Cancoil Integrated Services Inc.
Releases First Quarter 2001 Report
Release Date: April 27, 2001

Stock Exchange: CDNX
Symbol : CAN

	Quarter Ended March 31, 2001	Three Months Ended February 29, 2000	Percent Change positive (negative)
Average number of rigs	8	1	700
Revenue	$4,272,634	$488,328	775
Gross margin	$1,294,388	$202,918	538
Net Income	$248,143	$35,241	604
Net income per share*	$0.007	$0.002	250
EBITDA	$689,525	$116,482	492
EBITDA per share*	$0.019	$0.004	375
Cash flow	$599,487	$84,383	610
Cash flow per share*	$0.016	$0.004	300
Long-term debt	$7,364,791	$1,556,042	373
Long-term debt to equity	54%	58%	(7)
Shares outstanding	27,231,667	20,225,000	35
Shares outstanding diluted	42,429,850	21,275,000	99
Weighted average shares - diluted, treasury method	36,414,647	21,275,000	71

*per share figures are on a weighted average diluted basis using the treasury method

These interim financial statements follow the same accounting policies and methods of application as the most recent annual financial statements. Not all disclosures required by GAAP for annual financial statements are presented. The interim financial statements should be read in conjunction with the most recent audited, annual financial statements.

Cancoil Integrated Services Inc. reports dramatically higher operating and financial results for the three-month period ended March 31, 2001. Income increased 604 percent (250 percent on a diluted per share basis) for the quarter ended March 31, 2001 compared to the three months ended February 29, 2000 while cash flow from operations was up 610 percent (300 percent on a diluted per share basis). The improved results were driven by an eightfold increase in the coil tubing rig fleet for the quarter ended March 31, 2001 compared to the three months ended February 29, 2000. Cancoil changed its fiscal year-end during 2000 from May 31 to December 31. Long-term debt also increased as the Company continued its aggressive capital program to grow its fleet. Total long-term debt was up 373 percent at March 31, 2001 compared to February 29, 2000 but up only 1 percent compared to December 31, 2000. Despite the increase in debt, the overall debt to equity ratio declined 7 percent comparing March 31, 2001 with February 29, 2000.

Operations
Cancoil's operations show major growth when comparing results from the quarter ended March 31, 2001 with the three months ended February 29, 2000. This growth was due to the increase in the coil tubing rig fleet from an average of one rig in the three months ended February 29, 2000 to eight rigs for the March 31, 2001 quarter. Operations in the United States by Cancoil's 75 percent owned subsidiary, Technicoil Integrated Services Inc. also began in the past year. Two of the eight coil tubing rigs were operating in the United States for Technicoil in the quarter ended March 31, 2001.

The Company continues to diversify its revenue stream both on the basis of type of service offered and geographical diversification through its expansion into the United States. In addition to its historical strength in coil tubing well fracturing, revenue is now being generated by conventional vertical drilling and underbalanced directional drilling projects.

Revenue Analysis by Type of Activity	**Quarter Ended March 31, 2001**	**Three Months Ended February 29, 2000**
Canada		
Fracturing	$978,879	$357,788
Re-entry drilling	344,712	130,540
Conventional drilling	1,783,910	-
Total Canada	3,107,501	$488,328
United Stated		
Fracturing	756,751	-
Re-entry drilling	408,382	-
Total United States	1,165,133	-
Consolidated revenue	$4,272,634	$488,328

After a strong start in January 2001, Cancoil's utilization rates dropped in February and March due to the start of spring break-up in Canada and customer project delays. Overall the fleet utilization rate was 48 percent for the quarter ended March 31, 2001.

Operational highlights for the three months ended March 31, 2001 include:

- 123 wells were fractured by Cancoil
- 36 wells were fractured by Technicoil
- 57 conventional vertical wells were drilled by Cancoil
- Medicine Hat field office was opened in January 2001

On March 26, 2001 the Company was pleased to announce the signing of a Memorandum of Understanding with Halliburton Energy Services, the world's largest oil field service company. As of April 1, 2001, Cancoil will supply rigs to Halliburton on an ongoing basis for use well fracturing in Canada and the United States. Halliburton will initially employ four rigs full-time and ramp up to nine as Cancoil expands its fleet. The term of the Memorandum is for one year ending March 31, 2002 and is renewable for additional one-year terms.

Cancoil Integrated Services Inc.

CONSOLIDATED BALANCE SHEETS

(unaudited)

	March 31, 2001	December 31, 2000
ASSETS		
Current assets:		
Accounts receivable	$3,804,719	$2,469,302
Prepaid expenses	211,956	237,948
	4,016,675	2,707,250
Due from shareholder	60,000	60,000
Deposit on assets under construction	4,521,233	4,417,337
Capital assets - net	15,942,713	14,533,884
	$24,540,621	$21,718,471
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank operating loan	$1,575,137	$160,179
Accounts payable and accrued liabilities	2,412,963	1,539,266
Current portion of long-term debt	1,403,750	1,470,729
Deferred revenue	50,115	100,232
	5,441,965	3,270,406
Long-term debt	4,461,042	4,307,500
Convertible debenture	1,500,000	1,500,000
Future income taxes	41,688	65,341
Non-controlling interest	120,732	40,039
Shareholders' equity		
Capital stock	12,232,773	12,040,907
Retained earnings	742,421	494,278
	12,975,194	12,535,185
	$24,540,621	$21,718,471

Cancoil Integrated Services Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

(unaudited)

	Three months ended March 31, 2001	Three months ended February 29, 2000
Coil tubing drilling and service revenue	$4,272,634	$488,328
Expenses:		
Operating	2,978,246	285,410
General and administrative	524,170	86,436
Amortization	294,304	49,142
Interest on long-term debt	149,072	44,307
Interest income	(55,520)	(12,208)
	3,890,272	453,087
Net income before non-controlling interest	382,362	35,241
Non-controlling interest in net income of subsidiary	(80,693)	-
Net income before income tax	301,669	35,241
Income tax expense		
Future	53,526	-
Net income for the period	248,143	35,241
Retained earnings (deficit), beginning of period	494,278	(21,142)
Retained earnings, end of period	$742,421	14,099
Net earnings per share		
Basic	$0.009	$0.002
Diluted	$0.007	$0.002

Cancoil Integrated Services Inc.

CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited)

	Three months ended March 31, 2001	Three months ended February 29, 2000
Cash provided by (used in):		
Operating activities:		
Net income	$248,143	$35,241
Add (deduct) non-cash items		
Amortization	294,304	49,142
Future income tax	(23,653)	-
Non-controlling interest	80,693	-
Cash flow from operations	599,487	84,383
Change in non-cash working capital	(485,845)	66,053
	113,642	150,436
Financing activities:		
Common shares issued	191,866	-
Increase (decrease) in long-term debt	86,563	(69,259)
	278,429	(69,259)
Investing activities:		
Acquisition of capital assets	(1,703,133)	(495,118)
Deposits on capital assets under construction	(103,896)	-
	(1,807,029)	(495,118)
Net decrease in cash and cash equivalents	(1,414,958)	(413,941)
Cash and cash equivalents (bank operating loan), beginning of period	(160,179)	1,895,152
Cash and cash equivalent (bank operating loan), end of period	$(1,575,137)	$1,481,211
Cash flow from operations per share		
Basic	$0.022	$0.004
Diluted	$0.016	$0.004

Financial Summary

Revenue for the quarter ended March 31, 2001 increased 775 percent compared to the three months ended February 29, 2000. Net income increased 604 percent for the quarter ended March 31, 2001 compared to the three-month period ended February 29, 2000. Both increases are due to the growth in the rig fleet from one to eight. On a diluted per share basis net income was up 250 percent as shares were issued in the past year to finance a portion of the capital program.

Operating expenses were up 943 percent in the quarter ended March 31, 2001 compared to the three months ended February 29, 2000 due to the larger fleet. On a percent of revenue basis, operating expenses were 70 percent of revenue for the March 31, 2001 quarter and 58 percent of revenue for the three-month period ended February 29, 2000. The increased percent cost in the quarter ended March 31 was driven by fixed labour costs and rig maintenance activity during periods of customer project delays and reduced work in March due to spring break-up. Set up of the new Medicine Hat field office also required significant spending on supplies and consumable equipment in the quarter.

The company has taken steps beginning April 1st, 2001 to manage its workforce on a more variable cost basis enabling quick reaction to changes in utilization rates.

General and administrative expenses were up 506 percent comparing the quarter ended March 31, 2001 to the three months ended February 29, 2000. On a percent of revenue, general and administrative costs were 12 percent in the quarter ended March 31, 2001 and 18 percent in the three months ended February 29, 2000. The larger rig fleet and higher revenue base has caused a reduction in administrative costs as a percent of revenue despite a large increase in overall costs.

Amortization expense has increased substantially to $294,304 in the quarter ended March 31, 2000 compared to only $49,142 in the three months ended February 29, 2000 due to the large amount of capital investment made in the past year to expand the rig fleet from one to eight. Similarly, interest expense increased from $44,307 to $149,072 comparing the three months ended February 29, 2000 to the quarter ended March 31, 2001 as a portion of the capital program was financed by bank debt.

Assets and Liabilities

March 31, 2001 balance sheet comparisons are made to the December 31, 2000 balance sheet. Accounts receivable and accounts payable were up 54 percent and 57 percent respectively comparing March 31, 2001 balances with balances at December 31, 2000. The increases are due to a larger rig fleet working in the first quarter of 2001 compared to the last quarter of 2000 as the Company took delivery of two rigs late in the last quarter of 2000. Working capital at the March 31, 2001 was in a $1.4 million deficit position. A combination of term financing the purchase of the Medicine Hat field office, a funding from the long-term bank facility for capital spending and collection of accounts receivable have returned working capital to a positive balance in April.

Total long-term debt increased one percent at March 31, 2001 compared to December 31, 2000 as cash flows and an increase in the bank operating loan contributed to the majority of the capital spending in the first quarter of 2001. The operating loan is replaced from time to time by long-term debt as certain construction milestones are reached and progress payments are funded from the Company's long-term bank debt facility.

Outlook

Cancoil entered the second quarter of 2001 with aggressive growth plans. Bank facilities are in place that combined with cash flows are expected to comfortably finance the capital program to increase the fleet to a total of 16 rigs. Two drilling mud systems were also under construction at the end of the first quarter for delivery in the second quarter to support a projected increase in drilling by the Cancoil and Technicoil fleets.

The Memorandum of Understanding with Halliburton is expected to provide a strong base of operating revenue and reduce the company's risk profile over the next 12 months. Cancoil will begin to take delivery of additional rigs in July 2001, one month later than originally expected. This slight delay in rig delivery is not expected to have significant impact on the Company's budgeted operating results for the year. Cancoil's increased revenue generating capacity with the expanding fleet is expected to continue to deliver strong growth while maintaining the Company's financial flexibility.

For further information, please contact:

Mr Arthur E. Dumont
Chairman, President and Chief Executive Officer
Tel: (403) 509-0705
e-mail: adumont@cancoil.com

Mr. Dell P. Chapman
Vice President Finance & C.F.O.
Tel: (403) 509-0704
e-mail: dchapman@cancoil.com