



# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**

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## Forbes Energy Services Reports Second Quarter Financial Results

ALICE, TEXAS – August 16, 2010 – Forbes Energy Services Ltd. (TSX: FRB) today announced financial and operating results for the three months ended June 30, 2010.

Revenues for the second quarter increased 61% to \$80.0 million compared to \$49.8 million in the second quarter of 2009. The increase was driven by significantly higher utilization and pricing in both divisions. Net loss for the three months ended June 30, 2010 was \$2.2 million, or a loss of \$0.03 per share, compared to a net loss of \$9.0 million, or \$0.15 per share, in the prior year period.

Adjusted EBITDA for the second quarter of 2010 was \$13.4 million versus \$2.8 million for the same period in the prior year. Adjusted EBITDA is a non-GAAP financial measure, defined by the Company as net income before interest, taxes, depreciation, amortization, gain or loss on early extinguishment of debt, non-cash impairments and non-cash stock based compensation. For a reconciliation of Adjusted EBITDA to net income, please see the disclosures at the end of this release and on the Company's website.

John Crisp, Forbes Energy's President and Chief Executive Officer, stated, "We are pleased with the industry upturn we have been experiencing. As a result, we expect improvement in pricing and utilization to continue through the last half of this year, although at a little slower rate of increase and subject to the usual fourth quarter seasonal slowdown. In addition, we feel very fortunate to have such a significant presence in the natural gas liquids rich Eagle Ford shale play as we keep a watchful eye on the natural gas rig count. Even with a leveling off, or slight slowdown in the overall count, we feel the effects to Forbes' activity levels will be mitigated as exploration companies continue to announce new and expanded plans in the Eagle Ford."

### Business Segment Results

#### *Well Servicing*

Well servicing revenue totaled \$39.7 million in the second quarter of 2010 compared to \$25.5 million in the prior year period and \$31.0 million in the first quarter of 2010. Segment gross margin totaled \$10.9 million (27.6% of revenues) in the second quarter compared to \$1.8 million (7.0% of revenues) in the second quarter of 2009 and \$2.4 million (7.7% of revenues) for the first quarter of 2010 as the result of customer price increases and higher utilization.

Forbes recorded approximately 96,601 rig hours for the second quarter of 2010, including 18,432 hours in Mexico, compared to 65,453 total hours in the second quarter of 2009 (10,440 in Mexico) and 84,290 total hours in the first quarter of 2010 (18,216 in Mexico). The Company had 171 rigs in its well service fleet at June 30, 2010. Capital expenditures for the well servicing segment were approximately \$0.3 million during the three months ended June 30, 2010.

### *Fluid Logistics*

Fluid logistics revenues in the second quarter of 2010 totaled \$40.4 million compared to \$24.2 million in the second quarter of 2009 and \$36.2 million in the first quarter of 2010. Gross operating margins for the fluid logistics segment totaled \$8.4 million (20.7% of revenues) in the second quarter of 2010 compared to \$4.3 million (17.8% of revenues) in the prior year period and \$8.0 million (22.0% of revenues) in the first quarter of 2010.

Forbes recorded 276,940 truck hours during the second quarter of 2010 compared to 199,662 for the second quarter of 2009 and 259,686 hours in the first quarter of 2010. The Company's fluid transport segment heavy truck fleet totaled 365 as of June 30, 2010. Total capital expenditures for the fluid logistics segment were approximately \$0.6 million for the three months ended June 30, 2010.

### **Liquidity and Capital Resources**

Forbes is pleased to report that the "going concern" footnote has not been included in the Company's Form 10-Q for the most recent quarter ended June 30, 2010. The report of Forbes' independent registered accounting firm which accompanied the Company's Form 10-K for the twelve months ended December 31, 2009 included a "going concern" explanatory paragraph due to concerns over the Company's ability to meet cash obligations. A similar footnote was included in the Company's Form 10-Q for the quarter ended March 31, 2010.

As of August 16, after interest payments totaling \$11.8 million, the Company had \$9.9 million of unrestricted cash on hand. Although there can be no assurances, management currently projects that the Company will be able to meet its foreseeable future capital expenditure requirements and first quarter 2011 interest payment obligations through cash on hand and cash generated by operations.

### **Conference Call**

Forbes Energy will host a conference call to discuss its second quarter 2010 results on Tuesday, August 17, 2010, at 10:00 a.m. Eastern Time (9:00 a.m. Central). To access the call, please dial (480) 629-9835 and ask for the Forbes Energy Services call at least 10 minutes prior to the start time. The conference call will also be broadcast live via the Internet and can be accessed through the "Investor Relations" page of Forbes Energy's website, [www.forbesenergyservices.com](http://www.forbesenergyservices.com).

A telephonic replay of the conference call will be available until August 24, 2010, and may be accessed by calling (303) 590-3030 and using the pass code 4349871. A webcast archive will be available at [www.forbesenergyservices.com](http://www.forbesenergyservices.com) shortly after the call and will be accessible for approximately 30 days. For more information, please contact Donna Washburn at DRG&E at (713) 529-6600 or email at [dmw@drg-e.com](mailto:dmw@drg-e.com).

## **About Forbes Energy**

Forbes Energy Services Ltd. is an independent oilfield services contractor that provides a broad range of drilling-related and production-related services to oil and natural gas companies, primarily onshore in Texas, Mississippi, Pennsylvania and Mexico.

## **Forward-Looking Statements and Regulation G Reconciliation**

This press release contains “forward-looking statements,” as contemplated by the Private Securities Litigation Reform Act of 1995, in which the Company discusses factors it believes may affect its performance in the future. The accuracy of the Company’s assumptions, expectations, beliefs and projections depend on events or conditions that change over time and are thus susceptible to change based on actual experience, new developments and known and unknown risks. The Company gives no assurance that the forward-looking statements will prove to be correct and does not undertake any duty to update them. The Company’s actual future results might differ from the forward-looking statements made in this press release for a variety of reasons, which include: supply and demand for oilfield services and the level of oil and natural gas prices; the continued uncertainty in the global financial markets and its effect on domestic spending in the oil and natural gas industry; the Company's ability to maintain or improve pricing on its core services; the potential for excess capacity in the industry; and competition. Should one or more of the foregoing risks or uncertainties materialize, or should the Company’s underlying assumptions prove incorrect, the Company’s actual results may vary materially from those anticipated in its forward-looking statements, and the Company’s business, financial condition and results of operations could be materially and adversely affected. Additional factors that you should consider are set forth in detail in the Risk Factors section of the Company’s Annual Report on Form 10-K for the year ended December 31, 2009 (the "Form 10-K"), which was previously filed, as well as other filings the Company has made with the Securities and Exchange Commission.

Forbes Energy’s financial statements and management’s discussion and analysis of financial condition and results of operations can be found in the Form 10-Q, which is being filed today with the Securities and Exchange Commission and posted on the Company’s website.

This press release also contains references to the non-GAAP financial measure of adjusted EBITDA. For a reconciliation of adjusted EBITDA to net income, please see the table at the end of this release. Management’s opinion regarding the usefulness of adjusted EBITDA to investors and a description of the ways in which management uses such measures can be found on the “Investor Relations” page of Forbes Energy’s website, [www.forbesenergyservices.com](http://www.forbesenergyservices.com).

**Selected Statement of Operations Data  
(Unaudited)**

	<b>Three Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Revenues</b>		
Well servicing	\$ 39,650,732	\$ 25,515,071
Fluid logistics	40,393,056	24,237,506
Total revenues	<u>80,043,788</u>	<u>49,752,577</u>
<b>Expenses</b>		
Well servicing	28,711,618	23,720,892
Fluid logistics	32,026,780	19,928,066
General and administrative	6,552,668	3,896,576
Depreciation and amortization	9,914,028	9,774,963
Total expenses	<u>77,205,094</u>	<u>57,320,497</u>
Operating loss	2,838,694	(7,567,920)
<b>Other income (expense)</b>		
Interest expense	(6,894,946)	(6,406,311)
Gain on extinguishment of debt	18,591	447,842
Other income (expense)	(16,511)	8,084
Loss before taxes	<u>(4,054,172)</u>	<u>(13,518,305)</u>
Income Tax Expense	(1,812,826)	(4,480,569)
Net loss	<u>\$ (2,241,346)</u>	<u>\$ (9,037,736)</u>
Loss per share of common stock		
Basic and Diluted	\$ (0.03)	\$ (0.15)
Weighted average number of shares outstanding		
Basic and Diluted	83,673,700	62,111,200

**Selected Balance Sheet Data  
(Unaudited)**

	<b>June 30, 2010</b>	<b>December 31, 2009</b>
Cash	\$ 16,509,774	\$ 28,425,367
Accounts receivable - trade (net)	80,034,811	52,765,601
Working Capital	52,327,296	34,350,226
Other intangible assets (net)	35,168,183	36,598,781
Total assets	451,955,412	457,432,896
Total debt	216,740,844	226,898,229
Deferred tax liability	30,808,677	36,622,111
Shareholders' equity	137,113,704	146,507,477

**Selected Operating Data**

	<b>Three Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
Working Days	63	64
Rig Hours		
U.S.	78,169	55,013
Mexico	18,432	10,440
Total Rig Hours	96,601	65,453
Truck Hours	276,940	199,662

**Reconciliation of Adjusted EBITDA to Net Income  
(Unaudited)**

	<b>Three Months Ended June 30,</b>	
	<b>2010</b>	<b>2009</b>
Net loss	\$ (2,241,346)	\$ (9,037,736)
Depreciation and amortization	9,914,028	9,774,963
Interest expense	6,894,946	6,406,311
Income tax benefit	(1,812,826)	(4,480,569)
Stock based compensation	622,419	622,419
Gain on extinguishment of debt	(18,591)	(447,842)
Adjusted EBITDA	\$ 13,358,630	\$ 2,837,546