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**Cancoil Integrated Services Inc.**

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**Cancoil Integrated Services Inc.**  
*Announces Conversion of Debenture and Exercise of Warrants*

Cancoil is pleased to announce that its major shareholder, ARC Canadian Energy Venture Fund has exercised its conversion privileges on the \$1,500,000 convertible debenture and the “A” Warrants. In satisfaction for the conversion of these instruments Cancoil has issued common shares at \$0.50 in return for an offsetting reduction in long-term debt of \$1,500,000 and a cash receipt of \$1,500,000. The cash receipt was immediately used to reduce outstanding borrowings under the bank operating loan. Cancoil now has 37,827,122 common shares outstanding including 4,545,455 special warrants that are scheduled to convert to common shares on November 9, 2001. On a fully diluted basis Cancoil has 42,337,850 shares outstanding.

The 6,000,000 common shares acquired by ARC Canadian Energy Venture Fund represent approximately 18% of the current outstanding Cancoil common shares. ARC Canadian Energy Venture Fund, together with and ARC Canadian Energy Venture Fund 2, therefore now exercises control or direction over an aggregate of 25,354,849 common shares of Cancoil (or securities convertible into common shares), representing approximately 64.2% of the outstanding Cancoil common shares (assuming the exercise of such convertible securities).

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 coil tubing equipment and innovative technology. This equipment performs coil fracturing, under balanced, directional and vertical drilling, perforating, production logging and stimulations. Cancoil’s common shares are listed on the Canadian Venture Exchange under the trading symbol “CAN”.

ARC Canadian Energy Venture Fund and ARC Canadian Energy Venture Fund 2 are investment funds specializing in oil and gas exploration and production and service companies. The funds are managed by ARC Equity Management Ltd. and ARC Equity Management (Fund 2) Ltd., respectively, part of the ARC Financial group of companies. Although the funds may make further purchases of common shares of Cancoil, such purchases will be made for investment purposes.

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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.