



## PRODUCTION ENHANCEMENT GROUP, INC.

Press Release

August 15, 2006

### PRODUCTION ENHANCEMENT GROUP ANNOUNCES SECOND QUARTER 2006 RESULTS

**CALGARY, ALBERTA – Production Enhancement Group, Inc.** (“PEG” or the “Corporation”) (TSX: WIS) is pleased to provide a summary of its financial and operating results for the three months and six months ended June 30, 2006. For a complete copy of PEG’s second quarter 2006 financial statements and management’s discussion and analysis, please visit [www.sedar.com](http://www.sedar.com) or PEG’s website at [www.productionenhancement.com](http://www.productionenhancement.com).

PEG’s common shares and warrants trade on the Toronto Stock Exchange under the symbol “WIS” and “WIS.WT”, respectively.

Financial results for the corresponding periods of the previous year are not available because WIS was not a reporting issuer during 2005 and did not prepare quarterly financial statements for the first and second quarters of 2005.

The figures presented below are expressed in thousands of US dollars (USD), except where otherwise stated.

#### SELECTED FINANCIAL INFORMATION <sup>(1), (2), (3)</sup>

Periods ended June 30, 2006

<b>Financial Results (USD thousands)</b>	<b>Three months ended, June 30, 2006</b>	<b>Six months ended, June 30, 2006</b>
Revenue	\$ 4,579	\$ 8,405
EBITDAS <sup>(1)</sup>	(200)	(367)
Loss before income taxes	(1,467)	(2,296)
Net income (loss)	(1,041)	(1,612)
Net income (loss) dollars per share (basic and diluted)	\$ (0.02)	\$ (0.04)
<b>Financial Position (USD thousands)</b>		
Total Assets	\$ 32,188	\$ 32,188
Debt	11,267	11,267
<b>Number of common shares outstanding <sup>(3)</sup>:</b>		
Weighted average - basic and diluted	49,269,095	44,112,854
As at December 31, 2005 - 38,899,322		

(1) EBITDAS means earnings from continuing operations before interest, taxes, amortization, and stock based compensation. Readers are cautioned that EBITDAS is generally regarded as an indirect measure of operating cash flow, and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community.

(2) The Company became a Reporting Issuer on March 29, 2006, being the date of receipt for its initial public offering prospectus. Quarterly financial information has not been provided for 2005 as the Company did not prepare such information.

(3) Includes both Common Shares and Class C non-voting Shares (which, except for voting privileges, have the same rights as the Common Shares).

## **Operating and Financial Highlights**

Alice Jackson, PEG's Chief Financial Officer, stated "During the second quarter Production Enhancement Group completed a series of financing activities that have allowed PEG to increase its revenue generating capability and to pursue selective acquisitions in the U.S. and Canada. PEG closed its initial public offering on the Toronto Stock Exchange on April 19, 2006, receiving net proceeds of CAD 18.6 million. In May 2006, PEG entered into an arrangement with a GE Energy Financial Services affiliate for a USD 25 million credit facility. The credit facility enhances the company's already strong working capital position of USD 7 million. As well, PEG has engaged the services of Texas-based investment banking firm Sanders Morris Harris Group Inc to help the company obtain financing to strengthen the development of its well intervention services in North America."

With the necessary foundation and financing in place, PEG announced in July that it had placed orders for USD 5.3 million of new WISE™ well intervention equipment and taken steps to increase the size of its WISE fleet to 20 units from nine at the time of the IPO. The latest equipment order increased PEG's revenue generating capability by approximately 50 percent in the near term. Demand for PEG's well-servicing units is strong and the company anticipates a growing need for well intervention work in the future.

Philip C. Crawford, PEG's president and chief executive officer, said "PEG transformed itself in the first half of 2006 as the company took advantage of the growing demand for coiled tubing. Now the company is focusing on its objectives to establish a 20 percent market share in each district with a PEG presence within three years, to be the leader in well intervention and to deliver a solid return for investors. Management plans to continue to grow through strategic acquisitions and joint ventures domestically and internationally to the benefit of its valued shareholders."

## **About Production Enhancement Group**

Production Enhancement Group, a Houston-based energy services company incorporated in Alberta, Canada, trades on the TSX under the symbol WIS. PEG owns patented WISE™ Well Intervention multifunction coiled tubing technologies and markets a full range of well intervention services.

*This release and PEG's website referenced in this release may contain forward-looking statements including expectations of future components of cash flow and earnings. Investors are cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of PEG. These risks include, but are not limited to; the risks associated with the oil and gas industry, commodity prices and exchange rate changes. Industry related risks could include, but are not limited to; operational risks in exploration, development and production, delays or changes in plans, health and safety risks including, without limitation, costs and expenses. The risks outlined above should not be construed as exhaustive. Investors are cautioned not to place undue reliance on any forward-looking information. PEG undertakes no obligation to update or revise any forward-looking statements.*

**For further information on PEG,** visit [www.productionenhancement.com](http://www.productionenhancement.com) or contact:

Alice Jackson, CPA  
Chief Financial Officer  
Production Enhancement Group, Inc.  
281-480-1900  
[ajackson@wisewellintervention.com](mailto:ajackson@wisewellintervention.com)

Ken Wetherell  
Investor Relations  
Iradesso Communications Corp.  
403-503-0144 x224  
[kwetherell@iradesso.com](mailto:kwetherell@iradesso.com)