



**SIKANNI SERVICES LTD. AND IRONTREE OILFIELD SERVICES CORP.  
ANNOUNCE INTENTION TO MERGE BY PLAN OF ARRANGEMENT**

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**FOR IMMEDIATE RELEASE**  
February 22, 2008 - Red Deer, Alberta

**SYMBOL: SKI**  
**Stock exchange: TSX Venture**

**SIKANNI SERVICES LTD.** (“Sikanni” or the “Company”) (TSXV- “SKI”) – Sikanni is pleased to announce it has entered into an arm’s length agreement dated February 22, 2008 (“Agreement”) to merge with Irontree Oilfield Services Corp. (“Irontree”).

The Agreement contemplates the completion of a Plan of Arrangement under the *Business Corporations Act* (Alberta) (the “Arrangement”) pursuant to which, among other things, the following items shall occur:

- Sikanni and Irontree shall be amalgamated and continue as one corporation (“Amalco”);
- Each shareholder of Sikanni shall receive 1 common share of Amalco (each, an “Amalco Share”) for each 30 common shares of Sikanni (each a “Sikanni Share”);
- Each shareholder of Irontree shall receive 1 Amalco Share for each 0.905 Class A Common Shares and 1 Amalco Share for each 0.905 Series I Class C Preferred Shares of Irontree (collectively, the “Irontree Shares”); and
- Each holder of warrants and options in each of Sikanni and Irontree shall be exercisable to acquire Amalco Shares on their terms following the Arrangement, subject to adjustment to give effect to the exchange ratio above.

The pro forma share structure represents a 30:1 share consolidation of Sikanni’s outstanding shares. The Arrangement will constitute a “Reverse Take Over” of Sikanni pursuant to the policies of the TSX Venture Exchange (the “Exchange”).

On a pro-forma basis, based on management prepared financial statements, the combined revenue for Irontree and Sikanni for the nine month period ended September 30, 2007 was approximately \$96 million, of which \$77 USDmillion is attributable to Irontree and \$19 million is attributable to Sikanni. On closing, approximately 80% of Amalco’s operations will be located in the United States. Upon closing of the Arrangement, Amalco will have approximately 26 cranes, 200 power units and 400 trailers. The management teams of Sikanni and Irontree are confident that the Arrangement will provide Amalco with the ability to tactically capitalize on growth opportunities across the North American oil and gas services market.

Key features, terms and conditions of the Arrangement include:

- Upon completion of the Arrangement the shareholders of Irontree will own approximately 75% of the Amalco Shares and Sikanni shareholders will own approximately 25% of the Amalco Shares;
- The Agreement contains a standstill clause which prohibits both Sikanni and Irontree from soliciting or initiating any other offers or proposals concerning the sale or purchase of the shares or assets of either company prior to the closing or termination of the Arrangement;
- All of the directors and certain officers of Sikanni and Irontree have entered into agreements to vote in favour of the Arrangement, representing 29% and 65% of the outstanding shares of Sikanni and Irontree, respectively;

**The Boards of Directors of Sikanni and Irontree have unanimously concluded that the Arrangement is fair to Sikanni and Irontree shareholders, respectively, and is in the best interests of Sikanni and Irontree, respectively and should be placed before the Sikanni and Irontree shareholders for their approval.**

The Arrangement is subject to Exchange, court and other regulatory approvals. The Arrangement is also subject to the approval of 66 2/3% of the shareholders of each of Sikanni and Irontree at shareholder meetings which are tentatively scheduled to occur on April 28, 2008. An information circular providing further information on Sikanni, Irontree and the Arrangement will be mailed to the Sikanni and Irontree shareholders in early April 2008.

Trading in Sikanni Shares on the Exchange will remain halted until such time as permission to resume trading has been obtained from the Exchange, in particular the satisfaction of the initial filing requirements of the Exchange and a preliminary review by the Exchange.

#### **SIKANNI SERVICES LTD.**

Sikanni was incorporated pursuant to the laws of the province of Alberta and provides drilling and production related services to the Western Canadian oil and gas industry. Sikanni commenced operations in 2005 from its head office in Red Deer and field office in Grande Cache, Alberta. Since inception Sikanni's field operations have expanded to locations in Grande Prairie, Swan Hills, Fox Creek, Whitecourt and Slave Lake, Alberta. Sikanni's primary business segments consisting of wheeled tank rentals, general oilfield hauling and transportation, rig moving, drilling mud distribution and oilfield waste management.

#### **IRONTREE OILFIELD SERVICES CORP.**

Irontree is a private oilfield services company incorporated pursuant to the laws of the province of Alberta that provides rig moving, crane services, new and refurbished tubular products, specialized heavy hauling and pipe storage and transportation. Irontree, together with its Canadian and United States subsidiaries, operates from locations in Colorado, Wyoming, California, North Dakota, Arkansas, Texas, New Mexico and Montana. It has been continuously managed by its founders since its inception in 2002 and has generated consistent year-over-year profitability and growth. Irontree has substantial rig moving operations in the United States, with a customer base of over 120 oil and gas and drilling operators and in excess of 550 employees.

The major shareholders of Irontree are Mr. W.T. David Murray of Grand Junction, Colorado, who, directly and indirectly, holds 35% of Irontree Shares and Ironrod Investments Inc, a private Ontario company, controlled by Ross McEachran of Ontario, which holds 13% of the Irontree Shares. The remaining 52% of the Irontree Shares are held by 117 other shareholders.

The Irontree group of companies includes Speedy Heavy Hauling Inc. (incorporated in Wyoming), Northern Truck and Crane Inc. (incorporated in California), Caprock Pipe Supply Inc. (incorporated in Wyoming), and Tubular Transportation Inc. (incorporated in Nevada).

## FINANCIAL INFORMATION

The following table summarizes certain financial information of Sikanni and Irontree as at and for the nine months ended September 30, 2007. In the case of Irontree, the amounts presented are based on management prepared financial statements and are presented in United States dollars.

	<u>Sikanni</u>	<u>Irontree</u>
	(\$000's)	(US\$000's)
Revenue	19,389	76,593
EBITDAS <sup>(1)</sup>	3,601	11,198
Net Income	(1,338)	2,265

Note:

- (1) EBIDTAS refers to earnings before interest, taxes, depreciation, amortization, stock based compensation and losses or gains on disposal of equipment. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

## AMALCO BUSINESS

Upon completion of the transaction, Amalco will be engaged in diversified energy services, providing drilling and production related services throughout the markets currently serviced by Sikanni and Irontree. It is intended that the services currently provided by Sikanni and Irontree will be combined and continued by Amalco throughout the North American energy sector.

## STRATEGIC RATIONALE

The management and directors of Sikanni and Irontree believe that the Arrangement will provide a number of strategic operational advantages and value-added growth opportunities for shareholders, including:

- Increased equipment utilization and profitability through the timely deployment of equipment into a broader geographic marketplace, taking advantage of seasonal and economic cycles;
- Access to a more diverse customer base and the opportunity to cross-sell an expanded and complementary range of services;
- Critical mass in terms of geographic scope, technical capabilities, equipment configuration and an employee base with a diverse skill set;

- Unique competitive positioning that will allow the new entity to aggressively capitalize on growth opportunities across the North American oil and gas industry; and
- The ability to leverage growth and efficiency from a shared vision that is entrepreneurial and innovative with an unwavering commitment to customer service, the highest levels of safety standards, and uncompromising financial discipline.

“This combination will make Sikanni part of an even more resourceful and responsive energy services company with a broad geographic footprint and will create one of the largest rig moving operations in North America,” reported Rod MacDonald, President and Chief Executive Officer of Sikanni.

## **MANAGEMENT AND BOARD**

The composition of the management team of Amalco will achieve continuity with Mr. W.T. David Murray, the Chief Executive Officer of Irontree, assuming the role of Chief Executive Officer of Amalco, Mr. Rod MacDonald, Chief Executive Officer of Sikanni, assuming the role of President of Canadian Operations, Mr. Christopher W. Challis, President and Chief Operating Officer of Irontree, assuming the role of President of US Operations and Mr. Thomas Lewis, Chief Financial Officer of Sikanni, as the Chief Financial Officer of Amalco.

Amalco’s board of directors will be comprised of members from the existing boards of both companies, as follows:

Mr. W.T. David Murray	CEO, Irontree Oilfield Services Corp.
Mr. Elson McDougald	Chairman, Savanna Oilfield Services Corp.
Mr. Henry Lawrie	Former Managing Partner PriceWaterhouse – Calgary; Corporate Director
Mr. Ross McEachern	CEO, Vidal Street Industrial Park Inc.
Mr. Paul Colborne	Chairman, TriStar Oil and Gas Ltd.
Mr. James Pasioka	Partner, Heenan Blakie LLP

## **FINANCIAL ADVISORS**

Macquarie Capital Markets Canada Ltd. (“Macquarie”) is acting as exclusive financial advisor to Sikanni with respect to the Arrangement. Macquarie has provided a verbal fairness opinion to the Board of Directors of Sikanni, stating that, as of the date hereof, the Arrangement is fair from a financial point of view to the shareholders of Sikanni, subject to review of the final form documents affecting the Arrangement.

Lightyear Capital Inc. (“Lightyear”) is acting as exclusive financial advisor to Irontree with respect to the Arrangement. Lightyear has provided a verbal fairness opinion to the Board of Directors of Irontree, stating that, as of the date hereof, the Arrangement is fair from a financial point of view to the shareholders of Irontree, subject to review of the final form documents affecting the Arrangement. Lightyear has agreed to act as Sponsor in connection with the Arrangement.

## **FORWARD-LOOKING STATEMENTS**

This press release contains forward-looking statements. More particularly, this press release contains statements concerning the anticipated date for the holding of the meetings of Sikanni's and Irontree's shareholders to consider the Arrangement, the anticipated date for the mailing of the circular related to those meetings and the anticipated date for the completion of the Arrangement. Sikanni has provided these anticipated dates in reliance on certain assumptions that it believes are reasonable at this time, including assumptions as to the time required to prepare meeting materials for mailing, the timing of receipt of the necessary regulatory and court approvals and the time necessary to satisfy the conditions set out in the Agreement. These dates may change for a number of reasons, including unforeseen delays in preparing meeting materials, inability to secure necessary regulatory or court approvals in the time assumed or the need for additional time to satisfy the conditions to the completion of the Arrangement. Accordingly, readers should not place undue reliance on the forward-looking statements contained in this press release concerning these dates. The forward-looking statements contained in this press release are made as of the date hereof and Sikanni undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

*Completion of the Arrangement is subject to a number of conditions, including Exchange acceptance and disinterested shareholder approval. The transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.*

*Investors are cautioned that, except as disclosed in the management information circular to be prepared in connection with the Arrangement, any information released or received with respect to the Reverse Take Over may not be accurate or complete and should not be relied upon. Trading in the securities of Sikanni should be considered highly speculative.*

*The TSX Venture Exchange has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.*

*As indicated above, Lightyear Capital Inc., subject to completion of satisfactory due diligence, has agreed to act as sponsor in connection with the Arrangement. An agreement to sponsor should not be construed as any assurance with respect to the merits of the transaction or the likelihood of completion.*

For more information, please contact:

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*The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.*