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**Cancoil Integrated Services Inc.
Releases Audited Financial Results
For The Seven Month Period Ended December 31, 2000**

Mr. Arthur E. Dumont, President and Chief Executive Officer, is pleased to report audited financial results for the seven month period ended December 31, 2000. These consolidated results include those of the company and its 75% owned subsidiary, Technicoil Integrated Services Inc.

Cancoil changed its fiscal year-end from May 31st to December 31st, 2000 to more closely conform to other businesses in the public oil and gas sector. Cancoil's previous fiscal year ended May 31, 2000 and its transition year is the seven-month period ended December 31, 2000.

FINANCIAL REVIEW

Cancoil commenced the period on June 1, 2000 operating three rigs and received delivery of five additional rigs during the period to have a total of eight rigs operating on a commercially successful basis by December 31, 2000. Six of these rigs were operating in Canada and two rigs were operating in the United States. Cancoil generated earnings of \$549,968 and cash flow of \$1,021,570 for the seven-month period.

At December 31st, eight additional rigs had been contracted to be built. The first four rigs will be delivered by September 2001 and the remaining four rigs by April 2002. Once all of the rigs are delivered, the company will have 16 rigs in operation.

The company's balance sheet at December 31, 2000 reflects the significant capital expansion program and associated financing put in place during the period. The company ended the year with a working capital deficiency of \$563,000, long-term debt of \$4.3 million, a \$1.5 convertible debenture and equity of \$12.5 million. Capital assets and deposits on capital assets under construction were \$19.0 million and there is a commitment of a further \$10.8 million of expenditure to complete the current capital construction program by April 2002. Of this \$10.8 million expenditure commitment, \$9.0 million will be funded with a long-term debt facility in place from the National Bank.

Cancoil did not pay income tax in the seven month fiscal period ended December 31, 2000 and has non-capital losses carried forward of \$1,521,000 that are available to reduce taxable income for the current and future years. The tax liability for 2001 will depend on the magnitude of both the profitability of the company's operations and the capital expenditure program.

OPERATIONAL REVIEW

All coiled tubing units continue to be engaged primarily on coil fracturing contracts, but extensive work performed also includes underbalanced vertical extensions, conventional drilling and underbalanced directional drilling. Cancoil's patented technology continues to demonstrate its efficiency and cost effectiveness to our growing list of clientele.

Cancoil's U.S. subsidiary, Technicoil Integrated Services Inc. is based in Houston, Texas, under the direction of Mr. E.A. (Andy) Rike, Jr., President and Chief Executive Officer. Technicoil received two of the eight operating rigs in the September to October period and has achieved the same successful level of operating efficiency performing coil fracturing and drilling, as has Cancoil in Canada.

Energy prices remain strong and support continuing strong demand for drilling and servicing activity in the energy industry. The company believes it will continue to be in a position to take full advantage of an expanding market for coiled tubing drilling, coil fracing and other services.

SUMMARY OF SEVEN MONTH FISCAL PERIOD ENDED DECEMBER 31, 2000
CONSOLIDATED FINANCIAL POSITION AND OPERATIONS

CONSOLIDATED BALANCE SHEET

Assets	
Current	\$ 2,707,250
Due from shareholders	60,000
Deposits on capital assets under construction	4,417,337
Capital assets	<u>14,533,884</u>
	<u>\$ 21,718,471</u>
Liabilities and Shareholders Equity	
Liabilities	
Current	\$ 3,270,406
Long term debt	4,307,500
Convertible debenture	1,500,000
Future income taxes	65,341
Non-controlling interest	40,039
Shareholders Equity	
Capital stock	12,040,907
Retained earnings	<u>494,278</u>
	<u>\$ 21,718,471</u>
Net earnings per share	
Basic	\$ 0.02
Diluted	\$ 0.02

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	<u>Seven Months</u>
Coiled tubing drilling and service revenues	\$ <u>5,506,053</u>
Expenses	
Operating	3,168,194
General and administrative	1,178,551
Amortization	442,409
Interest on long term debt	213,614
Interest income	<u>(75,876)</u>
	<u>4,926,892</u>
Net income before non-controlling interest	579,161
Non-controlling interest in net loss of subsidiary	<u>36,148</u>
Net income before income tax	615,309
Income tax expense – future	<u>65,341</u>
Net income for the period	549,968
Deficit – beginning of the period	<u>(55,690)</u>
Retained earnings – end of the period	<u><u>494,278</u></u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	<u>Seven Months</u>
Cash provided by (used in):	
Operating activities:	
Net income (loss)	\$ 549,968
Add non-cash items:	
Amortization	442,409
Future income tax	65,341
Non-controlling interest	<u>(36,148)</u>
Cash flow from operations	1,021,570
Net change in non-cash working capital	<u>(640,478)</u>
	381,092
Financing activities:	
Common shares and special warrants issued	4,850,909
Contribution by non-controlling shareholder of a subsidiary	-
Increase (decrease) in long-term debt	4,325,625
Convertible debenture	<u>-</u>
	9,176,534
Investing activities:	
Acquisitions of capital assets	(9,218,473)
Advances to shareholder	-
Deposits on capital assets under construction	<u>(2,192,431)</u>
	(11,410,904)
Net increase (decrease) in cash and cash equivalents	(1,853,278)
Cash and cash equivalents, beginning of period	<u>1,693,099</u>
Cash and cash equivalents (deficiency), end of period	<u><u>\$ (160,179)</u></u>
Cash flow from operations per share:	
Basic	\$ 0.04
Diluted	\$ 0.03
Cash interest paid	\$ 190,363

Cancoil Integrated Services Inc. and its U.S. subsidiary, Technicoil Integrated Services Inc., supply drilling and service operations to the oil and gas industry in North America utilizing patented coiled tubing equipment and innovative technology. This equipment performs underbalanced, directional and vertical drilling, coil fracturing, perforating, production logging and stimulations. Cancoil's common shares are listed on the Canadian Venture Exchange under the trading symbol "CAN".

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The Canadian Venture Exchange Inc. has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.