



## SIKANNI REPORTS 2008 FIRST QUARTER RESULTS

**FOR IMMEDIATE RELEASE**  
May 29, 2008 - Red Deer, Alberta

**SYMBOL: ENQ**  
**Stock exchange: TSX Venture**

**SIKANNI SERVICES LTD.** ("Sikanni" or the "Company") is pleased to announce its operating results for the quarter ended March 31, 2008 ("Q1 2008").

Sikanni's shares were previously were traded on the TSX Venture Exchange under the symbol "SKI". Effective May 5, 2008, the Company was renamed EnQuest Energy Services Corp. and began trading under the symbol "ENQ", pursuant to an Arrangement Agreement. All previous public filings are available under EnQuest on Sedar at [www.sedar.com](http://www.sedar.com). Additional information concerning the Company and its services is available on the Company's website [[www.enquestenergy.com](http://www.enquestenergy.com)].

Consolidated revenues increased to \$ 10.8 million for Q1 2008 from \$7.5 million for Q1 2007 and the Company generated net income of \$0.5 million and EBITDAS of \$2.5 million from \$0.2 million and \$1.8 million in Q1 2007. The improvements in EBITDAS and funds from operations reflect a quarter in which activity levels were higher on a year-over-year basis and exceeded management's internal expectations. These results also reflect the impact of the strategic acquisitions of Twilight and Northwell during 2007, and the deployment of additional equipment and resources on a year-over-year basis.

<b>Consolidated Highlights</b>	Q1 2008	Q1 2007
Revenues	\$ 10,836,757	\$ 7,531,777
Operating costs	7,193,169	5,110,781
	3,643,588	2,420,996
	33.6%	32.1%
General and administrative expenses	1,100,417	649,045
EBITDAS <sup>(1)</sup>	2,543,171	1,771,951
	23.5%	23.5%
EBITDAS per share - basic and diluted	0.02	0.05
Interest expense	128,778	121,123
Stock based compensation	70,575	309,028
Depreciation and amortization	1,583,917	815,879
Loss on sale of property and equipment	24,801	-
Net income	493,500	222,049
Funds from operations <sup>(2)</sup>	2,414,393	1,650,828
Funds from operations per share - basic and diluted	0.02	0.05
Purchase of property and equipment	\$ 280,865	\$ 1,042,846

<sup>(1)</sup> **EBITDAS** is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses and is used to assist management and investors in assessing the Company's ability to generate cash from operations. 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.

<sup>(2)</sup> **Funds from operations** is defined as cash from operating activities before changes in non-cash working capital. Funds from operations is a measure that provides investors additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Funds from operations does not have any standardized meaning prescribed by GAAP and may not be comparable to other companies.

## Highlights for the three months ended March 31, 2008

- Generated Q1 revenues of \$10.8 million (2007: \$7.5 million) and EBITDAS of \$2.5 million (2007: \$1.8 million) during a period of improving industry activity levels.
- Completed the design of a materials distribution and railway transload facility for Dawson Creek, British Columbia. Construction on this facility commenced subsequent to the end of the quarter and it is expected to be operational during July 2008.
- Redeployed 50 frac tanks from the Canadian fleet to the US in support of the previously announced two year take-or-pay contract.
- Entered into an Arrangement Agreement to amalgamate with Irontree Oilfield Services, a private company engaged in rig moving, crane services and tubular products. The Arrangement Agreement was approved by the respective shareholders of Sikanni and Irontree on April 28, 2008 and EnQuest Energy Services Corp., the continuing entity, began trading on the TSX Venture Exchange on May 5, 2008 under the symbol "ENQ".

## Outlook

Although oilfield service activity remains below levels seen in 2006 and early 2007, there are some encouraging signs that higher natural gas and crude oil prices may translate into higher activity levels for the Company's services in Western North America. This cautious optimism is also supported by the Petroleum Services Association of Canada, which recently increased its forecast of the number of wells to be drilled in Canada by 14% during 2008.

Management acknowledges that there will likely continue to be some volatility in the sector, but also sees some early signs that signal a gradual return to more buoyant activity levels during the later stages of 2008. Some of these factors include US gas storage levels which have trended lower on a year-over-year basis and trends in NYMEX gas pricing, which at March 31, 2008 was 19% higher than March 31, 2007.

The Irontree amalgamation is expected to profoundly alter the composition of the Company's revenue stream as over 80% of the combined business revenues will now be sourced in the United States. EnQuest Energy Services should realize a number of strategic operational advantages and value-added growth opportunities for its 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;

Management will continue to adapt to dynamic difficult industry conditions by remaining focused on minimizing overhead costs, scrutinizing all capital expenditures, and being receptive to strategic acquisition opportunities that are accretive to its shareholders.

**SIKANNI SERVICES LTD.**  
**Interim Consolidated Balance Sheets**  
**As at March 31, 2008 and December 31, 2007**

	2008	2007
	[Unaudited]	
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	\$ 7,782,850	\$ 4,990,135
Inventory	163,614	148,952
Prepays and deposits	383,790	332,126
	<u>8,330,254</u>	<u>5,471,213</u>
<b>Property and equipment</b>	35,627,304	36,512,874
<b>Intangibles</b>	13,954,923	14,500,859
<b>Goodwill</b>	5,688,823	5,688,823
<b>Amalgamation costs</b>	1,352,977	-
<b>Other</b>	176,891	160,097
	<u>\$ 65,131,172</u>	<u>\$ 62,333,866</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 1,633,061	\$ 801,277
Accounts payable and accrued liabilities	4,580,618	2,957,652
Current portion of long-term debt	1,395,792	1,338,178
Callable long-term debt	3,880,575	4,221,181
Current portion of obligations under capital lease	562,413	547,644
	<u>12,052,459</u>	<u>9,865,932</u>
<b>Long-term debt</b>	329,102	377,731
<b>Obligations under capital lease</b>	815,730	961,997
<b>Future income taxes</b>	5,148,900	4,907,300
	<u>18,346,191</u>	<u>16,112,960</u>
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b>	56,886,771	56,886,771
<b>Warrants</b>	4,803,395	4,803,395
<b>Contributed surplus</b>	1,427,431	1,356,856
<b>Deficit</b>	(16,332,616)	(16,826,116)
	<u>46,784,981</u>	<u>46,220,906</u>
	<u>\$ 65,131,172</u>	<u>\$ 62,333,866</u>

**SIKANNI SERVICES LTD.****Interim Consolidated Statements of Operations and Comprehensive Income and Deficit  
For the Three Months Ended March 31, 2008 and 2007**

[Unaudited]

	2008	2007
<b>Revenues</b>	\$ 10,836,757	\$ 7,531,777
<b>Expenses</b>		
Operating	7,193,169	5,110,781
General and administration	1,100,417	649,045
	2,543,171	1,771,951
Stock-based compensation	70,575	309,028
Depreciation	1,037,981	622,451
Amortization of intangible assets	545,936	193,428
Interest on long-term debt	88,663	72,526
Interest on obligations under capital lease	40,115	48,597
Loss on sale of property and equipment	24,801	-
	1,808,071	1,246,030
<b>Income and comprehensive income before income taxes</b>	735,100	525,921
<b>Income tax expense</b>		
Future	241,600	303,872
<b>Net income and comprehensive income</b>	493,500	222,049
<b>Deficit, beginning of period</b>	(16,826,116)	(1,344,623)
<b>Deficit, end of period</b>	\$ (16,332,616)	\$ (1,122,574)
<b>Income per share - basic and diluted</b>	\$0.00	\$0.01

**SIKANNI SERVICES LTD.**  
**Interim Consolidated Statements of Cash Flows**  
**For the Three Months Ended March 31, 2008 and 2007**

[Unaudited]

	2008	2007
<b>CASH PROVIDED BY (USED IN):</b>		
<b>Operating</b>		
Net income	\$ 493,500	\$ 222,049
Items not affecting cash:		
Loss on sale of property and equipment	24,801	-
Stock based compensation	70,575	309,028
Future income tax	241,600	303,872
Depreciation and amortization	1,583,917	815,879
	2,414,393	1,650,828
Net change in non-cash working capital	(1,239,216)	(1,186,434)
	1,175,177	464,394
<b>Investing</b>		
Amalgamation costs	(1,352,977)	-
Business acquisitions	-	(20,506,330)
Purchase of property and equipment	(280,865)	(1,042,846)
Proceeds on sale of property and equipment	90,000	-
	(1,543,842)	(21,549,176)
<b>Financing</b>		
Repayment of long-term debt	(331,621)	(93,349)
Repayment of obligations under capital lease	(131,498)	(121,236)
Issuance of short-term advances	-	727,460
Issuance of common shares - net of issue costs	-	36,880,917
	(463,119)	37,393,792
<b>(Decrease) Increase in (bank indebtedness) cash</b>	(831,784)	16,309,010
<b>(Bank indebtedness) cash, beginning of period</b>	(801,277)	88,083
<b>(Bank indebtedness) cash, end of period</b>	\$ (1,633,061)	\$ 16,397,093
<b>Supplemental cash flow information:</b>		
Interest received	\$ 4,698	\$ -
Interest paid	133,476	121,123

For more information, please contact:

**W.T. David Murray**

Chief Executive Officer

wtdmurray@enquestenergy.com

Phone: (970) 241-3420

Fax: (970) 242-5078

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

***Forward-Looking Statements***

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the future financial position, business strategy, capital expenditures, financial results, taxes and plans and objectives of or involving the Company. Many of these statements can be identified by looking for words such as “believe”, “expects”, “expected”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “continues”, or similar words and include but are not limited to, statements regarding the accretive effects of the acquisition and the anticipated results and expected benefits of the acquisition upon closing thereof. Sikanni believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in Sikanni’s continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Sikanni’s actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Sikanni. Any forward-looking statements are made as of the date hereof and Sikanni does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.