

FOR IMMEDIATE RELEASE
March 31, 2009
PRODUCTION ENHANCEMENT GROUP ANNOUNCES 2008 FOURTH QUARTER AND ANNUAL RESULTS:
REVENUE GROWS BY 5% OVER PRIOR YEAR FROM USD 31.5 MILLION TO USD 33.0 MILLION

HOUSTON, TEXAS – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced financial and operating results for the three months and twelve months ended December 31, 2008.

SELECTED ANNUAL FINANCIAL INFORMATION ^{(1), (2), (3)}
(Stated in USD)

	Three months ended December 31,			Twelve Months Ended December 31,			2006
	2008	2007	% Change	2008	2007	% Change	
Revenue ⁽¹⁾	7,292,044	8,710,132	-16%	32,996,871	31,507,611	5%	21,035,307
EBITDAS ⁽²⁾	(1,449,218)	(2,604,700)	44%	(5,153,693)	(2,831,397)	-82%	144,570
ADJ EBITDAS ⁽³⁾	(1,484,163)	(2,604,700)	43%	(2,969,994)	(2,831,397)	-5%	144,570
Loss before income taxes	(10,759,447)	(7,164,256)	-50%	(29,513,678)	(15,827,811)	-86%	(4,645,833)
Net loss from continuing operations	(10,817,934)	(7,913,411)	-37%	(29,676,174)	(16,576,966)	-79%	(4,240,547)
Net loss from discontinued operations	(24,054)	(2,639,631)	99%	(174,256)	(3,159,663)	94%	-
Loss per share from continuing operations ⁽⁴⁾	(0.10)	(0.14)	29%	(0.34)	(0.30)	-13%	(0.09)
Loss per share from discontinued operations ⁽⁴⁾	0.00	(0.05)	100%	(0.00)	(0.06)	100%	-
Total assets	42,860,060	54,753,431	-22%	42,860,060	54,753,431	-22%	32,018,488
Notes and debt	38,188,750	47,838,163	-20%	38,188,750	47,838,163	-20%	14,275,015
Number of common shares outstanding:							
Weighted average (basic and diluted)	107,901,283	56,403,874	91%	86,583,018	55,827,957	55%	48,977,421

(1) WISE Well Intervention Services, Inc, an Alberta corporation, was classified as loss from discontinued operations in the financial statements.

(2) EBITDAS means earnings from continuing operations before interest, taxes, depreciation and 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. These measures do not

have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies; however, PEG is consistent in its calculation of EBITDAS for each reporting period.

(3) For purposes of calculating the Company's financial covenants, EBITDAS does not include the Company's expenses associated with the purchase of common shares of the Corporation by Quest Energy Services (Canada) Ltd. in the amount of \$(34,945) and \$2,183,699 for the three and twelve months ended December 31, 2008.

(4) Basic and diluted shares.

The following is a summary of selected financial information of the Company:

Fourth Quarter Highlights

Consolidated revenues for the three months ended December 31, 2008 and 2007 were \$7,292,000 and \$8,710,000 respectively. The Company experienced continued lower utilization due to the impact still being felt by the hurricanes in the third quarter of 2008.

- Coiled Tubing Division revenues for the fourth quarter of 2008 were \$4,118,000, a 5% decrease from the 2007 fourth quarter revenues of \$4,328,000. The current quarter decrease compared to the same period in 2007 was primarily attributable to lower onshore and offshore equipment utilization caused by the hurricane related well service delays.
- Pumping Division revenues for the fourth quarter of 2008 were \$1,966,000, a 12% decrease over the 2007 fourth quarter revenue of \$2,224,000. This decrease was primarily due to lower offshore utilization due to the adverse impact of the hurricanes. The Company is also being impacted by pricing pressure due to the decline in oil and gas prices.
- The Slickline Services Division revenues for the fourth quarter of 2008 were \$859,000, a 55% decrease from fourth quarter 2007 revenue of \$1,888,000 due to the hurricane related activity.
- The Nitrogen Services Division contributed \$350,000 in revenues during the fourth quarter of 2008, a 29% increase from fourth quarter 2007 revenue of \$271,000.

EBITDAS for the three months ended December 31, 2008 and 2007 were (\$1,449,000) and (\$2,605,000), respectively. The improvement from the fourth quarter last year was primarily attributable to the restructuring charge recorded in 2007 of \$1.4 million.

Fourth quarter operations continue to be impeded by the impact of the three hurricanes and a tropical storm in the Gulf of Mexico experienced in the third quarter of 2008. The two strongest storms, Hurricanes Gustav and Ike, each came ashore with sustained winds of 110 mph and heavy rains, and Hurricane Ike pushed a 20 ft. wall of water across Galveston Texas. While Company personnel and assets incurred only minor

damage from the storms; damage to infrastructure of the Company's client base was substantial. In September, the US Mineral Management Service reported that more than 700 offshore production platforms or drilling rigs had been evacuated and production of 1,300 mb/d of oil and 7.3 bcf/d of natural gas was shut-in. Reports, which are constantly changing, are that production in many areas of the Gulf will take until the end of the year before being restored, and in some cases, may never be restored. The lower equipment utilization created by these natural disasters had a negative impact on the Company's financial performance.

The charges impacting the fourth quarter included the Company performing impairment testing of its long-lived assets, goodwill and intangibles of all its reporting units and determined that an impairment charge existed in the amount of \$5,287,000. This was primarily a result of a decline in service pricing, the continuing decline of oil and natural gas prices and the deterioration of the credit markets which are having a negative impact on the Company's financial performance.

PEG had cash and restricted cash of \$1,529,000 at December 31, 2008 compared to \$4,925,000 as at December 31, 2007.

Annual Highlights

Consolidated revenues for the twelve months ended December 31, 2008 and 2007 were \$32,997,000 and \$31,508,000 respectively.

- Coiled Tubing Division revenues for the fiscal year of 2008 were \$16,843,000, a 11% decrease from the same period revenues in 2007 of \$19,023,000. This decrease in the twelve month period was primarily attributable to lower equipment utilization, in part due to the third quarter Hurricanes Gustav and Ike.
- Pumping Division revenues for the fiscal year of 2008 were \$9,009,000 a 36% increase over the same period revenues in 2007 of \$6,603,000. The increase was primarily attributable to the Belize operations which started May 2008.
- The Slickline Services Division contributed revenues of \$5,954,000 in the fiscal year of 2008, a 6% increase compared to \$5,611,000 in revenues generated during the same period in 2007. This service offering was acquired effective March 1, 2007 and revenues in the twelve month period of 2007 include ten months of activity compared to twelve months in the 2008 period.
- The Nitrogen Services Division contributed \$1,191,000 in revenue during the fiscal year of 2008, a 340% increase compared to \$271,000 in revenues generated during the same period in 2007. This service offering was operational in October 2007 and revenues in the twelve month period of 2007 include three months of activity compared to twelve months in the 2008 period.

- WISE Alberta, a Canadian coiled tubing business that was acquired on April 27, 2007, was classified in the fourth quarter of 2007 as discontinued operations due to the Company's decision to close the Canadian operations and the Brooks, Alberta field office.

EBITDAS for the twelve months ended December 31, 2008 and 2007 were (\$5,154,000) and (\$2,831,000) respectively. The decline from the twelve months last year was primarily attributable to lower utilization of the Company's equipment, in part due to Hurricanes Gustav and Ike, higher labor cost for technical personnel and one-time transactions costs associated with the Quest Offer \$2,184,000. The fourth quarter of 2007 includes a restructuring charge of \$1.4 million.

Cost Reductions

In response to a decline in service pricing, the continuing decline of oil and natural gas prices and the deterioration of the credit markets which are having a negative impact on the Company's financial performance in 2009, the Company has reduced personnel head count, suspended 401k matching, lowered salaries/wages from the Chairman to field personnel and implemented a flexible cost structure in the first quarter of 2009. The Company has reduced fixed costs by approximately \$400,000 per month through these actions.

"Clearly, the rapidly deteriorating market conditions of oil and gas prices and the credit markets have extracted a toll on the Company. We have moved aggressively to align our cost structure with market conditions," said Joseph P. Lahey, PEG's Chief Executive Officer. "The Company will not be able to meet its debt obligations in March 2009 and will be in default on its debt covenants. In addition, the liquidity situation of the Company is marginal. We have entered negotiations with our lender to try and find an amicable solution for all stakeholders. However, while we have a healthy respect for the near term prospects, we believe that long term, we are in the right sector. I am very proud of all our people in doing what they have to in these difficult times. We will continue to do whatever we can to structure the company, if at all possible, to ride this current storm."

For a complete copy of PEG's 2008 annual financial statements and management's discussion and analysis, please visit www.sedar.com or PEG's website at www.productionenhancement.com.

About Production Enhancement Group, Inc.

Production Enhancement Group, Inc., a Houston-based energy services company incorporated in Alberta, Canada, trades on the TSX under the symbol WIS. PEG's wholly owned subsidiary, WISE® Well Intervention Services, Inc., has developed patented WISE multifunction coiled tubing technologies and markets a full range of coiled tubing, pressure pumping, nitrogen, and wireline services.

WISE® is a registered trademark of Production Enhancement Group, Inc.

Disclaimers

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

This release and PEG's website referenced in this release may contain forward-looking information, including expectations of future components of revenue, cash flow, earnings, cost reductions and negotiations with its lender. By their very nature, the preparation of such forward-looking information requires the Company to make assumptions, and involves inherent risks and uncertainties, both general and specific. There is significant risk that express or implied projections contained in such forward-looking information will not materialize or will be inaccurate. A number of factors could cause actual future results, conditions, actions or event to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. Such differences may be caused by factors, many of which are beyond PEG's control, which include, but are not limited to, the level of operations carried on by PEG's customers, oil and gas prices, weather conditions in offshore and land markets including natural disasters, availability of capital, access to current or future financing arrangements, manufacturing cycles of new equipment, the effects of competition in the markets in which PEG operates, difficulty in continuing to develop, produce and commercialize technologically advanced services, availability of human resources and PEG's success in anticipating and managing the foregoing risks. The preceding list is not comprehensive, and as such, investors and others who rely on these statements should consider the above factors as well as the uncertainties they represent and the risk they entail. The risks outlined above should not be construed as exhaustive and include assumptions on which forward-looking information is based on. Investors are cautioned not to place undue reliance on any forward-looking information. PEG undertakes no obligation to update or revise any forward-looking information.

For further information, visit www.productionenhancement.com or contact:

Douglas Parker, Chief Financial Officer
Production Enhancement Group, Inc.
713-405-8503
dparker@wisewellintervention.com