian drilling rig operating days were 45 percent higher than the prior year period and wells drilled increased by 26 percent to 4,843 wells. Wells drilled in Canada in 2010 has increased significantly, however it still compares very negatively with the ten year average of 8,132 wells. Average days/well increased to 11.0 days/well for the first half of 2010 versus 9.6 days/well for the first half of 2009.

The decrease as compared to the ten year average has been the result of lingering effects from the recent global economic down-turn and its impact on demand for oil and natural gas and liquidity within the capital markets and an over supply of natural gas which has resulted in downward pressure on natural gas prices.

Adding to the decrease in oil and natural gas industry activity, significant downward pricing pressure has and will continue to be a challenge, as oilfield service organizations are competing for a smaller market of activity. Coupled with low natural gas prices which ultimately drives a significant portion of cash flows for producers and their incentive to add production, the impact of the recent global economic recession on debt and equity markets is further challenging oil and natural gas industry activity as players that are in the development stage are more adversely impacted since their reliance on financing to fund operations is very significant.

## SELECTED FINANCIAL AND OPERATING INFORMATION

For the three months ended June 30, 2010, Peak:

- generated revenue of \$27.8 million which was a 32 percent or \$6.7 million increase over the same prior year period revenue of \$21.1 million. The primary drivers of the increase were increased activity levels in both the US and Canadian markets. The positive variance would have been higher based upon the significant increase in activity levels, however revenue was negatively impacted by pricing pressure;
- realized EBITDA of \$0.1 million (\$0.00 per Unit diluted or 1 percent of revenue), an increase of 105 percent or \$3.2 million over EBITDA for the prior year period of negative \$3.1 million (negative \$0.06 per Unit diluted or negative 15 percent of revenue). On a margin basis, the primary positive impact was the significant increase in industry activity levels;
- recognized a loss on sale of equipment of \$1.0 million. The loss was the result of the current negative market conditions for selling of used equipment;
- realized a net loss from continuing operations of \$4.5 million (loss of \$0.03 per Unit diluted), which was a decrease of 16 percent or \$0.9 million as compared to a net loss for the same prior year period of \$5.4 million (loss of \$0.11 per Unit diluted); and
- had funds from operations of negative \$1.1 million or negative \$0.01 per Unit diluted (2009 – negative \$3.3 million or negative \$0.07 per Unit diluted).

For the six months ended June 30, 2010, Peak:

- generated revenue of \$66.7 million which was a 3 percent or \$1.8 million decrease over the same prior year period revenue of \$68.5 million. The primary drivers of the decrease were significant pricing pressure and decreased activity levels in Peak's Oil Sands reporting segment. Management estimates that if pricing in the first six months of 2010 was at 2009 levels, the Trust would have generated approximately \$74.4 million in revenue, representing an increase of 9 percent over the same period of 2009;
- realized EBITDA of \$6.6 million (\$0.05 per Unit diluted or 10 percent of revenue), a decrease of 29 percent or \$2.7 million over EBITDA for the prior year period of \$9.2 million (\$0.19 per Unit diluted or 13 percent of revenue). On a margin basis, the primary negative impact was the significant decrease across the board of overall pricing for services. Management estimates that if pricing in the first six months of 2010 was at 2009 levels, the Trust would have generated approximately

\$14.3 million in EBITDA, representing an increase of 55 percent over the first half of 2009 and an EBITDA margin of 19 percent compared to the actual EBITDA margin of 10 percent for the first half of 2010 and 13 percent for the first half of 2009. This demonstrates the success of the cost reductions achieved period-over-period, unfortunately significant negative pricing pressure has more than offset cost savings achieved on a margin basis;

- recognized a loss on sale of equipment of \$4.1 million. The loss was the result of the current negative market conditions for selling of used equipment;
- realized a net loss from continuing operations of \$5.7 million (loss of \$0.04 per Unit diluted), which was a decrease of \$5.7 million as compared to a net income for the same prior year period of nil (\$0.00 per Unit diluted);
- generated funds from operations of \$4.3 million or \$0.03 per Unit diluted (2009 – \$7.5 million or \$0.16 per Unit diluted);
- negotiated amendments to its long-term debt agreements resulting in total debt facility capacity of \$65.0 million; and
- issued 124.0 million Trust Units for net proceeds of \$23.6 million.

## **CAPITAL RESOURCES**

As compared to December 31, 2009, Peak:

- increased working capital by \$15.9 million to \$26.1 million;
- decreased tangible capital assets by \$10.3 million to \$195.2 million;
- decreased funded debt by \$22.2 million to \$38.4 million; and
- increased Unitholders' equity by \$18.2 million to \$168.9 million.

## **LONG-TERM DEBT**

The Trust's long-term debt (including current portion) decreased to \$49.2 million at June 30, 2010, as compared to \$60.5 million at December 31, 2009. Funded debt was \$38.4 million at June 30, 2010, as compared to \$60.5 million at December 31, 2009. Meanwhile, net debt was \$23.1 million at June 30, 2010, as compared to \$50.4 million at December 31, 2009. The long-term debt to equity ratio decreased to 0.29 to 1.00 at June 30, 2010 (December 31, 2009 – 0.40 to 1.00).

As at December 31, 2009, and through a portion of the first quarter of 2010, the Trust was in breach of the funded net debt to 12 month trailing EBITDA and current ratio financial covenants under its long-term debt agreements. The lenders agreed to waive all existing defaults and events of default under the long-term debt agreements and during the first quarter of 2010 the lenders agreed to amend their respective agreements. As at June 30, 2010, the Trust is in compliance with its financial covenants.

The Trust's available and utilized long-term debt facilities consist of:

- a senior secured \$10.0 million term loan facility with a maturity date of August 15, 2012, and a senior secured \$15.0 million revolving credit facility (nil drawn at June 30, 2010) with a maturity date of February 28, 2011. Both facilities have no set principal payments during the term, bearing interest at bank prime rate plus 5.0 percent.
- a senior secured term debt facility of \$30.0 million with a maturity of August 31, 2012, and terms of no set principal payments during the seven year term bearing interest at 7.8 percent.
- a senior secured term debt facility of \$10.0 million with a maturity of June 26, 2013, and terms of no set principal payments during the seven year term bearing interest at 8.7 percent.

Financial covenants within the long-term debt agreements have also been amended. The funded net debt to 12 month trailing EBITDA ratio has been waived until June 30, 2011 and the fixed charge coverage ratio which requires the Trust to maintain a specified cash flow to principal debt repayment ratio has been

adjusted to be not less than 2.50 to 1.00, except during the period April 1, 2010 to February 28, 2011, where the ratio varies between 0.75 to 1.00 and 2.25 to 1.00.

## **UNITHOLDERS' EQUITY**

Unitholders' equity increased \$18.2 million to \$168.9 million at June 30, 2010, from \$150.7 million at December 31, 2009. The increase over the prior year-end was the result of a net loss of \$5.7 million incurred and 124.0 million Trust Units issued for net proceeds of \$23.6 million.

On February 16, 2010, the Trust closed a \$16.0 million private placement financing for 80.0 million Trust Units at \$0.20 per Unit. Net proceeds of the private placement were used to reduce indebtedness outstanding. Management recognized that the private placement financing was very dilutive to existing Unitholders and therefore believed a follow-on rights offering was the most appropriate vehicle to provide existing Unitholders with the opportunity to participate in the realignment of the Trust's capital resources. On March 30, 2010, the Trust closed the rights offering financing generating \$8.8 million in proceeds by issuing 44.0 million Trust Units at \$0.20 per Unit. Net proceeds of the rights offering financing, will be used for general purposes of the Trust, which may include prepayment of existing secured indebtedness of the Trust and/or to fund future growth opportunities.

The Trust relied on the Toronto Stock Exchange's ("TSX") financial hardship exemption rules to obtain all necessary regulatory approvals to complete the equity financing. Reliance on the financial hardship exemption rules automatically result in a TSX de-listing review to confirm that the Trust continues to meet TSX listing requirements. On January 29, 2010, the Trust received notice that the TSX is reviewing the Trust's eligibility for continued listing on the TSX pursuant to Part VII of the TSX Company Manual. On May 26, 2010, the Trust was advised by the Listing Committee of the TSX that they had completed their delisting review concluding that Peak satisfies the TSX's continued listing requirements.

## **OUTLOOK**

The industry experienced a relatively typical second quarter break-up with Canadian drilling rig utilization declining materially from the first quarter. Wet conditions held back some activities in the later part of the quarter, however Canadian drilling rig activity was substantially better than the second quarter of last year at 20 percent utility. While the increased level of drilling activity during the first half of 2010 was not unexpected, activity has been higher than what Peak had originally forecast, year-to-date. Furthermore, activity year-to-date, interaction with our customers and industry contacts suggests that industry activity will improve from Peak's original forecasted activity levels which has precipitated us to increase our forecast to 11,000 wells for 2010 which would represent an increase in activity of approximately 30 percent over 2009.

Peak expects to see the continuation of more activity in oil focused resource plays, such as the Cardium (Alberta), Bakken (Saskatchewan and North Dakota) and the Oil Sands (Alberta) regions as confidence grows that oil prices will be sustainable above \$75 per barrel. The number of opportunities to bid on project work within these regions is starting to increase fairly significantly. Peak has taken advantage of these more active oil related areas by re-deploying assets into these oil focused regions.

The propensity to continue to drill prolific shale natural gas resource plays throughout certain areas of North America has facilitated market share growth into new geographic regions for Peak, as evidenced by our significant growth in market share in the US where our revenue has more than tripled in 2010 year-to-date versus the same period in 2009. The majority of this growth was realized in the Marcellus shale region of Pennsylvania and other US regions are currently being explored as possible growth areas for several of Peak's product offerings during the current fiscal year. With this expected growth profile and our current run rate, Peak expects to see our US operation to more than triple in size, to more than \$30.0 million in revenue for 2010 as compared to 2009.

With Peak's recently completed equity financing of \$23.6 million, combined with our more flexible debt structure and re-negotiated bank covenants, management believes that Peak is in a much improved position of strength in that it has satisfied all of the requirements of the Trust's senior lenders and improved its financial position. The Trust's operating line is currently undrawn putting Peak in a net positive cash position. Post closing of the equity financing, Peak has a net debt of approximately \$23.1 million. This debt level is backed by a tangible asset base of approximately \$195.2 million. The reduced

and more flexible debt structure will allow management to increase its focus on looking for further opportunities of growth including the addition of new assets in select products offerings and regions along with the continued re-deployment of under-utilized assets to regions of higher levels of activity.

Financial discipline remains at the forefront of priorities for the management of the Trust during 2010. Peak continues to look for opportunities to further reduce its infrastructure cost to augment the significant reductions already achieved over the past 18 months. Management is implementing a sound pricing strategy, whereby increased pricing will allow the Trust to take advantage of the significant leverage that it will enjoy when the combination of reduced costs and higher pricing gains traction. We are currently making some progress with increased pricing in certain markets and expect this trend to continue during the second half of the year.

Management is cautiously optimistic at this time that both the global economy and the oil and natural gas industry are starting to show some signs of a recovery. We believe that at the very least we are on the back side of the bottom of this cycle and that we now have the resources and opportunities to once again prosper and grow as the climate in our industry continues to improve.

## **NON-GAAP MEASURES**

*EBITDA is defined as earnings before interest, taxes, depreciation and amortization and other items (non-cash expenses, gains / losses and non-operating items). EBITDA is not a recognized measure under Canadian GAAP. Management believes, in addition to net income, EBITDA is a useful supplemental measure as it provides an indication of the results generated by Peak's principle business activities prior to consideration of how these activities are financed or how the results are taxed in various jurisdictions. Readers should be cautioned that EBITDA should not be construed as an alternative to net income determined in accordance with Canadian GAAP as an indicator of the Trust's performance. Peak's method of calculating EBITDA may differ from other companies and, accordingly, EBITDA may not be comparable to measures used by other entities.*

*Funds from operations is defined as cash flow from operating activities, as reported in the Canadian GAAP financial statements, before non-cash changes in working capital and funds from discontinued operations. Funds from operations is not a recognized measure under Canadian GAAP. Management believes funds from operations is a useful supplemental measure as it provides an indication of the Trust's cash generating abilities from continuing operations before consideration of capital impacts. Readers should be cautioned that funds from operations should not be construed as an alternative to cash flow from operating activities, as an indicator of the Trust's performance. Peak's method of calculating funds from operations may differ from other companies and, accordingly, funds from operations may not be comparable to measures used by other entities.*

*Working capital is defined as current assets less current liabilities excluding current portion of long-term debt. Working capital is not a recognized measure under Canadian GAAP. Management believes working capital provides an indication of the current liquidity available to the Trust before considering long-term debt facilities or equity financing considerations. The Trust's method of calculating working capital may differ from those used by other entities and, accordingly, may not be comparable to measures used by other entities.*

*Funded debt is defined as long-term debt including current portion of long-term debt less cash and cash equivalents. Net debt is defined as long-term debt including current portion of long-term debt less working capital. Funded debt and net debt are not recognized measures under Canadian GAAP. Management believes funded debt and net debt provide an indication of the Trust's debt position after consideration for assets and liabilities that are considered relatively liquid in nature. The Trust's method of calculating funded debt and net debt may differ from those used by other entities and, accordingly, may not be comparable to measures used by other entities.*

*Long-term debt to equity ratio is defined as long-term debt including current portion of long-term debt divided by Unitholders' equity. Long-term debt to equity ratio is not a recognized measure under Canadian GAAP. Management believes the long-term debt to equity ratio provides an indication of how the Trust's operations are financed. The Trust's method of calculating long-term debt to equity ratio may differ from those used by other entities and, accordingly, may not be comparable to measures used by other entities.*

## **FORWARD-LOOKING INFORMATION**

*This news release contains forward-looking information within the meaning of applicable Canadian securities legislation regarding expected future events and financial and operating results of the Trust. By its nature, forward-looking information requires the Trust to make assumptions and is subject to numerous inherent risks and uncertainties. There is significant risk that assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking information as a number of factors could cause actual future results, conditions, actions or events to differ materially from expectations, estimations or intentions expressed in the forward-looking information. The Trust disclaims any intention or otherwise to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by law. It is the current policy of the Trust to evaluate its past forward-looking information and where it deems appropriate, provide updates subject to requirements by law. The forward-looking statements contained in this news release are made as of the date hereof. Additionally, the Trust undertakes no obligation to comment on expectations of, or statements made by, third parties in respect of this news release.*

*In particular, forward-looking information includes the following statements within this news release regarding the expectations of: oil and natural gas industry activity levels; type/orientation of drilling activities; completion and timing of and when the Trust will convert to a corporation; the geopolitical and global economic future; improvement in future oil and natural gas industry activity levels, hydrocarbon supply/demand balance and associated hydrocarbon commodity pricing; the cyclical and seasonal nature of activity within the oil and natural gas industry; the future provision of Peak's services and its impact on equipment utility, pricing, forecasted financial performance and ability to continue as a going concern; management's business plan and cash flows provided by continuing operations; the Trust's ability to increase market share in various geographical regions; the future financial impact of Peak's cost restructuring initiatives; Peak's future capital expenditures; access to and affordability of debt, including the associated interest cost, and equity capital markets for Peak and its customers; the realignment of Peak's capital resources will improve liquidity and financial flexibility; the Trust's financing strategy and compliance with debt covenants; Peak's working capital changes; and management's financing strategy for managing Peak's liquidity and capital resources.*

*As a result, you are cautioned not to place undue reliance on these forward-looking statements. These statements are based on certain assumptions and analysis made by the Trust in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances. However, whether actual results, performance or achievements will conform to the Trust's expectations and predictions is subject to a number of known and unknown risks and uncertainties which could cause actual results to differ materially from the Trust's expectations. Such risks and uncertainties include, but are not limited to: fluctuations in the price and demand for oil and natural gas; currency fluctuations; fluctuations in the level of oil and natural gas exploration and development activities; fluctuations in the demand for oilfield services that the Trust provides; the effects of weather conditions on operations; the existence of competition from other oilfield service entities; general economic, market or business conditions including the consequences of the recent global economic recession; public market volatility and the related ability to access sufficient capital to fund activities; availability to access debt financing to fund activities; government policy changes; changes in laws or regulations, including taxation and environmental regulations; liabilities inherent in the oil and natural gas field services business; the lack of availability of qualified personnel or management; and other unforeseen conditions which could impact the use of services supplied by the Trust.*

*Consequently, all of the forward-looking information made in this document are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Trust will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Trust or its business or operations.*

## **CONFERENCE CALL**

Management will hold a conference call to discuss the quarter end results at 9:30 a.m. MT (11:30 a.m. ET) on Wednesday, August 11, 2010. To participate, please dial 1 (888) 231-8191 or 1 (647) 427-7450.

Participants are asked to call at least 10 minutes before the start of the call. The call is also available by webcast by going to Peak's website at [www.peak-energy.com](http://www.peak-energy.com) or by directly going to <http://www.newswire.ca/en/webcast/viewEvent.cgi?eventID=3164480>. For those unable to participate in the live call, a replay will be available until Wednesday, August 18, 2010, by dialing 1 (800) 642-1687 or 1 (416) 849-0833, pass code 90206149. The replay will also be available by webcast at the URL's indicated above.

## FINANCIAL RESULTS

The following selected financial information summarizes Peak's consolidated financial results for the three and six months ended June 30, 2010. Peak's quarterly report is available at [www.sedar.com](http://www.sedar.com) or [www.peak-energy.com](http://www.peak-energy.com).

### CONSOLIDATED BALANCE SHEETS

<i>(in thousands of CAD) (unaudited)</i>	<b>June 30, 2010</b>	December 31, 2009
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 10,763	\$ -
Accounts receivable	26,041	23,394
Income taxes recoverable	482	726
Prepaid expenses	2,412	2,172
Inventory	1,066	1,425
	<b>40,764</b>	<b>27,717</b>
Property and equipment	<b>195,201</b>	205,524
Intangibles	<b>1,621</b>	1,943
	<b>\$ 237,586</b>	<b>\$ 235,184</b>
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 14,465	\$ 16,335
Bridge loan	-	1,000
Current portion of long-term debt	-	10,856
Current portion of deferred lease inducements	201	201
	<b>14,666</b>	<b>28,392</b>
Long-term debt	<b>49,152</b>	49,692
Deferred lease inducements	<b>1,622</b>	1,723
Future income taxes	<b>3,232</b>	4,664
Unitholders' equity:		
Trust Unit capital	<b>250,970</b>	227,347
Contributed surplus	<b>2,158</b>	1,854
Deficit	<b>(84,214)</b>	(78,488)
	<b>168,914</b>	<b>150,713</b>
	<b>\$ 237,586</b>	<b>\$ 235,184</b>

**CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT**

<i>(in thousands of CAD, except per Unit amounts) (unaudited)</i>	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenue	\$ 27,757	\$ 21,077	\$ 66,702	\$ 68,542
Expenses:				
Operating	20,388	15,943	44,594	42,750
General and administrative	7,472	7,919	15,689	16,363
Unit-based compensation	246	252	304	252
Depreciation and amortization	3,222	3,266	6,970	7,009
Interest on long-term debt	1,112	968	2,377	2,101
Foreign exchange loss (gain)	(242)	298	(147)	203
	<b>32,198</b>	<b>28,646</b>	<b>69,787</b>	<b>68,678</b>
Loss before other items from continuing operations	(4,441)	(7,569)	(3,085)	(136)
Other items:				
Loss on sale of equipment	1,027	70	4,084	94
	<b>1,027</b>	<b>70</b>	<b>4,084</b>	<b>94</b>
Loss before income taxes from continuing operations	(5,468)	(7,639)	(7,169)	(230)
Provision for income taxes:				
Current (recovery)	(2)	(720)	-	(715)
Future expense (reduction)	(958)	(1,536)	(1,443)	485
	<b>(960)</b>	<b>(2,256)</b>	<b>(1,443)</b>	<b>(230)</b>
Net loss from continuing operations	(4,508)	(5,383)	(5,726)	-
Net loss from discontinued operations	-	(10,247)	-	(10,209)
Net loss and comprehensive loss	(4,508)	(15,630)	(5,726)	(10,209)
Deficit, beginning of period	(79,706)	(49,592)	(78,488)	(55,013)
Deficit, end of period	\$ (84,214)	\$ (65,222)	\$ (84,214)	\$ (65,222)
Loss per Unit from continuing operations:				
Basic	\$ (0.03)	\$ (0.11)	\$ (0.04)	\$ -
Diluted	\$ (0.03)	\$ (0.11)	\$ (0.04)	\$ -
Loss per Unit from discontinued operations:				
Basic	\$ -	\$ (0.21)	\$ -	\$ (0.21)
Diluted	\$ -	\$ (0.21)	\$ -	\$ (0.21)
Loss per Unit:				
Basic	\$ (0.03)	\$ (0.32)	\$ (0.04)	\$ (0.21)
Diluted	\$ (0.03)	\$ (0.32)	\$ (0.04)	\$ (0.21)

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(in thousands of CAD) (unaudited)</i>	Three months ended		Six months ended	
	2010	June 30, 2009	2010	June 30, 2009
<b>Operating activities:</b>				
Net loss from continuing operations	\$ (4,508)	\$ (5,383)	\$ (5,726)	\$ -
Add (deduct) items not affecting cash:				
Unit-based compensation	246	252	304	252
Depreciation and amortization	3,222	3,266	6,970	7,009
Amortization of long-term debt financing fees	81	-	153	-
Unrealized foreign exchange gain	(170)	(4)	(59)	(294)
Loss on sale of equipment	1,027	70	4,084	94
Future income taxes (reduction)	(958)	(1,536)	(1,443)	485
	<b>(1,060)</b>	<b>(3,335)</b>	<b>4,283</b>	<b>7,546</b>
Changes in non-cash working capital items	<b>3,310</b>	<b>16,235</b>	<b>(4,253)</b>	<b>7,780</b>
	<b>2,250</b>	<b>12,900</b>	<b>30</b>	<b>15,326</b>
<b>Discontinued operations:</b>				
Funds provided by discontinued operations	-	(855)	-	(235)
Changes in non-cash working capital items of discontinued operations	-	(1,035)	-	1,156
	<b>-</b>	<b>(1,890)</b>	<b>-</b>	<b>921</b>
	<b>2,250</b>	<b>11,010</b>	<b>30</b>	<b>16,247</b>
<b>Investing activities:</b>				
Purchase of equipment	(2,234)	(1,268)	(3,166)	(2,240)
Proceeds on sale of equipment	1,412	253	2,744	563
Proceeds on sale of property held for sale	-	-	-	3,580
	<b>(822)</b>	<b>(1,015)</b>	<b>(422)</b>	<b>1,903</b>
Changes in non-cash working capital items	<b>(168)</b>	<b>(114)</b>	<b>81</b>	<b>(966)</b>
	<b>(990)</b>	<b>(1,129)</b>	<b>(341)</b>	<b>937</b>
<b>Discontinued operations:</b>				
Funds used in discontinued operations	-	(71)	-	(168)
	<b>-</b>	<b>(71)</b>	<b>-</b>	<b>(168)</b>
	<b>(990)</b>	<b>(1,200)</b>	<b>(341)</b>	<b>769</b>
<b>Financing activities:</b>				
Increase in bridge loan	-	-	1,000	-
Repayment of bridge loan	-	-	(2,000)	-
Repayment of long-term debt	-	(14,550)	(10,856)	(23,567)
Long-term debt financing costs	1	-	(693)	-
Issuance of Trust Units	-	-	24,797	-
Trust Units issue cost	-	-	(1,175)	-
	<b>1</b>	<b>(14,550)</b>	<b>11,073</b>	<b>(23,567)</b>
Foreign exchange gain on cash held in foreign currency	<b>19</b>	<b>100</b>	<b>1</b>	<b>62</b>
Increase (decrease) in cash and cash equivalents	<b>1,280</b>	<b>(4,640)</b>	<b>10,763</b>	<b>(6,489)</b>
Cash and cash equivalents, beginning of period	<b>9,483</b>	<b>6,716</b>	<b>-</b>	<b>8,565</b>
Cash and cash equivalents, end of period	<b>\$ 10,763</b>	<b>\$ 2,076</b>	<b>\$ 10,763</b>	<b>\$ 2,076</b>

## **About Peak Energy Services Trust**

Peak Energy Services Trust is a diversified energy services organization operating in western Canada and the United States of America. Through its various operating divisions, Peak provides drilling and production services to its customers both in the conventional oil and gas industry as well as the oil sands regions of western Canada. The Trust also provides water technology solutions to a variety of customers throughout North America. Peak's units are listed on the Toronto Stock Exchange under the symbol "PES.UN".

The TSX have neither approved nor disapproved the information contained herein.

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