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Thursday August 31, 2006

DEEPWELL ENERGY SERVICES TRUST REPORTS RESULTS FOR INITIAL 64-DAY PERIOD ENDED JUNE 30, 2006

Calgary, Alberta - Deepwell Energy Services Trust ("Deepwell" or the "Trust") today announced its financial results for the 64-day period from commencement of operations on April 27, 2006 to June 30, 2006. Deepwell recorded revenue of $1,779,628, net earnings of $11,840, cash flow from operations[(1)] of $492,157 and EBITDA[(1)] of $599,802. During the period, Deepwell paid cash distributions to unitholders of $445,258.

Financial highlights [(1)(2)]

For the period April 27th, 2006 to June 30, 2006

Revenue	$	1,778,628
Operating costs		948,937
Gross Margin		829,691
General & administrative		229,889
Earnings before interest, taxes,depreciation and amortization (EBITDA)		599,802
Interest		107,645
Cash flow from operations		492,157
Depreciation, accretion and amortization		480,317
Net income	$	11,840
Per unit, basic and diluted	$	0.003
EBITDA	$	599,802
Per unit, basic and diluted	$	0.14
Cash flow from operations	$	492,157
Per unit, basic and diluted	$	0.11
Distributions to unitholders	$	445,258
Per unit, basic and diluted	$	0.10
Gross margin as a percentage of revenue		47%
General and administrative as a percentage of revenue		13%
Capital expenditures		
Long term debt	$	6,805,556
Unitholders' capital	$	40,568,721
Trust units, basic and diluted		4,356,000

(1) EBITDA, Cash flow from operations, and Gross margin are Non-GAAP measures and are defined in the attached Management's Discussion & Analysis

(2) Under National Instrument 51-102, Part 4, subsections 4.3(3)(a), an auditor has not performed a review of the interim financial statements as at and for the 64-day period ended June 30, 2006. The unaudited interim financial statements of the Trust at June 30, 2006 have been prepared and are the responsibility of the Trust's management. The Trust's independent auditor has not performed a review of these statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Message from Robert Dodds, President and CEO

Deepwell Energy Services Trust ("Deepwell") has completed its first interim period of operations and has listed its Units on the Toronto Stock Exchange (the "TSX"). Deepwell has successfully executed its plan of entering the oilfield waste management business by acquiring an operating business.

Deepwell's current operations were formed through the acquisition of oilfield waste management assets from Producers Oilfield Services Inc. These assets, as acquired, generate significant positive cash flow, and we believe that Deepwell can build on their performance with a focused management team with proven experience in the oilfield waste management business.

Deepwell's first period of operations in the oilfield waste management business consisted of the 64 days ended June 30, 2006. Operations for the period generated positive cash flow despite the traditional seasonal challenges in May and June. In this time, the acquired assets performed consistently with operations prior to the acquisition by Deepwell, and we pursued opportunities for improving efficiency and performance of existing operations, primarily focused on improving our capacity for deep well disposal of fluids.

We took steps to improve injection capacity of our disposal well at the Rycroft facility. The facility was out of operation for eight days; however the opportunity to perform this work in the season of lowest demand somewhat mitigates the impact of the downtime. We have also pursued opportunities to add supplementary disposal wells at each location both to increase capacity and reduce potential downtime in the future.

Our results were negatively impacted by an outage at our Grand Cache facility. We experienced a break in the pipeline between the plant and the well site, and operations were down at that facility for the last three weeks of the period. Operations at Grande Cache resumed in mid-July, when we began trucking fluid from the plant site to the disposal well. The pipeline construction consists of a high pressure fiberglass pipe inside a steel casing. The break occurred in the internal fiberglass pipe, and was contained by the outer casing.

In August, we successfully listed our units on the Toronto Stock Exchange. The process of listing involved a great deal of effort and cooperation among many professionals and organizations, and I wish to thank everyone involved for their input, and congratulate them on the success.

Our first period was exciting and challenging. We were exposed to operational challenges and difficult weather conditions. Deepwell has positioned itself as a strong oilfield waste management focused trust with a quality asset base, and high quality staff. We continue to focus our strategy on improving the efficiency and performance of existing facilities, and on development of new facilities in new locations.

Signed

Robert Dodds
President and Chief Executive Officer
Deepwell Energy Services Ltd.

MANAGEMENT'S DISCUSSION AND ANALYSIS

August 29, 2006

The following Management's Discussion and Analysis ("MD&A") of Deepwell Energy Services Trust ("Deepwell" or the "Trust") as at and for the 64 day period ended June 30, 2006 has been prepared taking into consideration information available to August 26, 2006 and should be read in conjunction with the financial statements and notes of the Trust as at and for the 64 day period ended June 30, 2006.

Formation of Deepwell and 64 day initial reporting period

On April 27, 2006, Deepwell completed its private placement which raised $40 million in gross proceeds.

As Deepwell's initial fiscal year end is December 31, 2006, its initial annual report and financial statements will not be prepared until this fiscal year end is complete. The annual financial statements and annual report typically provide a base of financial information against which to report the quarters in the upcoming year. Since this information did not exist for the year ended December 31, 2005, management has provided expanded disclosure in this MD&A and the notes to the financial statements for this initial reporting period ended June 30, 2006.

Comparative information

No comparative information is provided as quarterly financial results for the prior period are not available and are not considered directly comparable due to the complexity of harmonizing the accounting periods and policies for the past financial information of the acquired assets.

Deepwell's segmentation

For financial reporting purposes, management views the operations of Deepwell as a single business segment due to the similarity of the operations and services, common customer bases, geographic concentration in the Western Canadian Sedimentary Basin and the single focus on the oilfield waste management sector.

Non-GAAP measures

The financial statements have been prepared in accordance with GAAP. Certain supplementary information and measures not recognized under GAAP are also provided where management believes they assist the reader in understanding the Trust's results. These measures include:

- Earnings before interest, taxes, depreciation and amortization (EBITDA);
- Gross margin, which refers to revenues less operating expenses; and
- Cash flow, or cash flow from operations, which refers to cash flow from operations before changes in non-cash working capital

These measures are identified and presented, where appropriate, together with reconciliations to the equivalent GAAP measure. However, they should not be used as an alternative to GAAP, because they may not be consistent with calculations of other companies or Trusts.

Corporate profile

Based in Calgary, Deepwell Energy Services Trust is an unincorporated investment trust governed by the laws of the Province of Alberta and was established to acquire and operate businesses that engage in oilfield waste services. The principal undertaking of the Trust through its indirect wholly owned subsidiary Deepwell Energy Services LP (“Deepwell LP”) is to provide a variety of services to oil and gas exploration and production companies in western Canada.

Financial summary

For the period April 27th, 2006 to June 30, 2006

Revenue	$	1,778,628
Operating costs		948,937
Gross Margin		829,691
General & administrative		229,889
Earnings before interest, taxes,depreciation and amortization (EBITDA)		599,802
Interest		107,645
Cash flow from operations		492,157
Depreciation, accretion and amortization		480,317
Net income	$	11,840
Per unit, basic and diluted	$	0.003
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Gross margin as a percentage of revenue		47%
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Capital expenditures		
Long term debt	$	6,805,556
Unitholders' capital	$	40,568,721
Trust units, basic and diluted		4,356,000

Results of Operations

Revenues for the 64 day period were $1,779,628 comprising approximately 66% from processing and disposal revenues and 34% from oil sales. During this period, demand for oilfield waste management services was relatively strong, given the difficult time of year. Revenue is driven by levels of production and exploration activity, and is somewhat limited by the industry’s ability to move heavy equipment.

Deepwell’s net earnings for the 64 day period ended June 30, 2006 were slightly below management’s overall expectations as Deepwell incurred net income for the period of $11,840. Earnings were slightly below expectations due to periods when the Grande Cache facility was shut down due to a pipeline break, and when the Rycroft facility was shut down for work on the disposal well. Cash flow from operations during this period was $492,157. During the period, Deepwell paid distributions of $445,258 to unitholders.

Deepwell's gross margin of $829,691, which is 47% of revenue, is also slightly below management's expectations for this time of year.

Direct operating expenses of $948,937 were in line with revenues and were consistent with management's expectations. Some expenses are activity driven, however a significant portion can be considered fixed.

Expenses

Selling and administrative

Selling and administrative expenses were $229,889 and 14% percent of revenue and were in line with expectations.

Depreciation, amortization and accretion

The depreciation, amortization and accretion charge is comprised of $395,539 relating to depreciation of fixed assets, $64,671 related to amortization of intangible assets, amortization of deferred financing charges of $10,612, and accretion of $9,495.

Interest

Financing costs of $118,557 includes $107,945 in interest on long term debt, and includes $10,612 amortization of deferred financing costs.

Income taxes

The Trust and its subsidiaries are taxable entities under the Income Tax Act (Canada) but are taxable only on income that is not distributed to the Unitholders. As the Trust has distributed all of its taxable income to the Unitholders no provision for income tax has been made for the period.

Cash flow from operations and distributions

	Total	Per Unit
Cash flow from operations	$492,157	$0.11
Distributions paid	$445,258	$0.10

The Trust made an initial distribution of $0.0064 per unit in respect of the period April 28, 2006 to April 30, 2006. Distributions were made for the period May 1, 2006 to May 31, 2006 at $0.0958 per unit.

Investing activities

Net cash used in investing activities during the 64 day period was $42,158,492. These activities were primarily the result of the business acquisition.

Business Acquisitions

On April 27, 2006 a subsidiary of the Trust purchased all of the issued and outstanding shares of Deepwell Disposal Services Inc. in exchange for 356,000 Class B Trust Units valued at $3,560,000 and the Trust, on a consolidated basis, incurred transaction costs of $26,523.

On April 28, 2006, a subsidiary of the Trust purchased the oilfield waste management assets of Producers Disposal Services Ltd. and Rycroft Disposal Well Inc. (PDS and Rycroft) for cash consideration of

$42,754,509, net of interim adjustments of $1,245,491 and the Trust incurred transaction costs of $79,380. A subsidiary of the Trust acquired all of the assets of PDS and Rycroft excluding security deposits held by the Alberta Energy and Utilities Board. The Trust assumed the asset retirement obligations of PDS and Rycroft; however the Trust assumed only those operating liabilities accruing to PDS and Rycroft subsequent to March 31, 2006. The Trust also did not assume any bank indebtedness or amounts due to affiliates.

Purchase price	**PDS and Rycroft**	**Deepwell Disposal**	**Total**
Trust Units issued	$ -	$ 3,560,000	$ 3,560,000
Cash	42,754,509	-	42,754,509
Transaction costs	79,380	26,523	105,903
	$ 42,833,889	$ 3,586,523	$ 46,420,412

Allocation of purchase price	**PDS and Rycroft**	**Deepwell Disposal**	**Total**
Working Capital	$ 1,866,010	$ 173,232	$ 2,039,242
Property, plant and equipment	34,937,000	175,000	35,112,000
Intangibles	3,496,000	202,000	3,698,000
Goodwill	3,205,147	2,991,702	6,196,849
Due from the Trust	-	26,523	26,523
Deposits	-	25,354	25,354
Asset retirement obligations	(670,268)	(7,288)	(677,556)
	$ 42,833,889	$ 3,586,523	$ 46,420,412
	-		

These acquisitions were accounted for using the purchase method whereby the assets acquired and the liabilities assumed are recorded at their fair values. These Financial Statements have been prepared using the estimated fair values of assets and liabilities acquired from PDS and Rycroft as at March 31, 2006, adjusted for working capital adjustments from the interim statement of adjustments from the acquisition of the assets of PDS and Rycroft, and adjusted for working capital adjustments for operations from April 1 to April 28, 2006. The Trust and Deepwell Disposal were related parties at the time of the Deepwell Disposal acquisition, and the Pro Forma Financial Statements have been prepared using the estimated fair values of assets and liabilities acquired from Deepwell Disposal as at March 31, 2006, adjusted for working capital adjustments for operations from April 1 to April 27, 2006. Estimated fair values of property, plant and equipment, intangibles and goodwill for both acquisitions were provided by an independent evaluator.

Capital expenditures

Excluding investment on the original acquisition, (which is detailed above) the Trusts' capital expenditures for the period of April 27, 2006 to June 30, 2006 were $193,768. These expenditures relate primarily to the flare line installed in Mayerthorpe ($60,000), the pipeline repair/replacement in Grande Cache ($36,000) and the accounting software purchased in corporate office ($30,000). The balance is miscellaneous equipment costs.

Unitholders equity

On April 27, 2006, the Trust completed a private placement offering of 4,000,000 Trust units at $10 per unit, for total gross proceed of $40,000,000 less agents' commission of $2,400,000 and other expenses of $591,279. The net proceeds of $37,008,721 were used to complete the acquisition of PDS and Rycroft. An additional 356,000 Trust units were issued as purchase consideration for all of the shares of Deepwell Disposal Services Inc.

Deepwell is authorized to issue an unlimited number of Trust units.

Date	Number and Class of Trust Units	Price per unit		Proceeds
April 21, 2006	1 Class B Unit	$10.00	$	10
April 27, 2006	356,000 Class B Units	$10.00		3,560,000
April 21, 2006	4,000,000 Class B Units	$10.00		40,000,000
				43,560,010
Less: Estimated issuance costs				(2,991,289)
Unitholders equity			$	40,568,721

The basic and diluted weighted average number of Trust units outstanding for the period was 4,356,000.

Trust unit option plan

The Trust has adopted an incentive stock option plan which provides that the Trustees may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Trust, or any subsidiary of the Trust the option to purchase Units, provided that the number of Units reserved for issuance under the Option Plan shall not exceed 10% of the Units outstanding. As at June 30, 2006, no options had been granted. On August 22, 2006, the Trust granted 272,000 unit purchase options to directors, officers, employees and consultants at an exercise price of $10. These options have a five year term and vest over a three year period.

Liquidity

As at June 30, 2006, the Trust had cash and equivalents of $455,921. The Trust also has credit facilities in place in the aggregate of $17.5 million.

Net cash provided by financing activities for the 64 day period ended June 30, 2006 was $43,483,463. The Trust realized $37,008,721 in net proceeds of its private placement on April 27, 2006. The Trust also drew $9 million on its long term-debt facility, and repaid $2 million during the period. Deferred financing costs of $80 thousand were paid related to the establishment of the Trust's Credit Facilities. Other financing activities include the payment of $445,258 in distributions to unitholders related to the periods from April 29, 2006 to April 30, 2006 and from May 1, 2006 to May 30, 2006.

Credit facilities

Deepwell LP established credit facilities on April 27, 2006 with a Canadian chartered bank (the "Credit Facilities") which consist of a $2,000,000 demand revolving operating loan and a $15,500,000 364 day extendible revolving term loan, as well as a credit card facility. As of June 30, 2006, the borrowing base for the demand revolving loan was at $1,192,250 and the amount drawn was nil. As at June 30, 2006, an aggregate of $7,000,000 principal amount was drawn on the loan.

The operating loan bears interest at the lender's prime rate plus 0.125% with interest payable monthly and depending on the rate of debt to EBITDA will increase or decrease relative to the lender prime rate. The extendible revolving facility does not require principal payments thereunder until May 31, 2007, unless otherwise extended. If extended, the facility will continue to not require the payment of principal. If not extended, principal payments thereunder will be required to be made commencing monthly after the date such facility is not renewed based on an amortization period of three years.

As security for the Credit Facilities, Deepwell LP granted the lenders a security interest over all of its assets. In addition, each of the Trust, Commercial Trust and the General Partner guaranteed the indebtedness of Deepwell LP under the Credit Facilities, with such guarantee being secured by all of the assets of each such guarantor. In respect of any proceeds resulting from enforcement of the Credit Facilities or the above-mentioned guarantees, the lenders, as creditors, will have a prior ranking claim relative to the Unitholders.

The Credit Facility is subject to customary terms and conditions for borrowings of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lender and maintenance of certain interest coverage and leverage ratios.

Notwithstanding the demand nature of the operating facility, the Trust's current estimated scheduled principal repayments until December 31, 2010 are nil.

Contractual obligations – payments due by period

The Trust is committed to future minimum payments under lease contracts for office space as follows:

2006	$78,732
2007	$156,744
2008	$156,744
2009	$156,744
2010	$156,744
Thereafter	$78,732

Seasonality and weather

In Canada, the level of activity in the oil and gas industry is influenced by seasonal weather patterns. Spring break-up during the second quarter of each year leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of energy services. The timing and duration of spring break-up is dependent on weather patterns and the duration of this period will have a direct impact on the level of business of Deepwell LP. Additionally, if an unseasonably warm winter prevents sufficient freezing, well sites may be rendered inaccessible, shortening the drilling season and reducing demand for oilfield waste management services. Additionally, a warm winter can reduce demand for oil and natural gas for heating purposes, which may reduce activity for oil and natural gas exploration and development and demand for the oilfield services offered by Deepwell LP.

The volatility in the weather and temperature can therefore create unpredictability in activity, demand for oilfield services and equipment utilization rates, which could have a material adverse effect on the financial results and cash flows of Deepwell LP, the overall financial condition of the Trust and its subsidiaries and, ultimately, the Distributable Cash of the Trust.

Critical accounting estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods. The most significant estimates relate to depreciation, asset retirement obligations, and accretion. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the Trust's accounting policies as disclosed in the Trust's financial statements.

Risks and uncertainties

The operations of Deepwell face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on the businesses, financial condition, results of operations or cash flows, and therefore possibly on the cash available for distribution to unitholders.

In particular the demand, pricing and terms for oilfield waste management services largely depend on the industry activity for production and exploration of oil and natural gas in the Western Canadian Sedimentary Basin. No assurance can be given that expected trends in industry activity will continue or that demand for services will reflect the general level of activity in the industry. In addition to demand-related risks, Deepwell faces risks related to dependence on key personnel, competition for human resources, environmental, the potential impact of the Kyoto protocol, impact of government regulations, and other risks. These and other general risks are discussed more extensively in the Trust's prospectus dated August 18, 2006.

Outlook

Activity in the oil and gas exploration and development sector is the main drive of activity in the oilfield waste management business. Oil and gas prices are expected to remain strong, and demand for Deepwell's services is expected to be strong as well. Operations at Grande Cache resumed in mid-July, by trucking fluid from the plant to the well site, until the pipeline repair is completed. Management expects to generate sufficient cash to maintain the current level of distributions of $0.0958 per month, for the remainder of 2006.

Forward looking statements

Certain statements in this MD&A constitute "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust or Deepwell LP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this MD&A, such statements use such words as "may", "will", "intend", "should", "expect", "believe", "plan", "anticipate", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this MD&A.

Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements.

Although the forward looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Trust cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A. The Trust does not assume any obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities legislation.