



Technicoil Corporation

Symbol: TEC
Exchange: TSX Venture Exchange

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Releases Third Quarter Report – September 30, 2003

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2003	2002	2003	2002
Average number of rigs	9	14	10.3	13
Revenue	\$5,586,539	\$4,459,590	\$13,781,867	\$16,094,901
Gross margin	\$2,783,796	\$466,604	\$4,895,603	\$4,900,995
EBITDA ¹	\$2,448,020	\$(158,052)	\$4,069,590	\$2,771,480
Net income	\$1,181,677	\$(772,731)	\$752,916	\$232,196
Basic earnings per share	\$0.03	\$(0.02)	\$0.02	\$0.01
Diluted earnings per share	\$0.03	\$(0.02)	\$0.02	\$0.01
Cash flow from operations ²	\$1,919,029	\$165,516	\$3,112,856	\$2,643,948
Shares outstanding at end of period	39,203,789	38,853,789	39,203,789	38,853,789
Weighted average shares - basic	39,203,789	38,853,789	39,133,459	38,842,116
Weighted average shares - diluted	39,214,791	39,986,771	39,190,343	39,879,869

	Sept. 30, 2003	Dec. 31, 2002
Long-term debt	\$4,483,624	\$11,134,212
Debt to equity ratio	0.49	0.95

¹ EBITDA, or earnings before interest, taxes, depreciation and amortization, is calculated in the above table by adding back these items to reported net income. Currency losses are also added back as these are not considered operating costs. EBITDA is considered to be a non-GAAP (Generally Accepted Accounting Principles) measure that does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issuers.

² Cash flow from operations is defined as net income before amortization, impairment of assets, loss on sale of assets, and future income tax. Cash flow from operations is a non-GAAP measure that does not have a standardized meaning prescribed by GAAP, and therefore may not be comparable to similar measures presented by other issues.

Technicoil Corporation reports their most profitable quarter since the first quarter of 2002. Technicoil experienced a 25% increase in revenue for the third quarter of 2003 compared to the third quarter of 2002 despite a 36% reduction in the fleet size, from fourteen rigs to nine rigs. The combination of higher revenue and increased margins resulted in net income of \$1,182,000 or \$0.03 per share for the quarter compared to a net loss of \$773,000 or (\$0.02) in the comparative quarter of 2002. Fracturing activity played a major role as the fracturing utilization rates reached 63% for the quarter, with August's 71% utilization representing the best month of the year. Drilling revenue continues to be hampered by the drilling rig retrofits as Technicoil had only one available drilling rig at any time during the quarter. The first drilling rig completed the retrofit process in late August, with the second rig commencing the retrofit process shortly after. The retrofit investment will further improve the efficiency and safety of the drilling operations. Nevertheless, the drilling revenue increased 130% over the third quarter of 2002 when compared on a per available rig basis primarily due to better pricing in a stronger drilling market.

Technicoil's net income of \$1,188,000 for the quarter resulted in the Company's return to a positive year to date net income of \$753,000. Cash flow from operations was also positive for the thirteenth straight quarter with Technicoil earning cash flow of \$1,919,000 or \$0.05 per share compared to \$166,000 or \$0.00 per share in the third quarter of 2002. Technicoil's financial position continued to improve as the Company had a working capital ratio of 1.7* at September 30, 2003, with the outstanding equipment loans being reduced by 60% or \$6.6 million since December 31, 2002, from \$11.1 million to \$4.5 million.

* See definition of calculation below graph in Assets and Liabilities section.

Operations

Technicoil operated an average of nine rigs throughout the third quarter of 2003, conducting both fracturing and drilling operations in Canada for our customers. This compares to an average of fourteen rigs for the corresponding period in 2002, of which four rigs operated in the United States. The Company repatriated all remaining rigs from the United States into Canada in the second quarter of 2003 and has no future contracts secured outside of Canada at this time. Overall fleet utilization was 49% for the quarter compared to 32% for the third quarter of 2002.

Fracturing utilization achieved 63% for the quarter, representing a significant increase over the prior quarter's 17% utilization rate and the 30% utilization rate for Canadian operations in the third quarter of 2002. Fracturing activity started slowly in July primarily due to military maneuvers being performed in the Suffield block and issues with third party equipment and labour. Fracturing activity peaked in August at 71% utilization and September at 63% utilization, representing the two best months of the year. The high activity level was achieved in spite of sand and water shortages, annual nitrogen and carbon dioxide plant closures, and a week of rain in September. Technicoil fractured 587 wells for four customers this quarter compared to 228 wells in Canada for three customers in the third quarter of 2002. Fracturing delivered 81% of revenue this quarter compared to 60% of revenue in the corresponding quarter of 2002. Technicoil continues to be the dominant supplier to the most active pressure pumping companies conducting coil fracturing operations. The equipment is ideally suited for this activity and the Technicoil staff is highly experienced at conducting fracturing operations using coil tubing.

Drilling utilization increased to 28% for the quarter (or 56% for the one available rig) compared to the prior quarter's 17% utilization rate (or 34% for the one available rig). The utilization is below the 44% utilization achieved by Canadian drilling operations in the third quarter of 2002. Despite lower utilization when compared to the prior year, the number of wells drilled increased from 54 wells in Canada during the third quarter of 2002 to 79 wells this quarter. The utilization rates for 2003 continue to be hampered by the fact that Technicoil is in the process of retrofitting its two drilling rigs with changes to the electrical system and doghouse. Rig 2114 worked every day for the first eight weeks of the quarter, completing a large project for one customer. The rig achieved a 79% utilization rate over this eight-week period, with utilization defined as the time from spud until rig release (mobilization time is not included). The rig entered the retrofit process shortly after completing this project and is not expected to be operational until late November. The retrofit for Rig 2115 was completed in late August with the unit commencing field operations in September. September's utilization was low as one customer cancelled a 100 well program on very short notice. The performance of the retrofitted rig, after experiencing a few start up problems, has been very good with the Company receiving and continuing to receive very positive feedback from its large customers.

Management Discussion and Analysis

Revenue and Net Income

Revenue Analysis by Type of Activity	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2003	2002	2003	2002
Canada				
Fracturing	\$4,529,247	\$1,499,142	\$9,134,225	\$7,352,780
Drilling	1,033,313	1,134,626	3,159,885	2,810,703
Total Canada	5,562,560	2,633,768	12,294,110	10,163,483
United States				
Fracturing	-	1,166,558	1,397,831	5,020,504
Drilling	-	659,264	-	910,914
Other	23,979	-	89,926	-
Total United States	23,979	1,825,822	1,487,757	5,931,418
Consolidated revenue	\$5,586,539	4,459,590	\$13,781,867	\$16,094,901

Revenue for the third quarter of 2003 increased 25% over the third quarter of 2002 despite a reduction in the rig fleet size from fourteen in 2002 to nine in 2003. The \$1.1 million increase in revenue is attributed to higher utilization rates, with Technicoil achieving a 49% overall utilization rate in the third quarter of 2003 compared to a 32% rate in the third quarter of 2002. Fracturing revenue increased \$1.9 million or 70% over the prior year as fracturing utilization achieved 63% for the quarter. Technicoil also benefited this quarter from a rate increase starting in July with one of their main fracturing customers. Drilling revenue decreased \$761,000 or 42% this quarter when compared to the comparative quarter in 2002, but increased 130% when comparing revenue per available rig. The drilling day rates increased considerably from the third quarter of 2002 when a weak drilling market resulted in competitive pricing.

Technicoil made significant strides in improving its gross margin from \$467,000 (10% of revenues) in the third quarter of 2002 to \$2,784,000 (50% of revenues) in the third quarter of 2003. The gross margin for the third quarter of 2002 was hampered by some significant one time costs including the unsuccessful effort to sell the Company, the closure of the Houston office, and costs to fine tune the newly built second generation rigs. Technicoil's improved operational performance in the third quarter of 2003 allowed the rigs to achieve high utilization rates. In turn, the high utilization enabled Technicoil to maximize its profit on a reduced infrastructure of fixed operating costs compared to the prior year. Technicoil has been making significant changes over the past year to reduce its infrastructure level and believes the current infrastructure is appropriate for its fleet size.

General and Administrative expenses were 6% of revenue for the quarter compared to 14% of revenue for the third quarter of 2002. The reduced general and administration expense is primarily a result of lower staffing levels and a conscious effort to reduce administrative overhead costs in the past year. Similar to the operating infrastructure, the administrative infrastructure has also been reduced to a more appropriate level, allowing the Company to maximize its profits in periods of high utilization. The \$336,000 of general and administration expenses was a small increase over the 2003 second quarter amount of \$292,000 as the Company implemented a bonus and profit sharing plan for certain corporate and operating employees during the quarter. An entry was made to accrue the related expense for the first nine months of the year. The general and administration costs for the current quarter would have been lower than the second quarter of 2003 if not for this catch-up entry.

Amortization and interest expense have both decreased in the quarter compared to the same period in 2002 due to the sale of five rigs earlier in 2003 with the proceeds on disposition being used to pay down the equipment loans. The interest expense increased slightly this quarter over the last quarter despite lower debt levels due to Technicoil's new banking agreement signed in July 2003 which has a higher interest rate.

Net income of \$1,182,000 for the quarter resulted in the Company's return to a positive year to date net income of \$753,000. Technicoil continued to achieve positive cash flow from operations for the thirteenth straight quarter dating back to May 2000 with \$1,919,000 of cash earned this quarter.

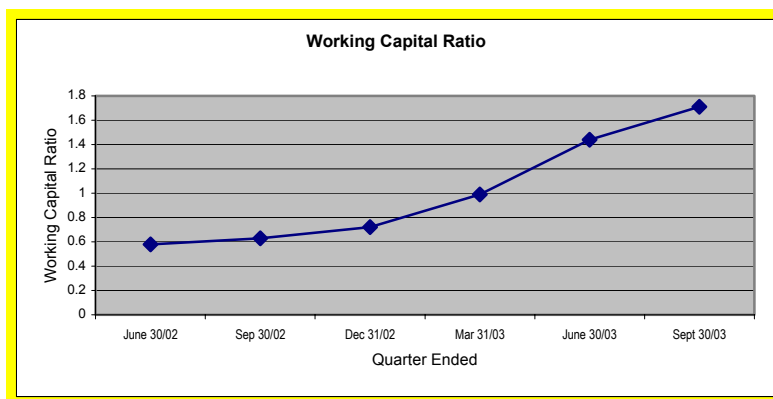
Assets and Liabilities

Accounts receivable were down 23% at September 30, 2003 compared to December 31, 2002 due to lower sales in the months leading up to September 30, 2003 compared to the months leading up to December 31, 2002. Technicoil has historically experienced few issues with receivable collection and has adopted an aggressive approach to immediately follow up any aged receivables. Accounts payable at September 30, 2003 are also down 19% from the 2002 year-end reflecting reduced expenditures for the quarter.

Capital assets under construction of \$533,000 relates to the costs incurred to date to enhance the second drilling rig. The first drilling rig completed its retrofit during the quarter with the construction costs being reclassified to capital assets. In the second quarter of 2003, the Company determined that certain equipment would no longer be utilized due to the sale of five rigs and the drilling equipment enhancements. The equipment was presented as capital assets held for sale at June 30, 2003 and September 30, 2003 as the Company was in the process of disposing of the assets. All remaining \$122,000 of assets held for sale at September 30, 2003 were disposed of subsequent to the quarter end with a net gain of \$21,000 realized.

Technicoil's equipment loans were considered demand loans at June 30, 2003 with negotiated monthly repayment terms extending until December 2005. Accordingly, these loans were classified as current liabilities. In July 2003, Technicoil renegotiated the terms of the equipment loans with the lender and signed a new agreement. The new terms eliminate the demand nature of the loans and amortize all facilities over 48 months. The loans are now classified as long-term liabilities except for the portion of the loans repayable within twelve months, which are classified as current liabilities. The Company was in compliance with all covenants at September 30, 2003.

Working capital continues to improve as Technicoil generated \$1,919,000 in cash from operations this quarter. Technicoil has a \$3 million operating line of credit available, which has not been drawn upon since July. The working capital ratio, calculated without including the capital assets held for sale and the equipment loans with negotiated payment terms greater than one year, has improved continually over the past year and reached 1.7 at September 30, 2003.



* Defined as current assets divided by current liabilities, excludes capital assets held for sale and equipment loans with negotiated payment terms greater than one year.

Outlook

The outlook for the fourth quarter is positive as the industry is still catching up from the unusually wet spring. The strong fracturing activity has continued into the fourth quarter although a snowstorm in Southern Alberta in late October hampered activity for a few days. The demand for fracturing remains strong and Technicoil anticipates the majority of its fracturing units will be working throughout November and into December, weather permitting.

Drilling activity was moderate in October but was partially hampered due to license issues by its customer and the October snowstorm. Technicoil is eagerly awaiting the completion of the second drilling rig retrofit which is slated for late November. The Company has gained experience from the first drilling rig retrofit and expects to encounter fewer issues when returning the second rig to operations. The retrofitted rigs will result in increased margins due to lower maintenance and safety costs and more efficient operations. The new rigs have been receiving very positive feedback and Technicoil anticipates being able to keep both drilling rigs busy for the majority of November and December, and into 2004.

The next year is expected to be a strong year for the industry with Technicoil poised to capitalize on the anticipated boom in activity. Technicoil has signed contracts with two companies to keep one rig busy from early January until September (not including breakup), with another contract signed for a winter program expected to last throughout the first quarter of 2004. The contracts are favourable and indicate a strong market for drilling rigs. The high drilling activity is expected to result in additional fracturing work, with

Technicoil proving to be a reliable and superior choice for its customers. Technicoil also expects that coal bed methane production in Western Canada will move beyond the test phase and become more established as a valuable resource to our customers. Technicoil's equipment is ideally suited for both drilling and fracturing coal bed methane wells and the Company is well positioned to gain additional customers and projects as a result.

Technicoil has reached a level of stability after a year of uncertainty. The Company has attained profitability through high utilization and increasing margins by managing costs. Technicoil's management team believes it has built a foundation for success and is excited about the possibilities for the future.

Forward-Looking Statements

Any statements in this document that may be considered forward-looking are based on current expectations that involve a number of risks and uncertainties, which could cause actual results to differ from those anticipated.

Technicoil Corporation
CONSOLIDATED BALANCE SHEETS

	September 30, 2003 (unaudited)	December 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,949,902	-
Accounts receivable	3,391,554	\$4,399,898
Income tax recoverable	440,432	1,811,915
Prepaid expenses	298,564	362,694
Capital assets held for sale	121,936	7,443,600
	6,202,388	14,018,107
Capital assets under construction	532,995	-
Capital assets	23,257,699	23,759,696
	\$29,993,082	\$37,777,803
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank operating loan	-	\$1,761,476
Accounts payable and accrued liabilities	\$2,335,687	2,876,054
Income tax payable	71,978	-
Current portion of long-term debt	1,131,180	11,134,212
	3,538,845	15,771,742
Long-term debt	3,352,444	-
Future income taxes	2,906,947	2,599,131
Shareholders' equity:		-
Capital stock (note 4)	16,072,005	16,037,005
Retained earnings	4,122,841	3,369,925
	20,194,846	19,406,930
	\$29,993,082	\$37,777,803

Technicoil Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Coil tubing service and drilling revenue	\$5,586,539	\$4,459,590	13,781,867	\$16,094,901
Expenses:				
Operating	2,802,743	3,992,986	8,886,264	11,193,906
General and administrative	335,776	624,656	826,013	2,129,515
Bad debts	-	-	73,744	-
Houston office closure costs	-	310,140	-	310,140
Amortization	479,654	616,953	1,446,214	1,624,231
Impairment of capital assets	-	-	269,310	-
Loss on sale of capital assets	-	-	336,600	-
Interest on long-term debt	76,779	146,328	283,133	370,895
Other interest	(2,494)	10,019	22,699	24,616
Foreign exchange loss (gain)	(11,672)	(83,189)	352,038	18,231
	3,680,786	5,617,893	12,496,015	15,671,534
Net income (loss) before income tax	1,905,753	(1,158,303)	1,285,852	423,367
Income tax expense (recovery):				
Current	466,378	(706,866)	225,120	(596,350)
Future	257,698	321,294	307,816	787,521
	724,076	(385,572)	532,936	191,171
Net income (loss)	1,181,677	(772,731)	752,916	232,196
Retained earnings, beginning of period	2,941,164	6,279,941	3,369,925	5,275,014
Retained earnings, end of period	4,122,841	5,507,210	4,122,841	5,507,210
Earnings per share:				
Basic	\$0.03	\$(0.02)	\$0.02	\$0.01
Diluted	\$0.03	\$(0.02)	\$0.02	\$0.01

Technicoil Corporation
CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2003	2002	2003	2002
Cash provided by (used in):				
Operating activities:				
Net income (loss)	1,181,677	(772,731)	752,916	232,196
Add non-cash items				
Amortization	479,654	616,953	1,446,214	1,624,231
Impairment of capital assets	-	-	269,310	-
Loss on sale of capital assets	-	-	336,600	-
Future income tax	257,698	321,294	307,816	787,521
Cash flow from operations	1,919,029	165,516	3,112,856	2,643,948
Change in non-cash working capital	1,002,600	641,724	1,975,568	1,045,898
	2,921,629	807,240	5,088,424	3,689,846
Financing activities:				
Common shares and warrants issued	-	-	35,000	13,333
(Repayment of) proceeds from long-term debt	(282,795)	2,010,020	(6,650,588)	2,566,449
	(282,795)	2,012,020	(6,615,588)	2,579,782
Investing activities:				
Acquisition of capital assets	(986,325)	(1,764,751)	(1,761,058)	(5,552,985)
Proceeds on sale of capital assets	-	-	6,999,600	-
Acquisition of Technicoil minority interest	-	-	-	(1,085,135)
	(986,325)	(1,764,751)	5,238,542	(6,638,120)
Net increase (decrease) in cash and cash equivalents				
	1,652,509	1,054,509	3,711,378	(2,113,131)
Cash and cash equivalents (bank operating loan net of cash), beginning of period				
	297,393	(1,133,849)	(1,761,476)	(160,179)
Cash and cash equivalents (bank operating loan net of cash), end of period				
	\$1,949,902	\$(79,340)	\$1,949,902	\$(2,273,310)
Cash interest paid				
	\$77,255	\$194,295	\$310,535	\$371,735
Cash income taxes paid (received)				
	\$(1,098,404)	\$894,219	\$(1,098,404)	\$2,009,715

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