



## **PETROWEST ENERGY SERVICES TRUST ANNOUNCES 2010 FIRST QUARTER FINANCIAL RESULTS**

**Calgary, Alberta, May 14, 2010** - PetroWest Energy Services Trust (TSX: PRW.UN) announced today its consolidated financial results for the three months ended March 31, 2010.

Revenue from continuing operations for the three months ended March 31, 2010, was \$35.8 million, a 6% decrease from revenue of \$38.1 million in the comparable period of 2009. Gross margin and EBITDA margin percentages were in line with the comparable period of 2009. For the three month period ended March 31, 2010 the net earnings (loss) and comprehensive earnings (loss) from continuing operations was \$(1.1) million compared to \$0.7 million in 2009. For the three month period ended March 31, 2010 the net loss and comprehensive loss (including Discontinued Operations) was \$1.1 million compared to \$4.6 million in 2009. This represents net loss per unit of \$0.03 and \$0.14 respectively, basic and fully diluted.

On May 12, 2010 the Trust filed a preliminary short form prospectus (the "Offering") with the applicable securities regulatory authorities. The prospectus was for the offering and distribution of rights to subscribe for trust units of the Trust to raise a minimum of \$7.5 million. On May 12, 2010 The Trust entered into a Standby Purchase Agreement with PetroCorp Group Inc. and seven other individual purchasers (the "Standby Purchasers") whereby the Standby Purchasers agreed to purchase all of the trust units not otherwise purchased pursuant to the Offering. The Offering remains subject to regulatory approval, including the receipt for a final prospectus relating to the Offering and that of the Toronto Stock Exchange. The Offering is conditional upon the entering into of an agreement by the Trust with the banking syndicate.

As at March 31, 2010, \$69.3 million was outstanding under the Trust's revolving bank term loan (including bank overdraft). The Trust has substantially concluded negotiations with respect to the amendments to its existing secured credit facilities with the banking syndicate. These amendments remain subject to final approval by the syndicate and the execution of an amended and restated credit agreement. The Trust expects that such amended credit facilities will be in an initial aggregate principal amount of \$70.0 million, consisting of a revolving credit facility in the principal amount of \$63.0 million and a working capital facility in the principal amount of \$7.0 million. The Trust has filed a preliminary short form prospectus with the applicable securities regulatory authorities to raise a minimum of \$7.5 million through an offering and distribution of rights to subscribe for trust units of the Trust. Failure to raise proceeds of \$7.5 million under the Offering is expected to be an event of default under the amended and restated credit agreement.

### **FINANCIAL HIGHLIGHTS**

(thousands of dollars, except per unit amounts, margins and ratios)	<b>Three months ended March 31</b>	
	<b>2010</b>	<b>2009</b>
Revenue from continuing operations	<b>35,756</b>	38,137
Gross margin from continuing operations <sup>(1)</sup>	<b>6,131</b>	6,640
Gross margin percentage <sup>(1)</sup>	<b>17%</b>	17%
General and administrative	<b>1,558</b>	1,848
EBITDA from continuing operations <sup>(1)</sup>	<b>4,573</b>	4,792
EBITDA margin percentage <sup>(1)</sup>	<b>13%</b>	13%
Net earnings (loss) and comprehensive earnings (loss) from continuing operations	<b>(1,097)</b>	688
Discontinued operations, net of tax	<b>(45)</b>	(5,334)
Net loss and comprehensive loss	<b>(1,142)</b>	(4,646)
Cash provided from operating activities	<b>1,234</b>	10,657
Units outstanding	<b>32,946,308</b>	32,926,308
Weighted average units outstanding – basic	<b>32,946,308</b>	32,926,308

<sup>(1)</sup> See "Non-GAAP Measures" in Trust's MD&A (available at [www.sedar.com](http://www.sedar.com))

The Trust continues to focus on diversification into industrial and civil infrastructure activities. This diversification objective has had limited success due to pricing pressures in the bidding process with increased number of parties providing bids. The Construction segment, which comprised 44% of the Trusts consolidated revenue in 2010 has less non-energy related activities compared to other business segments, with 88% of activities directly relating to the energy sector during the three months ended March 31, 2010 compared to 96% in the comparable period of 2009.

The oil and natural gas drilling sector will continue to impact the Trust's operations and financial results and will remain an important part of the Trust's operations going forward. The amount of the Trust's services directly relating to the oil and gas sector will fluctuate as the activity in this sector changes in addition to the amount of non-oil and gas related projects which the Trust is successful in securing. The Trust continued to pursue geographic diversification in 2010 with redeployment of equipment and skilled personnel to capitalize on demand in nearby regions plus improving utilization rates and financial results. With the shift in the North American natural gas markets towards unconventional shale gas basins, the Trust has moved quickly to position itself in two of North America's premier shale gas plays. The Trust has opened a full service office and maintenance facility in Fort Nelson and increased marketing emphasis in the northeastern British Columbia emerging Horn River and Montney shale gas plays. Petrowest has also undertaken a strategy to expand its presence in the oil sands mining sector by appointing a divisional vice president and by securing office and industrial space in Fort McMurray. This sector represents the largest area of potential growth for the Trust.

## **SELECTED FINANCIAL INFORMATION**

Selected financial information for the three months ended March 31, 2010 is attached below. This information should be read in conjunction with the audited consolidated financial statements for the twelve months ended December 31, 2009 and the Trust's Management, Discussion and Analysis, available under the Trust's profile on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **FORWARD LOOKING INFORMATION**

*This news release contains forward-looking statements that involve substantial known and unknown risks and uncertainties. These forward-looking statements are identified by their use of terms and phrases such as "anticipate," "achievable," "believe," "expect," "estimate," "plan," "intend," "project," "may," "should", "could", "predict", "may," "will," or similar words suggesting future outcomes or language suggesting an outlook. Forward-looking statements and information are based on Petrowest's current beliefs as well as assumptions made by and information currently available to Petrowest concerning anticipated business performance. Although management of Petrowest considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Forward-looking statements are subject to many external variables that are beyond Petrowest's control, such as fluctuating prices for crude oil and natural gas, changes in drilling activity, and general local and global economic, political, business and weather conditions. If any of these, or other uncertainties, materialize the actual results of Petrowest may vary materially from those expected.*

For further information, please contact Ralph Hesje, President and CEO, or Lloyd A. Wiggins, Chief Financial Officer, at (403) 237-0881 or [info@petro-west.com](mailto:info@petro-west.com).

# Petrowest Energy Services Trust

## Consolidated Balance Sheets

(Unaudited)

(In thousands of dollars)	As at March 31, 2010	As at December 31, 2009
<b>Assets</b>		
<b>Current assets</b>		
Accounts receivable	29,096	28,262
Prepaid expenses and other	2,992	2,158
Inventory	4,071	3,984
Assets related to discontinued operations	90	174
	<b>36,249</b>	<b>34,578</b>
Property and equipment	67,404	67,972
Intangible assets	7,468	8,330
	<b>111,121</b>	<b>110,880</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank overdraft	1,356	270
Accounts payable and accrued liabilities	10,836	11,689
Revolving bank term loan	67,950	67,950
Current portion of obligations under capital leases	1,117	544
Liabilities related to discontinued operations	1	11
	<b>81,260</b>	<b>80,464</b>
Obligations under capital leases	790	331
	<b>82,050</b>	<b>80,795</b>
<b>Unitholders' Equity</b>		
Units	292,498	292,498
Contributed surplus	1,178	1,050
Accumulated loss	(226,642)	(225,500)
Accumulated distributions to unitholders	(37,963)	(37,963)
	<b>29,071</b>	<b>30,085</b>
	<b>111,121</b>	<b>110,880</b>

**Petrowest Energy Services Trust**  
**Consolidated Statements of Loss, Comprehensive Loss and Accumulated Loss**

(Unaudited)

(In thousands of dollars, except per unit amounts)	Three months ended March 31	
	2010	2009
<b>Revenue</b>	<b>35,756</b>	38,137
<b>Expenses</b>		
Operating expenses	29,625	31,497
General and administrative	1,558	1,848
Interest	863	1,027
Amortization of property and equipment	4,118	5,022
Amortization of intangible assets	862	973
	<b>37,026</b>	40,367
	<b>(1,270)</b>	(2,230)
<b>Other income (loss)</b>		
Gain (loss) on disposal of property and equipment	169	(19)
Interest and other income	4	2
Net loss and comprehensive loss before taxes	<b>(1,097)</b>	(2,247)
Future income tax recovery	-	(2,935)
<b>Net earnings (loss) and comprehensive earnings (loss)</b>	<b>(1,097)</b>	688
<b>Discontinued operations, net of tax</b>	<b>(45)</b>	(5,334)
<b>Net loss and comprehensive loss</b>	<b>(1,142)</b>	(4,646)
<b>Accumulated loss - beginning of period</b>	<b>(225,500)</b>	(166,270)
<b>Accumulated loss - end of period</b>	<b>(226,642)</b>	(170,916)
<b>Net loss per unit</b>		
-basic and diluted from continuing operations	<b>\$(0.03)</b>	\$0.02
-basic and diluted from discontinued operations	<b>(0.00)</b>	(0.16)
-basic and diluted	<b>(0.03)</b>	(0.14)

# Petrowest Energy Services Trust

## Consolidated Statements of Cash Flows

(Unaudited)

	Three months ended March 31	
(In thousands of dollars)	2010	2009
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Net earnings (loss) from continuing operations	(1,097)	688
Items not affecting cash		
Amortization of property and equipment	4,118	5,022
Amortization of intangible assets	862	973
Unit-based compensation expense	128	28
Future income tax recovery	-	(2,935)
(Gain) loss on disposal of property and equipment	(169)	19
	<b>3,842</b>	<b>3,795</b>
Changes in non-cash working capital		
Accounts receivable	(834)	11,976
Prepaid expenses and other	(834)	34
Inventory	(87)	(243)
Accounts payable and accrued liabilities	(853)	(4,905)
	<b>1,234</b>	<b>10,657</b>
<b>Financing activities</b>		
Repayment of capital lease obligations	(290)	(169)
Repayment of revolving term bank loan	-	(11,000)
	<b>(290)</b>	<b>(11,169)</b>
<b>Investing activities</b>		
Purchase of property and equipment	(2,276)	(1,813)
Proceeds on property and equipment disposals	217	68
	<b>(2,059)</b>	<b>(1,745)</b>
<b>Net change in cash from continuing operations</b>	<b>(1,115)</b>	<b>(2,257)</b>
<b>Cash flow from discontinued operations</b>		
Operating activities	29	(1,291)
Financing activities	-	(3)
Investing activities	-	(133)
<b>Net change in cash from discontinued operations</b>	<b>29</b>	<b>(1,427)</b>
Decrease in cash and cash equivalents	(1,086)	(3,684)
Cash and cash equivalents (bank overdraft), beginning of period	(270)	2,348
Bank overdraft, end of period	(1,356)	(1,336)
<b>Supplementary cash flow information</b>		
Interest paid	866	1,225
<b>Non cash transactions</b>		
Property and equipment financed by capital leases	1,322	-

