



TECHNICOIL CORPORATION

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TECHNICOIL CORPORATION ANNOUNCES FINANCIAL AND OPERATING RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2007

SUMMARY OF ANNUAL FINANCIAL RESULTS

<i>(\$ thousands except per share data)</i>	2007	2006	2005
Number of rigs owned as at December 31	33	26	22
Average number of rigs available during the period	27.2	24.2	11.6
Revenue	\$41,155	\$43,866	\$37,519
Gross margin	\$13,455	\$17,052	\$13,856
Gross margin %	33%	39%	37%
General and administrative expenses	\$3,134	\$4,265	\$3,368
EBITDA (1)	\$11,290	\$14,653	\$10,543
Net income	\$2,545	\$5,596	\$4,304
Earnings per share – basic	\$0.04	\$0.10	\$0.08
Earnings per share – diluted	\$0.04	\$0.10	\$0.07
Funds flow from operations (2)	\$10,703	\$13,293	\$10,671
Total assets	\$115,243	\$92,387	\$82,958
Long-term financial liabilities	\$20,927	\$16,850	\$7,500
Debt to equity ratio (3)	0.53	0.54	0.55

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. Prior to the third quarter of 2006, the Corporation excluded gains/losses on the sale of assets, foreign exchange and interest income from its calculation of EBITDA. During the third quarter of 2006, the Corporation amended its calculation of EBITDA to include these items, which is consistent with industry practice. For consistency, comparative numbers have been restated accordingly.
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 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

Overall 2007 was a year of continuous improvement for Technicoil, which saw the Corporation's financial and operational performance improve throughout the year culminating in a number of record financial results during both the third and fourth quarters of 2007. This occurred in an environment of low industry activity caused by low natural gas commodity prices, high finding and development costs, and anxiety surrounding the Alberta government's royalty review process. During this period Technicoil continued to stay focused on its long-term growth strategies and not only managed through the current challenges in the industry but also made a number of significant strides in enhancing its business operations which included:

- Completion of the acquisition of Storm Service Rigs Inc. ("Storm") on August 1, 2007;
- Expansion of the service offerings for the Corporation's coiled tubing service rigs;
- Entrance into heavy oil drilling operations;
- Rationalization of the Corporation's coiled tubing service rig fleet through the disposition of the Corporation's under utilized body-style coiled tubing service rigs; and
- Completion of the construction of the Corporation's seventh coiled tubing drilling rig.

All of the above initiatives helped provide a more balanced and diversified business which will benefit the Corporation far beyond 2007.

The most significant event to occur in 2007 was Technicoil's acquisition of Storm. This was the first acquisition in Technicoil's history and is an important step in management's focus on broadening the service offerings for the Corporation beyond its traditional shallow natural gas operations. The acquisition of Storm provided Technicoil with eight high quality conventional service rigs.

In addition to the Storm acquisition, the Corporation continues to expand the services provided by its coiled tubing service rig operations into areas such as deep well cleanouts, stimulations, perforating and Steam Assisted Gravity Drainage ("SAGD") drilling support services. This focus on expanding services has also benefited Technicoil's coiled tubing drilling rigs which have now entered into heavy oil drilling projects and oil sands coring projects. While the majority of the Corporation's operations are still focused on shallow natural gas exploration and development, management believes that the additional exposure outside of the shallow natural gas market will provide Technicoil with a more balanced business operation.

This balanced approach helped Technicoil to mitigate some of the challenges of the industry slowdown in 2007 and allowed the Corporation to generate \$41.2 million in revenue during 2007 versus \$43.9 million in 2006. The acquisition of Storm had a positive impact on the Corporation's results in 2007 as these rigs contributed \$6.1 million in revenue in the five month period that Technicoil owned these rigs. The contribution from the Storm rigs helped to offset much of the impact of lower activity levels and lower charge-out rates experienced by the Corporation's coiled tubing service and drilling rigs.

Competitive pricing pressure increased during 2007 due to the lower industry activity levels which caused the Corporation's charge-out rates for its services to decline by 15% to 20% in 2007, depending upon the service provided. These pricing declines caused consolidated gross margin as a percentage of revenue to decline to 33% in 2007 versus 39% in 2006. The prior year results benefited from record industry activity levels in the first quarter of 2006 which saw record high charge-out rates and strong utilization levels during the quarter which had a significant contribution to the overall 2006 results. Unfortunately a similar environment was not experienced in 2007 as industry activity has been depressed since the second quarter of 2006.

The lower activity levels and a reduced gross margin as a percentage of revenue caused gross margin to decline to \$13.5 million from the \$17.1 million generated in 2006. Consistent with the decline in gross margin, EBITDA declined to \$11.3 million from \$14.7 million in 2006, however, on the positive side the decline in EBITDA was \$0.2 million less than the decline in gross margin. EBITDA benefited from a \$1.1 million decrease in general and administrative costs in 2007 which was partially offset by a \$0.9 million decrease in gains from

the sale of assets in 2007 versus 2006. The prior year EBITDA results benefited from \$1.8 million in gains from the sale of two of the Corporation's original body-style coiled tubing service rigs. In comparison only \$0.9 million in asset sale gains were recognized in 2007 as only one of the Corporation's body-style rigs was sold during the year.

In 2006, with the success of the Corporation's newer trailer-style coiled tubing service rig design, management began to take steps to seek purchasers for the Corporation's four under utilized body-style rigs. A purchaser was identified in 2006, who took delivery of two of the four rigs in 2006 with the third rig being delivered in 2007. At the request of the purchaser, an extension to take full delivery of the fourth and final rig was granted until the end of February 2008, at which time the purchaser did not take delivery of the rig and their remaining \$0.5 million deposit was forfeited. Income of approximately \$0.4 million will be recognized in the first quarter of 2008 representing the net difference between the deposit and costs incurred by the Corporation to prepare the rig for the purchaser's requirements. Management will now evaluate its options for this rig which may include locating an alternative purchaser or reconfiguring the rig for alternative uses within Technicoil's operations. At this time, management does not anticipate adding this rig back into the Corporation's operating fleet.

Net income for the year was \$2.5 million versus \$5.6 million in 2006. The reduction in net income during the year was due to the factors discussed above as well as a \$1.7 million increase in depreciation expense due primarily to the addition of the Storm assets during the year. Mitigating some of the impact to net income from the activity declines and increased depreciation expense was the recognition of \$1.7 million in reductions to future income tax expense during the year as a result of reductions to corporate income taxes enacted by the federal government. For the second consecutive year the Corporation benefited from a reduction in corporate income tax rates. The prior year also benefited from a \$1.0 million future income tax expense reduction as a result of lower corporate tax rates enacted in the second quarter of 2006.

BUSINESS ACQUISITION

On August 1, 2007, Technicoil completed the acquisition of all of the issued and outstanding shares of Storm, a privately held service rig company, for total consideration of \$24.2 million, of which \$8.1 million was cash, \$12.2 million was through the issuance of 13,871,994 shares of Technicoil and \$3.9 million through the assumption of Storm's outstanding long-term debt. The principal assets acquired in this transaction were seven complete and operational service rigs with an eighth service rig under construction that was delivered to the field in November 2007. The service rigs acquired are all recently constructed conventional units, with the oldest rig being constructed in 2004. Storm operated primarily in Alberta, however, the rigs are capable of operating throughout the western Canadian sedimentary basin ("WCSB").

This acquisition broadens Technicoil's well servicing offerings as Storm's rigs are used in areas outside of shallow natural gas, which has been the core area of operation for Technicoil's existing business. In addition to the revenue generated from Storm's existing business operations, management believes that this acquisition provides Technicoil with a strategic opportunity to enhance the utilization of Technicoil's existing coiled tubing service rigs by leveraging off of the expertise and customer relationships provided by Storm's personnel and business operations.

Storm was amalgamated with Technicoil effective August 1, 2007, and the operations and financial results related to the Storm business were included in Technicoil's well servicing results effective August 1, 2007.

RESULTS OF OPERATIONS

WELL SERVICING OPERATIONS

<i>Year ended December 31 (\$ thousands)</i>	2007	2006	Variance	% Change
Well servicing revenue	\$25,193	\$22,465	\$2,728	12%
Operating expenses	15,537	13,384	2,153	16%
Gross margin	\$9,656	\$9,081	\$575	6%

Gross margin %	38%	40%	(2%)	(5%)
Utilization %	28%	23%	5%	22%
Average number of rigs available during the year	21.2	18.2	3.0	16%
Operating hours	21,735	15,390	6,345	41%
Number of wells completed during the year	2,235	1,942	293	15%

Two of the strategies communicated in the Corporation's 2006 annual report were the desire to complete the acquisition of a company, which operated conventional service rigs and to expand the services provided by the Corporation's coiled tubing service rigs. As previously discussed, the Corporation successfully completed the acquisition of Storm on August 1, 2007, which achieved the Corporation's first goal. This acquisition had an immediate positive contribution to Technicoil's results in 2007 as these rigs contributed \$6.1 million in revenue from August to December.

Progress was also made on the Corporation's second initiative of expanding the services provided by the division's coiled tubing service rigs. Since early 2006, Technicoil has been actively marketing the capabilities and flexibilities of the Corporation's coiled tubing service rigs. These rigs have traditionally been used for shallow natural gas well fracturing, however, many other services such as well cleanouts, acid treatments, depth extensions, SAGD drilling support services and perforations can also be performed by these rigs. As a result of these marketing efforts, the revenue generated from these non-fracturing services increased by 178% to \$2.5 million in 2007 up from \$0.9 million in 2006.

Due to the achievement of these two goals, the well servicing division was able to increase its revenue by 12% to \$25.2 million during the year. This increase was achieved in spite of a 13% decline in the number of wells completed by the industry (source: Daily Oil Bulletin) and a 20% decline in average charge-out rates for the division's coiled tubing services in 2007 versus 2006.

The expansion of the division's services, combined with strong utilization of the Storm rigs, allowed the division to increase its equipment utilization during the year to 28% from the 23% achieved in 2006. Overall, the division's rigs generated a 41% increase in operating hours during the year to 21,735 hours from the 15,390 hours generated in 2006. This significant increase in hours is due to the increase in conventional well servicing work from the addition of the Storm rigs as well as the expansion of the non-fracturing services provided by the coiled tubing service rigs. Unlike the Corporation's traditional well fracturing services which can complete multiple wells in a single day, these other non-fracturing services generally take multiple days to complete each well.

As mentioned above, competitive pricing pressures have caused the Corporation's charge-out rates to decline by approximately 20% in 2007 versus 2006. Increased competitive pricing pressure for pressure pumping services has caused a significant decline in charge-out rates, which has in turn resulted in a decline in coiled tubing service rates. To help mitigate the impact of these pricing declines, management took steps in 2007 to reduce its fixed overhead costs where possible and also streamlined its field operating crews to help reduce variable operating costs. In prior years as the Corporation's coiled tubing service rig fleet was rapidly expanding, the Corporation operated four man crews on a significant portion of the division's coiled tubing service rigs in order to assist in the training of new staff. Due to the efficiencies of Technicoil's coiled tubing service rigs, the rigs are normally able to operate with crews of only three fully trained individuals. As a result of the Corporation's past training efforts, the Corporation had sufficient staff trained to operate its coiled tubing service rigs during 2007.

Gross margin in the second half of 2007 also benefited from the addition of Storm as the Corporation's pre-existing support infrastructure was able to absorb the Storm operations with no material increase in additional support costs. As a result of the cost reduction initiatives discussed above, combined with the improved utilization of the Corporation's support infrastructure, gross margin as a percentage of revenue for the well servicing division only declined to 38% from the 40% generated in 2006. This nominal decline in gross margin percentage was achieved despite the 20% charge-out rate declines experienced in 2007 and the full impact of a 5% average field salary increase implemented in October 2006 being incurred throughout 2007.

DRILLING OPERATIONS

<i>Year ended December 31 (\$ thousands)</i>	2007	2006	Variance	% Change
Drilling revenue	\$15,962	\$21,401	(\$5,439)	(25%)
Operating expenses	12,163	13,430	(1,267)	(9%)
Gross margin	\$3,799	\$7,971	(\$4,172)	(52%)
Gross margin %	24%	37%	(13%)	(35%)
Utilization %	38%	46%	(8%)	(17%)
Average number of rigs available during the year	6.0	6.0	-	-
Number of wells completed during the year	286	401	(115)	(29%)

Similar to the well servicing division, the drilling division saw lower industry activity during 2007. This lower activity resulted in approximately 20% fewer wells being drilled by the industry in 2007 versus 2006 (source: Daily Oil Bulletin). The Corporation's drilling rig utilization was 38% in 2007 versus 46% in 2006. While utilization levels declined year over year, the utilization levels achieved by Technicoil's drilling rigs versus the industry improved during the year with Technicoil's 38% utilization exceeding the 37% industry utilization. The 37% industry utilization in 2007 is a 33% decline from the 55% utilization generated in 2006 versus Technicoil's 17% decline over the same period.

Management believes this improved relative utilization is due to Technicoil's customers recognizing the efficiencies and quality of the Corporation's rigs and operations. The Corporation also benefited from its expansion into heavy oil drilling during 2007 which kept one of the Corporation's rigs utilized throughout the year. The flexibility of the Corporation's hybrid coiled tubing drilling rigs also benefited utilization in 2007 as the drilling services provided by these rigs continued to expand during the year to include services such as directional drilling and coring. In addition, the rigs increased the proportion of surface holes drilled during the year versus having the surface holes preset by another rig. These additional services add to Technicoil's rig time as these services are often completed by alternate service companies.

The lower industry utilization levels experienced in 2007 created increased competition which caused charge-out rates to decline significantly throughout the industry. As a result, Technicoil's average all-in revenue per operating day rate declined to \$18,957 from the record high average all-in rate of \$21,043 per day generated in 2006. 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. If these items are excluded, the average base revenue per day rate has declined approximately 15% year over year.

As a result of the lower activity levels and charge-out rates in 2007, revenue declined to \$16.0 million for the year from \$21.4 million in 2006. The prior year benefited from record industry activity levels in the first quarter of 2006, which accounted for \$10.4 million of the division's revenue in 2006 as compared to only \$6.8 million in the first quarter of 2007. Similar activity levels were not enjoyed in 2007 due to a decline in natural gas pricing from the record high prices seen in the first quarter of 2006.

Due to the lower charge out rates, combined with an average 5% field salary increase implemented in October 2006, gross margin as a percentage of revenue declined to 24% in 2007 versus 37% in 2006. The lower utilization experienced in 2007 also negatively impacted gross margin percentage as fixed overhead costs became a higher proportion of operating costs in 2007 versus 2006. As a result of the lower activity and gross margin percentages, gross margin declined to \$3.8 million in 2007 versus \$8.0 million in 2006.

General and Administrative Expenses

General and administrative expenses decreased to \$3.1 million in 2007 from \$4.3 million in 2006. Of the \$1.2 million decrease, \$0.6 million related to lower stock based compensation expense and \$0.5 million related to lower consulting and legal costs. The lower stock based compensation expense is due to the majority of the expense for the Corporation's stock options granted prior to May 2006 being previously expensed in prior years. Stock based compensation expense for the Corporation's stock options granted subsequent to May 2006 is only recognized when Technicoil's share price exceeds the exercise price of the options granted. The exercise price of all options granted subsequent to May 2006 was less than the closing price of Technicoil's stock on December 31, 2007, therefore, no compensation expense was recognized for these options in 2007.

The decrease in consulting and legal costs was due to the Corporation not incurring any of the initial implementation costs for the Corporation's compliance under MI 52-109 ("CSox") that was incurred in 2006, as the Corporation completed its initial CSox implementation in 2006. Legal and consulting costs were also higher in 2006 due to the Corporation's strategic alternatives review process initiated in the fourth quarter of 2006.

General and administrative expenses were 8% of revenue in 2007 compared to 10% in 2006. Management expects general and administrative expenses to continue to decrease as a percentage of revenue in 2008 as no significant increase in general and administrative support infrastructure was incurred with the acquisition of Storm. As a result, the Corporation is expected to benefit from the increased revenue provided from the Storm rigs for a full 12 month period, without a corresponding increase in general and administrative costs.

Depreciation and Gain on Sale of Assets

Depreciation expense increased to \$8.3 million in 2007 from \$6.6 million in 2006. This increase is primarily due to the addition of the Storm rigs during the year. Additional depreciation was also incurred from the \$24.3 million in property, plant and equipment additions incurred since January 1, 2006. A full year of depreciation was experienced in 2007 from the assets added to Technicoil's fleet during 2006.

As mentioned in the highlights section above, the Corporation sold one of its two remaining original body-style coiled tubing service rigs in 2007, recording a \$0.9 million gain on the sale of assets from proceeds of \$2.2 million. An agreement to sell the Corporation's final body-style rig was also negotiated in 2007, however in the first quarter of 2008, the purchaser chose not to take full delivery of this rig due to a refocus in their business strategy. As a result, the purchaser forfeited their remaining \$0.5 million non-refundable deposit. A portion of this deposit will be used to offset \$0.1 million in costs incurred by Technicoil to prepare this rig for the purchaser's requirements, with the remaining \$0.4 million to be recognized as income in the first quarter of 2008.

Interest Expense

Technicoil incurred \$1.5 million of interest expense in 2007 versus \$0.9 million in 2006. The increase in interest expense is due to the Corporation drawing upon its debt facilities to fund its acquisition of Storm as well as funding a portion of its property, plant and equipment expenditures during the year.

Income Taxes

As a result of Federal corporate tax rate reductions enacted in June and December 2007, Technicoil recorded a \$1.7 million reduction in the Corporation's future income tax expense during the year. This is the second consecutive year that the Corporation has benefited from corporate tax rate reductions enacted during the year. In 2006, the Corporation recorded a \$1.0 million reduction to future income tax expense for rate reductions enacted in the second quarter of 2006.

2007 FOURTH QUARTER DISCUSSION

Technicoil was able to achieve record revenue, gross margin, EBITDA and net income results during the fourth quarter due to the Storm acquisition and improved operating results from the Corporation's coiled tubing service rigs. These results were achieved despite the industry experiencing a 23% decline in the number of wells completed in the fourth quarter of 2007 versus the comparable period in 2006 (source: Daily Oil Bulletin).

In contrast to the decline in industry activity, Technicoil generated a 52% increase in revenue to \$14.6 million in the fourth quarter of 2007 versus \$9.6 million in the fourth quarter of 2006. This increase is due to the Storm rigs contributing \$3.7 million in revenue during the quarter and utilization of Technicoil's service rigs increasing to 42% from 19% in the fourth quarter of 2006. Utilization of the Corporation's drilling rigs was consistent with the prior year, however, the 46% utilization achieved for these rigs was well above the 36% average industry utilization achieved in the quarter (source: CAODC).

Consistent with other quarters during the year, competitive industry pricing pressures caused average revenue rates to decline during the quarter versus the comparable period in 2006. The bulk of this decline in average pricing occurred in the well servicing division which saw rates for the division's coiled tubing service rigs decline by approximately 23%. The impact of this sharp pricing decline was offset by the increased utilization discussed above as well as proactive cost management which allowed the Corporation to increase its consolidated gross margin as a percentage of revenue to 36% in the quarter versus 33% in the fourth quarter of 2006.

As a result of the increased revenue and gross margin percentage, Technicoil's operating divisions generated \$5.2 million in gross margin during the quarter versus \$3.2 million in the fourth quarter of 2006. This improved gross margin result combined with a \$0.5 million reduction in general and administrative expenses positively impacted EBITDA which increased by \$1.5 million to \$4.6 million in the fourth quarter of 2007. The increase in EBITDA was \$1.0 million lower than the combined impact of the improved margins and lower general and administrative costs due to the fourth quarter of 2006 benefiting from \$1.0 million being recorded for a gain on sale of assets related to the sale of one of the Corporation's body-style coiled tubing service rigs. Only a nominal gain of \$0.1 million was recognized in the fourth quarter of 2007 from the sale of miscellaneous spare equipment.

Consistent with the improved results discussed above, funds flow from operations and net income also increased to \$4.0 million and \$2.6 million, respectively, in the quarter versus \$2.6 million and \$0.8 million, respectively, in the fourth quarter of 2006. Net income was positively impacted by \$1.4 million from a future income tax expense reduction recorded in the quarter due to corporate tax rate reductions enacted in December.

Technicoil took delivery of the eighth Storm service rig in November and construction on the Corporation's seventh coiled tubing drilling rig was substantially complete at the end of December. Technicoil took possession of this rig from the manufacturer in December and commissioning and testing of the drilling rig was conducted during January, with the rig commencing its first field operations on February 2, 2008.

WELL SERVICING OPERATIONS

<i>Three months ended December 31 (\$ thousands)</i>	2007	2006	Variance	% Change
Well servicing revenue	\$9,955	\$4,983	\$4,972	100%
Operating expenses	5,939	3,189	2,750	86%
Gross margin	\$4,016	\$1,794	\$2,222	124%
Gross margin %	40%	36%	4%	11%
Utilization %	42%	19%	23%	121%
Average number of rigs available during the period	25.5	19.2	6.3	33%

Operating hours	9,739	3,414	6,325	185%
Number of wells completed during the period	891	480	411	86%

Well servicing revenue doubled during the quarter to \$10.0 million from \$5.0 million in the fourth quarter of 2006. This increase is due to a combination of the addition of Storm in the third quarter of 2007 and a significant improvement in utilization of the division's coiled tubing service rigs. The Storm rigs contributed \$3.7 million in revenue during the quarter, with the remaining increase in revenue being driven by the improved utilization of the coiled tubing service rigs. This increase in revenue for the coiled tubing service rigs was achieved in spite of a 23% decline in charge-out rates quarter over quarter.

As a result of the continued strong utilization of the Storm rigs and the improved utilization of the coiled tubing service rigs, overall equipment utilization increased to 42% in the quarter from 19% in the fourth quarter of 2006. This increased utilization was achieved despite a 23% decline in the number of wells completed by the industry in the quarter (source: Daily Oil Bulletin) and the Corporation's service rig fleet increasing by 33% quarter over quarter. Utilization of the division's coiled tubing service rigs improved during the quarter due to an expansion in the division's customer base quarter over quarter and an increase in non-fracturing services conducted during the quarter.

Despite the 23% decline in charge-out rates for the division's services quarter over quarter, the division was able to improve its gross margin as a percentage of revenue to 40% in the quarter versus 36% in the fourth quarter of 2006. This improved result is due to a combination of the cost cutting initiatives executed throughout the year and higher equipment utilization, which provides better utilization of fixed overhead costs thus reducing these fixed costs as a percentage of the division's overall operating costs. The impact of these cost savings is exemplified through the fact that gross margin as a percentage of revenue would have been 50% had revenue rates not decreased during the quarter.

As a result of the increased activity and higher gross margin percentage, the division's gross margin increased by 124% to \$4.0 million in the fourth quarter of 2007 versus \$1.8 million earned in the fourth quarter of 2006. This \$4.0 million in gross margin accounted for 77% of the Corporation's consolidated gross margin in the quarter.

During the quarter the division took delivery of the eighth Storm service rig which was under construction at the time of Technicoil's acquisition of Storm. The Corporation exited the quarter with a total service rig fleet of 18 coiled tubing units and eight conventional units.

DRILLING OPERATIONS

<i>Three months ended December 31 (\$ thousands)</i>	2007	2006	Variance	% Change
Drilling revenue	\$4,591	\$4,614	(\$23)	-
Operating expenses	3,423	3,228	195	6%
Gross margin	\$1,168	\$1,386	(\$218)	(16%)
Gross margin %	25%	30%	(5%)	(17%)
Utilization %	46%	45%	1%	2%
Average number of rigs available during the period	6.0	6.0	-	-
Number of wells completed during the period	116	126	(10)	(8%)

The drilling division achieved consistent utilization for its rigs quarter over quarter, while the industry utilization declined to 36% in the quarter versus 47% in the fourth quarter of 2006 (source: CAODC). This positive result relative to the industry is due to the Corporation drilling longer wells during the quarter versus the fourth quarter of 2006. While the division's well count decreased, the longer wells

resulted in an increase in the number of operating days for the wells drilled. This increase in well time is due to a combination of the services being performed and the location in which the wells are being drilled.

As a result of the consistent activity quarter over quarter, revenue was consistent at \$4.6 million. All-in charge-out rates declined marginally to \$18,075 per day in the quarter versus \$18,383 in the fourth quarter of 2006. However, this consistency in charge-out rates is primarily due to an increase in flow-through charges such as fuel in the current quarter versus the comparable quarter in 2006. Depending upon the contract, fuel is either purchased directly by the customer or purchased by Technicoil and then charged back to the customer at no markup. As a result, while these charges increase the average all-in charge-out rate, these revenue charges have little to no impact on gross margins. If these pass-through revenue items are excluded from the charge-out rate, the net result is an approximate 16% decline in base revenue rates quarter over quarter.

This decline in base charge-out rates caused gross margin as a percentage of revenue to decline to 25% in the quarter versus 30% in the fourth quarter of 2006. If rates had not declined, gross margin as a percentage of revenue would have been 34% which is above the 30% achieved in the fourth quarter of 2006. This result is due to a combination of the Corporation utilizing its newer rigs more in the quarter as well as the elimination of excess costs throughout the year in an effort to maximize margins. Due to the low industry utilization, the Corporation is able to meet industry demand with its newer rigs which tend to have lower maintenance costs than the Corporation's two older original rigs.

Construction of the division's seventh hybrid coiled tubing rig was completed by the manufacturer at the end of the quarter. Testing and commissioning of the rig by Technicoil staff commenced in January with the rig commencing its first field operations on February 2, 2008. In order to conserve cash, some components were utilized from the Corporation's first drilling rig to fully equip the new rig. This older rig will be restocked once activity levels in the industry warrant this rig to be brought back into full operation.

General and Administrative Expenses

General and administrative expenses decreased to \$0.6 million in the quarter versus \$1.1 million in the fourth quarter of 2006. This decrease is due to a \$0.1 million reduction in stock based compensation expense and the Corporation not incurring \$0.2 million in advisory, legal and Special Committee costs associated with the Corporation's strategic alternatives review process that occurred in the fourth quarter of 2006. In addition, the Corporation also incurred \$0.1 million in consulting costs in the fourth quarter of 2006 related to the Corporation's initial CSox compliance work completed in 2006.

LIQUIDITY AND CAPITAL RESOURCES

Technicoil exited 2007 with \$0.4 million in cash and \$24.5 million in total long-term debt compared to \$3.0 million in cash and \$21.8 million in total long-term debt as at December 31, 2006. Technicoil utilized \$15.6 million in cash and debt resources to fund the Storm acquisition and the Corporation's equipment expenditures during the year. Through the generation of \$10.7 million in positive funds flow from operations, use of \$3.0 million in available cash resources and the receipt of \$2.2 million in cash from the sale of one of the Corporation's body-style service rigs, the Corporation was able to minimize the increase in long-term debt by only \$2.7 million during the year.

Technicoil exited 2007 with \$9.9 million in positive working capital, excluding the current portion of long-term debt, versus \$11.5 million at December 31, 2006. The slight decline is due to the use of the \$3.0 million in cash resources existing at December 31, 2006, to repay debt during 2007. Technicoil continues to focus on strengthening its balance sheet through the reduction of its existing debt levels.

In conjunction with the Corporation's efforts to strengthen its balance sheet, the Corporation limited its investment in new equipment during 2007 to only sustaining capital items, the completion of the seventh drilling rig that was committed to in 2006 and the completion of the eighth Storm service rig that was already under construction prior to Technicoil's acquisition of Storm. These expenditures amounted

to \$6.9 million in 2007 versus the \$17.4 million invested in 2006 to complete Technicoil's coiled tubing service rig expansion program that commenced in 2005.

The Corporation has budgeted \$2.5 million in equipment expenditures for 2008, which relates to sustaining capital items. No growth capital items have been budgeted at this time, however, this will be reassessed in the second or third quarter of 2008 once greater clarity is obtained on industry activity levels.

The Corporation's contractual obligations at this time relate to debt repayments and to operating leases for vehicles, office equipment and office premises and are as follows:

<i>Payments due by period (\$ thousands)</i>	Total	2008	2009	2010	2011	After 2011
Debt repayments	24,500	3,573	6,125	14,802	-	-
Operating leases	745	435	153	106	51	-
Total contractual obligations	25,245	4,008	6,278	14,908	51	-

During the year the Corporation amended its long-term debt facilities to convert them from fixed term facilities into revolving facilities. This amendment allows the Corporation to apply any excess cash against its outstanding debt throughout the year, while still maintaining the ability to draw upon the debt facilities to fund any business initiatives the Corporation may have. The debt repayment obligation disclosed above reflects the repayment obligation the Corporation would have if the Corporation's revolving debt facilities are not renewed for an additional year. If these facilities are not renewed, they convert into two year term loans with a four year amortization. At the end of the two year term, the outstanding balance can either be repaid in full or negotiated for an additional term extension. It is the Corporation's intent to renew these revolving facilities for a further year, with the Corporation's lender scheduled to complete its annual credit review process in the second quarter of 2008.

In conjunction with the acquisition of Storm, the Corporation increased its overall debt facilities by \$10.0 million to help fund the acquisition. As a result of this additional financing, the Corporation now has \$35.0 million in total debt facilities, which is comprised of \$31.0 million in revolving long-term facilities and \$4.0 million in an operating line. The Corporation believes these facilities are sufficient to support its immediate business operating needs.

Proceeds from the exercise of stock options provided nominal cash inflows during the year. As at December 31, 2007, Technicoil had 72,165,515 common shares issued and outstanding and 3,830,333 stock options issued and outstanding of which 1,898,328 were vested.

TRANSACTIONS WITH RELATED PARTIES

As part of the Storm transaction, Technicoil issued, directly or indirectly, a total of 1,930,552 common shares and \$1.1 million in cash to two board members and one non-executive officer of the Corporation who were Storm shareholders, with one individual being a director of Storm. The consideration received by these individuals was determined on the same basis as that provided to other Storm shareholders. These individuals were excluded from any of the transaction negotiations by both Technicoil and Storm. In order to ensure independence, this transaction was negotiated by management and a special committee of the Corporation's board, which included each of Technicoil's remaining independent board members.

RISKS AND UNCERTAINTIES

While the demand for Technicoil's products and services is largely a function of the supply, demand and price of oil and natural gas, many other factors can affect the fortunes of the business either positively or negatively. The Corporation encourages all investors to read and be aware of the following business risks:

Volatility of Industry Conditions

The demand and pricing for oilfield services largely depends upon the level of industry activity for Canadian natural gas and, to a lesser extent, oil exploration and development. Industry conditions are influenced by numerous factors over which Technicoil has no control, including: the level of oil and gas prices; expectations about future oil and gas prices; the cost of exploring for, producing and delivering oil and gas; the expected rates of declining current production; the discovery rates of new oil and gas reserves; available pipeline and other oil and gas transportation capacity; weather conditions; political, regulatory and economic conditions; and the ability of oil and gas companies to raise equity capital or debt financing.

The level of activity in the Canadian oil and gas exploration and production industry is volatile. No assurance can be given that expected trends in oil and gas exploration and production activities will continue or that demand for oilfield services will reflect the level of activity in the industry. Any prolonged substantial reduction in oil and natural gas prices would likely affect oil and gas exploration and production levels and therefore affect the demand for drilling and services to oil and gas customers. A material decline in oil or gas prices or Canadian industry activity levels could have a material adverse effect on the Corporation's business, financial condition, results of operations and cash flows.

Government Regulation

The oil and gas industry in Canada is subject to federal, provincial and municipal legislation and regulation governing such matters as land tenure, prices, royalties, production rates, environmental protection controls, the exportation of crude oil, natural gas and other products, as well as other matters. The industry is also subject to regulation by governments in such matters as the awarding or acquisition of exploration and production rights, oil sands or other interests, the imposition of specific drilling obligations, environmental protection controls, control over the development and abandonment of fields and mine sites (including restrictions on production) and possibly expropriation or cancellation of contract rights.

Government regulations may change from time to time in response to economic or political conditions. The exercise of discretion by governmental authorities under existing regulations, the implementation of new regulations or the modification of existing regulations affecting the crude oil and natural gas industry could reduce demand for Technicoil's services or increase its costs, either of which could have a material adverse impact on Technicoil.

On October 25, 2007, the Government of Alberta unveiled a new royalty regime. The new regime will introduce new royalties for conventional oil, natural gas and bitumen effective January 1, 2009 that are linked to price and production levels and will apply to both new and existing oil sands projects and conventional oil and gas activities. The implementation of the proposed changes to the royalty regime in Alberta is subject to certain risks and uncertainties, and may result in a material adverse effect on the industries in which Technicoil operates. The significant changes to the royalty regime require new legislation, changes to existing legislation and regulation and development of proprietary software to support the calculation and collection of royalties. Additionally, certain proposed changes contemplate further public and/or industry consultation. There may be modifications introduced to the proposed royalty structure prior to the implementation thereof.

On March 10, 2008, the Federal Government announced new regulations regarding carbon dioxide emissions and sequestration which will impact future oil sands projects and coal fired electrical generation plants. The impact of these measures on oil and natural gas exploration and development is not known at this time.

Seasonality

The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. The spring thaw makes the ground unstable and less capable of supporting heavy weights. Consequently, municipalities and transportation departments enforce

road bans that restrict the movement of heavy equipment, thereby reducing Technicoil's activity levels. In addition, during excessively rainy periods, equipment moves may be delayed, thereby adversely affecting the Corporation's revenues.

Dependence on Major Customer

Technicoil has significant exposure to one major customer in its well servicing segment. The customer is a public pressure-pumping company with whom Technicoil has a long-term (initial three year term, renewable annually thereafter) operating services contract for 12 of the Corporation's service rigs. While the Corporation has no reason to believe that there will be a significant change to the amount of work undertaken with this customer, no assurance can be given that the relationship with this customer will continue beyond the contract period. Any significant increase or decrease in the volume of business conducted with this customer could have a material effect on the Corporation's business and operations. In addition, the operating services agreement with this customer confers the option to acquire up to six coiled tubing service rigs at stipulated prices in excess of book value upon the occurrence of a change of control arising from the acquisition of Technicoil's voting securities by a limited number of certain designated parties. This operating services agreement also extends to Technicoil the preferential right to offer to supply additional coiled tubing service rigs in the event that the customer proposes to enter into arrangements for the purpose of building or acquiring ownership, lease or similar rights to coiled tubing service rigs or equipment. Similar change of control provisions do not exist in other contracts that the Corporation has with other customers.

Dependence on Suppliers

Failure of suppliers to deliver equipment and products in a timely and efficient manner could be detrimental to Technicoil's ability to keep customers and to grow. Certain equipment is manufactured specifically for Technicoil and it is dependent upon the continued availability and quality of the manufacturer. No assurances can be given that the Corporation will be successful in maintaining its required supply of equipment and products. In addition, supplier capacity constraints may limit Technicoil's pace of growth in future years.

Reliance on Skilled Personnel

Technicoil's success is dependent upon its skilled personnel. Technicoil's ability to expand its services is dependent upon its ability to attract additional qualified employees. Securing the services of additional qualified personnel is constrained in times of strong industry activity. Any loss of the services of skilled personnel or the inability to attract and retain qualified employees could have a material adverse effect on the Corporation's business and operations.

Competition

The oilfield services industry is highly competitive. Technicoil competes with a substantial number of companies, some of which have greater technical, personnel and financial resources. There can be no assurance that such competitors will not substantially increase their resources devoted to the development and marketing of products and services that compete with Technicoil's products and services, or that new competitors will not enter the various markets in which the Corporation is active. Additional competition could significantly impact the Corporation's activity levels, thereby adversely affect revenues.

Technology Risks

Technicoil's ability to meet customer demands in respect of performance and cost will depend upon continuous improvements in operating equipment. There can be no assurance that Technicoil will be successful in its efforts in this regard or that the Corporation will have the resources available to meet this continuing demand. Failure to do so could have material adverse effects on the Corporation. No assurances can be given that competitors will not achieve technological advantages over the Corporation.

Credit Risk

Technicoil's accounts receivable are with customers involved in the oil and gas industry, whose revenues may be impacted by fluctuations in commodity prices. Declines in the revenues and resulting cash flows of Technicoil's customers could impair their ability to settle their

outstanding liability to the Corporation.

Access to Additional Financing

In the future, Technicoil may find it necessary to raise additional debt or equity capital to support ongoing operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to Technicoil when needed or on terms acceptable to the Corporation. An inability to raise financing to support ongoing operations or to fund capital expenditures or acquisitions could limit future growth and may have a material adverse effect on the Corporation.

Operating Risk and Insurance

Technicoil's operations are subject to hazards inherent in the oil and gas industry such as equipment defects, malfunctions, failures and natural disasters, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Risks could expose the Corporation to substantial liability for personal injury, wrongful death, business interruption, property damage or destruction, loss of oil and gas production, pollution and other environmental damage. As a result, Technicoil operates a loss prevention program in accordance with industry standards to protect its assets, operations and employees. The Corporation also maintains insurance coverage that is believed to be adequate, however there can be no assurance that such insurance will be adequate to cover potential liabilities. If a substantial loss liability is incurred and such damages were not covered by insurance or were in excess of policy limits, or if a loss was to occur at a time when liability insurance could not be obtained, the Corporation's business, results of operations and financial condition could be materially adversely affected.

Intellectual Property

Technicoil's business relies, in part, on the use of proprietary intellectual property. In the ordinary course of business there may be challenges to these intellectual property rights. An impairment in the Corporation's ability to use these intellectual property rights may have an adverse effect with respect to certain aspects of the business.

OUTLOOK

Technicoil had a strong finish to 2007 and this strong activity has continued into the first quarter of 2008. While this increased activity has provided management with some optimism, planning for 2008 has been conducted conservatively assuming 2008 will be slower than 2007. Management believes this conservative approach will not only allow the Corporation to manage through the potential of low industry activity levels for the remainder of 2008, but also allow the Corporation to improve upon its existing financial position by applying excess funds flow from operations against the Corporation's outstanding debt.

Management believes a number of positive developments have occurred during 2007 that should benefit the Corporation in 2008:

- The acquisition of Storm provides a more stable business operation as these rigs are not only used to complete new wells, but are also used to service existing wells. These rigs are also used to service oil wells which is forecasted to perform better than the natural gas focused portion of the industry in 2008;
- The expansion of non-fracturing services being provided by the Corporation's coiled tubing service rigs continues to occur. As a result of demand for these services the Corporation has converted an additional rig to run 2" coiled tubing to perform deep well cleanouts as well as converting an additional rig to the Corporation's very successful slant well capable design. This conversion became necessary as the Corporation's original slant well capable rig has been contracted to inject the well guidance tool used to complete the drilling of SAGD wells for a customer in Fort McMurray. Activity for this rig is expected to be steady during 2008 operating on a 24 hour a day basis. This slant well rig design has also been used to replace alternative wire-line tools used in the industry to perform well perforations on horizontal and slant wells; and

- The expansion into heavy oil drilling for the Corporation's hybrid coiled tubing drilling rigs has been very successful and provided steady work for one of the Corporation's drilling rigs in 2007. Management expects that the Corporation's newest drilling rig will also be utilized in heavy oil drilling applications in 2008.

As a result of these initiatives, management believes the Corporation is in a good position to prosper in the cycles of the oil and gas services industry in the WCSB. This improved strength may allow the Corporation to be in a position to take advantage of potential opportunities that may arise from the current weakness in the cycle. Due to the current depressed share prices of oil and gas services stocks throughout the industry, it is now more affordable in some cases to acquire assets rather than constructing them. As a result, management will continue to evaluate potential expansion opportunities that will provide for accretive growth to the Corporation and its shareholders.

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 this press release, and in the Corporation's most recent Annual Report, 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 documents 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.

TECHNICOIL CORPORATION

Consolidated Balance Sheets

Years ended December 31, 2007 and 2006

(Thousands)	2007	2006
Assets		
Current assets:		
Cash and cash equivalents	\$388	\$3,047
Accounts receivable	10,740	7,774
Income taxes receivable	1,662	1,281
Inventory	2,325	2,489
Prepaid expenses	343	431
	15,458	15,022
Intangible assets	1,634	-
Goodwill	7,385	-
Property, plant and equipment	90,766	77,365
	\$115,243	\$92,387
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$5,556	\$3,527
Current portion of long-term debt	3,573	4,900
	9,129	8,427
Long-term debt	20,927	16,850
Future income taxes	9,946	7,143
	40,002	32,420
Shareholders' equity:		
Share capital	51,107	38,586
Contributed surplus	2,352	2,144
Retained earnings	21,782	19,237
	75,241	59,967
	\$115,243	\$92,387

TECHNICOIL CORPORATION

Consolidated Statements of Operations and Retained Earnings

Years ended December 31, 2007 and 2006

(Thousands, except per share data)	2007	2006
Revenue	\$41,155	\$43,866
Operating expenses	27,700	26,814
Gross margin	13,455	17,052
General and administrative expenses	3,134	4,265
Depreciation	8,329	6,580
Gain on sale of assets	(931)	(1,774)
Interest on long-term debt	1,459	910
Other revenue	(38)	(92)
Net income before income tax	1,502	7,163
Income tax (recovery) expense:		
Current	(1,457)	(421)
Future	414	1,988
	(1,043)	1,567
Net income and comprehensive income	2,545	5,596
Retained earnings, beginning of year	19,237	13,641
Retained earnings, end of year	\$21,782	\$19,237
Earnings per share:		
Basic	\$0.04	\$0.10
Diluted	\$0.04	\$0.10

TECHNICOIL CORPORATION

Consolidated Statements of Cash Flows

Years ended December 31, 2007 and 2006

(Thousands)	2007	2006
Cash provided by (used in):		
Operating activities:		
Net income for the year	\$2,545	\$5,596
Add (deduct) non-cash items:		
Depreciation	8,329	6,580
Gain on sale of assets	(931)	(1,774)
Stock-based compensation expense	346	903
Future income tax	414	1,988
	10,703	13,293
Net change in non-cash working capital from operations	(2,462)	(1,771)
Net change in non-cash working capital from acquisition	2,126	-
Cash flow from operating activities	10,367	11,522
Financing activities:		
Common shares issued	190	109
Share issue costs	(20)	-
Net proceeds from revolving term loans	4,383	15,500
Repayment of fixed term loans	(5,554)	(2,750)
Cash flow from financing activities	(1,001)	12,859
Investing activities:		
Acquisition of property, plant and equipment	(6,903)	(17,396)
Proceeds on sale of property, plant and equipment	2,152	4,320
Business acquisition, net of cash acquired <i>(note 4)</i>	(8,670)	-
Net change in non-cash working capital from the purchase of property, plant and equipment	1,396	(11,237)
Cash flow from investing activities	(12,025)	(24,313)
Net (decrease) increase in cash and cash equivalents	(2,659)	68
Cash and cash equivalents, beginning of year	3,047	2,979
Cash and cash equivalents, end of year	\$388	\$3,047
Cash income taxes recovered	\$668	\$147
Cash interest paid	\$1,425	\$894

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