



PRODUCTION ENHANCEMENT GROUP, INC.

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PRODUCTION ENHANCEMENT GROUP ANNOUNCES PROPOSED US\$5 MILLION UNIT OFFERING

HOUSTON, TEXAS and CALGARY, ALBERTA - Production Enhancement Group, Inc. (TSX: WIS) ("PEG" or the "Company") announced today the offering of up to 6,666,667 units (each a "Unit") priced at Cdn\$0.87 per Unit, for a total value of up to Cdn\$5.8 million. Each Unit is comprised of one Series A 8% Cumulative, Non-voting Convertible Preferred Share (each a "Preferred Share") and three quarters of one Common share purchase warrant (each a "Warrant"). Proceeds of the offering will be used to close the acquisition of Wireline Specialists of Louisiana ("Wireline Specialists"), as announced by the Company on September 22, 2006, and the acquisition of Dynastar Energy Services, Ltd., as announced on November 16, 2006. Any remaining funds will be used to finance a portion of the Company's capital expenditures.

The Preferred Shares will pay quarterly cumulative dividends at a rate of 8% per year of the amount invested. The Company has the right to pay all or a portion of the first four quarterly dividends in kind in additional Preferred Shares at the equivalent Common Share value at the time of payment. Each Preferred Share is convertible at the option of the holder into one PEG Common Share. The Company may force conversion of the Preferred Shares upon 30 days' notice if the average closing price of the Common Shares of the Company on the Toronto Stock Exchange exceeds \$1.74 for a period of 10 consecutive trading days on which an average of 10,000 Common Shares have traded.

Each whole Warrant shall entitle the holder to purchase one Common Share at a price per share of Cdn\$1.24 for a period of five years following the date of issuance. The Company can accelerate the expiry of the Warrants in the event that the simple average trading price for a 30 consecutive trading day period is equal to or greater than Cdn \$2.48.

The offering is scheduled to close on or about March 1, 2007 and is subject to certain conditions including, but not limited to, the receipt of all necessary approvals, including the approval of the Toronto Stock Exchange, and the closing of the Wireline Specialists acquisition.

Sanders Morris Harris Inc. is the exclusive placement agent with respect to the offering and will be receiving a 7% commission and broker warrants (each a "Broker Warrant") equivalent to 5% of the number of Preferred Shares issued pursuant to the offering. Each Broker Warrant shall entitle the holder to purchase one Common Share at a price per share of Cdn\$1.08 for a period of five years following the date of issuance.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

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™ multifunction coiled tubing technologies and markets a full range of coiled tubing and pressure pumping services.

WISE is a trademark of Production Enhancement Group, Inc.

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

Forward-Looking Statements

This release and PEG's website referenced in this release 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, and 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.

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