



Technicoil Corporation

Symbol: TEC
Exchange: TSX Venture Exchange

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Releases Fourth Quarter Report – December 31, 2003

	Three Months Ended Dec. 31		Year Ended Dec. 31	
	2003	2002	2003	2002
Average number of rigs	9	14	10	13
Revenue	\$4,877,232	\$6,467,649	\$18,659,099	\$22,562,550
Gross margin	\$1,916,356	\$1,864,664	\$6,778,628	\$7,018,109
EBITDA ¹	\$1,520,405	\$1,195,927	\$5,525,321	\$3,995,867
Net income	\$587,747	\$(2,115,111)	\$1,307,332	\$(1,610,747)
Basic earnings per share	\$0.01	\$(0.05)	\$0.03	\$(0.04)
Diluted earnings per share	\$0.01	\$(0.05)	\$0.03	\$(0.04)
Cash flow from operations ²	\$1,434,933	\$1,488,146	\$4,514,458	\$4,382,622
Shares outstanding at end of period	39,303,789	38,853,789	39,303,789	38,853,789
Weighted average shares – basic	39,224,441	39,853,789	39,156,392	38,845,058
Weighted average shares – diluted	39,780,249	39,479,738	39,313,942	39,791,862
			Dec. 31, 2003	Dec. 31, 2002
Long-term debt (including current portion)			\$4,200,629	\$11,134,212
Debt to equity ratio ³			0.47	0.95

Technicoil Corporation had a profitable fourth quarter of 2003 earning net income of \$0.6 million or \$0.01 per share compared to a net loss of \$2.1 million or \$(0.05) per share in the fourth quarter of 2002. Technicoil experienced a 21% decrease in revenue for the fourth quarter of 2003 compared to the comparative quarter of 2002 due to a 36% reduction in the fleet size, from 14 rigs to nine rigs, and the fact that the Corporation no longer operated in the U.S. Fracturing activity continued to provide the majority of the revenue this quarter as the second drilling rig did not complete its major retrofit until December. Although Technicoil had only one drilling rig available for most of the fourth quarter of 2003, Canadian drilling revenue increased by 115% in total over the fourth quarter of 2002, and by over 300% when compared on a per

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, stock-based compensation expense 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.

³ Debt to equity ratio is defined as total liabilities divided by total shareholders' equity. Debt to equity ratio 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.

available rig basis. This immense growth in Canadian drilling operations is a direct result of the considerable effort and expense Technicoil has spent over the past year to improve and expand its drilling operations and customer base in Canada.

Technicoil's EBITDA increased by \$300,000 or 27% from the fourth quarter of 2002 to the fourth quarter of 2003 despite a 21% decrease in revenue over the same period. The Corporation made important and necessary strides in reducing its operating and administrative overhead over the past year and a half, which has resulted in increased profitability for both the drilling and fracturing operations.

Cash flow from operations was positive once again with Technicoil earning \$1.4 million or \$0.04 per share in the fourth quarter of 2003, comparable to the \$1.5 million or \$0.04 earned in the fourth quarter of 2002. The fourth quarter of 2002 included \$2.8 million of non-cash expenses relating to the writedown of assets and goodwill. These expenses reduced net income but had no effect on the cash flow from operations.

Technicoil's working capital continued its ascent, reaching 1.96* at December 31, 2003 compared to 0.76 at December 31, 2002. The outstanding equipment loans have been reduced by \$6.9 million or 62% since December 31, 2002, and the Corporation's balance sheet is in a strong position to support future growth.

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

Operations

Technicoil operated an average of nine rigs throughout the fourth quarter of 2003, conducting both fracturing and drilling operations in Canada for our customers. This compares to an average of 14 rigs for the corresponding period in 2002, of which four rigs operated in the United States. The Corporation 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 42% for the quarter compared to 39% for the fourth quarter of 2002.

Fracturing utilization achieved 55% for the quarter, continuing the high utilization levels achieved in the third quarter of 2003. The high activity level was achieved in spite of an early snowfall in October and the Christmas holiday period, during which time all rigs were shut down for at least a few days. 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 decreased to 46% for the one available rig compared to the prior quarter's 58% utilization rate for the one available rig. The 46% utilization is considerably above the 31% utilization achieved by Canadian drilling operations in the fourth quarter of 2002. Technicoil's second drilling rig completed its retrofit in mid-December and began operations prior to year end. Technicoil had relatively few start up issues when the second retrofitted rig started field operations. Both rigs have demonstrated the potential for significant improvements in performance and profitability compared to our operations prior to the retrofit and have been receiving very positive feedback from our customers. Technicoil's focus on strengthening its relationships with customers resulted in 42 wells being drilled for six customers in Canada in the fourth quarter of 2003 compared to 11 wells for three customers in Canada in the fourth quarter of 2002.

Revenue Analysis by Type of Activity	Three Months Ended Dec. 31		Year Ended Dec. 31	
	2003	2002	2003	2002
Canada				
Fracturing	\$3,768,564	\$3,896,257	\$12,902,789	\$11,249,037
Drilling	1,118,953	521,167	4,278,838	3,331,870
Total Canada	4,887,517	4,417,424	17,181,627	14,580,907
United States				
Fracturing	-	1,220,415	1,397,831	6,240,919
Drilling	-	829,810	-	1,740,724
Other	(10,285)	-	79,641	-
Total United States	(10,285)	2,050,225	1,477,472	7,981,643
Consolidated revenue	\$4,877,232	\$6,467,649	\$18,659,099	\$22,562,550

Management Discussion and Analysis

Revenue and Net Income

Revenue for the fourth quarter of 2003 decreased by 21% over the fourth quarter of 2002 due to a 36% reduction in the rig fleet size and the fact that Technicoil no longer operates in the U.S. Canadian revenue increased by 11% in fourth quarter of 2003 over the fourth quarter of 2002 due to a 115% increase in Canadian drilling revenue over the same period. The increase in Canadian drilling revenue is equivalent to over a 300% increase when compared on a per available rig basis. Technicoil has spent considerable effort and expense over the past year to improve and expand its drilling operations in Canada. By the end of 2003, both rigs had completed the retrofit process and were showing noticeable improvements in operational efficiency and profitability. Drilling revenue also increased by 8% over the third quarter of 2003 as Technicoil had both drilling rigs working in the second half of December.

Canadian fracturing revenue decreased 3% over the fourth quarter of 2002 but increased 11% on a per rig basis. Although the weather was generally co-operative for the quarter, the fracturing revenue was partially affected by a late October snowstorm and the Christmas period, both of which shut down fracturing operations for a few days. Fracturing provided 77% of the revenue this quarter compared to 79% in the fourth quarter of 2002 on a consolidated basis and 88% in the fourth quarter of 2002 when considering only Canadian operations. Management expects the trend towards greater revenue diversification to continue due to its recent growth of and future expectations for the Canadian drilling operations.

For the second straight quarter, Technicoil made a considerable improvement to its gross margin over the prior year. Technicoil earned a gross margin of 39% of revenue in the fourth quarter of 2003 compared to a margin of 29% of revenue in the fourth quarter of 2002. Technicoil made significant changes to its infrastructure level in the second half of 2002 and the first half of 2003 in order to reduce costs. The result was improved profitability for both the drilling and fracturing operations. The gross margin for the fourth quarter of 2002 was also negatively affected by lower utilization rates, costs related to running a larger rig fleet and a high proportion of lower margin drilling work.

General and administrative expenses were 8% of revenue for the quarter compared to 9% of revenue for the fourth quarter of 2002. In the fourth quarter of 2003, Technicoil adopted the new accounting requirements related to issuing stock-based compensation. An expense of \$62,425 was recorded in general and administrative expenses and contributed surplus in the fourth quarter of 2003. This entry represents the fair value cost of issuing options to directors, officers and employees for the 2003 year. As permitted under the accounting rules, the accounting recommendation was adopted prospectively with no adjustments made to prior periods. General and administrative expenses would have been 7% of revenue in the fourth quarter of 2003 if not for this entry. Technicoil's administrative infrastructure was also reduced to a more appropriate level over the past year and a half, allowing the Corporation to maximize its profits in periods of high utilization.

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. Both amortization and interest expense are consistent with the third quarter of 2003.

Net income of \$0.6 million or \$0.01/per share earned in the fourth quarter contributed to the Corporation's \$1.3 million of net income or \$0.03/share earned in 2003. Technicoil continued to generate positive cash flow from operations for the fourteenth straight quarter dating back to May 2000 with \$1.4 million of cash earned this quarter.

Assets and Liabilities

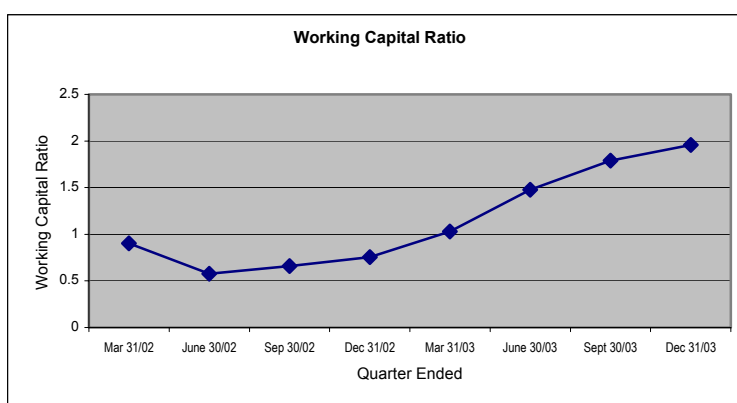
Accounts receivable decreased by 22% at December 31, 2003 compared to December 31, 2002, consistent with the 21% decrease in revenue in the fourth quarter of 2003 compared to the fourth quarter of 2002. Technicoil has historically experienced few issues with receivable collection and has adopted an aggressive approach to immediately follow up any aged receivables. Accounts payable at December 31, 2003 also decreased 25% from the 2002 year-end reflecting reduced expenditures this quarter.

Inventory relates to coil tubing strings that are used for both drilling and fracturing operations. The inventory balance fluctuates from period to period depending on the number of strings owned at any time and the remaining fatigue percentage of each string. Technicoil's coil tubing inventory balance was small prior to the third quarter of 2002 as most customers would provide their own coil tubing strings at that time. Technicoil now supplies the coil tubing strings for all of its customers, which has increased the balance in inventory.

Property, plant and equipment decreased by \$7.4 million in total from December 31, 2002 to December 31, 2003 due to the sale of five rigs early in 2003. These rigs were presented as assets held for sale at December 31, 2002. Capital expenditures were \$2.6 million during 2003 (\$0.8 million in the fourth quarter) with the majority related to the drilling rig retrofits. The capital expenditures were offset by \$1.9 million of amortization, along with an additional \$0.3 million writedown of the rigs sold early in the year. Technicoil also realized a \$0.3 million loss in 2003 on the disposal of some surplus equipment in 2003 that was no longer being utilized due to the rig sale and the drilling equipment enhancements.

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 equipment loans and amortize all facilities over 48 months. The equipment loans are now classified as long-term liabilities except for the portion of the loans repayable within twelve months, which is classified as a current liability. Technicoil was in compliance with all covenants at December 31, 2003.

Working capital continues to improve as Technicoil generated \$1.4 million in cash from operations this quarter. Technicoil has a \$3 million operating line of credit available, which has not been drawn upon since July 2003. 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 1.96 at December 31, 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

Technicoil's outlook for 2004 is positive as the industry is predicting another record setting year similar to 2003. Technicoil had both drilling rigs operating throughout January and February of 2004 and has been receiving very positive feedback from its customers. Technicoil's rigs are proving to be a reliable choice for its customers and management has been working hard to strengthen its relationships with key customers. The Corporation anticipates being able to keep both drilling rigs busy for the majority of the first three quarters of 2004, with the exception of the spring breakup period. The high drilling activity is expected to result in additional fracturing work. Technicoil's fracturing operations were hindered somewhat in late

January and early February due to the weather being too cold, and then being too wet. Nevertheless, demand for coil fracturing units remains high and Technicoil expects to be busy in the upcoming months if the weather co-operates. In February 2004, the Corporation renewed an operating agreement with Calfrac Well Services Ltd. to provide rigs on a first call basis over the next three years. This agreement should facilitate high levels of utilization for up to six fracturing rigs during the term of the agreement. In addition, coal bed methane production is starting to move beyond the test phase in Western Canada and is slowly becoming more established as a valuable resource to Technicoil's customers. Coal bed methane wells require fracturing, with coil fracturing established as the most economical and preferred method. Technicoil's equipment is ideally suited for both drilling and fracturing coal bed methane wells. As a result, the Corporation is well positioned to gain additional customers and projects.

Technicoil is currently considering the purchase of a third drilling rig. The Corporation has not made any commitments at this time but management expects to have its decision made by the end of March 2004. If the Corporation was to proceed with the capital project, management anticipates the rig would be completed in the fourth quarter of 2004 and would make a small contribution to the 2004 revenues and profits.

Technicoil is back on track after a period of uncertainty in 2002 and the first half of 2003. Technicoil's operations are generating a steady source of profits and cash flow, and its balance sheet is in a strong position to support future growth. Technicoil's management 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

December 31, 2003 December 31, 2002
 (Restated – note 1)

ASSETS

Current assets:

Cash and cash equivalents	\$2,640,536	-
Accounts receivable	3,433,194	\$4,399,898
Income tax recoverable	1,758	1,811,915
Inventory	343,023	283,695
Prepaid expenses	241,007	362,694
Property, plant and equipment held for sale	-	7,443,600
	6,659,518	14,301,802

Property, plant and equipment	23,846,748	23,406,782
	\$30,506,266	\$37,708,584

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank operating loan	-	\$1,761,476
Accounts payable and accrued liabilities	\$2,164,119	2,876,054
Income tax payable	106,052	-
Current portion of long-term debt	1,131,180	11,134,212
	3,401,351	15,771,742

Long-term debt	3,069,649	-
Future income taxes	3,242,798	2,599,131

Shareholders' equity:

Capital stock	16,122,005	16,037,005
Contributed surplus	62,425	-
Retained earnings	4,608,038	3,300,706
	20,792,468	19,337,711

	\$30,506,266	\$37,708,584
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Technicoil Corporation
CONSOLIDATED STATEMENTS OF OPERATIONS
AND RETAINED EARNINGS

	Three Months Ended December 31,		Year Ended December 31,	
	2003 (Unaudited)	2002 (Unaudited) (Restated-note 1)	2003	2002 (Restated-note 1)
Coil tubing service and drilling revenue	\$4,877,232	\$6,467,649	18,659,099	\$22,562,550
Expenses:				
Operating	2,960,876	4,602,985	11,880,471	15,544,441
General and administrative	395,951	566,348	1,179,563	2,609,713
Bad debts	-	84,335	73,744	84,335
Houston office closure costs	-	18,054	-	328,194
Amortization	470,019	634,030	1,916,233	2,236,621
Impairment of capital assets	-	1,383,317	269,310	1,383,317
Impairment of goodwill	-	1,440,585	-	1,440,585
(Gain) loss on sale of capital assets	(21,109)	13,728	315,491	13,728
Interest on long-term debt	76,865	157,064	387,656	594,353
Other interest	(2,649)	16,440	34,793	62,734
Foreign exchange loss	25,973	11,602	378,011	29,833
	3,905,926	8,928,488	16,435,272	24,327,854
Net income (loss) before income tax	971,306	(2,460,839)	2,223,827	(1,765,304)
Income tax expense (recovery):				
Current	47,708	(477,325)	272,828	(1,073,675)
Future	335,851	131,597	643,667	919,118
	383,559	(345,728)	916,495	(154,557)
Net income (loss)	587,747	(2,115,111)	1,307,332	(1,610,747)
Retained earnings as previously stated, beginning of period	4,020,291	5,415,817	3,300,706	5,275,014
Adjustment for change in accounting policy	-	-	-	(363,561)
Restated retained earnings, beginning of period	4,020,291	5,415,817	3,300,706	4,911,453
Retained earnings, end of period	4,608,038	3,300,706	4,608,038	3,300,706
Earnings per share:				
Basic	\$0.01	\$(0.05)	\$0.03	\$(0.04)
Diluted	\$0.01	\$(0.05)	\$0.03	\$(0.04)

Technicoil Corporation
CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2003	2002	2003	2002
	(Unaudited)	(Unaudited)		(Restated-note 1)
		(Restated-note 1)		(Restated-note 1)
Cash provided by (used in):				
Operating activities:				
Net income (loss)	587,747	(2,115,111)	1,307,332	(1,610,747)
Add non-cash items				
Amortization	470,019	634,030	1,916,233	2,236,621
Loss (gain) on sale of capital assets	(21,109)	13,728	315,491	13,728
Impairment of property, plant and equipment	-	1,383,317	269,310	1,383,317
Impairment of goodwill	-	1,440,585		1,440,585
Stock-based compensation expense	62,425	-	62,425	-
Future income tax	335,851	131,597	643,667	919,118
Cash flow from operations	1,434,933	1,488,146	4,514,458	4,382,622
Change in non-cash working capital	224,438	(2,797,114)	2,233,337	(2,001,744)
	1,659,371	(1,308,968)	6,747,795	2,380,878
Financing activities:				
Common shares and warrants issued	50,000	88,000	85,000	101,333
(Repayment of) proceeds from long-term debt	(282,795)	(359,937)	(6,933,383)	2,206,512
	(232,795)	(271,937)	(6,848,383)	2,307,845
Investing activities:				
Acquisition of property, plant and equipment	(801,942)	(115,382)	(2,563,000)	(5,668,367)
Proceeds on sale of property, plant and equipment	66,000	14,151	7,065,600	14,151
Acquisition of Technicoil minority interest	-	-	-	(1,085,135)
	(735,942)	(101,231)	4,502,600	(6,739,351)
Net increase (decrease) in cash and cash equivalents	690,634	(1,682,136)	4,402,012	(2,050,628)
Cash and cash equivalents (bank operating loan net of cash), beginning of period	1,949,902	(79,340)	(1,761,476)	289,152
Cash and cash equivalents (bank operating loan net of cash), end of period	\$2,640,536	\$(1,761,476)	2,640,536	\$(1,761,476)
Cash interest paid	\$93,751	\$165,013	\$404,286	\$566,030
Cash income taxes paid (received)	\$(408,690)	-	\$(1,098,404)	\$2,009,715

Notes to the Consolidated Financial Statements

(unaudited)

1. Change in Accounting Policy for Coil Tubing Inventory

In December 2003, the Corporation changed its accounting policy for coil tubing strings from one acceptable alternative under GAAP to another. Previously all coil tubing strings were expensed when purchased with the exception of the first string purchased for each rig, which was capitalized and was being amortized over a 15 year period. Under the new accounting policy, all coil tubing strings are recorded into inventory when purchased and are expensed based on the remaining fatigue percentage and expected remaining useful life of each string. The new policy results in significantly better matching of costs with revenues and was applied retroactively with restatement of prior periods. An adjustment of \$363,561 was made to reduce the opening retained earnings as of January 1, 2002, with the 2002 net income increased by \$294,342.

The restated balances by quarter as a result of the accounting change is as follows:

	As at or for the three months ended				
	Mar 31/03	June 30/03	Sept 30/03	Dec 31/03	Total
Operating expense	\$4,379,213	\$1,812,623	\$2,727,759	\$2,960,876	\$11,880,471
Amortization expense	478,387	488,173	479,654	470,019	1,916,233
Net income	70,073	(607,149)	1,256,661	587,747	1,307,332
Inventory	214,658	175,379	250,364	343,024	
Property, plant and equipment	22,992,280	22,251,681	22,904,785	23,846,748	

	As at or for the three months ended				
	Mar 31/02	June 30/02	Sept 30/02	Dec 31/02	Total
Operating expense	\$4,141,150	\$3,120,545	\$3,679,761	\$4,602,985	\$15,544,441
Amortization expense	493,052	499,799	609,740	634,030	2,236,621
Net income	1,840,608	(830,027)	(506,217)	(2,115,111)	(1,610,747)
Inventory	46,447	9,433	268,734	283,695	
Property, plant and equipment	25,176,211	25,478,304	32,780,226	23,406,782	

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