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TECHNICOIL CORPORATION ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE SECOND QUARTER ENDED JUNE 30, 2008

SUMMARY OF SECOND QUARTER FINANCIAL RESULTS

(\$ thousands except per share data)(unaudited)	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Number of rigs owned as at June 30	33	24	33	24
Average number of rigs available during the period	33.0	24.0	32.9	24.3
Revenue	\$6,420	\$2,175	\$23,888	\$15,171
Gross margin	\$379	(\$805)	\$6,538	\$4,040
Gross margin %	6%	(37%)	27%	27%
General and administrative expenses	\$681	\$790	\$1,540	\$1,616
EBITDA (1)	(\$639)	(\$1,676)	\$4,946	\$3,095
Net income	(\$2,253)	(\$2,451)	(\$63)	(\$835)
Earnings per share – basic	(\$0.03)	(\$0.04)	0.00	(\$0.01)
Earnings per share – diluted	(\$0.03)	(\$0.04)	0.00	(\$0.01)
Funds flow from operations (2)	\$447	(\$28)	\$5,171	\$3,431
			June 30, 2008	December 31, 2007
Total assets			\$108,200	\$115,243
Total long-term debt			\$18,800	\$24,500
Debt to equity ratio (3)			0.44	0.53

1. EBITDA, or earnings before interest, taxes, depreciation and amortization, is considered to be 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 issuers. Management believes EBITDA is useful for providing investors with a measure of results generated by the Corporation's principal business activities prior to consideration of how these activities are financed, taxed or depreciated.
2. Funds flow from operations is defined as cash from operating activities before changes in non-cash working capital, as presented on the Corporation's statement of cash flows. Funds flow from operations is a measure that provides investors with additional information regarding the Corporation's liquidity and its ability to generate funds to finance its operations. Funds from operations does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.
3. Debt to equity ratio is defined as total liabilities, including current liabilities, long-term debt and future income taxes, divided by 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 issuers.

HIGHLIGHTS

Recent initiatives to diversify Technicoil's business operations allowed the Corporation to improve its equipment utilization and financial performance during the quarter. The Storm Service Rigs ("Storm") acquisition, combined with the expansion of services provided by the Corporation's coiled tubing service rigs, allowed Technicoil to achieve the following highlights during the quarter:

- Attained record second quarter revenue through a 195% increase in revenue to \$6.4 million from the \$2.2 million generated in the second quarter of 2007;
- Increased utilization of the Corporation's service rig fleet by 380%, largely due to the diversification of the services provided by this fleet. Approximately 84% of the revenue generated by the coil and conventional service rig division during the quarter was from sources other than shallow natural gas fracturing;
- Continued Technicoil's history of generating positive funds flow from operations through the generation of \$0.4 million in positive funds flow from operations during the quarter; and
- Subsequent to quarter end, Technicoil announced a \$7.0 million capital budget increase, which will primarily be directed at expansion and diversification of services provided by Technicoil's well servicing division. \$3.0 million of this capital increase will be directed at the expansion of the Corporation's non-conventional coiled tubing well servicing activities for areas such as completions in the Montney resource play.

The foregoing accomplishments had a positive impact on Technicoil's second quarter results. The success of Technicoil's growth and diversification efforts will continue to benefit the Corporation in upcoming quarters.

This second quarter increase in revenue is due to improved utilization of the Corporation's larger fleet as competitive pricing pressure in both of the Corporation's divisions continues to result in lower charge-out rates, thus curtailing additional top line revenue growth. However, as activity continues to improve, management believes that there will be opportunities to increase charge-out rates for both divisions. Some rate increases are beginning to be seen in the Corporation's drilling division, however, these rate increases still do not yet match the cost increases experienced during the last two years while rates were in decline.

The improved fleet utilization, combined with continued strong cost management, partially offset the impact of lower charge-out rates which allowed the Corporation to improve gross margin to \$0.4 million in the quarter versus a loss of \$0.8 million in the second quarter of 2007. This improved gross margin performance also benefited EBITDA, which saw a \$1.1 million increase in the quarter to a loss of \$0.6 million from a loss of \$1.7 million in the second quarter of 2007. Included in EBITDA is \$0.3 million in stock based compensation expense recognized for the Corporation's options granted subsequent to May 2006. The expense for these options fluctuates based on trading price for Technicoil's stock, thus the increase in Technicoil's share price at the end of the quarter caused an increase in expense for these options.

Consistent with the improved EBITDA result, Technicoil was able to increase funds flow from operations to \$0.4 million from the small funds flow from operations loss generated in the second quarter of 2007. This positive funds flow result, combined with the collection of first quarter account receivables and nominal capital expenditures during the quarter, allowed Technicoil to continue to strengthen its balance sheet, exiting the quarter with only \$10.6 million in net debt (long-term debt less positive working capital).

Net income for the quarter was a loss of \$2.3 million versus a loss of \$2.5 million in second quarter of 2007. The improved financial performance resulted from stronger operating results in the period partially offset by a \$0.4 million increase in depreciation expense associated with the addition of the Storm assets partially offset the improved financial performance from operations during the quarter.

On a year to date basis, the increased rig fleet and improved equipment utilization has allowed Technicoil to increase revenue by 57% to \$23.9 million versus \$15.2 million in the first six months of 2007. This increase has been achieved in spite of the number of wells completed by the industry in the western Canadian sedimentary basin (“WCSB”) year to date being 17% lower than the same period last year (source: Daily Oil Bulletin). With improved utilization of Technicoil’s operating fleet and strong cost control, the Corporation has been able to improve its financial metrics year to date. Gross margin, EBITDA and funds flow from operations have increased to \$6.5 million, \$4.9 million and \$5.2 million, respectively, from \$4.0 million, \$3.1 million and \$3.4 million, respectively, in the first six months of 2007.

The improved EBITDA performance in the first six months of 2008 was achieved despite the comparative period in 2007 benefiting from \$0.8 million in gains from the sale of assets. Similar sales did not occur in the first six months of 2008, however, the Corporation did recognize \$0.4 million in income from the forfeiture of a deposit from the prospective purchaser of the Corporation’s last remaining body-style coiled tubing service rig. The Corporation had provided a right of first refusal for the prospective purchaser to take title of the rig by May 31, 2008, however, the purchaser did not take possession of the rig during the quarter. Management is now evaluating its options for this rig, however, at this time management does not intend on bringing this rig back into the Corporation’s operating fleet. Alternatives that may be considered for this rig include the potential sale of the rig to an alternative buyer or reconfiguration of the rig for alternative operating uses.

Net loss year to date is \$0.1 million, which is an improved result from the \$0.8 million loss reported in the first six months of 2007. Similar to the second quarter results, \$0.7 million in higher depreciation charges related to the addition of the Storm assets and capital additions made subsequent to the second quarter of 2007 partially curtailed the impact from improved operating results.

RESULTS OF OPERATIONS

WELL SERVICING OPERATIONS

<i>Three months ended June 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Well servicing revenue	\$5,095	\$1,205	\$3,890	323%
Operating expenses	4,552	1,438	3,114	217%
Gross margin	\$543	(\$233)	\$776	333%
Gross margin %	11%	(19%)	30%	158%
Utilization %	24%	5%	19%	380%
Average number of rigs available during the period	26.0	18.0	8.0	44%
Operating hours during the period	5,707	753	4,954	658%
Number of wells completed during the period	186	132	54	41%

<i>Six months ended June 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Well servicing revenue	\$17,900	\$7,420	\$10,480	141%
Operating expenses	12,421	5,132	7,289	142%
Gross margin	\$5,479	\$2,288	\$3,191	139%
Gross margin %	31%	31%	-	-
Utilization %	39%	15%	24%	160%
Average number of rigs available during the period	26.0	18.3	7.7	42%
Operating hours during the period	18,139	4,907	13,232	270%
Number of wells completed during the period	1,145	744	401	54%

The Corporation continues to benefit from the expansion of its well servicing fleet and service offerings. With the addition of the Storm rigs in August 2007, combined with the expansion of service offerings provided by the Corporation's coiled tubing service rigs, the well service division was able to increase revenue by 323% to \$5.1 million during the quarter versus only \$1.2 million in the second quarter of 2007. This increase in revenue is due to increased activity as lower charge-out rates did not allow the division to fully benefit from the 380% increase in utilization during the quarter. The lower average charge-out rates is a combination of lower pricing for the division's well fracturing services and an increase in other non-fracturing services. These other services generally receive a lower per operating hour rate to coincide with the lower cost structure for these jobs.

The division's 380% increase in rig utilization compares favorably to the 3% decline in the number of wells completed in the WCSB during the quarter versus the second quarter of 2007 (source: Daily Oil Bulletin). The increase in activity in the division was due to the addition of Storm combined with a significant improvement in utilization of the division's coiled tubing service rigs for both fracturing and non-fracturing services during the quarter.

This improved activity result is directly related to the diversification efforts undertaken over the last two years. The success of these efforts is exemplified by the fact that 85% of the division's operating hours generated during the quarter were from services other than the division's traditional shallow natural gas well fracturing services. In comparison, 100% of the hours generated from the division in the second quarter of 2007 were from shallow natural gas well fracturing. Year to date, these new services have accounted for 65% of the operating hours generated by the division versus only 13% in the comparable period in 2007.

The primary area of activity growth experienced by the Corporation's coiled tubing service rigs during the quarter was in the Montney resource play where the rigs were used to perform deep well cleanouts, drill-outs and well stimulations. The coiled tubing service rigs operating in this region generally operate on a 24 hour per day basis. During the quarter, the division had two rigs operating steadily in this region. The Corporation also had a rig operating in the Fort McMurray oil sands region providing various services for SAGD drilling and production operations. The division also benefited from three of its conventional service rigs operating steady during the quarter in the Fort Assiniboine area performing well completions work in the Mannville coal bed methane resource play. These rig operations are performed on well site pads, which allows for activity to generally occur throughout the spring breakup period.

As a result of the higher revenue earned during the quarter, the well servicing division was able to increase gross margin to \$0.5 million from the gross margin loss of \$0.2 million incurred in the second quarter of 2007. This positive gross margin result was achieved in spite of the seasonal decline in activity levels due to spring breakup and the incurrence of the division's spring maintenance and staff training initiatives completed during the quarter. With the traditional lower activity

levels during the quarter, the Corporation took advantage of this period to complete certain maintenance activities in preparation for increased field activity for the remainder of the year. In addition, in an effort to retain key staff and ensure they are adequately trained, the Corporation invested in various staff training initiatives during the quarter. These initiatives caused the Corporation to incur higher costs during the second quarter, which caused margins to decline accordingly during the period.

Year to date, the well servicing division has generated \$17.9 million in revenue versus \$7.4 million in the comparative period in 2007. As discussed above, the division has benefited from the addition of the eight Storm service rigs and improved utilization of the division's coiled tubing units. Utilization of the division's rig fleet has increased to 39% during the first six months versus only 15% in the comparative period in 2007. This is the highest utilization for the six month period ended June 30 achieved by the division since the comparative period in 2005 which was in the midst of a robust industry cycle. This significant increase in utilization is in contrast to the 17% decline in wells completed in the WCSB over the same period (source: Daily Oil Bulletin), and is due largely to the improved diversification of Technicoil's well servicing operations.

Consistent with the increase in revenue, gross margin for the division increased by 139% to \$5.5 million in the first six months of 2008 versus \$2.3 million for the comparative period in 2007. Gross margin as a percentage of revenue is consistent with the comparative period at 31%. This result was achieved despite average revenue rates declining during the current period. Consistent with the discussion above for the second quarter, average revenue rates have declined due to a combination of lower charge out rates for the division's well fracturing services and an increase in non-fracturing services which generally have a lower charge out rate to coincide with the lower cost structure for these services.

DRILLING OPERATIONS

<i>Three months ended June 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Drilling revenue	\$1,325	\$970	\$355	37%
Operating expenses	1,489	1,542	(53)	(3%)
Gross margin	(\$164)	(\$572)	\$408	71%
Gross margin %	(12%)	(59%)	47%	80%
Utilization %	13%	12%	1%	8%
Average number of rigs available during the period	7.0	6.0	1.0	17%
Number of wells completed during the period	28	21	7	33%

<i>Six months ended June 30 (\$ thousands)</i>	2008	2007	Variance	% Change
Drilling revenue	\$5,988	\$7,751	(\$1,763)	(23%)
Operating expenses	4,929	5,999	(1,070)	(18%)
Gross margin	\$1,059	\$1,752	(\$693)	(40%)
Gross margin %	18%	23%	(5%)	(22%)
Utilization %	28%	34%	(6%)	(18%)
Average number of rigs available during the period	6.9	6.0	0.9	15%
Number of wells completed during the period	118	101	17	17%

An increase in utilization, combined with higher average charge-out rates, allowed the drilling division to increase revenue by 37% to \$1.3 million in the quarter from \$1.0 million in the second quarter of 2008. Consistent with the well service division, wet ground conditions and spring break-up curtailed the division's field activities until the last two weeks of the quarter. Operational and financial performance likely would have been stronger had ground conditions been more favorable earlier in the quarter as customer demand is significantly higher this year than at the same time last year. While year to date industry drilling activity is lower than the comparative period in 2007, stronger commodity prices have allowed a number of the Corporation's customers to increase their 2008 capital expenditure budgets, which should benefit the division for the remainder of the year.

The recent trend of declining charge-out rates appears to have subsided as the drilling division was generally able to hold base rates steady during the quarter and in some instances obtain increases from the rates earned in the first quarter of the year. While base charge-out rates are consistent year to date, average base rates were down approximately 5% this quarter versus the second quarter of 2007. However, an increase in third party pass-through items allowed the division's average all-in charge-out rate to increase to \$15,964 per operating day in the quarter versus the \$14,923 per operating day generated in the second quarter of 2007. This all-in rate includes items such as fuel, crew subsistence allowance and other third party costs such as trucking. Depending upon the individual customer contracts, these items may or may not be provided directly by the customer, thus they can significantly skew the average all-in revenue rates.

Consistent with the service rig division, the drilling division took advantage of the traditionally slow spring break-up period to complete some annual maintenance and staff training initiatives. As a result of the traditionally lower activity levels experienced during the quarter and the increased costs associated with the maintenance and training activities, the drilling division generated a \$0.2 million gross margin loss during the quarter versus a \$0.6 million loss experienced in the second quarter of 2007. The improved margin performance during the quarter was due to the higher activity levels experienced as well as some of the annual maintenance costs being incurred in the first quarter versus the second quarter.

On a year to date basis, industry activity levels have been lower than the comparative period in 2007 with wells spudded year to date being approximately 12% lower than the same period in 2007 (source: Daily Oil Bulletin). The combination of lower activity levels and lower charge-out rates compared to the same period in 2007 has resulted in revenue for the drilling division declining to \$6.0 million versus \$7.8 million in the first six months of 2007.

Similar to the second quarter, base charge-out rates are approximately 13% lower during the first six months of 2008 versus the first six months of 2007. The average all-in charge-out rate generated by the drilling rigs is \$17,306 per operating day versus \$20,892 in the comparative period in 2007. The year to date all-in charge-out rate is higher than the rate generated in the second quarter due to additional revenue items such as boiler revenue being earned in the first quarter.

As a result of the lower activity levels and charge-out rates, gross margin in the drilling division has declined to \$1.1 million year to date versus \$1.8 million in the first six months of 2007. However, strong cost control has allowed the drilling division to partially mitigate the impact of the lower charge out rates resulting in gross margin as a percentage of revenue only declining to 18% versus the 23% generated in the first six months of 2007.

General and Administrative Expenses

General and administrative expenses were \$0.7 million during the quarter versus \$0.8 million in the second quarter of 2007. Approximately one half of the decrease in general and administrative expenses was related to lower legal costs associated with the timing of activities from the Corporation's outstanding legal matters. The remaining decrease in general and

administrative expenses is due to the timing of when various marketing and other corporate initiatives occur as there have been no significant changes in the Corporation's general and administrative structure quarter over quarter.

On a year to date basis, general and administrative costs are \$1.5 million versus \$1.6 million for the first six months of 2007. Year to date general and administrative costs are 6% of revenue versus 11% in the first six months of 2007. The decrease in general and administrative costs as a percentage of revenue is primarily due to the Corporation's preexisting infrastructure being able to manage the higher activity levels experienced in the first six months of 2008 versus the comparable period in 2007.

Stock-based Compensation Expense

The increase in stock-based compensation expense during the quarter is due to the revaluation of options granted subsequent to May 2006. These options are valued based on the closing price of Technicoil's stock at the end of each quarter. Due to the \$0.53 increase in Technicoil's share price at June 30, 2008 versus March 31, 2008, the Corporation was required to record a \$0.3 million increase in stock based compensation expense reflecting the implied increase in value of the options currently held. This compensation expense will be increased up or down in future quarters depending upon the current trading price of Technicoil's stock, the number of options outstanding and the stage of vesting. Nominal compensation expense amounts were recorded for these options in prior quarters due to the lower trading price for Technicoil's stock and the limited number of options being vested.

The stock-based compensation recorded in prior quarters was primarily for options granted prior to May 2006. Compensation expense for these options is amortized on a straight-line basis over the vesting period of the options, with the expense being determined using the Black Scholes option pricing model. Nominal amounts are currently being recognized for these options as the majority of the expense for these options has already been recognized in prior quarters.

Depreciation

Depreciation expense increased to \$2.3 million in the quarter versus \$1.9 million in the second quarter of 2007. The increase in depreciation expense is due to the addition of Storm during the third quarter of 2007 and equipment additions made subsequent to the second quarter of 2007. The same factors have also accounted for the \$0.7 million increase in depreciation year to date. The year to date increase in depreciation expense is partially offset by a \$0.3 million decrease in excess depreciation expense that was recognized in the first quarter of 2007 from the write-off of two mud pumps that were damaged beyond repair during the quarter. A similar write-off has not occurred in 2008.

Interest Expense

Technicoil incurred \$0.3 million of interest expense in the quarter which is consistent with the second quarter of 2007. Total long-term debt outstanding at the end of the quarter was \$18.8 million which is consistent with the \$18.4 million outstanding at June 30, 2007. Year to date, interest expense is \$0.6 million versus \$0.7 million in the first six months of 2007.

Other Expense (Revenue)

The year to date \$0.3 million in other revenue primarily relates to \$0.4 million in revenue from the forfeiture of a non-refundable deposit paid by a prospective purchaser of the Corporation's last remaining body-style coiled tubing service rig. Under the sales agreement, the purchaser was required to make the final payment for the rig and take delivery by February 29, 2008. This final payment and delivery did not occur, at which time the purchaser forfeited their deposit.

Income Taxes

Technicoil recorded an income tax recovery of \$0.9 million during the quarter representing a 29.2% effective tax rate versus the 29.5% statutory rate. The slightly lower effective tax rate recovery is due to the effect of nominal non-deductible items as well as lower future tax rates in effect when current temporary differences between the Corporation's accounting and tax values are anticipated to reverse. The Corporation's year to date \$0.2 million tax recovery is approximately \$0.1 million higher than the recovery expected using the statutory tax rate. The higher tax recovery is due to \$0.1 million in positive tax adjustments arising from the finalization of the Corporation's December 31, 2007 corporate tax return that were recognized in the first quarter.

LIQUIDITY AND CAPITAL RESOURCES

Technicoil exited the second quarter of 2008 with \$1.0 million in cash and \$18.8 million in total long-term debt compared to \$0.4 million in cash and \$23.0 million in total long-term debt as at March 31, 2008. The \$4.8 million reduction in the Corporation's debt balance, less cash, is due to the collection of accounts receivables outstanding at March 31, 2008. Year to date the Corporation has focused on applying excess cash against its outstanding debt balance, which has resulted in Technicoil's total long-term debt, less cash, decreasing by \$6.3 million since December 31, 2007.

As a result of management's strong cost control combined with the increase in utilization of the Corporation's rigs, Technicoil was able to generate \$0.4 million in positive funds flow from operations during the quarter versus a small funds flow from operations loss generated in the second quarter of 2007. This positive funds flow from operations has allowed the Corporation to continue to improve its financial strength resulting in Technicoil exiting the quarter with a net debt balance, long-term debt less positive working capital, of only \$10.6 million on total assets of \$108.2 million.

During the quarter Technicoil incurred \$0.3 million in new equipment expenditures which were primarily related to various maintenance capital items designed to improve the efficiency and diversity of the Corporation's existing rig operations. Subsequent to the quarter end, the Corporation's 2008 capital expenditure budget was increased to \$9.5 million from the \$2.5 million originally approved for the year. The \$7.0 million capital increase will be invested as follows:

- \$2.7 million for the construction of a conventional free-standing mobile double service rig. This rig will have a depth capacity of 3,500 meters and will utilize many of the industry's latest technologies. Delivery of the rig is expected prior to the end of 2008 and will bring Technicoil's conventional service rig fleet to a total of nine rigs;
- \$1.7 million for the conversion of coiled tubing service rigs and the purchase of additional support equipment to enhance the Corporation's service offerings and capabilities in the Montney resource play. Following these capital initiatives, Technicoil will have a total of six coiled tubing rigs capable of operating in the Montney resource play with a depth capacity of 5,400 meters with 2" diameter coiled tubing. This will make Technicoil's rigs amongst the highest capacity and most efficient coiled tubing service rigs operating in the basin. These rigs will also be capable of operating in other resource development locations such as the Bakken play in southeastern Saskatchewan;
- \$1.3 million for the conversion of Technicoil's original hybrid drilling rig into a high capacity coiled tubing service rig capable of handling jointed pipe. This prototype design will result in a coiled tubing service rig capable of going to depths of 6,000 meters with 2 3/8" coiled tubing. In addition, this rig will be capable of handling jointed pipe making it the most versatile service rig in Technicoil's fleet, and thereby, allowing it

to complete well servicing operations for both oil and gas wells. This conversion will initially reduce Technicoil's drilling rig fleet to a total of six rigs; and

- \$1.3 million for miscellaneous capital maintenance initiatives designed to improve the efficiency of various other operating areas.

The above capital initiatives are designed to expand Technicoil's service offerings in non-conventional resource development plays such as the Montney and Bakken plays. In addition, the expansion of Technicoil's conventional service rig fleet expands upon the Corporation's already strong conventional service rig operations and further diversifies Technicoil's business operations.

These capital initiatives will be funded through operating cash flow and the Corporation's existing credit facilities. During the quarter, the Corporation renewed the revolving period of its existing debt facilities for an additional 364 day period until May 2009, at which time the facilities may be renewed for an additional term. The Corporation currently has \$35.0 million in available debt facilities of which \$18.8 million was drawn upon at June 30, 2008.

As at August 7, 2008, the Corporation had 72,417,182 common shares issued and outstanding and 3,438,998 stock options issued and outstanding, of which 1,817,998 were vested.

RISKS AND UNCERTAINTIES

A complete discussion of the business risks faced by the Corporation can be found in Technicoil's annual report for the year ended December 31, 2007, and the Corporation's Annual Information Form dated March 13, 2008, each of which are available on SEDAR.

OUTLOOK

With a number of recent announcements being made by oil and gas exploration companies to increase their capital expenditure programs, after two years of difficult industry conditions, it appears that the industry is turning the corner. This improved industry sentiment is due to significantly higher than expected commodity pricing as well as the development of service intensive resource plays such as the Montney and Horn River basin in northeastern British Columbia.

This improvement in activity is reflected directly in Technicoil's improved operational and financial performance year to date and management expects this performance to continue to improve for the remainder of 2008 and into 2009. As a result of this improved outlook, Technicoil has chosen to increase its 2008 capital budget by an additional \$7.0 million which will be primarily directed at expanding and diversifying the Corporation's well servicing division. Approximately \$3.0 million of these capital initiatives will be specifically directed at expanding Technicoil's exposure to the developing resource plays in northeastern British Columbia. Currently the Corporation is operating two to three rigs in this area and expressions of interest from various customers suggest that this number could increase to six rigs.

In addition, the investment being made to enhance Technicoil's capabilities in the northeastern British Columbia resource plays will also be beneficial in expanding Technicoil's "rigless" completions services. This new area of service for the Corporation entails various conventional well completion services being performed on new gas wells (e.g. perforations, drill outs). These services have typically been performed by conventional service rigs, however due to the efficiencies that coiled tubing provides, a number of oil and gas companies are now looking at utilizing large diameter coiled tubing to complete some of their gas wells. Technicoil's high capacity masted coiled tubing units have proven an ideal fit for this application. In order to better utilize Technicoil's oldest and original hybrid drilling rig, this rig will be converted into a high capacity

coiled tubing service rig which will be capable of handling both coiled tubing and jointed pipe. If successful, this conversion will result in one of the most versatile rigs ideally suited for “rigless” completions.

In response to customer demand, \$2.7 million of the increased capital budget will be directed towards the construction of a new free-standing mobile double service rig. This rig will expand upon the success of the Storm service rig operations acquired by the Corporation in August 2007. The construction of this rig is the first step in management’s goal to expand this fleet and further rig additions via acquisition or organic growth are planned over the next 12 months. This fleet of conventional rigs provides a key diversification tool for the Corporation’s well servicing division as these rigs expand the division’s exposure to oil well completions and servicing, as well as deeper natural gas wells.

Activity prospects continue to improve for Technicoil’s drilling rigs as well. Currently five of the Corporation’s six hybrid drilling rigs have steady work ahead until spring breakup next year. As a result, management anticipates utilization of its drilling rig fleet to be better than the results achieved in 2007.

With increasing activity in both divisions and the industry in general, challenges are beginning to arise in finding available field staff to operate the rigs as activity ramps up following the prolonged industry slowdown over the last two years. Management is proactively managing this issue so as to mitigate any significant impact from the current staffing challenges facing the industry.

Management is excited about the prospects for the remainder of 2008 and into 2009 and believes that the efforts made by Technicoil’s staff over the last two years will finally be rewarded as the Corporation, its shareholders and staff benefit from the return of higher activity levels in the industry.

FORWARD-LOOKING STATEMENTS

This press release contains forward-looking statements within the meaning of securities laws. Forward-looking statements or information are often, but not always, identified by the use of words such as "anticipate", "expect", "plan", "forecast", "target", "project", "seek", "may", "intend", "will", "should", "could", "believe", "estimate", "predict" or similar expressions, statements that are based on current expectations and estimates about the markets in which the Corporation operates and statements of the Corporation's belief, intentions and expectations about development, results and events which will, or may occur in the future. Such forward-looking statements are based on certain assumptions and include, but are not limited to: statements with respect to future capital expenditures, including the amount and nature thereof; oil and gas prices and demand; other development trends of the oil and gas industry; business strategy; expansion and growth of the Corporation's business and operations, including the Corporation's market share and position in the oilfield service markets; and other such matters. In addition, other written or oral statements which constitute forward-looking statements may be made from time to time by and on behalf of the Corporation.

By their very nature, such forward-looking statements are subject to important risks and uncertainties that predictions, projections, forecasts and other forward-looking statements will not be achieved. Readers are cautioned not to place undue reliance on these statements as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations and anticipations, estimates and intentions expressed in such forward-looking statements. These factors include, without limitation: the impact of general economic conditions; industry conditions, including the adoption of new environmental, tax, royalty and other laws and regulations and changes in how they are interpreted and enforced; volatility of oil and gas prices; oil and gas product supply and demand; inadequate insurance coverage; risks inherent in the Corporation's ability to generate sufficient cash flow from operations to meet its current and future obligations; increases in debt service charges; the Corporation's ability to access external sources of debt and equity capital; increased competition; the lack of availability of qualified personnel or management; labor unrest; fluctuations in

foreign exchange or interest rates; stock market volatility; opportunities available to, or pursued by, the Corporation and other factors, many of which are beyond the control of the Corporation.

Further information regarding these factors may be found under the heading "Risks and Uncertainties" in the MD&A of the audited December 31, 2007 financial statements and the Corporation's most recent Annual Information Form, Information Circular, quarterly reports, material change reports and news releases. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, the Corporation will derive there from. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. Any forward-looking information contained herein is expressly qualified by this cautionary statement. The forward-looking statements in this document are provided for the limited purpose of enabling current and potential investors to evaluate an investment in the Corporation. Readers are cautioned that such statements may not be appropriate, and should not be used for other purposes.

Consolidated BALANCE SHEETS

<i>(Thousands)</i>	June 30, 2008	December 31, 2007
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$1,022	\$388
Accounts receivable	6,974	10,740
Income taxes receivable	869	1,662
Inventory	2,539	2,325
Prepaid expenses	328	343
	11,732	15,458
Intangible assets	1,318	1,634
Goodwill	7,385	7,385
Property, plant and equipment	87,765	90,766
	\$108,200	\$115,243
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$3,535	\$5,556
Current portion of long-term debt	392	3,573
	3,927	9,129
Long-term debt	18,408	20,927
Future income taxes	10,541	9,946
	32,876	40,002
<i>Contingencies</i>		
Shareholders' equity:		
Share capital	51,288	51,107
Contributed surplus	2,317	2,352
Retained earnings	21,719	21,782
	75,324	75,241
	\$108,200	\$115,243

Consolidated Statements
of
OPERATIONS and RETAINED EARNINGS

<i>(Thousands except per share data) (unaudited)</i>	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Revenue	\$6,420	\$2,175	\$23,888	\$15,171
Operating expenses	6,041	2,980	17,350	11,131
Gross margin	379	(805)	6,538	4,040
General and administrative expenses	681	790	1,540	1,616
Stock-based compensation	321	104	386	209
Depreciation	2,292	1,856	4,597	3,935
Gain on sale of assets	-	-	-	(843)
Interest on long-term debt	253	305	628	668
Other expenses (revenue)	16	(23)	(334)	(37)
Net loss before income tax	(3,184)	(3,837)	(279)	(1,508)
Income tax (recovery) expense:				
Current	(1,314)	(1,851)	(811)	(1,640)
Future	383	465	595	967
	(931)	(1,386)	(216)	(673)
Net loss and comprehensive loss for the period	(2,253)	(2,451)	(63)	(835)
Retained earnings, beginning of period	23,972	20,853	21,782	19,237
Retained earnings, end of period	\$21,719	\$18,402	\$21,719	\$18,402
Earnings per share				
Basic	\$(0.03)	\$(0.04)	\$0.00	\$(0.01)
Diluted	\$(0.03)	\$(0.04)	\$0.00	\$(0.01)

**Consolidated Statements
of
CASH FLOWS**

<i>(Thousands) (unaudited)</i>	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Cash provided by (used in):				
Operating activities:				
Net loss for the period	\$(2,253)	\$(2,451)	\$(63)	\$(835)
Add (deduct) non-cash items:				
Depreciation	2,292	1,856	4,597	3,935
Gain on sale of assets	-	-	-	(843)
Stock-based compensation	25	102	42	207
Future income tax	383	465	595	967
	447	(28)	5,171	3,431
Net change in non-cash working capital from operations	5,248	6,940	4,358	3,327
Cash flow from operating activities	5,695	6,912	9,529	6,758
Financing activities:				
Common shares issued	9	11	104	21
Net repayment of revolving term loans	(4,200)	(5,700)	(5,700)	(5,700)
Repayment of fixed term loans	-	(409)	-	(1,634)
Cash flow from financing activities	(4,191)	(6,098)	(5,596)	(7,313)
Investing activities:				
Acquisition of property, plant and equipment	(338)	(2,124)	(1,280)	(4,415)
Proceeds on sale of property, plant and equipment	-	-	-	1,874
Net change in non-cash working capital from the purchase of property, plant and equipment	(558)	1,154	(2,019)	1,758
Cash flow from investing activities	(896)	(970)	(3,299)	(783)
Net increase (decrease) in cash and cash equivalents	608	(156)	634	(1,338)
Cash and cash equivalents, beginning of period	414	1,865	388	3,047
Cash and cash equivalent, end of period	\$1,022	\$1,709	\$1,022	\$1,709
Cash interest paid	\$252	\$304	\$634	\$623
Cash income taxes received	\$154	\$434	\$1,624	\$434

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